

GLOBAL COMPACT: COMMUNICATION ON PROGRESS

Introduction

Pick n Pay is a signatory to the Global Compact, a platform for promoting corporate responsibility in the areas of human rights, labour, environment and anti-corruption. This Communication on Progress considers PnP activities in 2009 in support of the Global Compact's Ten Principles. In addition to this summary, we also provide relevant information in our Annual Report and in our bi-annual Sustainability Report, referenced in the table below.

Statement from the CEO

As part of our ongoing commitment to sustainability, we continue to support the Global Compact in respect of human rights, labour, environment and anti-corruption considerations.

As the biggest retailer in South Africa, we have a responsibility to more than 37,000 employees, more than 15 000 suppliers and more than 6 million customers to work together towards a just society and a sustainable future.

I am immensely proud of the efforts made by thousands of our people who through creative partnerships are making this a reality. We have actioned a large number of sustainability programmes which include the rollout of environmental projects in areas such as recycling, packaging reduction, biodiesel conversion, and customer and employee sustainability education.

To facilitate this process is not motivated solely by concern for social or environmental issues; it is the best and in fact only strategy for sound business in the longer term.

Thank you for your support.

Nick Badminton
Chief Executive Officer

Summary of PnP activities with respect to the Global Compact Ten Principles

Global Compact Principle	Statement	Reference in PnP Annual Report 2009 and Sustainability Report 2008
1. Support and respect the protection of international human rights within their sphere of influence.	We believe that the underlying principles of the Universal Declaration on Human Rights and South African Constitution inform our business practices and procedures, and are embodied in our company values and our code of conduct. As our supply chain extends to companies over which we do not exercise control, both in SA and abroad, we recognise the need to increase our engagement on these issues and that further monitoring may be required to ensure there is no potential for complicity in human rights abuses. To manage these risks, we continue to develop our local supplier engagement programme that includes issues of ethics and human rights. For international suppliers, we are working towards a system that will enable retailers to share audit information from common suppliers.	http://www.picknpay-ir.co.za/financials/annual_reports/2009/sustainability_report_03.htm
2. Make sure their own corporations are not complicit in human rights abuses.	We adhere to this principle in our own operations through our compliance with all applicable legislation, our safety and health policy and internal code of conduct.	http://www.picknpay-ir.co.za/financials/annual_reports/2009/corporate_governance.htm ; http://www.picknpay-ir.co.za/financials/annual_reports/2009/sustainability_report_05.htm
3. Freedom of association and the effective recognition of the right to collective bargaining.	We recognise the right of employees to collective bargaining and freedom of association in accordance with all relevant local labour legislation. We maintain constructive relationships with all representative unions, specifically SACCAWU and its National Shop Stewards Body, who enjoy consultative or negotiating powers on issues of mutual interest.	
4. The elimination of all forms of forced and compulsory labour.	All labour is sourced from the open labour market; employees are provided with labour contracts in accordance with relevant labour legislation, and are free to resign at any time. A function of Human Resources is to monitor compliance with our code of conduct across the Group, to follow up complaints, and to review disciplinary measures and the outcomes thereof.	
5. The effective abolition of child	We monitor and ensure our compliance with all relevant labour legislation. We train and provide opportunities for school leavers,	

labour.	who are all people of age within ILO requirements.	
6. The elimination of discrimination in respect of employment and occupation.	Our transformation strategy commits us to enhancing equitable representation at all levels within the organisation and to address the imbalances of the past, including inequitable access to educational opportunities. This directs our recruitment and procurement processes, as well as our management training and development programmes. Further to this strategy, no job applicant, employee or customer receives discriminatory treatment on the basis of race, gender, disability or age. We work with trade unions to facilitate empowerment throughout the Company.	http://www.picknpay-ir.co.za/financials/annual_reports/2009/sustain_r eport_04.htm
7. Support a precautionary approach to environmental challenges.	A precautionary approach to environmental management is supported by a number of internal campaigns (energy and carbon reduction, waste management). In developing new stores, we comply with all applicable environmental legislation, seeking ways to reduce negative impacts and promote positive impacts on the environment. By focusing on the key issue of food security, we are seeking to ensure an appreciation of system-level impacts relevant to our business.	http://www.picknpay-ir.co.za/financials/annual_reports/2009/sustain_r eport.htm
8. Undertake initiatives to promote greater environmental responsibility.	Our commitment to this principle is evidenced in the environmental commitments that form part of our broader Sustainability Strategy. They include engagement with employees, suppliers, non-governmental organisations, government bodies and customers on key issues of waste, energy and carbon, packaging reduction and the support of ethical and green product lines. These initiatives will increasingly be tracked and monitored through the development of a comprehensive sustainability scorecard.	http://www.picknpay-ir.co.za/financials/annual_reports/2009/sustain_r eport_02.htm ; http://www.picknpay-ir.co.za/financials/annual_reports/2009/sustain_r eport_06.htm ; PnP Sustainability Report p27-34 (http://www.pnponline.co.za/Epagers/SDPReport2008/)
9. Encourage the development and diffusion of environmentally friendly technologies.	We work with suppliers, research bodies and non-governmental organisations to promote the diffusion of environmentally-preferable farming practices, packaging technologies and products. We have piloted the development of an eco-store in Gauteng that focuses on the promotion of environmentally responsible retail practices. We will over time extend these practices to other stores.	http://www.picknpay-ir.co.za/financials/annual_reports/2009/sustain_r eport_03.htm ; PnP Sustainability Report p15 (http://www.pnponline.co.za/Epagers/SDPReport

		2008/)
<p>10. Work against corruption in all its forms, including extortion and bribery.</p>	<p>The Board of Directors and senior management are committed to the highest standards of corporate governance and we take pride in our high moral and ethical business standards. Our commitment to combating corruption is embodied in our code of conduct, and includes fighting collusion amongst suppliers, and rejecting collusion between retailers. In addition, the Board is committed to complying in all material respects with the principles contained in the King Code of Corporate Practices and Conduct (King III), as well as to the additional requirements for good corporate governance stipulated in the JSE Limited ("JSE") SRI Index</p>	<p>http://picknpay-ir.co.za/financials/annual_reports/2009/corp_govrnance.htm</p>