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10<sup>th</sup> April 2008

Ban Ki-moon  
Secretary-General  
United Nations  
New York, NY 10017  
USA

Dear Mr. Secretary-General,

We are pleased to confirm that Musgrave Group is committed to continuing its support for the ten principles of the Global Compact in respect to human rights, labour rights, the protection of the environment and anti-corruption and to advancing them within our sphere of influence.

We are committed to continuing to make the Global Compact and its principles part of the strategy, culture and day-to-day operations of our company and undertake to continue to articulate our commitment to our employees, partners, clients and the public. We support public accountability and transparency and will publicly report on our progress in this regard.

Please find attached our Communication on Progress and some general information regarding our company, as well as the contact person at Musgrave responsible for liaison with the office of the Global Compact.

Sincerely yours,



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Chris Martin  
Group CEO

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**Musgrave Group Annual Global Compact Communication on Progress**

Dear Secretary General,

Musgrave Group is Ireland's biggest food and grocery distributor founded by brothers Thomas and Stuart Musgrave in Cork in 1876. We are partner to entrepreneurial food retailers and foodservice professionals serving more than 3,000 stores in Ireland, Great Britain and Spain.

Musgrave Group and its retailers together employ more than 56,000 people; in the Republic of Ireland we are the country's second largest employer, with more than 35,000 employees.

Musgrave Group is proud of its reputation for transparency on sustainability issues; we believe that we have an obligation to our stakeholders to report and account for our performance. Our award-winning Sustainability reports, which are independently verified by specialist third-parties, are public testimony to our sustainability convictions and are a comprehensive record of our performance.

In each of our divisions, a board director is responsible for managing and reporting progress towards achieving our sustainability targets. Strategic direction on sustainability is agreed at Group board level, and is directed by the Group Environmental Executive, to whom the divisional directors report.

We have been signatories to the Global Compact since May of 2004 and undertake to continue to respect and promote its ten principles. We attach our Communication on Progress and look forward to reporting in greater detail in our 2008 Sustainability Report to be published later this year.

Yours sincerely,



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John Curran  
Group Environmental Executive

**Musgrave Group plc:** Registered in Ireland No 105820. **Registered office:** Ballycurreen, Airport Road, Cork.

**Directors:** H. N. Mackeown (Chairman), P. J. Musgrave (Vice Chairman), C. N. Martin (Group CEO), T. Kenny (Secretary), K. Byrne, F. P. Coghlan, D. Horgan, M. Hyson, N. Keeley, P. Lacy, P. Liston, P. Mackeown, S. Musgrave, S. Scally.

## UNITED NATIONS GLOBAL COMPACT: COMMUNICATION ON PROGRESS 2008

Principles of the Global Compact	Musgrave Policies	Processes/Systems	Actions Implemented/Planned	Results/Outcomes
<b>Human rights</b>  1. To support and respect the protection of international law on human rights within its sphere of influence  2. To ensure that business is not complicit in violations of human rights	<p>Musgrave is committed to ensuring that all of our supply chain stakeholders, regardless of where they live or work, are treated with respect and dignity and are able to live in an environment undamaged as a result of our business activity. We want also to ensure that those with whom we trade share our principles, are committed to ensuring that the rights of all workers and human rights in general are protected, and that no goods will be sourced from oppressive regimes.</p> <p>Musgrave expects that people working for our suppliers will be treated fairly and with respect. Musgrave requires that the national laws and regulations of the country of employment are observed, but, as a minimum, that international human rights and labour law is applied.</p>	<p>Musgrave wants to ensure that our core values are embedded in our trade with direct suppliers. We believe that, as a responsible organisation, we must ensure that the goods we source are produced in a sustainable way from an environmental and social perspective. We have underscored this commitment by signing up to the principles of the United Nations Global Compact.</p> <p>Codes of conduct are developed that inform and guide trading teams on ethical sourcing of all goods and services. Trading directors and their teams are fully trained in ethical sourcing. Management systems are in place to guarantee the provenance of the products we source and to manage ethical issues we identify within our supply chain.</p> <p>Regular risk assessments of suppliers are conducted and specialist resources employed to conduct ethical audits of those suppliers deemed to be 'high-risk'. Where ethical issues are identified, a decision on whether or not to continue to trade with that supplier shall be made on a case by case basis.</p>	<p>Where improvement targets are set for suppliers, their compliance and performance is monitored and recorded. We are broadening our range of ethically branded products. We ensure that all Musgrave own brand products comply with our Ethical Sourcing Policy. All suppliers are required to sign up to the principles of our Ethical Sourcing Policy.</p>	<p>We have prepared the 'Musgrave Ethical Trading Policy', which commits us to ensuring that all our supply chain stakeholders, regardless of where they live or work, are treated with respect and dignity and are able to live in an environment undamaged as a result of production. All Group divisions measure performance and report quarterly to the Group Environmental Executive.</p>
<b>Labour standards</b>  3. To ensure respect for freedom of association and the actual recognition of the right to collective bargaining  4. To eliminate all forms of forced or compulsory labour  5. To ensure the effective abolition of child labour  6. To eliminate discrimination at work and in careers	<p>Forced, compulsory or bonded labour shall not be used. Workers shall receive a fair wage, which, as a minimum, shall comply with national law in the country of employment for that sector. Children shall not be employed in any situation that is likely to deprive them of educational opportunities, or that places their health, safety or welfare at risk.</p> <p>Local and national laws and regulations shall be complied with, but as a minimum, in the absence of local legislation, ILO conventions in respect of child labour shall be observed. Discrimination, in whatever form, on the basis of race, national extraction, social origin, caste, religion, colour, gender, marital status, age, disability, union membership, or political opinion, is wholly unacceptable.</p> <p>Musgrave is committed to ensuring that workers have freedom of association and the right to collective bargaining. Workers shall be free to be members of a lawful labour association and shall not be discriminated against as a result.</p>	<p>It is the responsibility of trading managers to ensure that suppliers are aware of and comply with the requirements of Musgrave's child labour and discrimination policies. Direct suppliers are required to supply goods only from approved sites. Approval is on the basis of preliminary risk assessment and, where deemed necessary, through site inspections. We communicate our policy clearly and effectively to our employees and suppliers with the aim of raising awareness of the issues and of best practice.</p> <p>Musgrave Group treats all employees as individuals and operates practices and procedures to enable issues to be addressed directly and effectively within the company. The majority of Musgrave employees are not represented by an external body. Some employees in warehouses, wholesale outlets and clerical administration are covered by collective agreements between the company and specified trade unions. All employees are entitled to join a trade union, but only the specified trade unions have rights of representation.</p>	<p>It is established policy and practice at Musgrave to inform and consult with employees and their representatives on all matters affecting them and/or their terms and conditions of employment. In developing our Ethical Trading Policy, we have focused on international best practice, International Labour Organisation (ILO) conventions and on those areas outlined in the UN Global Compact's 10 principles.</p>	<p>All Group divisions measure performance and report quarterly to the Group Environmental Executive. We report biennially with reference to GRI (Global Reporting Initiative) indicators.</p> <p>Our most recently published CSR report recorded no incidents of discrimination, violations of freedom of association/collective bargaining, child labour or forced or compulsory labour.</p>

## UNITED NATIONS GLOBAL COMPACT: COMMUNICATION ON PROGRESS 2008

Principles of the Global Compact	Musgrave Policies	Processes/Systems	Actions Implemented/Planned	Results/Outcomes
<b>Respect for the environment</b>  7. To promote a precautionary approach to environmental challenges  8. To undertake initiatives to promote greater environmental responsibility  9. To encourage the development and diffusion of environmentally-friendly technology	<p>Musgrave has been a recognised forerunner in environmental management over the last ten years. Musgrave's strategic principles in relation to management of wastes are:</p> <ul style="list-style-type: none"> <li>to focus on waste reduction/minimisation rather than treatment solutions;</li> <li>to manage waste more efficiently; and</li> <li>to instil best-practice in waste management at our facilities, at our retail partners' stores and among our consumers.</li> </ul> <p>In relation to the management of energy and emissions, Musgrave's strategic principles are:</p> <ul style="list-style-type: none"> <li>to reduce dependence on and consumption of finite fossil fuels;</li> <li>to reduce emissions, conserve resources and reduce expenditure on energy; and</li> <li>to instil best practice and reduce the lifecycle energy costs to our operations.</li> </ul> <p>In relation to legislation and regulation, Musgrave's strategic principles are:</p> <ul style="list-style-type: none"> <li>to comply with legislative requirements, and to exceed these requirements, where practicable, particularly in relation to the prevention of pollution;</li> <li>to anticipate changes in legislation, and to make provision for these changes in planning our operations; and</li> <li>to participate in formal consultative processes, where possible, and contribute positively to the drafting of applicable legislation and regulations.</li> </ul>	<p>In relation to waste management, we set annual recycling targets and seek to maximise recycling through our regional waste management contracts and increase access for consumers to recycling facilities at our retail partners' stores. We measure and report performance on a quarterly basis and in our Environmental and Social Accountability Reports.</p> <p>Energy efficiency is prioritised through the full implementation of the Group energy monitoring, targeting and management programme, in Group facilities and in retail stores. Energy champions are fully educated and resourced in every facility and retail store.</p> <p>Energy performance (Musgrave buildings) is reported on a quarterly basis and in our Sustainability Reports. Energy performance (transport) is measured and reported on a quarterly basis and in our Sustainability Reports.</p> <p>We ensure legislative compliance through the job responsibilities of both our company's Legal Council and Company Secretary. We maintain channels of communication with both regulators and legislators. We provide input, making best use of company knowledge and expertise, to legislative consultative processes.</p>	<p>Musgrave proactively develop projects aimed at continuously improving the quality and sustainability performance of our 'own-brand' products. We apply best-practice in packaging, in the design and specification of new and existing products, particularly in the area of 'own-brand', such that we minimise the associated environmental impacts. We work with suppliers on research projects that aim to minimise packaging wastes.</p> <p>Our policy is to continually improve our waste management contracts with the aim of growing and optimising them, and utilise improved waste management technologies and infrastructure as they become available.</p> <p>We implement the company vision for energy use as articulated in our Energy and Natural Resources Management Policy. Greenhouse gas emissions are reduced by switching to 100% green electricity in all Group facilities. Green electricity will also be sourced on behalf of retail stores. We will source appropriate technology to assist retailers to manage their energy consumption.</p> <p>All drivers receive regular training to maximise vehicle fuel efficiency. We will reduce the carbon footprint of our diesel powered vehicle fleets by utilising new technology and increasing the use of fuel from sustainable sources over the next 5 years.</p>	<p>Fuel efficiency and emissions reductions in vehicle fleets are prioritised and we have targeted that vehicle CO<sub>2</sub> emissions per case delivered are reduced by 3% annually.</p> <p>The carbon footprint of our diesel powered vehicle fleets will be reduced through the targeted use of 10% bio-diesel from sustainable sources over the next 5 years.</p> <p>We have targeted to reduce business air travel by 30% over the next 5 years through the promotion of video, web and tele-conferencing.</p> <p>We reached our corporate target of 66% recycling in 2007, servicing nearly 350 of our own and our retail partners' premises through our 'one-stop-shop' contracts. Our target over the next five years is to reduce the amount of recoverable waste being sent to landfill to zero.</p> <p>The consumption of oil, gas &amp; electricity per case is targeted to be reduced by 25% over the next five years.</p>
<b>Fight against corruption</b>  10. To fight against corruption in all its forms, including extortion and bribery	<p>Musgrave is opposed to all forms of corruption, including extortion and bribery. Musgrave will not engage in such practices nor will it accept its suppliers engaging in corrupt activities.</p>	<p>It is part of Musgrave's strategy to ensure that the Musgrave Core Values - long-term stable relationships, not being greedy, honesty, working hard and achievement - remain embedded in all of our operations.</p>	<p>There have been no incidents of corruption at any of the Musgrave divisions; therefore no actions have been taken.</p>	<p>There have been no incidents of corruption at any of the Musgrave divisions.</p>