

Progress report and statement of continued support of the United Nations Global Compact

The Public Investment Corporation (PIC) is a proud signatory of the United Nations Global Compact, the world's largest voluntary corporate responsibility initiative. In this report, PIC is reporting for the first time on its progress in implementing the principles of the United Nations Global Compact. To demonstrate its commitment towards these principles, the Corporation resolved to report on the progress made in three of the four issue areas and not only on two issues as is required. PIC is determined to make a positive difference in the lives of its shareholder, clients, suppliers and other stakeholders and among its workers. For this reason, PIC has embraced sustainability in all its facets by placing social, governance and ethical matters at the heart of its business. PIC's values and business processes underpin its strategic approach to sustainability and reflect the desire to preserve the future for all stakeholders. The Corporation aims to be a responsible citizen at all levels.

Support is ongoing for the UN Global Compact and its principles on human rights, labour issues, the environment and anti-corruption. PIC understands that long-term value creation is not achievable through short-term solutions or at the expense of future generations or



through moral decay. Therefore, PIC remains committed to these principles and will continue on its sustainability journey with conviction and commitment, believing that its continued success depends on the ability to share its successes with other stakeholders, enhancing their lives and their own ability to be successful. We will thus remain an active participant of the UN Global Compact and will continually endeavour to improve the implementation of the 10 principles contained therein.

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Actions taken by PIC in implementing these principles

United Nations' Global Compact	PIC's main activities in support of the principles
Human rights	
<p>Principle 1: Business should support and respect the protection of internationally proclaimed human rights within their sphere of influence.</p> <p>Principle 2: Business should make sure that they are not complicit in human rights abuses.</p>	<p>As a Public Entity, PIC must comply with all South African legislation. Human rights are enshrined in the Constitution of the Republic of South Africa.</p> <p>South Africa is a member of the International Labour Organisation (ILO) and has ratified the ILO instruments. These requirements have been included in South African labour legislation which is applicable to PIC.</p> <p>Human rights are central to PIC's legitimacy and are principally addressed in the PIC's Code of Conduct and Ethics which includes: Acting according to the law; acting fairly; properly exercising powers; explaining the reasons for decisions; being honest, truthful and conscientious. Each employee of PIC has a copy of the Code of Conduct and Ethics and new employees are issued with copies when they join the Corporation.</p> <p>Employee health (physically as well as mentally) is an important component of creating value for employees and for this purpose PIC has contracted the an external service provider to provide PIC staff and their immediate family members with an Employee Wellness Program, free of charge. All PIC employees are subscribed to the program.</p> <p>PIC has an HIV/Aids policy and through its Employee Wellness Programme, also provides assistance to employees living with this disease. Programmes which cover education and prevention are also frequently run. Employees are continually encouraged to know their status and to look after themselves and others accordingly. Condoms are available on site, free of charge. Each year on the 1st of December the PIC celebrates International Aids Day and free testing as well as counseling is provided to PIC employees. For the period under review four qualified nurses were available for this.</p> <p>One hundred percent of PIC employees enjoy the benefits of a medical aid scheme and pension fund.</p> <p>Internal policies, procedures and practices prohibit any violation of human rights. Any breach of these is treated seriously and will result in disciplinary action.</p> <p>Broad-based black economic empowerment (BBBEE) is very important in the South African context and is embedded in PIC's recruitment and procurement policies. PIC's policy is to promote employment equity at all levels of the organisation, including its Board. On the PIC Board, 84% of the Members are historically disadvantaged individuals and black employees (Africans, Coloureds and Indians) accounts for 72% of PIC employees and women for 56%. At executive management level, blacks accounted for 100% of the executives and woman for 60%.</p>

*Progress report and statement of continued support of the
United Nations Global Compact (continued)*



United Nations Global Compact	PIC's main activities in support of the principles
Labour standards	
<p>Principle 3: Business should uphold the freedom of association and the effective recognition of the right to collective bargaining.</p> <p>Principle 4: Business should uphold the elimination of all forms of forced and compulsory labour.</p> <p>Principle 5: Business should uphold the effective abolition of child labour.</p> <p>Principle 6: Business should uphold the elimination of discrimination in respect of employment and occupation.</p>	<p>Employees may use established grievance procedures which prohibit victimisation. PIC is committed to eliminating any form of discrimination in respect of employment and occupation.</p> <p>PIC practices freedom of association which enables employees to associate with trade unions.</p> <p>PIC maintains transparency and worker consultation in decision-making through meetings and other forums.</p> <p>Employment equity policies have been implemented that are inclusive of race, gender and people with disabilities to ensure that PIC is an organisation that is representative of all the people of South Africa. PIC adheres in all aspects with the Employment Equity Act. The PIC has set a target of 1% for disabled persons for the next financial year as the PIC currently has no disabled employees. The PIC Human Resources Manager has approached a recruitment company which specialises in recruitment of disabled persons.</p> <p>PIC continues to be a leader in driving employment equity which has enabled it to achieve a staff complement and Board that reflect South Africa's diverse cultures.</p> <p>Alignment of the PIC business plan with its skills requirements is key. Demand and supply of required skills and competencies within all business units are assessed, skills levels defined and timeframes set for the filling of vacancies. A combination of internal development (talent management), internal promotions and external recruitment forms part of the recruitment strategy of PIC.</p> <p>There is no child or forced or compulsory labour at PIC or any of its subsidiaries. Such employment is illegal and against PIC's internal values, standards, policies and procedures. Established recruitment practices would have been followed in 100% of the appointments made at the PIC for the period under review and no instances of child labour have been found. Current screening practices will highlight any under-age applicants.</p> <p>Surveys are conducted amongst employees to determine their levels of satisfaction. These surveys are anonymous to ensure there is no victimisation. This is done twice a year.</p>
<p>Anti-corruption</p> <p>Principle 10: Business should work against corruption in all its forms, including extortion and bribery.</p>	<p>PIC is governed by the Constitution of the Republic of South Africa, the Public Investment Corporation Act, the Public Finance Management Act, the Companies Act as well as the King Codes on Corporate Governance and its own Corporate Governance Policy. In addition to the prevailing legislative environment, internal policies and procedures at PIC prohibit any corrupt behaviour. Criminal behaviour is not tolerated and formal charges will be laid against any perpetrator. Integrity is a core PIC value and the organisation is committed to the highest standards of ethical behaviour in all its actions and decisions. This ethics awareness also influences PIC's engagement with suppliers and other stakeholders, as well as its investment decisions.</p> <p>PIC has a whistle blowing hotline which is in operation 24 hours a day, every day of the week. This hotline ensures the anonymity of any person reporting a complaint. All fraud and corruption allegations are investigated and reported to the Audit and Risk Committee of the PIC Board. During the period under review only one instance of possible fraud was reported on the whistle blowing hotline and after a thorough investigation which was overseen by the chairman of the Audit and Risk Committee (ARC) it was found that there were no fraud committed and the case was closed.</p> <p>Where possible and practicable, PIC will pursue full recovery of all losses resulting from acts of fraud and corruption.</p> <p>PIC has various policies in place aimed at the prevention of fraud and corruption, and dealing with the declaration of interests, ethics and acceptance of gifts, among others. Facilitated by the human resources, compliance and legal divisions of PIC, structured sessions take place with all employees and Board members emphasising proper conduct to ensure compliance with legislation and internal values, standards, policies and procedures.</p> <p>PIC has an internal audit function which reports functionally to the ARC. The staff compliment of the internal audit division grew from one to four people during the period under review.</p>