

Sustainability at Bidvest is about being Proudly Bidvest and presents the opportunity to provide employees with a fresh way of thinking that not only inspires them, but also enables a new generation of entrepreneurs to create business value that addresses and where possible exceeds evolving societal needs and expectations.

- > Refinancing of Dinatla's investment, cementing the empowerment partnership for a further five years
- > Review and full upgrade of Group communications capacity
- > BEE procurement R4,6 billion (16,7% of discretionary South African spend)
- > Direct employment: 10 859 jobs created
- > Women employees – 44,8% (women employees in South Africa – 49,1%)
- > Total training spend R141,1 million (R118,1 million in South Africa)
- > Bidvest is one of only three South African companies listed in the Dow Jones Sustainability World Index 2007 and the JSE has reaffirmed Bidvest as a founding constituent of the SRI Index
- > Corporate social investment spend increased to R38,5 million, equating to 1,0% of pre-tax profit (R32,2 million and 1,2% of pre-tax profit in South Africa)

Disappointments

- > Five work-related fatalities

Challenges

- > Developing a sustainability strategy and management framework
- > Empowering employees to create social and "green" business opportunities
- > Establishing more effective programmes for managing HIV/Aids in the workplace based on recently conducted group-wide research
- > Attracting and retaining senior-level HDIs
- > Addressing general skills shortages
- > Establishing performance tracking of socio-economic transformation at provincial level
- > Improving the collation, management and usability of reporting data throughout the Group
- > Ensuring continued compliance with intensifying environmental regulations

This is the fourth year that Bidvest is reporting on its sustainability performance. The Group is pleased with the progress it is making in promoting sustainable development. As an entrepreneurial multi-national with more than 104 000 employees, Bidvest is well positioned to take a leading role in integrating business, society and the environment.

Bidvest remains a multi-faceted and decentralised operation, encouraging individual businesses to develop within a framework of common values and codes of conduct and ethics. The Group has revisited, further developed its understanding of what sustainability means to the Group, without restricting individual divisions in applying its meaning to their unique context.

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Improved communications have helped increase levels of consciousness and commitment to sustainability. In South Africa, an emphasis is placed on advancing socio-economic transformation. A younger generation of leaders who are HDIs is emerging through the Bidvest Academy and Graduate Academy and

assuming positions of significant responsibility. The Graduate Academy includes a divisional project to identify "green" business opportunities.

In the South African operations, improving response strategies to the HIV/Aids epidemic is another focus.

The standardisation of environmental data and the data collation process has improved and environmental data is reported for the first time for some South African divisions. Some businesses are being proactive in improving their environmental performance. A leading example in South Africa is Voltex which works in association with national electricity utility Eskom to promote demand-side management across industry and commerce.

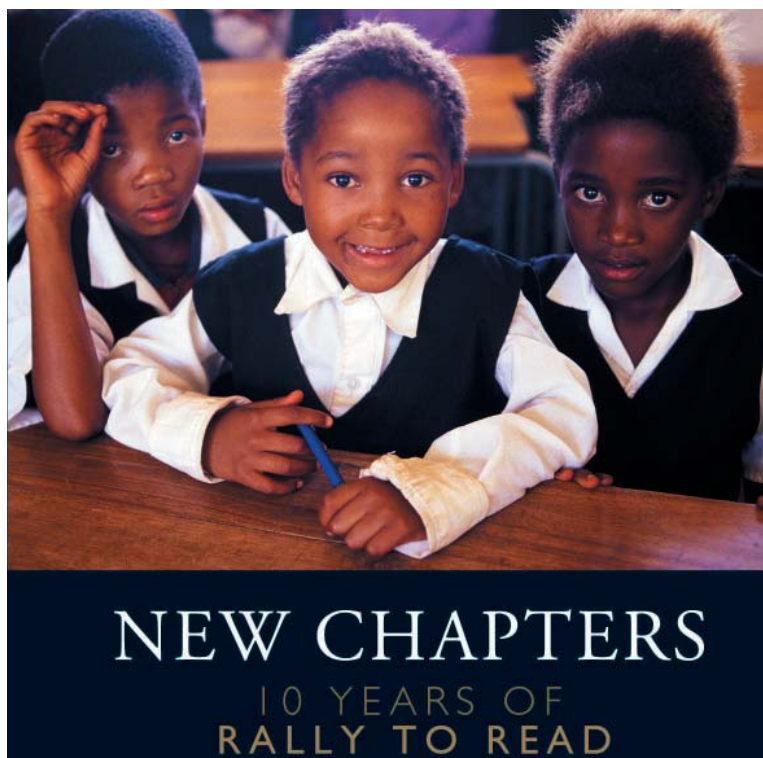
Bidvest strives towards a more energising and proactive approach within a decentralised context. A comprehensive account of the Group's non-financial performance, including divisional reviews, is provided in the 2007 Sustainability report . The sustainability report follows the Global Reporting Initiative's G3 guidelines.

MANAGING SUSTAINABLE DEVELOPMENT

Sustainable development is an integral part of Bidvest doing business. It is about return on funds employed, sound business practices, risk management, good governance, taking account of stakeholder needs, stewardship of natural resources, BEE and developing employees, an ongoing process of learning and a source of innovation and new business opportunities.

Bidvest is a geographically and multi-faceted business operating on four continents. The majority of the Group's activities are in South Africa, where 84,3% of its workforce is based. Divisions function independently and on a decentralised basis, managing sustainability objectives and priorities according to their material issues, yet derive benefits from being part of a larger group.

Bidvest provides guidelines for financial management, corporate governance, sustainability reporting and transformation. Executive management take responsibility with support from audit and risk committees. A standalone risk committee reporting directly to the board has been established. Business units monitor and manage day-to-day performance.



Summarised sustainability report

Workshops have been held with divisional chief executives and members of their management team to help foster a growing appreciation of the complexities of sustainable development and to enhance their interpretation of what it means to their businesses.

The Bidvest ethics line was re-launched in February 2007 with an extensive marketing campaign to promote this "whistle blowing" mechanism for staff, customers and suppliers.

Given the Group's unique structure and culture, the implications of sustainability in one business division may be very different from those in another. Bidvest continues to explore and contextualise what sustainable development means for the Group and how best to manage it.

Management systems

Business units have implemented or are working on implementing formal management systems where deemed to be of material benefit. In most cases these are generic management system standards for quality (ISO 9000) and environmental (ISO 14000) management, which are independent of product or industry and provide an authoritative indication of how quality, social and environmental activities are managed.

Formal or informal management systems are usually present in business units that deal with hazardous products, have hazardous working environments or where quality is of particular importance.

ECONOMIC IMPACT

Bidvest provides employment to 104 184 people and economic benefits to far more. The Group has produced consistent returns for shareholders throughout its 19 years of operation. Results reflect good organic growth and a focus on operational efficiencies.

Bidvest achieved revenues of R95,7 billion (2006: R77,3 billion), trading profit of R4,5 billion (2006: R3,7 billion) and headline earnings reached R2,9 billion (2006: R2,4 billion). R17,0 billion of wealth was created and R10,0 billion (58,6%) distributed to employees and R1,0 billion (5,9%) to government. Total exchanges with government including amounts collected on their behalf amounted to R18,7 billion. Foreign operations contributed 43,5% to Group revenue and 28,7% to trading profit.

SOCIO-ECONOMIC TRANSFORMATION IN SOUTH AFRICA

Bidvest is making consistent progress in promoting black economic empowerment and driving socio-economic transformation throughout the South African businesses. The majority of Bidvest's activities and workforce are in South Africa, where socio-economic transformation and BEE are an integral part of creating sustainable businesses and communities. By virtue of its size and diversification across numerous industries, Bidvest is making a far-reaching contribution to the communities in which it operates and in providing employment Bidvest's empowerment partners in the Dinatla consortium play an important role in these achievements as do our commercial directors who drive the process on the ground.

Bidvest, a level five contributor with an unconstrained operational capacity, has a "BBB" empowerment rating from Empowerdex. The "BBB" rating relative to our "A" rating achieved previously is largely due to the changes in the codes of good practice.

The finalised codes of good practice announced by the South African government early in 2007, will bring much needed clarity to the process and will facilitate further transformation.

Bidvest is one of only 11 winners of the inaugural Community Growth Funds Unity Awards, backed by major trade unions, reinforcing its credentials as an empowered, socially responsible employer.

Effective empowerment holdings

Bidvest has a significant empowerment shareholding. Economic BEE ownership calculated in terms of the codes is 26,7% effective BEE control, thereby giving the Group the maximum points on the generic scorecard. The Dinatla BEE consortium owns 8,9%.

Bidvest's empowerment partners in the Dinatla consortium play an important role in Bidvest's transformation achievements. The Bidvest facilitated refinancing of the Dinatla investment has cemented this collaborative and mutually beneficial partnership for a further five years.

Managing transformation

Bidvest's well-structured and entrenched approach enables it to confidently advance along an ambitious path of transformation. The Group's transformation committee is responsible for driving socio-

economic transformation within the Group. Bidvest's transformation strategy focuses on progressing skills development and employment equity at all levels, increasing levels of procurement of goods and services from HDIs and promoting the development of small, micro and medium-sized black owned enterprises.

Business units subscribe to the Bidvest Charter and BEE scorecard, which guide the Group's transformation strategy, as systems to measure and monitor BEE performance. These have been aligned with the revised methodology prescribed in the codes. The codes are more prescriptive than the previous generic scorecard and place more emphasis on the need to appoint, employ, promote and develop black women in the workplace. The latest audit indicates that practices are on track and a few discrepancies had to be addressed to meet the regulatory requirements.

The codes provide a framework for the regulation of BEE verification agencies. The provision of this regulatory framework requires that all verification agencies be accredited by the independent accreditation body South African National Accreditation System. This will resolve previously problematic inconsistencies in the assessment of companies' empowerment status.

Transformation is the responsibility of each business unit and every Bidvest subsidiary will be required to obtain individual empowerment ratings. Business units have held workshops for staff to ensure familiarity and comprehension of the codes and revised Bidvest Charter and scorecard.

An electronic system has been developed to enhance the process of collating scorecard data and ensure the highest standards. The data is confirmed annually by third-party assurance providers and the scores are determined and verified by an independent empowerment rating agency.

The Bidvest intranet provides an effective resource for improving levels of BEE awareness, understanding and knowledge among employees.

Bidvest is refining its measuring of socio-economic transformation with a major drive to track performance across all aspects of the scorecard, at a provincial level.

Employment equity and skills development

Bidvest's emphasis on investment in the skills and leadership development of HDIs and women is increasingly bearing fruit, with greater representation across management, technical and professional categories. A number of divisions appointed HDIs to senior levels, yet retention remains an ongoing challenge in view of the industry-wide skills shortages.

Integrated employment equity and skills development programmes with targets for black representation at all levels are rolled out across the divisions and at each business unit. Succession planning strategies are implemented to ensure the movement of black candidates into management positions and retention strategies and mentorship programmes for black employees are in place.

Annual training spend in South Africa increased to R118,1 million (2006: R83,0 million).

Indirect empowerment: preferential procurement and enterprise development

Operations are committed to pursuing policies that promote the use of black-owned and empowered enterprises. Preferential procurement has increased, as more suppliers become empowered and more opportunities are identified. Bidvest spent 16,7% of total procurement, excluding monopolistic suppliers and foreign spend, on external BEE suppliers of goods and services.

Given the timing of the release of the codes and the collection and collation of procurement data, there is an interim transitional period where suppliers will still be rated under the old codes, leading to a significant degree of under-reporting of our preferential procurement spend.

Business units use an electronic supplier database which serves as a consistent point of reference for supplier empowerment credentials, facilitating the identification of opportunities for business units and suppliers to work together.

Bidvest increased its investment in enterprise development. Promoting enterprise development involves engaging with financial institutions to negotiate favourable financing terms for small BEE suppliers, providing BEE suppliers with favourable credit and payment terms, and offering mentorship

Summarised sustainability report

and advice to small BEE suppliers to ensure effective skills transfer and sustainability. An assessment of enterprise development at a provincial level is in progress with the aim of managing initiatives at a provincial level in the future, to encourage more co-ordinated and targeted efforts.

WORKFORCE

Bidvest employs 104 184 people, 87 833 in South Africa, the majority of whom are HDIs (86,2%). Businesses comply with statutory requirements: the South African Labour Relations, the Basic Conditions of Employment, the Skills Development, the Employment Equity, the Broad-based Black Economic Empowerment, Unemployment Insurance and the Occupational Health and Safety Acts, or their equivalents in other countries. Business codes, policies and procedures typically cover recruitment and selection, business conduct, non-discrimination, industrial relations, employment equity, grievance and dispute settlement, HIV/Aids and other life threatening diseases, employee conduct, freedom of association, ethics and sexual harassment. Many of these were negotiated and agreed with unions. Companies have formal grievance procedures in place, which in South Africa are in accordance with Schedule 8 of the Labour Relations Act.

Many businesses have structured employee development programmes and related performance appraisal systems in place and a growing number of businesses conduct formal employee satisfaction surveys.

Bidvest has been nominated by a panel of experts as one of the top 10 companies to work for in South Africa in research undertaken by the Corporate Research Foundation.

Communications

A review of communications throughout the Group has revealed significant opportunities to improve physical and electronic communications with employees worldwide. Developments include an improved database of employee information, the merger of the Bidvest website and intranet and an upgraded staff publication, Bidvoice, which includes sustainability related issues. The Proudly Bidvest positioning has been well received by staff, businesses, customers and suppliers. Bidvest is known for turning the ordinary into the extraordinary and that theme will be built on in our communications.

Health and safety

Bidvest is dedicated to meeting relevant occupational health and safety standards, as well as sound global best practices. Operations are compliant with relevant occupational health and safety legislation and regulations. Business units have designated personnel and systems in place to monitor and manage health and safety standards. Business units which involve a hazardous working environment have formal systems to ensure that the strictest health and safety standards are enforced. Business units are required to identify health and safety risks in the workplace and take steps to eliminate or mitigate risks by implementing the necessary controls. Training and maintaining an awareness of risks and precautions are an important part of this process.

It is with regret that Bidvest reports the death of five employees while on duty. Full investigations are conducted of fatal incidents and adaptations to the health and safety processes are made where necessary.

The injury rate for Bidvest was 4,7 and the lost day rate was 10,3. Definitions relating to occupational health and safety are in line with the GRI's G3 guidelines and its technical protocols.

HIV/Aids

The HIV/Aids epidemic is a significant challenge affecting most Bidvest companies in southern Africa. A Group HIV/Aids policy serves to guide businesses in developing appropriate programmes. Bidvest companies are proactively tackling the epidemic, often in cooperation with unions. While a number of businesses are making progress and several have outstanding HIV/Aids programmes, many businesses still need to improve their response strategies.

An HIV actuarial prevalence study was conducted by an outside specialist as an initial step towards quantifying the impact of HIV/Aids on the Group along with an assessment of the HIV/Aids programmes in place throughout the Group. HIV prevalence rate is 17,3%, which is an average and, given Bidvest's diversity, cannot be applied to any one business unit in isolation. Bidvest is considering how best to enhance existing programmes and assist in the development of a co-ordinated HIV/Aids strategy for the Group. But the basis remains decentralised.

Bidvest is a member of SABCOHA, the South African Business Coalition on HIV/Aids.

Training

Employee development is a vital aspect of maintaining a motivated, competent workforce, especially given South Africa's shortage of skilled labour. Training and development is the responsibility of senior management and programmes are structured according to business and employee needs.

Divisions budget a minimum 1,0% of gross total payroll for skills development programmes. In South African operations, a learning programme matrix has been introduced to ensure alignment with Department of Labour criteria and the Skills Development Act. The programme ensures that skills spend initiatives have clear learning outcomes and focuses on occupation-directed and work-based learning.

An amount of R1 354 was spent on training per employee, up from R1 092 in 2006. Education and training opportunities include staff education bursaries, adult basic education and training programmes and learnerships in South Africa, and specific technical and industry-related skills training.

In South Africa, an emphasis is placed on executive leadership development. The Bidvest Academy offers leadership and business training through practical interventions and exposure to the Group, its businesses and executives. The Graduate Academy, offered to graduates of the academy who have had several more years' experience in the field and show continued promise, focuses on issues perceived as being of key importance to the businesses – negotiation, diversity training, marketing and new business opportunities including a divisional project to identify "green" business opportunities.

A sales orientation and sales management development programme has been rolled out to Bidfood businesses and has been offered to other divisions.

COMMUNITY

Customers

Bidvest interacts with a broad range of corporate and private customers. While a number of businesses conduct formal customer satisfaction surveys, most interact personally with their predominantly corporate

clients on a regular basis and real time feedback is used to enhance service delivery. A number of businesses formally log customer feedback and subsequent actions, often as part of a quality management system such as ISO 9000.

Community activities

Responsibility for corporate social investment activities resides with Bidvest divisions and their business units, most of which support a variety of initiatives. Bidvest CSI covers: education and training, health and HIV/Aids, community development, sports, arts and culture, environmental initiatives, economic empowerment and job creation, safety and security and welfare.

Group CSI spend increased to R38,5 million (2006: R28,7 million), which equates to 1,0% of pre-tax profit. The South African operations spent R32,2 million, which equates to 1,2% of profit before tax.

ENVIRONMENTAL PERFORMANCE

Bidvest is a services, trading and distribution business which has a variety of environmental impacts. The JSE SRI Index has classified Bidvest as a business with a "medium" environmental impact. As a minimum, businesses ensure compliance with applicable environmental legislation and in many cases, through the use of newest technologies and best practices, go beyond compliance.

A Group environmental policy, which encourages businesses to take a more proactive stance to the environment as a sustainability issue has been developed. A number of businesses have moved beyond compliance to adopting voluntary standards for indirect impacts relevant to their industry sector. United Kingdom-based 3663 stands out as a leader in the Group with its proactive stance towards the environment and its innovative environmental projects.

The standardisation of data and the data collation process has improved and environmental data is reported for the first time for some South African divisions. In a group as diverse and decentralised as Bidvest, ongoing work is required to streamline the collation, management and usability of sustainability data and to ensure management takes ownership of information, to guide appropriate actions. Plans are in place for online gathering of sustainability data.