

**CODE OF ETHICS**

**FOR THE**



**GROUP OF COMPANIES**

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## **A message from the Pick n Pay Group Chairman and CEO**

The Code of Ethics encapsulates the values of the Pick n Pay Group of companies, which are broadly defined as:

- Consumer sovereignty
- Doing good is good business
- Business efficiency

The effective implementation of these values will result in the long term prosperity of the business.

We have always been proud of our dealings with our many stakeholders. We will always behave with honesty and integrity, respecting the rights of all stakeholders and the laws of the countries in which we operate.

Pick n Pay and Boxer place great emphasis on social responsibility. The way in which we conduct ourselves in the running of our businesses should be as ethical as our contribution to society. The set of values to which we prescribe has been detailed in this policy document and should be used as a standard for all our business partners.

We wish to build and maintain mutually beneficial relationships with all our stakeholders, whether employees, customers, suppliers, shareholders, franchisees or the communities in which our businesses are situated.

This policy document is intended to raise ethical awareness. It contains ethics for everyday events that occur in the business. It should help to assure customers, suppliers, stakeholders and competitors of the integrity of the Pick n Pay Group's business ethic, and give them confidence in their dealings with the Group. It is not intended to be a detailed description of behaviour norms.

All people to whom this Code of Ethics applies shall observe their ethical obligations in such a way as to carry on business by fair commercial competitive practices, and without causing harm.

## **INTRODUCTION**

The Pick n Pay Group of companies, which operate Pick n Pay and Boxer retail outlets, is committed to dealing with legal entities that apply ethical and legal employment practices, as well as sustainable environmental practices, during the course of its business interactions, which may include sourcing, franchising and commercial operations.

The Pick n Pay Group, as a socially responsible organisation, is required to ensure that our employees, stakeholders and business partners adhere to certain minimum standards. This has become increasingly necessary as Pick n Pay and Boxer retail outlets expand their operations into countries beyond South Africa. These standards ensure that employees are managed in a socially responsible fashion, that we act as responsible corporate citizens and that our impact on the environment is minimised.

It is the responsibility of all employees of the Pick n Pay Group to maintain a working environment that will promote a productive and respectful climate. One of our core values is to care for and respect each other. We treat our stakeholders and employees with dignity, regardless of culture, gender and other differences.

This Code of Ethical Conduct (“Code of Ethics”) is binding as a minimum standard on all business partners of the Pick n Pay Group, irrespective of whether they are located in South Africa or around the world. In addition, our Business Partners, whether located in South Africa or around the world, are expected to ensure that all of their sub-contractors and secondary suppliers comply with this Code.

All business partners of the Pick n Pay Group will be assessed against the standards of the Code.

## **HOW TO USE THIS DOCUMENT:**

PART A        Sets out the fundamental principles of the Pick n Pay Group.

PART B        Consists of a Code of Conduct for Business Partners of the Pick n Pay Group.

Business partners are encouraged to read the entire document so as to be aware of the standards of conduct and ethics that are required from employees of the Pick n Pay Group.

PART C        Consists of a Code of Ethics for employees of the Pick n Pay Group.

Employees are required to read the entire document so as to be aware of the standards of conduct and ethics to which they are required to comply.

PART D        Consists of the Pick n Pay Group's Anti Bribery and Corruption Policy.

# PART A

## 1. FUNDAMENTAL PRINCIPLES OF THE PICK N PAY GROUP

### 1.1. Our core principles

The core principles that constitute the Pick n Pay Group's business activities include:

- Maintaining abiding values, in spite of business practices changing with time.
- Fostering respect for individuals, not as a strategic advantage, but because it is morally correct.
- Acknowledging the difference between timeless principles and daily business practices.
- Sticking to values – even if this appears to put us at a competitive disadvantage.

### 1.2. Four legs of the table

1.2.1. This principle follows a simple analogy: The business is essentially likened to a table supported by four legs, on top of which the consumer is positioned. Each leg is required to be equally strong so that the table remains balanced and upright. The four legs comprise:

- Administration
- Merchandise
- Promotion and social responsibility
- People

1.2.2. Each leg is equally important to the success and continued sustainability of the business. Each requires, and continues to receive, equal focus and management support.

### 1.3. **Sustainable business**

1.3.1. For over five decades we have built a truly sustainable business. The growth and success of the Pick n Pay Group is attributable to three fundamental principles:

- An unwavering belief in consumer sovereignty.
- The application of the principle that “doing good is good business”.
- Business efficiency, achieved by applying the “four legs of the table” principle.

1.3.2. These principles were put into practice at the foundation stages of Pick n Pay, and continue to be the cornerstone of the business.

### 1.4. **Building of sustainable communities**

Sustainability in a business has an important role to play in the building of sustainable communities – a responsibility that the Pick n Pay Group embraces wholeheartedly. It is not simply a philanthropic way of thinking, it is an act of enlightened self-interest.

We believe that the more economic freedom that exists within society, the more scope there will be for growth in the retail market.

We continue to uphold this principle: that businesses must work together with communities in order to help them secure economic security, environmental sustainability and the social wellbeing of generations to come.



## 2. **MISSION**

### **Our mission statement**

We serve

With our hearts we create a great place to be

With our minds we create an excellent place to shop

### **Our core values**

We are passionate about our customers and will fight for their rights

We care for, and respect each other

We foster personal growth and opportunity

We nurture leadership and vision, and reward innovation

We live by honesty and integrity

We support and participate in our communities

We take individual responsibility

We are all accountable

## 3. **OUR STAKEHOLDER PLEDGE**

### 3.1 ***For our employees:***

We will ensure compensation, working conditions, benefits, job security, opportunity and personal recognition remain among the best in the food retail industry.

### 3.2 ***For our customers:***

We will ensure that products made available to customers represent a combination of quality, price, sustainability and service; and through efficient selling practices we will ensure that the retail outlets of the Pick n Pay Group are the first choice for consumers.

### 3.3 ***For South Africa and our communities:***

We will give back to the communities in which we operate through investment in education and literacy programmes, housing, self-help schemes, child welfare, parent support groups, feeding schemes, relief programmes, cultural projects, sport development and environmental initiatives.

### 3.4 ***For our suppliers:***

We will establish and maintain efficient and fair business practices for our mutual benefit, and encourage the development and marketing of products in response to consumer needs and environmental imperatives.

### 3.5 ***For our shareholders:***

We will operate our business at a profit that represents an attractive return on investment, as well as provide funds for the future growth and safety of the organization to ensure our company remains a sound investment while being a good corporate citizen.

## 4. **VISION**

### **Integrity in doing good business**

The Pick n Pay Group has been guided since 1967 by the values and principles of the Founder, Raymond Ackerman. Despite changing times, new developments, improved technology and changes in strategies, his philosophy of “doing good is good business” remains at the core of the Pick n Pay Group’s policies.

Our position as regards the following issues:

#### 4.1 **Fair competition**

Employees shall not:

- Make false allegations relating to competitors or their products;

- Act in a manner that would unlawfully damage competitors, other than by accepted ethical, legal and accepted commercial competitive practices;
- Acquire confidential information of a competitor by espionage, the subordinating of the competitors' employees or any other improper means.

#### 4.2 **Environmental responsibility**

It is the intention of this code to contribute to the building of a sustainable society and environment. Steps must be taken to minimise any negative impact on the environment that may result from the processes and operations of the business.

Business partners must:

- Comply with all local laws regarding health and environmental standards and
- Promote animal welfare by minimising any potential harm, stress or pain to animals;
- Take proactive steps to systematically reduce and remove unduly destructive environmental impacts and prevent degradation of the environment by:
  - Reducing dependency on materials and substances and activities that are harmful to people, animals and the environment;
  - Conserving water;
  - Saving energy;
  - Minimising waste;
  - Using natural resources as efficiently as possible;
  - Integrating environmental considerations into decision-making at all levels.

#### 4.3 **Health and Safety for employees and customers<sup>1</sup>**

The Pick n Pay Group is committed to sound health, safety and environmental management practices. As a retail business we carry the responsibility to:

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<sup>1</sup> Please refer to Occupational health and safety policy and procedures and food safety policies and procedures

- Provide our customers with a safe place in which to shop;
- Safeguard the company's employees;
- Provide a healthy climate in which employees can work;
- Ensure that all practical steps are taken to prevent the contamination of the food product;
- Strive to create an environment to produce, store and distribute food in a safe environment;
- Comply with all local labelling laws and regulations;
- Pay due regard to environmental and public health considerations.

The Pick n Pay Group strives to meet or exceed applicable health and safety, and applicable environmental laws, regulations and orders of responsible governmental authorities and standards. The Pick n Pay Group is committed to the responsible management of its activities and to continuous improvement in health and safety performance.

#### 4.4 **Communications on Behalf of Company (PR, media, speeches, articles)<sup>2</sup>**

The Pick n Pay Group has a media policy to which all employees must abide. The Chairman and the CEO can speak directly to the media. In addition, the CEO designates certain spokespeople who can speak directly to the media. No unauthorised person is entitled to speak on behalf of the Group.

#### 4.5 **Restrictive trade practices**

The Pick n Pay Group will not participate in any anti-competitive activity intended to restrict trade or promote any refusal to conduct business with customers or suppliers where such a refusal would be in breach of applicable law. All agents that represent the Pick n Pay Group must comply with this policy as well.

#### 4.6 **Decent working conditions<sup>3</sup>**

The Pick n Pay Group is aligned with the United Nations Guiding Principles on Business and Human Rights, and shares their goal to respect and promote

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<sup>2</sup> Please refer to Information policies

<sup>3</sup> Please refer to the HR employment policy

decent working conditions worldwide and to eradicate forced labour from business value chains. Employment of children under the age of 15 years is prohibited.

#### 4.7 **Fur Free products**

Pick n Pay does not sell any apparel, accessory or other item that contains real animal fur.

For guidance regarding the definitions of the policy, refer to paragraph 14, Part B.

#### 4.8 **Anti-Corruption**

The Pick n Pay Group shall not give or accept secret commissions or bribes, nor be involved in any other corrupt or illegal benefits for the purpose of influencing an official act or decision in order to obtain or retain business or secure an improper advantage. As a South African based company, we are bound to, and comply with, the laws of South Africa, specifically The Prevention and Combating of Corrupt Activities Act No.12 of 2004 (PCCA) in this regard. Please refer to Part D, which sets out the Pick n Pay Group's Anti Bribery and Corruption Policy.

#### 4.9 **Protecting company privacy<sup>4</sup>**

All employees of the Pick n Pay Group are expected to comply with the provisions of the Protection of Personal Information Act. In addition, all employees and business partners of the Pick n Pay Group are expected to:

- Not divulge confidential information of the Pick n Pay Group to its competitors or otherwise make improper use of such information;
- Not use information which is not yet available to the public for their own gain and observe the company's rules, as well as the country's laws and regulations, on insider trading;
- Not unlawfully access, use, transfer or disclose personally identifiable information of the Pick n Pay Group's customers, employees, contractors, business partners or suppliers;
- Respect the right of all people to privacy, including all written,

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<sup>4</sup> Please refer to Information policies

spoken, electronic or other form of personally identifiable information relating to a person's privacy;

- Handle and protect information in accordance with the Pick n Pay Group's information-related policies.

## 5 INTEGRITY IN SUPPORTING COMMUNITIES

### 5.1 Social Responsibility

We are a truly South African company and have always strived to operate in the best interest of our people and our communities. Social responsibility is one of the Group's 'four legs of the table'; it is at the foundation of good business and the Pick n Pay Group's corporate philosophy. For us, social responsibility has always meant giving back to society and the communities in which we operate. This has encompassed a range of activities, from lobbying for consumer rights through to working at a local level to uplift communities and individuals. Our community engagement encourages financial empowerment and independence through business development. This focus is part of a broader commitment to socio-economic transformation in the countries in which the Pick n Pay Group operates. Investing in communities contributes to social capital by facilitating economic independence and co-operation to achieve shared developmental aims. We work with communities for enterprise development through the Ackerman Pick n Pay Foundation, and through corporate social responsibility investment managers in our corporate and regional offices. This investment is co-ordinated nationally, while funds are allocated regionally, in line with a centralised social investment strategy.

### 5.2 Customer Service

5.2.1 Our customer service philosophy is: "treat the customer like a queen and she will make you a king". Our key principles of good customer service:

- We go out of our way to understand and satisfy our customers' needs;
- We keep our customers informed;
- We build relationships with our customers at all times;

- We listen to our customers and respond quickly to queries.

5.2.2 All employees of the Pick n Pay Group shall at all times:

- Market products accurately to customers;
- Treat with respect all employees in the Pick n Pay Group, customers and service providers;
- Disclose all relevant information regarding the products which customers cannot reasonably learn for themselves;
- Package the products in a manner that is not misleading, meets all regulatory and labelling requirements and at least meets the customer's reasonable expectations;
- Make known any standard of quality which is different to the customary standard;
- Provide customers with a ready means of lodging complaints about the quality of the products or service;
- Not knowingly supply or display unsafe or defective products;
- Safeguard the company assets;
- Respect the confidentiality of sensitive customer information.

# **PART B**

## **CODE OF CONDUCT FOR BUSINESS PARTNERS OF THE PICK N PAY GROUP**

### **6. Scope of the code**

- 6.1 This Code applies to both permanent and temporary employees of the business partner. All business partners, whether suppliers or third party service providers, are required to abide by all labour and social security laws and regulations governing employment.
- 6.2 Business partners must ensure, when delivering goods or services to the Pick n Pay Group that they engage only with ethical and legal partners in any sub-contracting or secondary supplier relationships.

### **7. Child labour**

- 7.1 Employment of children under the age of 15 years is prohibited (or a person who falls below the local legal minimum working age, if this is older than 15).
- 7.2 Business partners must ensure that they do not recruit or utilise child labour, and that the employee's age is correctly established and recorded.
- 7.3 Business partners must ensure that employees under the age of 18 do not perform potentially hazardous work.

### **8. Forced labour**

- 8.1 Use of forced, bonded or involuntary prison labour is prohibited. All employees must be free to leave their employment on reasonable notice.
- 8.2 Employees should be able to leave employment for other opportunities, due notice being given.



- 8.3 No employee or contractor should be compelled to surrender identity documents or bank cards and financial information to be offered employment or to retain employment.
- 8.4 Employees and contractors should be remunerated in cash and not kind, and no deductions should be made from their remuneration other than as freely agreed upon or as required by statute.
- 8.5 No employee or contractor should be compelled to pay a commission to receive employment.

## 9 **Health and Safety**

Business partners must provide a safe place of work and comply with all local laws relating to health and safety in the workplace. To ensure health and safety in the workplace, there must be written guidelines, regular training and monitoring by management to ensure compliance.

## 10 **Wages, hours of work and entitlements**

- 10.1 Business partners are required to adhere to local laws on conditions of employment, including, where applicable, laws governing minimum wages.
- 10.2 If there is no legislated minimum wage, employees must be reasonably remunerated, i.e. they must be able to afford basic needs and provide for some discretionary income.
- 10.3 Employees must be promptly paid.
- 10.4 Business partners are required to comply with local laws regarding hours of work, rest periods, overtime payment and leave periods, including maternity leave.

## 11 **Discrimination**

- 11.1 There must be no discrimination on any basis which is not job related or in accordance with a legal affirmative action process, including but not limited to discrimination on the basis of race, age, religion, political affiliation, caste, disability or gender, whether or not this relates to an employee or an applicant for employment.
- 11.2 Business partners should respect the right of employees to join legal associations of their choice and to bargain collectively.
- 11.3 Employees should have freedom of association, including the freedom to associate with trade unions of their choice and should not be discriminated against as a result of their involvement in lawful trade union activities.

## 12 **Harsh or cruel treatment**

- 12.1 Business partners must ensure that any form of physical or mental abuse, harassment, punishment, or the threat of these forms of abuse, is prohibited in the work place.
- 12.2 In the event of misconduct, any disciplinary action must be lawful and fair, and conducted in terms of a lawful disciplinary policy. A proper record should be kept for each employee. Disciplinary action cannot include physical abuse, corporal punishment, cruel treatment or punishment. Fines or deductions from salary are prohibited unless this is permitted by law and agreed to by the employee.

## 13 **Environment**

- 13.1 Steps must be taken to minimise any negative impact on the environment which may result from the processes and operations of the business. Business partners must comply with all local laws regarding environmental standards.
- 13.2 Business partners should contribute to the building of a sustainable society, and take proactive steps to systematically reduce and remove environmental impacts and prevent degradation of the environment.

13.3 Business Partners are expected to:

- Reduce dependency on materials, substances and activities that are harmful to people and the environment;
- Improve environmental performance on a continuous basis;
- Minimise waste;
- Use natural resources as efficiently as possible; and
- Integrate environmental considerations into decision-making at all levels.

13.4 The provisions of any local environmental legislation must be adhered to.

13.5 Cruel treatment of animals is not permitted. Any business partner that has animals in the workplace or that utilises animals in the production or development of product process is required to ensure that animals are properly cared for and fed. Business partners must promote animal welfare by minimising any potential harm, stress or pain to animals.

## 14 **Fur Free products**

14.1 Pick n Pay does not sell any apparel, accessory or other item that contains real animal fur.

14.2 As a guide to business partners, the following definitions apply to the Fur Free Policy:

14.2.1 “Animal” means any animal that is killed solely for its fur. This includes, but is not limited to, mink, fox, rabbit and raccoon.

14.2.2 “Fur” means any animal skin or part thereof with hair or fur fibres attached thereto, either in its raw or processed state of the pelt of any animal killed solely for its fur.

14.3 “Fur” does not include:

- 14.3.1 The pelt of any animal that is not killed solely for its fur;
- 14.3.2 Such skins as are, or are to be, converted into leather or which in processing have, or shall have, the hair, fleece or fur fibre completely removed;
- 14.3.3 Materials clipped, shorn or combed from animals, fleece, sheepskin, shearling;
- 14.3.4 Leather or hair attached to skin that is typically used as leather e.g. cowhide with hair attached; and
- 14.3.5 Synthetic materials intended to look like fur.

15. **Sow Crates**

All fresh and processed pork sold under the Pick n Pay brand is required to come from farms where expectant sows stay in a gestation crate for a maximum of 8 weeks, before being moved into group housing, which allows them to move about in pens and socialise with other pigs. To protect the piglets, the sow is to be placed into a farrowing crate 1 week prior to the birth until the piglets are weaned. All farms are audited by independent third party veterinarians.

# PART C

## CODE OF ETHICS FOR EMPLOYEES OF THE PICK N PAY GROUP

### APPLICATION AND GENERAL OBLIGATION OF CODE OF ETHICS

16. **Application of Ethics**

The Pick n Pay Group Code of Ethics shall apply to all employees in the Pick n Pay Group together with supporting human resources company policies. Other stakeholder groups who have business relationships with the company, such as franchisees, suppliers and business partners, should be encouraged to enjoy support from and adhere to the company's Code of Ethics.

17. **General Obligations of Employees**

All employees shall be responsible for observance of the Code of Ethics as detailed in this document and policies of the company.

18. **Code of Conduct**

Employees shall:

- Be ambassadors for the company;
- Deal courteously with fellow employees, suppliers and customers, having due regard to cultural sensitivities and individual dignity;
- Give due attention to the company training programmes and development programmes aimed at improvement of self and fellow employees;
- Provide safe working conditions, including adequate machinery and equipment and competent supervision;
- Not use profane and offensive language when addressing our stakeholders;
- Not use inappropriate gestures or threats of violence
- Not discriminate on any ground which does not affect the carrying out of the duties of the employee;

- Comply with the laws governing labour relations, conditions of employment and the Bill of Rights;
- Not intimidate a fellow employee, and recognise fellow employees' rights to freedom of association;
- Not make a false accusation against a fellow employee;
- Not carry on the business of the Pick n Pay Group negligently or recklessly.

The Pick n Pay Group encourages employees and others to report serious concerns they may have that suspected or actual illegal, unethical or inappropriate behaviours or practices have taken place.

Any infringement by employees of the Code of Ethics will constitute a breach of policy. Such instances will be handled according to our normal internal disciplinary procedures, as aligned with the labour laws of the country, which may be corrective or punitive, and which could result in dismissal from the company.

## **19. Obligations of Management**

- 19.1 All managers are responsible for upholding the Pick n Pay Group Code of Ethics and for communicating the Code of Ethics to all employees. Operational supervision in the business must always be aligned with the Code of Ethics, and the company's policies and procedures, which are available for viewing by employees on the company intranet.
- 19.2 In the event of an allegation of ethical misconduct, management and human resources must investigate the allegation in light of the company's Code of Ethics, policies, values and guiding principles of disciplinary proceedings.
- 19.3 Business policies are informed by our Code of Ethics.
- 19.4 Management will ensure that no-one is victimised for whistle-blowing, raising an allegation of ethical misconduct or participating in proceedings relating to an alleged breach of the Code of Ethics.

19.5 However, employees who abuse the Code of Ethics by manufacturing allegations against fellow employees or stakeholders will in turn be subject to disciplinary procedures for material breach of the Code of Ethics.

19.6 Management is required to never cover up or ignore any Code of Ethics misconduct.

19.7 The Pick n Pay Group will protect the rights of all implicated parties.

## 20. **Reporting ethical concerns**

Code of ethical conduct issues can be raised in any of the following ways:

20.1 with the manager of the division or relevant Head of Department;

20.2 with HR, who exercise confidentiality in handling employee relations matters; or

20.3 in terms of the whistle-blowing policy.<sup>5</sup>

Pick n Pay HR Code of Ethics contact details

Human resource – Code of Ethics office: +27 (0)11 856 7720

Email: [speak2me@pnp.co.za](mailto:speak2me@pnp.co.za)

Website: [www.picknpay.co.za/code](http://www.picknpay.co.za/code) of ethics

Fax: 011 856 8720

Boxer HR Code of Ethics contact details

Human resource – *information to be inserted*

Email:

Website:

Fax:

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<sup>5</sup> Please refer to the Whistle Blower Policy

## **INTEGRITY IN THE WORKPLACE**

The rules are in place to ensure that fair business practices and sound business judgements with regards to service, quality and price are constantly maintained.

Examples are as stated, but not limited to the issues set out and illustrated below.

### **21. Use of the Pick n Pay Group's resources and assets<sup>6</sup>:**

21.1 All employees of the Pick n Pay Group are responsible for maintaining property entrusted under their control, and should take steps to protect it from theft, damage and misuse.

21.2 Employees are allowed reasonable personal use of facilities such as e-mail and internet, but such privileges should not be abused. As guidance for what may be considered unreasonable personal use, the following guidelines are provided. Please note this is not an exhaustive list:

- As far as possible, employees should avoid using e-mail for sending or receiving personal messages containing large attachments, or junk mail.
- Sending or receiving chain mail is prohibited.
- Employees are prohibited from accessing or distributing any material that could offend others (e.g. pornographic material or material that could incite racial hatred or any form of discrimination).
- Any involvement in activities such as computer hacking and wilful virus transmission is prohibited.

21.3 The Pick n Pay Group has the right to monitor communication tool use including computer software and hardware, email and voicemail (Communications Systems), internet and intranet and property.

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<sup>6</sup> For more information please refer to Information policies on intranet



21.4 The following ethical conduct is expected for all employees

Employees shall:

- Not permit any wastage of the assets of the Pick n Pay Group;
- Handle all equipment with due care and skill;
- Take due care to ensure that for all assets of the company, the maximum economic life is attained, where applicable;
- Carry out their duties with the skill and care to be expected from a person of their knowledge and experience, exercise sound judgement and act in the best interests of the company;
- Avoid waste of the Pick n Pay Group's resources, including time;
- Report any harmful activity observed at the workplace.

**22. Gifts, Entertainment, Gratuities, Favours and Other Items of Value to/from Customers, Suppliers, Vendors, Contractors, Government Employees (collectively referred to as business partners)<sup>7</sup>**

22.1 In order to protect suppliers, the company and employees themselves, employees are not allowed to accept gifts, rewards and payments from business partners.

22.2 This rule also applies to Christmas gifts, which may not be accepted.

22.3 Employees are not allowed to accept any travel or accommodation offered by business partners.

22.4 If possible, any gifts received must be handed to the General Manager/Group Executive to be used for company purposes or to be donated to charities.

22.5 No property of any business partner, whether it is for display or competition purposes, may be removed from the store, given as a donation to a charity or given to an employee as a gift without the prior written consent of the General Manager.

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<sup>7</sup> Please refer to the Gift from inside and outside policy

## **23. Exceptions to paragraph 22**

23.1 The only exception to the rule of not accepting gifts etcetera from business partners relates to tickets for sport and cultural events. At the General Manager/Group Executive's discretion, employees may accept tickets for sport and cultural events from a business partner when the business partner is present as a host, and if it is within the bounds of accepted business hospitality. An employee may not accept sponsored travelling and/or accommodation for such events.

23.2 An employee may accept assistance for genuine business travel expenses where the business partner has experienced problems and requires Pick n Pay's assistance to solve them. In these exceptional circumstances, prior agreement must be given by the appropriate member of the Group Executive.

## **24. Conduct Rules**

### **24.1 What to do if a supplier sends a gift**

If a business partner sends a gift to a member of staff, the General Manager of the relevant division, or in the case of general managers and above, their immediate superior, should be informed. Any of the following must be done:

- The gift should be returned to the business partner with a letter explaining our company Code of Ethics;
- Any gift which cannot be returned (e.g. perishables) should be disposed of at the General Manager's discretion (for example, shared between junior staff within the group or given to charity). In these cases, the supplier should also be informed in writing of our action.

### **24.2 What to do about tipping / gratuities**

It is customary to tip waiters and for waiters to accept tips. No other employee will be allowed to accept tips/change from customers. Catering staff need approval from the relevant General Manager to accept gratuities/ small gifts.

#### **24.3 What to do if a customer gives a cashier a gift**

Gifts from customers to cashiers require the prior approval of the store management. If the goods are stocked by the company, the manager must also sign the articles. The monetary value cannot be loaded onto gift cards or Smart Shopper cards etc.

#### **24.4 Free merchandise cannot be accepted from suppliers**

Free merchandise from suppliers may under no circumstances be accepted by employees.

#### **25.6 Written consent of General Manger for any donation**

No property of any supplier or vendor, whether it is for display or competition purposes, may be removed from the store, given as a donation to a charity or given to an employee as a gift without written consent from the relevant General Manager.

#### **26. Exceptions to paragraph 25**

The following exceptions to the above are permitted:

- 26.1 Low value "promotional" gifts (e.g. calendars, diaries, notebooks) inscribed with the donor's name.
- 26.2 In cases of prolonged absence from work for e.g. sickness or the birth of a child, traditional gifts (i.e. flowers, fruit, confectionery) of a reasonable value can be accepted.

26.3 "Departmental" gifts of a reasonable value, intended to be shared by employees in a particular division (e.g. confectionery).

26.4 Gifts from personal friendships - It is recognised that where a business relationship has developed into a personal friendship, which exists outside the working environment, then personal presents are likely to be exchanged (e.g. birthdays, Christmas, retirements). This is permissible provided that gifts are paid for by the individual, and not the business partner company, and the employee informs their General Manager (or in the case of executives and above, their immediate superior).

## 27 **Customer, Supplier, and Vendor (business partners) Relationships**

Employees shall ensure good buying practices with business partners (which include suppliers and vendors) of the Pick n Pay Group, and in particular shall:

- Inform Pick n Pay Group management of a business partner that attempted bribe or bribed;
- Terminate dealings with any business partners who attempt to, or who bribe employees of the Pick n Pay Group;
- Ensure that no bribe is paid to personnel of a business partner;
- Work closely with business partners, building mutually profitable long term loyal relationships;
- Ensure that business partner relationships are the property of the company and not of an individual employee;
- Only deal with business partners who are committed to the same standards of quality and who share similar business values and philosophies as our own;
- Ensure that our relationship with business partners is based on honesty, integrity and fair trading;
- Ensure that business partner personnel are treated with respect and dignity.

## 28. **Personal relationship with other employees**

28.1 It is recognised that where there is a family, romantic or dating relationship amongst employees, there may be a disruption of workplace productivity. Therefore no employee of the Pick n Pay Group may supervise, directly or indirectly, any family members or any employee with whom he or she dates or is romantically involved.

28.2 Employees have the responsibility to avoid relationships at all times that involve possible and actual conflicts that may affect the best interests of the Pick n Pay Group's operations.

## 29 **Financial investments**

29.1 All employees of the Pick n Pay Group must ensure that personal financial activities do not conflict with company responsibilities.

29.2 Employees must observe "closed periods" for trading in Company shares.

29.3 Employees shall not:

- Receive personal compensation, whether financial or otherwise, from a business partner, competitor or supplier who is directly and/or indirectly involved with the Pick n Pay Group;
- Use the Pick n Pay Group's financial information for personal gain.

## 30. **Conflicts of Business Interest**<sup>8</sup>

30.1 All employees are expected to devote their time, attention and abilities to the performance of their duties during normal working hours. Therefore, employees may not without prior written approval of the Pick n Pay Group's management, engage in any practices or pursue any private activities which conflict in any way

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<sup>8</sup> Please refer to code of employment and HR policies

with the operations of the Pick n Pay Group. This includes directorships of companies other than in the Pick n Pay Group of companies. Declaration of Interest forms are to be completed in detail annually by senior employees and submitted to HR, where they will be kept in personnel files.<sup>9</sup>

- 30.1 Employees are entitled to have financial interests in outside ventures, provided there is no direct conflict of interest with any company in the Pick n Pay Group. Active involvement of any form in an outside venture must be declared in writing to the General Manager / relevant member of the Group Executive, so that any conflict of interest can be avoided. Most importantly, interests may not take up time that the employee would normally devote to the company's affairs.
- 30.2 Where an employee is not personally involved in an outside venture but where he/she has close relatives or friends involved in business dealings with the company, alternatively, conflicting with the interests of the company, this must also be declared in writing to the General Manager / relevant member of the Group Executive, to avoid any conflict of interests. A record of Declaration of Interests will be retained in employee records.
- 30.3 Employees are required to disclose:
- Ownership of shares and any other form of business involvement aligned to the grocery retail industry;
  - Ownership of businesses that are directly or indirectly doing business with the Pick n Pay Group.
- 30.4 The respective head of department together with HR will decide whether or not a conflict or potential conflict exists, and if so, how it should be handled.

## 31 **Financial integrity**

- 31.1 The Pick n Pay Group requires all employees to report accurate and honest information to all stakeholders on the performance and prospects of the

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<sup>9</sup> Senior employees must disclose investments in any public or private company where their shareholding or interest is significant enough to create an impression that the employee would be able to influence the affairs or management of any such company

company. Records shall be furnished, as required, to the Pick n Pay Group's internal or external auditor for verification and monitoring in relation to the performance of the company.

31.2 Under no circumstances shall an employee of the Pick n Pay Group falsify financial records.

31.3 All employees shall:

- Ensure the Pick n Pay Group's compliance with its debt obligations, including ensuring that the Group meets its financial commitments on time;
- Not apply funds acquired from a lender to a purpose contrary to any agreement with the lender;
- Nor manage any company in the Pick n Pay Group in a way that unjustifiably increases the risk to stakeholders and creditors of the Group;
- Report honestly to its creditors on the financial position of companies in the Pick n Pay Group;
- Have regard to the interests of creditors when requesting an extension of time in which to pay;
- Inform the creditor concerned of any inability by the Pick n Pay Group to meet any obligations.

## 32 **Substance abuse (alcohol, drugs)**

The Pick n Pay Group upholds safe and healthy workplace standards. Disciplinary actions will be taken for employees who:

32.1 Are in possession of illegal drugs and / or alcoholic beverages at work;

32.2 Are under the influence of drugs and / or alcohol on company time or while on duty at company sponsored events.

### 33 **Non-Discrimination**<sup>10</sup>

33.1 The Pick n Pay Group recognises the richness and diversity of South Africa's population, and values the contribution that everyone can make to developing a company that is committed to a high quality of service delivery.

33.2 There must be no discrimination on any basis which is not job related or in accordance with a legal affirmative action process, including but not limited to discrimination on the basis of race, age, religion, political affiliation, caste, disability or sex, whether or not this relates to an employee or an applicant for employment. Management and the HR department shall strive to ensure that there is no discrimination in recruitment, compensation, access to training, promotion, demotion, or dismissal, unless such discrimination is based on a genuine occupational requirement or a legislative affirmative action and employment equity programme. The Pick n Pay Group strives to provide an environment free of discrimination to our employees, customers and suppliers.

### 34 **Harassment**

Any harassment that violates the rights of a person and constitutes a barrier to equity in the workplace will not be tolerated by all companies in the Pick n Pay Group. All employees are expected to treat with the utmost respect and dignity other employees and all stakeholders with whom they interact. Harassment of any form will not be tolerated and will result in disciplinary action.

### 35 **Sexual harassment**<sup>11</sup>

35.1 Sexual harassment is a form of unfair discrimination with reference to gender, sex, and or sexual orientation (see the definition of "unfair discrimination" in the Employment Equity Act). Everyone in the company's employ has a duty to help prevent sexual harassment from taking place by ensuring that his/her behaviour does not cause offence and by discouraging unacceptable behaviour by others. The Pick n Pay Group will take disciplinary actions against such unfair discrimination.

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<sup>10</sup> Please refer to the employment equity policy

<sup>11</sup> Please refer to the sexual harassment policy



### 35.2 Examples of sexual harassment include:

- Conduct of a sexual nature that can be physical, visual, verbal and non-verbal, offensive remarks, sexual related jokes and insults, graphic comments about a person's body in his/her presence or to him/her, inappropriate enquiries about a person's sex life, wolf whistling, etcetera;
- Physical conduct ranging from touching to sexual assault and rape including threat of assault and rape, as well as strip search by or in the presence of a person of the opposite sex. All physical body searches are to be correctly performed and conducted only by a person of the same gender as the person being searched;

35.3 Sexual favouritism is also subject to disciplinary action. Sexual favouritism includes those employees who have achieved promotions, salary increases, favourable merit reviews and the like, through offering or responding to any individual's sexual advances.

## 36 **Employee remuneration**

The company is committed to a fair, equitable and competitive payment/salary structure covering all applicable laws and regulations of the country. It is the responsibility of the Pick n Pay Group to ensure that there is no discrimination based on gender or race, that conditions of employment, contracts of employment and fringe benefits are job, grade and market-related, and take into consideration the needs and circumstances of the company and its employees.

## 37 **Political Contributions**

37.1 Management recognises that employees may wish to form associations. On request, the company criteria for the granting of recognition will be made available to any organisation, association or trade union that represents company employees. However, participation in politics during work time is prohibited. Employees can make lawful contributions to political activities in their personal capacity and on their own time. No employee can use their job title or company

affiliation in connection with political activities unless pre-authorized in writing by the executive management of the company.

37.2 The Pick n Pay Group will not make contributions to any political party. No employee shall make political contribution using company funds or property, services or other assets.

## PART D

### ANTI BRIBERY AND CORRUPTION POLICY

#### 38. INTRODUCTION

38.1 Pick n Pay Stores Limited and all its subsidiaries and associated companies (the Pick n Pay Group) is committed to combating corruption, bribery and anti-competitive collusion through the implementation of its Anti-Bribery and Corruption Policy (the ABC Policy).

38.2 The ABC Policy has been developed to promote standards and behaviours in accordance with the long-standing ethical principles of the Pick n Pay Group, in order to prevent anti-competitive collusion, bribery and corruption in the various jurisdictions where the Pick n Pay Group operates.

38.3 A list of the anti-bribery and corruption laws, regulations and policies of South Africa (SA anti-bribery law) includes:

- The Companies Act, No. 71 of 2008 (the Companies Act)
- The Competition Act, No. 89 of 1998 (the Competition Act)
- The Criminal Procedure Act, No. 51 of 1977 (CPA)
- The Financial Advisory and Intermediary Services Act, No. 37 of 2002 (FAIS)
- The Financial Intelligence Centre Act, No. 38 of 2001 (FICA)
- The Prevention and Combating of Corrupt Activities Act, No. 12 of 2004 (PACCA)
- The Prevention of Organised Crime Act, No. 121 of 1998 (POCA)

38.4 The ABC Policy also recognises the legal requirements of international anti-bribery law, which includes:

- The African Union Convention on Preventing and Combating Corruption;
- The European Union, the Organisation for Economic Cooperation and Development

- The (USA) Foreign Corrupt Practices Act of 1977
- The South African Development Community's Protocol against Corruption;
- The United Nations Convention against Corruption;
- The United Nations Global Compact Principles;
- The UK Bribery Act, 2010; and
- The laws against bribery, corruption and anti-competitive collusive practices in all other jurisdictions in which the Pick n Pay Group conducts business.

### 39 **SCOPE OF THE ABC POLICY**

39.1 The ABC Policy is in addition to The Pick n Pay Group's Code of Ethics and is not a replacement of any existing policy.

39.2 If there is any conflict between the existing policy and the ABC Policy, then the policy providing the greatest level of protection against anti-competitive collusion, bribery and corruption shall prevail.

39.3 This policy applies to everyone employed by, contracted to or working with the Pick n Pay Group in any capacity, including franchisees and all business partners in joint ventures.

### 40 **ABC POLICY STATEMENT**

40.1 The Pick n Pay Group has a zero tolerance approach to bribery and corruption. The Pick n Pay Group strictly prohibits bribery or other improper payments to obtain a business advantage in any of its operations.

40.2 The Pick n Pay Group is committed to conducting its business ethically and in compliance with all South African and international anti-bribery laws.

40.3 To this end, the Pick n Pay Group operates and enforces effective systems to counter bribery and corruption.

## 41 PURPOSE

- 41.1 The Pick n Pay Group refuses to offer, give or receive bribes or improper payments. The Pick n Pay Group will not participate in any kind of corrupt or anti-competitive collusive activity in order to obtain new business, retain existing business or secure any improper advantage, either directly or indirectly through any third party.
- 41.2 The Pick n Pay Group recognises that any allegation of bribery or corruption can seriously damage its reputation, and will always strive to avoid any wrongdoing, and any perception of wrongdoing.

## 42 DEFINITIONS

- 42.1 **Bribery** is where a person offers, promises, gives or receives, demands or accepts a financial or other advantage to or from another person with the intention to bring about the improper performance by that other person of a relevant function or activity or to reward such improper performance.

Examples of bribery include a customs official demanding money before allowing goods across a border, a person offering an official money to avoid receiving a speeding fine, and a person paying a kickback to be awarded a contract.

- 42.2 **Collusion** is working together with third parties to deliberately deceive or mislead someone, causing financial loss or other harm.

Examples of collusion include competitors agreeing to set their prices at a specific level, dividing up the market by agreeing not to approach each other's customers and "bid-rigging" or agreeing amongst competitors not to compete on bids submitted in a tender.

- 42.3 **Corruption** is the abuse of power for personal gain. Bribery and fraud are considered to be aspects of corrupt practices.

Examples of corruption include a politician demanding money in return for

awarding a tender at a State-owned institution such as winning the tender to supply groceries to prisons.

42.4 **Extortion** is when someone tries to get some advantage from you by intimidating or threatening you.

Examples include blackmail, such as a government official threatening to arrest you, knowing you are innocent, unless you give him money.

42.5 **Fraud** is when you deliberately deceive or mislead someone to cause them some financial loss or other harm.

Examples include paying with a forged cheque, falsifying your accounting records to pay less tax, making false insurance claims and colluding with a supplier to increase the value payable on an invoice and pocketing the difference.

42.6 The definitions describe conduct that constitutes criminal offences. Corruption and collusion are “white collar” criminal offences that are taken very seriously by the Courts. It is not unusual for judgements to be handed down punishing the guilty with prison sentences of 15 years or more.

42.7 **PLEASE NOTE:**

- If you bribe a public official in another country you can also be charged for corruption in South Africa.
- A bribe does not have to be money. It can also be gifts, entertainment, loans, employment offers or any other benefit.
- You don't actually have to hand over the bribe. If you offer a bribe or ask for a bribe you are already guilty of corruption.
- If you are a business owner or a senior manager in a business and you know of corruption, fraud or extortion involving more than R100 000 and you don't report it, you are guilty of a crime.

## 43 **FACILITATION PAYMENTS**

- 43.1 Facilitation payments are usually small payments or gifts made to low-level public officials in order to speed up or “facilitate” actions the officials are already duty-bound to perform.
- 43.2 These payments are classified as bribes, and are illegal.
- 43.3 Even where such payments are perceived as business practice or acceptable under local law in countries other than South Africa, and even if our competitors engage in facilitation payments, no violations of this principle will be tolerated.
- 43.4 Facilitation payments do not include a legitimate fee that is sometimes payable for a speedy service provided by the government where this is legally permissible, such as paying the published amount to get a visa or passport quickly from a government office.
- 43.5 Payment of such fees is acceptable provided there is a defined business need, the payment is transparent and open, a receipt is obtained and the expense is properly recorded in the financial records.

## 44 **COMPENSATION AND PAYMENTS TO BUSINESS PARTNERS**

- 44.1 The Pick n Pay Group requires that all compensation paid to third parties should be appropriate and justified remuneration for legitimate services rendered. It will not permit payments to be improperly channelled to intermediaries.
- 44.2 As with facilitation payments, the payment of compensation to business partners is acceptable provided there is a defined business need, the payment is transparent and open, a receipt is obtained and the expense is properly recorded in the financial records.

## 45 **OUR ROLE AND RESPONSIBILITIES**

- 45.1 The prevention, detection and reporting of bribery, corruption and conflicts of

interest is the responsibility of every employee and associate of the Pick n Pay Group.

45.2 Employees who refuse to accept or offer a bribe, or those who raise concerns or report their suspicions about wrongdoing, are sometimes worried about possible repercussions. The Pick n Pay Group aims to encourage openness and will support anyone who raises genuine concerns in good faith under this policy, even if they turn out to be mistaken.

45.3 Raise any concerns with your line manager or, where this is not appropriate for any reason, with the HR Department, your General Manager or your immediate superior, or via the whistle-blower hotline.

45.4 The Pick n Pay Group does not tolerate any form of retaliation, harassment or intimidation of a whistle-blower who has raised concerns in good faith. All concerns will be investigated and appropriate action taken.

## 46 **TRAINING AND COMMUNICATION**

46.1 Training on the ABC Policy forms part of the induction process for all new employees. All existing employees will receive relevant training on how to implement and adhere to this policy.

46.2 The Pick n Pay Group policy of zero-tolerance for bribery, collusion and corruption must be communicated to all suppliers, contractors and business partners at the outset of our business relationship with them, and as appropriate thereafter.

For details of the Pick n Pay Group's policies regarding Conflict of Interests and Gifts, please refer to the detail set out in Part C.