

SHOPRITE CDP WATER SECURITY DISCLOSURE

2023

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W0. Introduction

W0.1

(W0.1) Give a general description of and introduction to your organization.

Shoprite Holdings Limited is an investment holding company whose combined subsidiaries constitute the largest fast moving consumer goods (FMCG) retail operation on the African continent. Its purpose is to uplift lives every day by pioneering access to the most affordable goods and services, creating economic opportunity, and protecting our planet.

Shoprite operates more than 2 840 facilities in 11 countries across Africa, employing over 152 000 people across its operations. It's turnover in the past reporting period amounted to R214bn. At the heart of Shoprite's purpose is the aspiration to be Africa's most accessible, affordable, and innovative retailer, by being relentless in its efforts to keep its business efficient and sustain its price leadership. The company remains committed to its Values of Doing the right thing and doing it right; Saving to share and Developing local.

For this reporting period, Shoprite will continue to report on all operations over which Shoprite has operational control (i.e., 2 840 facilities) in 11 countries. Shoprite's facilities include stores, distribution centres and offices. Shoprite has used the WWF Water Risk Filter to gain a better understanding of water-related risks and opportunities at a basin-level.

Shoprite's total water withdrawals are 4 430 kL. This is lower than the previous reporting period by 2.3%.

Water use intensity (kL/m²) reduced by 6.5%.

Shoprite is committed to operating sustainably while it makes its business more resilient, providing its customers with quality, safe and affordable food, and growing job and business opportunities on the continent. Shoprite is also dedicated to supporting the communities where it operates. And it is committed to doing all of this with the least possible impact on the planet and people.

W0.2

(W0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date
Reporting year	July 1, 2022	June 30, 2023

W0.3

(W0.3) Select the countries/areas in which you operate.

Angola

Botswana

Democratic Republic of the Congo

Eswatini

Ghana

Lesotho

Malawi

Mozambique

Namibia

South Africa

Zambia

W0.4

(W0.4) Select the currency used for all financial information disclosed throughout your response.

ZAR

W0.5

(W0.5) Select the option that best describes the reporting boundary for companies, entities, or groups for which water impacts on your business are being reported.

Companies, entities, or groups over which operational control is exercised

W0.6

(W0.6) Within this boundary, are there any geographies, facilities, water aspects, or other exclusions from your disclosure?

No

W0.7

(W0.7) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?

Indicate whether you are able to provide a unique identifier for your organization.

No

W1. Current state

W1.1

(W1.1) Rate the importance (current and future) of water quality and water quantity to the success of your business.

	Direct use importance rating	Indirect use importance rating	Please explain
Sufficient amounts of good quality freshwater available for use	Important	Important	<p>Direct use: Shoprite's facilities (i.e., stores, distribution centres and offices) are unable to function effectively without sufficient volumes of good quality water. Water is used for various purposes, including sanitation, washing, cleaning and food production to ensure that high levels of hygiene and food safety are maintained. The total number of facilities amounts to 2 840.</p> <p>Future water dependencies with regards to quality and quantity are unlikely to change since food production, washing and cleaning will still need potable quality water to ensure that high levels of hygiene and food safety are maintained.</p> <p>Indirect use: Shoprite's food suppliers are dependent on access to water for growing and processing agricultural products to maintain a regular supply of good quality products. Water is used for various purposes, including sanitation, washing, cleaning and food production to ensure that high levels of hygiene and food safety are maintained. Without water, the supply of good quality products may be restricted; however, Shoprite is diversifying its suppliers so that it is able to provide the full range of food products in its stores and it will be able to realise its purpose of providing accessible and affordable food products to its customers. By diversifying its suppliers, Shoprite can source certain food products from different parts of the country.</p> <p>Shoprite's customers also need good quality water for preparing food. Future water dependencies in Shoprite's value chain with regards to quality and quantity are unlikely to change since food production, washing and cleaning will still need potable quality water to ensure that high levels of hygiene and food safety are maintained.</p>
Sufficient amounts of recycled, brackish and/or produced water available for use	Not very important	Important	<p>Direct use: Currently Shoprite does not use any recycled, brackish and/or produced water. Shoprite stores, distribution centres and offices utilise municipal water (potable water quality). Shoprite facilities are not equipped with water treatment plants to treat poor quality water into potable water quality. Water with potable water quality is needed for sanitation, washing, cleaning and food production to ensure that high levels of hygiene and food</p>

		<p>safety are maintained. Future water dependencies with regards to quality and quantity are unlikely to change since food production, washing and cleaning will still need potable quality water to ensure that high levels of hygiene and food safety are maintained.</p> <p>Indirect use: Shoprite's food suppliers are dependent on access to water for growing and processing agricultural products to maintain a regular supply of good quality products. Water is used for various purposes, including sanitation, washing, cleaning and food production to ensure that high levels of hygiene and food safety are maintained. Without water, the supply of good quality products may be restricted; however, Shoprite is diversifying its suppliers so that it is able to provide the full range of food products in its stores and it will be able to realise its purpose of providing accessible and affordable food products to its customers. By diversifying its suppliers, Shoprite is able to source certain food products from different parts of the country. Future water dependencies in Shoprite's supply chain with regards to quality and quantity are unlikely to change since food production, washing and cleaning will still need potable quality water to ensure that high levels of hygiene and food safety are maintained. Shoprite's customers also need good quality water for preparing food. In the future, food production companies (suppliers) can install water treatment facilities to treat poor quality water to potable water quality for food preparation.</p>
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W1.2

(W1.2) Across all your operations, what proportion of the following water aspects are regularly measured and monitored?

	% of sites / facilities / operations	Frequency of measurement	Method of measurement	Please explain
Water withdrawals – total volumes	100%	Monthly	<p>The municipal water meters are monitored monthly via utility bills while some sites with remotely accessible water meters are monitored daily via online water monitoring software.</p> <p>The remotely accessible water meters enable Shoprite to promptly identify and repair leaks as well as high water usage at</p>	<p>Shoprite's facilities (i.e., stores, distribution centres and offices) receive most water from third party suppliers (i.e., local municipalities).</p> <p>Water is used for ablutions, cleaning and washing the facilities, food production (at stores only) and garden irrigation.</p>

			<p>sites. Furthermore, these water meters enable Shoprite to track water consumption against any potential municipal water restrictions imposed.</p>	
<p>Water withdrawals – volumes by source</p>	<p>100%</p>	<p>Monthly</p>	<p>The municipal water meters are monitored monthly via utility bills while some sites with remotely accessible water meters are monitored daily via online water monitoring software.</p>	<p>Shoprite's facilities (stores, distribution centres and offices) receive most water from third party suppliers (i.e., local municipalities). Most municipalities use surface water (rivers, lakes, or dams) as the primary source of water.</p> <p>1.24% of water withdrawals are sourced from renewable groundwater sources. Each of Shoprite's boreholes is monitored via a water meter.</p>
<p>Water withdrawals quality</p>	<p>Not relevant</p>			<p>Shoprite's facilities (stores, distribution centres, shopping centres and offices) receive water from third party suppliers (i.e., local municipalities). The quality of water supplied by municipalities is of a potable water quality, and this is regulated by the government therefore Shoprite does not generally sample and test the water it receives from municipalities.</p> <p>Municipalities are obliged to provide water quality data on request. In future, if water quality supplied by municipalities deteriorates, Shoprite will sample and test the receiving water periodically.</p>
<p>Water discharges – total volumes</p>	<p>100%</p>	<p>Monthly</p>	<p>All water withdrawals are monitored by municipalities, and the municipalities estimate the water discharges - total volume to apply a wastewater treatment cost. The discharges are estimated at 95% of water withdrawals by municipalities. This is</p>	<p>Shoprite's facilities (stores, distribution centres and offices) receive water from third party suppliers (i.e., local municipalities) and these facilities discharge their wastewater to these same municipalities.</p> <p>Wastewater is generated from cleaning and washing the facilities and equipment.</p>

			included in the monthly municipal bills per facility.	Discharge volumes are measured and reported monthly via utility bills.
Water discharges – volumes by destination	100%	Monthly	Discharge volumes by destination are measured and reported monthly via utility bills.	Shoprite's facilities (stores, distribution centres and offices) receive water from third party suppliers (i.e., local municipalities) and these facilities discharge their wastewater to these same municipalities for treatment at the municipal wastewater treatment facilities.
Water discharges – volumes by treatment method	100%	Monthly	Discharge volumes by treatment method are measured and reported monthly via utility bills.	Shoprite's facilities (stores, distribution centres and offices) discharge their wastewater to municipal wastewater treatment facilities. The wastewater at the Shoprite facilities goes through primary treatment (fat trap) for oil and fat removal, and then secondary (biological) and tertiary treatment at the municipal wastewater treatment facilities.
Water discharge quality – by standard effluent parameters	100%	Monthly	Discharge volumes by standard effluent parameters are measured monthly by the municipality.	Shoprite's facilities (stores, distribution centres and offices) discharge their wastewater to municipal wastewater treatment facilities. Wastewater is generated from cleaning and washing the facilities and equipment. The municipalities monitor the wastewater quality based on certain indicators (e.g., COD, TDS, fats and oils) and these are used to determine the wastewater treatment charges based on a tariff structure.
Water discharge quality – emissions to water (nitrates, phosphates, pesticides, and/or other priority substances)	100%	Monthly	Discharge volumes emissions to water are measured monthly by the municipality.	Shoprite's facilities (stores, distribution centres and offices) discharge their wastewater to municipal wastewater treatment facilities. Wastewater is generated from cleaning and washing the facilities and equipment. The municipalities monitor the wastewater quality based on certain indicators (e.g., nitrates, phosphates, pesticides) and these are used to determine the

				<p>wastewater treatment charges based on a tariff structure.</p> <p>Shoprite does not utilise any cleaning and washing products that will cause its nitrates and phosphates level to be outside of municipal regulation specifications.</p>
Water discharge quality – temperature	Not relevant			<p>Shoprite's stores, distribution centres and offices discharge their wastewater to municipal wastewater treatment facilities. The municipalities monitor the wastewater quality based on certain indicators (e.g., COD, TDS, fats, and oils) to determine the wastewater charges, however the temperature is not a monitored parameter, and it is not expected to be monitored in the future</p>
Water consumption – total volume	100%	Monthly	<p>Wastewater discharges are estimated to be 95% of water withdrawals by municipalities, therefore water consumption is estimated to be the difference between water withdrawals and water discharge volumes. Discharge volumes are measured monthly and reported via utility bills.</p>	<p>Shoprite's facilities (stores, distribution centres and offices) receive water from third party suppliers (i.e., local municipalities) and these facilities discharge their wastewater to these same municipalities.</p> <p>At the Shoprite facilities, water is consumed by people, for food production and for garden irrigation</p>
Water recycled / reused	Not relevant			<p>This aspect is not relevant because of food safety and hygiene requirements for food preparation and production. Recycled or reused water cannot be used at the stores due to the risk of contamination. In future, recycled or reused water is unlikely to be used and it is not expected to be monitored.</p>
The provision of fully-functioning, safely managed WASH services to all workers	100%	Continuously	<p>As Shoprite follow food safety and hygiene requirements for food preparation and production, WASH services are</p>	<p>All staff and contractors working at all Shoprite facilities (stores, distribution centres and offices) have access to fully-functioning, safely managed WASH services.</p>

			continuously monitored to ensure correct and full-time operation.	
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W1.2b

(W1.2b) What are the total volumes of water withdrawn, discharged, and consumed across all your operations, how do they compare to the previous reporting year, and how are they forecasted to change?

	Volume (megaliters / year)	Comparison with previous reporting year	Primary reason for comparison with previous reporting year	Five-year forecast	Primary reason for forecast	Please explain
Total withdrawals	4,430	Lower	Increase/decrease in efficiency	Lower	Increase / decrease in efficiency	<p>Lower than the previous reporting period by 2.3% due to Shoprite's various water saving initiatives (i.e., installation of online water loggers to promptly identify and repair leaks as well as high water usage at sites, installation of water aerators, etc.).</p> <p>Data was sourced from municipal bills and Shoprite's online water meters.</p> <p>The future withdrawal volume is expected to be similar or lower, based on Shoprite's total operations and anticipated water saving initiatives.</p>
Total discharges	4,208	Lower	Increase / decrease in efficiency	Lower	Increase / decrease in efficiency	<p>Lower than the previous reporting period by 2.3% due to Shoprite's various water saving initiatives (i.e., installation of online water loggers to promptly identify and</p>

						<p>repair leaks as well as high water usage at sites, installation of water aerators, etc.).</p> <p>Data was sourced from municipal bills.</p> <p>Data estimated based on municipal by-laws and tariff structure. Discharge = 0.95 x Withdrawal.</p> <p>The future discharge volume is expected to be similar or lower, based on Shoprite's total operations and anticipated water saving initiatives.</p>
Total consumption	222	Lower	Increase / decrease in efficiency	Lower	Increase / decrease in efficiency	<p>Lower than the previous reporting period by 2.3% due to Shoprite's various water saving initiatives (i.e., installation of online water loggers to promptly identify and repair leaks as well as high water usage at sites, installation of water aerators, etc.).</p> <p>Figure is based on a company-wide calculation, withdrawals minus discharges.</p> <p>Water is consumed by people, for food production and for garden irrigation.</p> <p>The future consumption volume is expected to be similar or lower, based on Shoprite's total operations and</p>

						anticipated water saving initiatives.
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W1.2d

(W1.2d) Indicate whether water is withdrawn from areas with water stress, provide the proportion, how it compares with the previous reporting year, and how it is forecasted to change.

Withdrawals are from areas with water stress	% withdrawn from areas with water stress	Comparison with previous reporting year	Primary reason for comparison with previous reporting year	Five-year forecast	Primary reason for forecast	Identification tool
Yes	26-50	Higher	Mergers and acquisitions	About the same	Increase / decrease in efficiency	WWF Water Risk Filter

Please explain

Water withdrawals from water stressed areas are higher than the previous reporting period (26.9% increased to 33.1%). This increase is mainly due to classifying a water stressed area as a basin with an overall basin physical as 3.4 or higher compared to the previous reporting where a water depletion score of 3 or higher represented a water stressed river basin and the acquisition of 94 facilities in this reporting year.

To determine the total water withdrawals from water stressed areas, the exact geographical location and type of site (i.e., food retailing, transportation services, offices & professional services (e.g., consulting, software, real estate, financial institutions), etc.) of each of Shoprite's sites were uploaded to the WWF Water Risk filter. The total withdrawals from all sites having an overall basin physical risk of 3.4 or higher were divided by Shoprite's total water withdrawals, resulting in an indication of 33.1% of Shoprite's water being withdrawn from water stressed areas.

W1.2h

(W1.2h) Provide total water withdrawal data by source.

	Relevance	Volume (megalitres / year)	Comparison with previous reporting year	Primary reason for comparison with previous reporting year	Please explain
Fresh surface water, including rainwater, water from wetlands, rivers, and lakes	Not relevant				<p>Shoprite has no water intake from fresh surface water, including rainwater, water from wetlands, rivers, and lakes, and this is unlikely to change in the future.</p> <p>Shoprite's facilities (stores, distribution centres and offices) receive water from third party suppliers (i.e., local municipalities). Most municipalities use surface water (rivers, lakes, or dams) as the primary source of water.</p>
Brackish surface water/Seawater	Not relevant				<p>Shoprite has no water intake from brackish surface water, and this is unlikely to change next in the future.</p>
Groundwater – renewable	Relevant	55	Lower	Increase / decrease in efficiency	<p>Shoprite extracts renewable groundwater at 13 of its sites, representing 1.24% of total withdrawals.</p> <p>The water withdrawal volume from Groundwater - Renewable sources is lower than the previous reporting period by 43.9% (55 ML compared to 98 ML).</p> <p>Each of the boreholes are monitored via a water meter to enable Shoprite to determine</p>

					the annual water withdrawals. Future withdrawal at these sites is expected to be the same. Water withdrawn from renewable groundwater sources are used for garden irrigation purposes and truck washing.
Groundwater – non-renewable	Not relevant				Shoprite does not withdraw non-renewable groundwater and does not anticipate in utilising non-renewable groundwater in future.
Produced/Entrained water	Not relevant				Shoprite does not make use of produced/entrained water, because its operations do not produce/generate water.
Third party sources	Relevant	4,375	Lower	Increase / decrease in efficiency	<p>Shoprite's facilities (stores, distribution centres and offices) receive water from third party suppliers (i.e., local municipalities), and this is unlikely to change in the future.</p> <p>The water withdrawal volume is lower than the previous reporting period by 1.41% due to Shoprite's various water saving initiatives.</p> <p>Water withdrawal volumes are sourced from municipal bills and Shoprite's online water meters.</p>

W1.2i

(W1.2i) Provide total water discharge data by destination.

	Relevance	Volume (megaliters / year)	Comparison with previous reporting year	Primary reason for comparison with previous reporting year	Please explain
Fresh surface water	Not relevant				Shoprite does not discharge to fresh surface water, and this will not change in the future.
Brackish surface water / seawater	Not relevant				Shoprite does not discharge to brackish surface water, and this will not change in the future.
Groundwater	Not relevant				Shoprite does not discharge to groundwater, and this will not change in the future.
Third-party destinations	Relevant	4,208	Lower	Increase / decrease in efficiency	<p>Shoprite's facilities (stores, distribution centres and offices) discharge their wastewater to municipalities for treatment at the municipal wastewater treatment facilities, and this is unlikely to change in the future.</p> <p>The water discharge volume is lower than the previous reporting period by 2.3% due Shoprite's various water saving initiatives.</p> <p>Data estimated based on municipal by-laws and tariff structure.</p> <p>Discharge = 0.95 x Withdrawal.</p>

W1.2j

(W1.2j) Within your direct operations, indicate the highest level(s) to which you treat your discharge.

	Relevance of treatment level to discharge	Volume (megaliters / year)	Comparison of treated volume with previous reporting year	Primary reason for comparison with previous reporting year	% of your sites / facilities / operations this volume applies to	Please explain
Tertiary treatment	Not relevant					<p>Shoprite's facilities (stores, distribution centres and offices) discharge their wastewater to municipal wastewater treatment facilities.</p> <p>The wastewater at the Shoprite facilities goes through primary treatment (fat trap) for oil and fat removal, and then secondary (biological) and tertiary treatment at the municipal wastewater treatment facilities.</p>
Secondary treatment	Not relevant					<p>Shoprite's facilities (stores, distribution centres and offices) discharge their wastewater to municipal wastewater treatment facilities.</p> <p>The wastewater at the Shoprite facilities goes through primary treatment (fat trap) for oil and fat removal, and then secondary (biological) and tertiary treatment at the municipal wastewater treatment facilities.</p>

Primary treatment only	Relevant	4,208	Lower	Increase / decrease in efficiency	100%	<p>Shoprite's facilities (stores, distribution centres and offices) discharge their wastewater to municipal wastewater treatment facilities. The wastewater at the Shoprite facilities goes through primary treatment (fat trap) for oil and fat removal.</p> <p>Discharge volumes are measured and reported monthly via utility bills and data was sourced from municipal bills.</p> <p>Data estimated based on municipal by-laws and tariff structure. Discharge = 0.95 x Withdrawal.</p>
Discharge to the natural environment without treatment	Not relevant					<p>Shoprite's facilities (stores, distribution centres and offices) discharge their wastewater to municipal wastewater treatment facilities, and not to the natural environment without treatment.</p>
Discharge to a third party without treatment	Not relevant					<p>Shoprite's facilities (stores, distribution centres and offices) discharge their wastewater to municipal wastewater treatment facilities.</p> <p>The wastewater at the Shoprite facilities goes through primary treatment (fat-trap) for oil and fat removal first.</p>
Other	Not relevant					<p>Shoprite's facilities (stores, distribution centres and offices)</p>

						discharge their wastewater to municipal wastewater treatment facilities.
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W1.2k

(W1.2k) Provide details of your organization’s emissions of nitrates, phosphates, pesticides, and other priority substances to water in the reporting year.

Emissions to water in the reporting year (metric tonnes)	Category(ies) of substances included	Please explain
11.34	Nitrates Phosphates	<p>Nitrates = 0.11 tonnes Phosphates = 11.23 tonnes Pesticides = 0 tonnes Priority substances listed under the EU Water Framework Directive = 0 tonnes</p> <p>Shoprite’s facilities (stores, distribution centres and offices) discharge their wastewater to municipal wastewater treatment facilities. The wastewater at the Shoprite facilities goes through primary treatment (fat trap) for oil and fat removal, and then secondary (biological) and tertiary treatment at the municipal wastewater treatment facilities.</p>

W1.3

(W1.3) Provide a figure for your organization’s total water withdrawal efficiency.

Revenue	Total water withdrawal volume (megaliters)	Total water withdrawal efficiency	Anticipated forward trend
214,446,545,000	4,430	48,407,797.9683973	<p>Shoprite anticipates lowering its total water withdrawals in the future while revenue is anticipated to increase.</p> <p>It is anticipated that total water withdrawal efficiency will continue to increase.</p>

W1.4

(W1.4) Do any of your products contain substances classified as hazardous by a regulatory authority?

Products contain hazardous substances	Comment
No	Shoprite is primarily a food retailer; hence its products do not contain substances classified as hazardous. Its non-food products are mainly household FMCG products that do not contain substances classified as hazardous.

W1.5

(W1.5) Do you engage with your value chain on water-related issues?

	Engagement
Suppliers	Yes
Other value chain partners (e.g., customers)	Yes

W1.5a

(W1.5a) Do you assess your suppliers according to their impact on water security?

Row 1

Assessment of supplier impact

No, we do not currently assess the impact of our suppliers, but we plan to do so within the next two years

Please explain

The 3rd annual Shoprite Supplier Sustainability Survey was conducted during this reporting period to gain a better understanding of the water use, risks, and management information from suppliers. The intentions of the survey are to:

- make suppliers aware of Shoprite's commitment to environmental stewardship across its supply chain
- collect and process water use, risks, and management information from suppliers
- identify any water quantity and quality risks to suppliers

The survey included several questions, including:

- Does your company monitor its water consumption?
- Have you identified any water security risks (e.g., availability or quality) that can impact your business operations?
- Does your company monitor its wastewater discharge?
- Do you have targets and plans to reduce your water consumption?
- Do you have targets and plans to improve your wastewater discharge?

W1.5b

(W1.5b) Do your suppliers have to meet water-related requirements as part of your organization's purchasing process?

Suppliers have to meet specific water-related requirements	
Row 1	Yes, suppliers have to meet water-related requirements, but they are not included in our supplier contracts

W1.5c

(W1.5c) Provide details of the water-related requirements that suppliers have to meet as part of your organization's purchasing process, and the compliance measures in place.

Water-related requirement

Other, please specify

Compliance with local legislation as per Shoprite's Supplier Code of Conduct

Mechanisms for monitoring compliance with this water-related requirement

Supplier self-assessment

Response to supplier non-compliance with this water-related requirement

Retain and engage

Comment

The Shoprite Supplier Sustainability Survey included a number of environmental sustainability questions related to climate change, water security, waste management, packaging, and responsible sourcing.

Questions related to water security includes:

- Does your company monitor its water consumption?
- Have you identified any water security risks (e.g., availability or quality) that can impact your business operations?
- Does your company monitor its wastewater discharge?
- Do you have targets and plans to reduce your water consumption?
- Do you have targets and plans to improve your wastewater discharge?

W1.5d

(W1.5d) Provide details of any other water-related supplier engagement activity.

Type of engagement

Information collection

Details of engagement

Collect water management information at least annually from suppliers

Collect information on water-related risks at least annually from suppliers

% of suppliers by number

1-25

Rationale for your engagement

The 3rd annual Shoprite Supplier Sustainability Survey was completed during this reporting period to gain a better understanding of the water use, risks, and management information from suppliers. The intentions of the survey are to:

- make suppliers aware of Shoprite's commitment to environmental stewardship across its supply chain
- collect and process water use, risks, and management information from suppliers
- identify any water quantity and quality risks to suppliers

The intention is to repeat this survey annually.

The survey included a number of questions, including:

- Does your company monitor its water consumption?
- Have you identified any water security risks (e.g., availability or quality) that can impact your business operations?
- Does your company monitor its wastewater discharge?
- Do you have targets and plans to reduce your water consumption?
- Do you have targets and plans to improve your wastewater discharge?

The selection of suppliers was based on the following:

- All suppliers that supply Shoprite with its own branded products were surveyed. Shoprite is accountable for its own brands and products; therefore, it wants to ensure that these products are manufactured in an environmentally responsible manner.
- Top 100 suppliers to Shoprite based on total procurements spend

Impact of the engagement and measures of success

The Shoprite Supplier Sustainability Survey included a number of environmental sustainability questions related to climate change, water security, waste management, packaging, and responsible sourcing.

Questions related to water security includes:

- Does your company monitor its water consumption?
- Have you identified any water security risks (e.g., availability or quality) that can impact your business operations?
- Does your company monitor its wastewater discharge?
- Do you have targets and plans to reduce your water consumption?
- Do you have targets and plans to improve your wastewater discharge?

The supplier sustainability survey was the 3rd annual survey conducted by Shoprite, and it wanted to have a participation rate greater than 33.3%. In total, more than 600 companies were surveyed, and 238 companies responded indicating a participation rate of 40%. This exceeded the participation rate target for the 3rd year of the survey.

Outcomes of the survey includes:

- 87% of the respondents indicated that they monitor water consumption - 4% lower than the previous survey
- 67% of the respondents indicated that they have identified water security risks (e.g., availability or quality) that can impact their business operations - 2% lower than the previous survey
- 53% of the respondents indicated that they monitor wastewater discharge

The above suggests that there is a reasonable level of understanding of water related issues and risks by suppliers. There may be a need for further engagement on water related issues and risks with some suppliers.

Other key beneficial outcomes of the survey include:

- suppliers have become aware of Shoprite's commitment to environmental stewardship across its supply chain

- water use, risks and management information were collected and processed from suppliers
- no significant water quantity and quality risks to suppliers were identified from the survey.

Comment

The Shoprite Supplier Sustainability Survey is conducted annually.

W1.5e

(W1.5e) Provide details of any water-related engagement activity with customers or other value chain partners.

Type of stakeholder

Customers

Type of engagement

Education / information sharing

Details of engagement

Run an engagement campaign to educate stakeholders about your water-related performance and strategy

Share information about your products and relevant certification schemes

Rationale for your engagement

In April 2021, research commissioned by Mastercard revealed that "75% of South African respondents think it's now more important for businesses and brands to do more for the environment. Nearly half of respondents (45%) will give more value to brands that act in a responsible, transparent and honest way."

<https://newsroom.mastercard.com/MEA/press-releases/98-of-adults-in-south-africa-willing-to-take-personal-action-on-sustainability-issues/>

This suggests that Consumer awareness of environmental matters is increasing, and consumers also making purchasing choices based on this awareness. As a consequence, there is an increased demand for Shoprite to acknowledge this awareness and offer environmentally friendly products and services, so much so that customers base their choice of preferred retailer accordingly.

In March 2022, we launched our first environmental campaign in Checkers stores, to drive further awareness and dialogue on environmental related issues, while inviting our customers to join us in making better decisions for our planet. The 'Better for our planet' campaign focused on issues that are relevant to our own operations and the lives of our customers.

Impact of the engagement and measures of success

The Checkers environmental campaign received very positive reviews from industry commentators.

<https://www.citizen.co.za/news/opinion/opinion-columns/3101756/orchids-and-onions-checkers-recycling-campaign/>

The TV commercial for the campaign (<https://www.youtube.com/watch?v=3bjs5uvRI-A&t=2s>) was played on national television channels, and it received 375 000 views on YouTube.

Type of stakeholder

Other, please specify

Our staff

Type of engagement

Education / information sharing

Details of engagement

Educate and work with stakeholders on understanding and measuring exposure to water-related risks

Run an engagement campaign to educate stakeholders about your water-related performance and strategy

Share information about your products and relevant certification schemes

Rationale for your engagement

Other partners in the value chain includes Shoprite's employees. Shoprite has multiple communication channels with its staff, including an App and a weekly newsletter. During this reporting period, information on water saving tips was shared with staff to build the awareness and understanding of the importance of water and conservation thereof. The information included tips to save water in the office, at stores and at home. Shoprite has more than 152 000 staff, who can make a positive impact in water conservation. The implementation of these water savings tips can result in reduced water use at Shoprite's facilities and in water basins where employees live.

Impact of the engagement and measures of success

Improved staff understanding about the company's environmental sustainability programmes, plans and performances, including water security.

W2. Business impacts

W2.1

(W2.1) Has your organization experienced any detrimental water-related impacts?

No

W2.2

(W2.2) In the reporting year, was your organization subject to any fines, enforcement orders, and/or other penalties for water-related regulatory violations?

	Water-related regulatory violations	Comment
Row 1	No	Shoprite was not subject to any fines, enforcement orders, and/or other penalties for water-related regulatory violations.

W3. Procedures

W3.1

(W3.1) Does your organization identify and classify potential water pollutants associated with its activities that could have a detrimental impact on water ecosystems or human health?

	Identification and classification of potential water pollutants	How potential water pollutants are identified and classified
Row 1	Yes, we identify and classify our potential water pollutants	Wastewater from stores, distribution centres and offices are treated at municipal wastewater treatment plants before being discharged to the environment. The local municipalities monitor certain domestic wastewater pollutants and indicators such as COD, total suspended solids, total dissolved solids, fats, oils and grease, phosphates, and nitrates.

W3.1a

(W3.1a) Describe how your organization minimizes the adverse impacts of potential water pollutants on water ecosystems or human health associated with your activities.

Water pollutant category

Other nutrients and oxygen demanding pollutants

Description of water pollutant and potential impacts

Wastewater with nutrient and oxygen demanding pollutants is generated at the stores during food preparation, washing and cleaning. The stores are equipped with fat-traps for primary wastewater treatment (i.e., fat and suspended-solids removal), thereafter the wastewater is sent to municipal wastewater treatment plants for secondary and final treatment before being released into the environment.

There is a potential impact on water bodies (i.e., eutrophication from nutrient and oxygen demanding pollutants) if the municipal wastewater treatment plants fail or do not operate properly. The likelihood of this is low, therefore the overall risk of environmental contamination from wastewater with nutrient and oxygen demanding pollutants is low.

These pollutants are not considered to be hazardous.

Value chain stage

Direct operations

Actions and procedures to minimize adverse impacts

Implementation of integrated solid waste management systems

Discharge treatment using sector-specific processes to ensure compliance with regulatory requirements

Please explain

Wastewater with nutrient and oxygen demanding pollutants is generated at the stores during food preparation, washing and cleaning. The stores are equipped with fat-traps for primary wastewater treatment (i.e., fat and suspended-solids removal).

As part of the food safety and quality management system at the stores, a documented procedure exists for the operation and cleaning of the fat-traps. Staff are trained on this procedure, and the inspection of the fat-trap is part of the store's internal audit programme.

A specialised service provider is also appointed to ensure that the fat-traps are deep-cleaned when required.

Furthermore, the solid waste management system and procedures prevents the disposal of food waste via the wastewater systems. Solid waste (food waste) bins are in place at stores, and is managed through a hierarchy of options being:

- 1) rework/repurpose surplus food
- 2) donation of surplus food to charities
- 3) feeding animals with food not fit for human consumption
- 4) food waste treatment (e.g., composting, anaerobic digestion)
- 5) food waste to landfill (last resort and targeting zero food waste to landfill by 2025).

W3.3

(W3.3) Does your organization undertake a water-related risk assessment?

Yes, water-related risks are assessed

W3.3a

(W3.3a) Select the options that best describe your procedures for identifying and assessing water-related risks.

Value chain stage

Direct operations

Coverage

Full

Risk assessment procedure

Water risks are assessed as part of an established enterprise risk management framework

Frequency of assessment

More than once a year

How far into the future are risks considered?

More than 6 years

Type of tools and methods used

Tools on the market

Enterprise risk management

Tools and methods used

WWF Water Risk Filter

Enterprise Risk Management

Contextual issues considered

Water availability at a basin/catchment level

Water quality at a basin/catchment level

Water regulatory frameworks

Access to fully-functioning, safely managed WASH services for all employees

Stakeholders considered

Customers

Employees

Investors

Local communities

NGOs

Regulators

Suppliers

Water utilities at a local level

Comment

Water risks are assessed in Shoprite's direct operations as part of an overarching enterprise risk management policy and framework.

Currently the main water-related risks that are documented on the company's risk register are:

1. CG11 - Corporate Governance, Social and Environmental Sustainability impact: Shoprite may not adequately consider the potential negative impact of its operations and value chain on the environment nor its impact on its ability to generate returns and creations of long-term value.
2. CG19 - Weather / Climate Change: Increase in the severity and frequency of extreme weather events and natural catastrophes (droughts, floods, fires, heatwaves, storms etc.) and its impact on Shoprite's business and suppliers, whether linked to physical assets (stores, distribution centres or vehicles) or supply of perishable products, livestock, damage to physical assets, business continuity or sustainability.

A more detailed risk assessment (at basin level) is conducted using the WWF Water Risk Filter by the internal Environmental Sustainability team.

Value chain stage

Supply chain

Coverage

Full

Risk assessment procedure

Water risks are assessed as part of an established enterprise risk management framework

Frequency of assessment

More than once a year

How far into the future are risks considered?

More than 6 years

Type of tools and methods used

Enterprise risk management

Tools and methods used

Enterprise Risk Management

Contextual issues considered

Implications of water on your key commodities/raw materials

Water regulatory frameworks

Status of ecosystems and habitats

Stakeholders considered

Regulators

Suppliers

Comment

Water risks are assessed in Shoprite's supply chain as part of an overarching enterprise risk management policy and framework.

Currently the main water-related risks that are documented on the company's risk register and are associated with suppliers, are

1. CG11 - Corporate Governance, Social and Environmental Sustainability impact: Shoprite may not adequately consider the potential negative impact of its operations and value chain on the environment nor its impact on its ability to generate returns and creations of long-term value.
2. CG19 - Weather / Climate Change: Increase in the severity and frequency of extreme weather events and natural catastrophes (droughts, floods, fires, heatwaves, storms etc.) and its impact on Shoprite's business and suppliers, whether linked to physical assets (stores, distribution centres or vehicles) or supply of perishable products, livestock, damage to physical assets, business continuity or sustainability.
3. RG10 - Unavailability of goods on shelf: Shoprite may have a shortage of products due to various reasons: e.g., supplier ability to deliver, supply chain and system issues, resulting in goods not being available in store.

Over the next few years, Shoprite plans to map all its current fresh produce suppliers using the WWF Water Risk Filter. Where a risk of supply interruption has already been identified, Shoprite has looked to diversify its supplier base.

An annual Supplier Sustainability Survey is conducted to engage with suppliers on their understanding and management of water-related risks in their operations.

W3.3b

(W3.3b) Describe your organization’s process for identifying, assessing, and responding to water-related risks within your direct operations and other stages of your value chain.

	Rationale for approach to risk assessment	Explanation of contextual issues considered	Explanation of stakeholders considered	Decision-making process for risk response
Row 1	<p>Risks are identified through the company’s Enterprise Risk Management Policy & Framework and presented at the organisation’s monthly Risk Forum meetings. The framework is based on the International Guideline on Risk Management (“ISO31000”) and the King Code on Corporate Governance Principles (“King IV”).</p> <p>The identified risks are considered for the entire company and supply chain.</p> <p>The company also develops its strategy and action plans to manage and mitigate risks. Actions are implemented in the business units, and the evaluation of effectiveness and compliance is through internal and external auditors.</p> <p>The following are water-related risks:</p> <p>1. Corporate Governance, Social and Environmental Sustainability impact: Shoprite may not adequately consider the potential impact of its operations and value chain on the environment nor the impact on its ability to generate returns and creations of long-term stakeholder value.</p>	<p>Water availability and quality at a catchment level is considered because the company has stores and suppliers across the Southern Africa region, and its full value chain is dependent on water availability and quality.</p> <p>Regulatory frameworks are important to understand and demonstrate regulatory compliance for the company and its suppliers (as per the Supplier Code of Conduct).</p> <p>Employee access to fully functioning WASH services is important for the company and its suppliers.</p> <p>Too little or too much water can have a significant impact on the availability of fresh produce in stores. (RG10) - Unavailability of goods on shelf: Shoprite may have a shortage of products due to various reasons: e.g., supplier ability to deliver, supply chain and system issues, resulting in goods not being available in store.)</p> <p>The status of ecosystems and habitats is considered in the Biodiversity Assessment</p>	<p>Water-related risks are considered for the entire company and value chain.</p> <p>Customers - becoming increasingly aware about sustainability related matters.</p> <p>Low-income customers and communities are most affected during climate- and water-related disasters.</p> <p>Our employees live in the same areas that we operate and experience the same issues re: water availability and quality.</p> <p>Investors are increasingly engaging with the company (one-on-one basis) on water-related risks.</p> <p>Suppliers’ ability to supply products is impacted by water availability and quality.</p> <p>Regulators and water utilities are essential in ensuring water supply, and wastewater treatment.</p>	<p>Decision making is informed by the risk management process:</p> <p>The process includes:</p> <ul style="list-style-type: none"> - risk identification: technical, financial, legal, social, environmental, reputational, informational, stakeholder and other such risks are identified within the context of Shoprite’s external and internal environments and its strategic business objectives and goals. - risk analysis: to gain a better understanding of the risk and where it may impact the Group. - risk evaluation planning: to provide for focused evaluations and automation - risk evaluation allows for a semi-quantitative assessment of likelihood vs. impact followed by an interpretation of the perceived impact. - risk treatment includes avoiding, optimizing, transferring or retaining (“accepting”) risk <p>The company develops its strategy and action plans to manage and mitigate risks. Actions</p>

<p>2. Weather / Climate Change: Increase in the severity and frequency of extreme weather events and natural catastrophes (droughts, floods, fires, heatwaves, storms, etc.) and its impact on Shoprite's business and suppliers. Weather linked to perishable products, live-stock, damage to physical assets, business continuity or sustainability.</p> <p>3. RG10 - Unavailability of goods on shelf: Shoprite may have a shortage of products due to various reasons: e.g., supplier ability to deliver, supply chain and system issues, resulting in goods not being available in store.</p>	<p>that the company completed in the past year.</p>		<p>are implemented in the business units, and the evaluation of effectiveness and compliance is through internal and external auditors.</p>
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W4. Risks and opportunities

W4.1

(W4.1) Have you identified any inherent water-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes, both in direct operations and the rest of our value chain

W4.1a

(W4.1a) How does your organization define substantive financial or strategic impact on your business?

Substantive financial or strategic impacts are defined according to the following criteria: Financial: >R250m (or 4% of profit)

- Operations: Loss of ability to sustain ongoing operations.
- Reputational: Extreme international public/media outcry. Damaging campaign.
- Social/legal license to operate is severely threatened.
- Environmental: Extreme environmental effect with impairment of ecosystem functions. Long-term, widespread effects on a significant area.
- Community: Extreme, widespread social impact. Irreparable damage to highly valued cultural heritage.

This is extracted from Shoprite's Enterprise Risk Management ("ERM") Policy & Framework.

W4.1b

(W4.1b) What is the total number of facilities exposed to water risks with the potential to have a substantive financial or strategic impact on your business, and what proportion of your company-wide facilities does this represent?

	Total number of facilities exposed to water risk	% company-wide facilities this represents	Comment
Row 1	7	76-99	Shoprite identified 7 facilities (aggregate of 2,360 facilities of its 2,840 facilities) throughout its operations which are all exposed to water-related risks with the potential to have a substantive financial or strategic impact, as each of these 7 facilities, having only have a single river basin from which water is withdrawn. Retail stores in the same river basin are aggregated into 1 facility.

W4.1c

(W4.1c) By river basin, what is the number and proportion of facilities exposed to water risks that could have a substantive financial or strategic impact on your business, and what is the potential business impact associated with those facilities?

Country/Area & River basin

South Africa

Berg-Olifants

Number of facilities exposed to water risk

332

% company-wide facilities this represents

1-25

% company's total global revenue that could be affected

11-20

Comment

Shoprite has 332 facilities reliant on the Berg-Olifants River basin, which are exposed to water-related risks and are classified as having "Medium Risk to High Risk" as per to the WWF Water Risk Filter when using the Overall Basin Risk score. These facilities represent <15% of the Group's total revenue.

Country/Area & River basin

South Africa

Limpopo

Number of facilities exposed to water risk

596

% company-wide facilities this represents

1-25

% company's total global revenue that could be affected

21-30

Comment

Shoprite has 596 facilities reliant on the Limpopo River basin, which are exposed to water-related risks and are classified as having "Low Risk to Medium Risk" as per to the WWF Water Risk Filter when using the Overall Basin Risk score. These facilities represent <25% of the Group's total revenue.

Country/Area & River basin

South Africa

Mzimvubu-Tsitsikamma

Number of facilities exposed to water risk

254

% company-wide facilities this represents

1-25

% company's total global revenue that could be affected

1-10

Comment

Shoprite has 254 facilities reliant on the Mzimvubu-Tsitsikamma river basin, which are exposed to water-related risks and are classified as having "Low Risk to Medium Risk" as per to the WWF Water Risk Filter when using the Overall Basin Risk score. These facilities represent <10% of the Group's total revenue.

Country/Area & River basin

South Africa

Olifants

Number of facilities exposed to water risk

181

% company-wide facilities this represents

1-25

% company's total global revenue that could be affected

1-10

Comment

Shoprite has 181 facilities reliant on the Olifants river basin, which are exposed to water-related risks and are classified as having "Low Risk to Medium Risk" as per to the WWF Water Risk Filter when using the Overall Basin Risk score. These facilities represent <10% of the Group's total revenue.

Country/Area & River basin

South Africa

Pongola-Uzimkulu

Number of facilities exposed to water risk

338

% company-wide facilities this represents

1-25

% company's total global revenue that could be affected

11-20

Comment

Shoprite has 338 facilities reliant on the Pongola-Uzimkulu River basin, which are exposed to water-related risks and are classified as having "Medium Risk to High Risk" as per to the WWF Water Risk Filter when using the Overall Basin Risk score. These facilities represent <15% of the Group's total revenue.

Country/Area & River basin

South Africa

Vaal

Number of facilities exposed to water risk

518

% company-wide facilities this represents

1-25

% company's total global revenue that could be affected

11-20

Comment

Shoprite has 518 facilities reliant on the Vaal River basin, which are exposed to water-related risks and are classified as having "Low Risk to Medium Risk" as per to the WWF Water Risk Filter when using the Overall Basin Risk score. These facilities represent <20% of the Group's total revenue.

Country/Area & River basin

Namibia

Orange

Number of facilities exposed to water risk

141

% company-wide facilities this represents

1-25

% company's total global revenue that could be affected

1-10

Comment

Shoprite has 141 facilities reliant on the Orange River basin, which are exposed to water-related risks and are classified as having "Low Risk to Medium Risk" as per to the WWF Water Risk Filter when using the Overall Basin Risk score. These facilities represent <10% of the Group's total revenue.

W4.2

(W4.2) Provide details of identified risks in your direct operations with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

Country/Area & River basin

South Africa

Berg-Olifants

Type of risk & Primary risk driver

Acute physical

Drought

Primary potential impact

Increased operating costs

Company-specific description

Situation: According to the World Meteorological Organization's (WMO) State of the Climate in Africa 2019 report, rainfall amounts during the 2018/2019 season were below normal in Southern Africa, exacerbating an existing drought situation. The Intergovernmental Panel on Climate Change (IPCC) further confirms that a reduction in precipitation is likely over North Africa and the south-western parts of South Africa by the end of the century. Shoprite's operations are primarily in this Southern African region, and rainfall variability will impact water availability and supply which will add to the cost of water.

During the 2015 - 2018 drought in the Berg-Olifants River basin area and current drought in the Mzimvubu-Tsitsikamma river basin, municipalities implemented water restrictions, and all Shoprite's facilities in the river basins had to reduce water consumption by more than 50%. The municipality also increased water tariffs substantially (i.e., doubled). Improving water efficiencies within Shoprite's facilities did not realise the expected water use reduction, there was a need to augment supply, and this potentially added additional operating costs to the business from transporting or pumping water.

Task: Conduct a risk assessment to calculate the consequence and likelihood of droughts across the business.

Action: Shoprite has installed water saving devices at all severely drought-affected facilities to reduce water consumption. The company also installed water tanks and pumps to ensure water supply for store and distribution centre operations.

Result: While financial impacts may not be substantial (>R250m), operational impacts are expected to be substantial (loss of ability to sustain ongoing operations). Shoprite saw water usage reduction of 10% - 20% due to the installation of water saving devices.

Timeframe

1-3 years

Magnitude of potential impact

Medium

Likelihood

Likely

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

31,267,595

Potential financial impact figure - minimum (currency)

Potential financial impact figure - maximum (currency)

Explanation of financial impact

The current water cost for facilities reliant on the Berg-Olifants and Mzimvubu-Tsitsikamma river basin totals R31.3m annually. It is estimated that water tariffs may double during a severe drought which will result in an estimated water costs increase of R31.3m for facilities reliant on these river basins.

Primary response to risk

Adopt water efficiency, water reuse, recycling, and conservation practices

Description of response

Shoprite will implement water conservation audits and retrofit projects at severe drought affected sites. Water use efficiency of sites where retrofit projects have been implemented will increase. This, and other collective efforts, will assist municipalities in avoiding a "Day Zero" where water must be rationed.

Cost of response

3,223,000

Explanation of cost of response

An audit conducted at severely drought-affected facilities, whereby the following water saving devices can be fitted for the corresponding reason:

- reducing flow rates (l/min) of taps in service departments, preparation areas, ablution facilities, kitchens, and canteens by replacing existing standard aerators with water-saving aerators.
- reducing flush volumes (l/flush) of toilets by retrofitting cistern water stop devices (i.e., flushing stops when the handle is released).
- restricting unauthorised access to taps on the outside of buildings (e.g., receiving yard) by installing tap locks.
- disabling automatic flushing of urinals by shutting off water supply and implement a manual flushing regime (i.e., flush using a bucket of water as and when required); and
- reducing flow rates (l/min) of showers in change rooms by replacing existing standard aerators with water-saving aerators.

The installation of water saving devices is ± R5 500 per site and there are 586 sites in the Berg-Olifants and Mzimvubu-Tsitsikamma river basin. This will result in a cost of R3 223 000.

Country/Area & River basin

South Africa

Limpopo

Type of risk & Primary risk driver

Acute physical

Flood (coastal, fluvial, pluvial, groundwater)

Primary potential impact

Disruption to sales

Company-specific description

Situation: According to the World Meteorological Organization's (WMO) State of the Climate in Africa 2019 report, rainfall amounts during the 2018/2019 season were below normal in Southern Africa, but heavy precipitation events led to flooding in some areas. The Intergovernmental Panel on Climate Change (IPCC) further confirms that a reduction in precipitation is likely over North Africa and the south-western parts of South Africa by the end of the century.

Shoprite's operations are primarily in this Southern African region, and the increased severity and frequency of extreme weather events such as cyclones and floods can result in flooding and damages to stores. This means that the stores are unable to trade, and significant work is needed to repair and restock the damaged stores. This was experienced during the cyclones in Mozambique 2019, and the KZN floods in April 2022.

Task: Conduct a risk assessment to calculate the consequence and likelihood of disruptions at facilities due to floods.

Action: Shoprite has adequate insurance in place to cover various flooding scenarios.

Result: While financial impacts may not be substantial (>R250m), operational impacts are expected to be substantial (loss of ability to sustain ongoing operations).

Timeframe

1-3 years

Magnitude of potential impact

Medium-low

Likelihood

Likely

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)**Potential financial impact figure - minimum (currency)**

44,000,000

Potential financial impact figure - maximum (currency)

132,000,000

Explanation of financial impact

Based on the experiences of the cyclones in Mozambique when a store was damaged in 2019, the approximate cost of damages and business interruption was approx. R44m per store. Assuming that 1 to 3 stores experience these types of events per year gives an estimated and projected total of R132m.

Primary response to risk

Increase insurance coverage

Description of response

Based on the experiences of the cyclones in Mozambique when a store was damaged in 2019, insurance excess was paid for damages to 3 stores due to a cyclone type event.

Cost of response

5,000,000

Explanation of cost of response

This value represents the excess paid for damages to 3 stores due to a cyclone type event.

W4.2a

(W4.2a) Provide details of risks identified within your value chain (beyond direct operations) with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

Country/Area & River basin

South Africa

Berg-Olifants

Stage of value chain

Supply chain

Type of risk & Primary risk driver

Acute physical

Drought

Primary potential impact

Changing revenue mix and sources

Company-specific description

Situation: According to the World Meteorological Organization's (WMO) State of the Climate in Africa 2019 report, rainfall amounts during the 2018/2019 season were below normal in Southern Africa, exacerbating an existing drought situation and heavy precipitation events led to flooding in some areas. The Intergovernmental Panel on Climate Change (IPCC) further confirms that a reduction in precipitation is likely over North Africa and the south-western parts of South Africa by the end of the century.

Shoprite's operations are primarily in this Southern African region, and a changing climate (e.g., drought, higher/unpredictable rainfall) will have a significant impact on the sourcing of fresh produce from farmers and suppliers. which will impact on the availability, quality, and cost of goods.

Task: Conduct a risk assessment to determine the consequence and likelihood of fresh produce supply disruptions from farmers and suppliers due to droughts.

Action: Shoprite has started to diversify the sourcing of products as experienced in the 2018 drought in the Western Cape region (Berg-Olifants River basin), however this can impact on the availability, quality and cost of goods.

Result: Financial impacts will be substantial (>R250m).

Timeframe

1-3 years

Magnitude of potential impact

High

Likelihood

Likely

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure - minimum (currency)

385,000,000

Potential financial impact figure - maximum (currency)

770,000,000

Explanation of financial impact

Shoprite's cost of procurement of fresh produce is between R5.5bn to R11bn and prices are estimated to increase by $\pm 20\%$.

Sites in the Berg-Olifants River basin account for $\pm 35\%$ of the fresh produce, resulting in an estimated impact of between R385m ($R5.5bn \times 0.2 \times 0.35$) and R770m ($R11bn \times 0.2 \times 0.35$) on cost of goods.

Primary response to risk

Supplier engagement

Develop supplier drought emergency plans

Description of response

The Group has already made significant progress in sourcing fresh produce from different regions in South Africa. Additional route planning was done by the internal teams; However, the additional transport costs are estimated to be approximately R5 000 000.

Shoprite also introduced an additional water measure into its on-boarding of new fresh produce suppliers to assess any water related risks as part of its due diligence.

Cost of response

5,500,000

Explanation of cost of response

Additional route planning done by the internal Shoprite teams, indicate an additional transport cost of approximately R5 500 000.

Country/Area & River basin

South Africa

Berg-Olifants

Stage of value chain

Supply chain

Type of risk & Primary risk driver

Acute physical

Flood (coastal, fluvial, pluvial, groundwater)

Primary potential impact

Supply chain disruption

Company-specific description

Situation: According to the World Meteorological Organization's (WMO) State of the Climate in Africa 2019 report, rainfall amounts during the 2018/2019 season were below normal in Southern Africa, but heavy precipitation events led to flooding in some areas. The Intergovernmental Panel on Climate Change (IPCC) further confirms that a reduction in precipitation is likely over North Africa and the south-western parts of South Africa by the end of the century.

Many of Shoprite's supplier's operations are primarily in this Southern African region, and the increased severity and frequency of extreme weather events such as cyclones and floods can result in flooding and damages to suppliers' farms and production facilities. This means that the supply of products will be disrupted, impacting the availability, quality, and cost of goods. This was experienced during the cyclones in Mozambique 2019, and the KZN floods in April 2022.

<https://www.shopriteholdings.co.za/articles/Newsroom/2021/innovative-small-supplier-helps-stock-shoprite-shelves.html>

Task: Conduct a risk assessment to determine the consequence and likelihood of supply chain disruptions due to cyclones and floods.

Action: The Group has looked at sourcing fresh produce from different regions in South Africa. Additional route planning was done by the internal teams,

Result: While financial impacts may not be substantial (>R250m), and operational impacts are expected to be substantial (loss of ability to sustain ongoing operations).

Timeframe

1-3 years

Magnitude of potential impact

Medium-high

Likelihood

Likely

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure - minimum (currency)

385,000,000

Potential financial impact figure - maximum (currency)

770,000,000

Explanation of financial impact

Shoprite's cost of procurement of fresh produce is between R5.5bn to R11bn and prices are estimated to increase by $\pm 20\%$.

Sites in the Berg-Olifants River basin account for $\pm 35\%$ of the fresh produce, resulting in an estimated impact of between R385m ($R5.5bn \times 0.2 \times 0.35$) and R770m ($R11bn \times 0.2 \times 0.35$) on cost of goods.

Primary response to risk

Supplier engagement

Develop supplier flood emergency plans

Description of response

The Group has already made significant progress in sourcing fresh produce from different regions in South Africa. Additional route planning was done by the internal teams; However, the additional transport costs are estimated to be approximately R5 500 000.

Shoprite also introduced an additional water measure into its on-boarding of new fresh produce suppliers to assess any water related risks as part of its due diligence.

Cost of response

5,500,000

Explanation of cost of response

Additional route planning done by the internal Shoprite teams, indicate an additional transport cost of approximately R5 500 000.

W4.3

(W4.3) Have you identified any water-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes, we have identified opportunities, and some/all are being realized

W4.3a

(W4.3a) Provide details of opportunities currently being realized that could have a substantive financial or strategic impact on your business.

Type of opportunity

Efficiency

Primary water-related opportunity

Improved water efficiency in operations

Company-specific description & strategy to realize opportunity

Situation: Shoprite uses water for various purposes in its operations. Water is used for various purposes, including sanitation, washing, cleaning and food production to ensure that high levels of hygiene and food safety are maintained in its operations.

Task: Evaluate the opportunity of using reduced amounts of water in our operation, taking into account the consequence, likelihood, and feasibility.

Action: Shoprite can improve water use in all operations by implementing the following:

- reducing flow rates (l/min) of taps in service departments, preparation areas, ablution facilities, kitchens, and canteens by replacing existing standard aerators with water-saving aerators;
- reducing flush volumes (l/flush) of toilets by retrofitting cistern water stop devices (i.e., flushing stops when the handle is released);
- restricting unauthorised access to taps on the outside of buildings (e.g. receiving yard) by installing tap locks;
- disabling automatic flushing of urinals by shutting off water supply and implement a manual flushing regime (i.e., flush using a bucket of water as and when required); and
- reducing flow rates (l/min) of showers in change rooms by replacing existing standard aerators with water-saving aerators.

Result: This will result in reduced water consumption, and reduced water costs.

While financial impacts may not be substantial (>R250m), reputational impacts are expected to be positive.

Estimated timeframe for realization

1 to 3 years

Magnitude of potential financial impact

Medium

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

12,600,000

Potential financial impact figure – maximum (currency)

25,200,000

Explanation of financial impact

It is estimated that the installation of water efficiency/saving devices will reduce water consumption by 10% - 20% in the stores, distribution centres and offices in which they are installed.

The potential financial impact is calculated by determining the overall water cost for Shoprite (±R126m) and reducing this by 10% - 20%, resulting in a estimated financial impact of between R12.6m and R25.2m.

Type of opportunity

Products and services

Primary water-related opportunity

Sales of new products/services

Company-specific description & strategy to realize opportunity

Situation: In April 2021, research commissioned by Mastercard revealed that "75% of South African respondents think it's now more important for businesses and brands to do more for the environment. Nearly half of respondents (45%) will give more value to brands that act in a responsible, transparent and honest way."

<https://newsroom.mastercard.com/nea/press-releases/98-of-adults-in-south-africa-willing-to-take-personal-action-on-sustainability-issues/>

This suggests that Consumer awareness of environmental and climate-related matters is increasing, and consumers also making purchasing choices based on this awareness.

Task: Conducted an opportunity assessment based on an increased demand for Shoprite to acknowledge this consumer awareness and offer environmentally and water friendly products and services, so much so that customers base their choice of preferred retailer accordingly.

Action: This is an opportunity for Shoprite to offer more environmentally and water friendly products and services and grow market share, by successfully catering for this demand, which, in turn, will result in an increase in sales.

Result: This could result in substantive financial impact (>R250m).

Estimated timeframe for realization

1 to 3 years

Magnitude of potential financial impact

Medium-high

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

535,000,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact

The financial implications associated with a shift in customer preferences are inherently uncertain and complex to calculate accurately.

However, it is estimated that market share could increase, by capitalising on this opportunity, by as much as 0.25% (total revenue = R214bn) which will result in an increase in revenue of ZAR 535 000 000.

The financial implications provided are calculated for a 12-month period only and stated in today's money.

W5. Facility-level water accounting

W5.1

(W5.1) For each facility referenced in W4.1c, provide coordinates, water accounting data, and a comparison with the previous reporting year.

Facility reference number

Facility 1

Facility name (optional)

The total water withdrawals of this "facility" is the aggregate of 332 facilities reliant on this river basin.

Country/Area & River basin

South Africa

Berg-Olifants

Latitude

-33.8974

Longitude

18.6807

Located in area with water stress

Yes

Total water withdrawals at this facility (megaliters/year)

761

Comparison of total withdrawals with previous reporting year

Higher

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Withdrawals from brackish surface water/seawater

0

Withdrawals from groundwater - renewable

0

Withdrawals from groundwater - non-renewable

55

Withdrawals from produced/entrained water

0

Withdrawals from third party sources

706

Total water discharges at this facility (megaliters/year)

723

Comparison of total discharges with previous reporting year

Higher

Discharges to fresh surface water

0

Discharges to brackish surface water/seawater

0

Discharges to groundwater

0

Discharges to third party destinations

723

Total water consumption at this facility (megaliters/year)

38

Comparison of total consumption with previous reporting year

Higher

Please explain

This "facility" is the aggregate of 332 facilities reliant on the Berg-Olifants River basin. Using the WWF Water Risk Filter, an average Basin Physical Risk score of 3.87 was calculated, indicating the basin is water stressed.

Total Withdrawals are 7.6% higher than the previous reporting year.

Shoprite's facilities (i.e., stores, distribution centres and offices) withdraws most of its water from third party suppliers (i.e., local municipalities). The withdrawals are sourced from monthly municipal bills which the municipality sources from their water meters and some sites' withdrawals are sourced from Shoprite's remotely accessible water loggers. Facilities with no withdrawal data are estimated based on the square meterage of the facility. A small quantity of Withdrawals was from Renewable Groundwater sources. No water withdrawals are done from any other sources (i.e., fresh water source, brackish surface water, etc.).

Total Discharges are 7.6% higher than the previous reporting year.

Shoprite's facilities discharge its water to third party suppliers (i.e., local municipalities). The discharges are sourced from monthly municipal bills which the municipality estimates to be 95% of water withdrawals. No water discharges are done from any other sources (i.e., fresh water source, brackish surface water, etc.).

Total Consumption is 7.6% higher than the previous reporting year.

Consumption is calculated by using the total withdrawals minus the total discharges.

Facility reference number

Facility 2

Facility name (optional)

The total water withdrawals of this "facility" is the aggregate of 596 facilities reliant on this river basin.

Country/Area & River basin

South Africa

Limpopo

Latitude

-25.914

Longitude

28.168

Located in area with water stress

No

Total water withdrawals at this facility (megaliters/year)

975

Comparison of total withdrawals with previous reporting year

Lower

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Withdrawals from brackish surface water/seawater

0

Withdrawals from groundwater - renewable

0

Withdrawals from groundwater - non-renewable

0

Withdrawals from produced/entrained water

0

Withdrawals from third party sources

975

Total water discharges at this facility (megaliters/year)

926

Comparison of total discharges with previous reporting year

Lower

Discharges to fresh surface water

0

Discharges to brackish surface water/seawater

0

Discharges to groundwater

0

Discharges to third party destinations

926

Total water consumption at this facility (megaliters/year)

49

Comparison of total consumption with previous reporting year

Lower

Please explain

This "facility" is the aggregate of 596 facilities reliant on the Limpopo River basin. Using the WWF Water Risk Filter, an average Basin Physical Risk score of 3.39 was calculated, indicating the basin is not water stressed.

Total Withdrawals are 6.7% lower than the previous reporting year.

Shoprite's facilities (i.e., stores, distribution centres and offices) withdraws most of its water from third party suppliers (i.e., local municipalities). The withdrawals are sourced from monthly municipal bills which the municipality sources from their water meters and some sites' withdrawals are sourced from Shoprite's remotely accessible water loggers. Facilities with no withdrawal data are estimated based on the square meterage of the facility. No water withdrawals are done from any other sources (i.e., fresh water source, brackish surface water, etc.).

Total Discharges are 6.7% lower than the previous reporting year.

Shoprite's facilities discharge its water to third party suppliers (i.e., local municipalities). The discharges are sourced from monthly municipal bills which the municipality estimates to be 95% of water withdrawals. No water discharges are done from any other sources (i.e., fresh water source, brackish surface water, etc.).

Total Consumption is 6.7% lower than the previous reporting year.

Consumption is calculated by using the total withdrawals minus the total discharges.

Facility reference number

Facility 3

Facility name (optional)

The total water withdrawals of this "facility" is the aggregate of 254 facilities reliant on this river basin.

Country/Area & River basin

South Africa

Mzimvubu-Tsitsikamma

Latitude

-33.911

Longitude

25.614

Located in area with water stress

No

Total water withdrawals at this facility (megaliters/year)

279

Comparison of total withdrawals with previous reporting year

Lower

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Withdrawals from brackish surface water/seawater

0

Withdrawals from groundwater - renewable

0

Withdrawals from groundwater - non-renewable

0

Withdrawals from produced/entrained water

0

Withdrawals from third party sources

279

Total water discharges at this facility (megaliters/year)

265

Comparison of total discharges with previous reporting year

Lower

Discharges to fresh surface water

0

Discharges to brackish surface water/seawater

0

Discharges to groundwater

0

Discharges to third party destinations

265

Total water consumption at this facility (megaliters/year)

14

Comparison of total consumption with previous reporting year

Lower

Please explain

This "facility" is the aggregate of 254 facilities reliant on the Mzimvubu-Tsitsikamma River basin. Using the WWF Water Risk Filter, an average Basin Physical Risk score of 3.08 was calculated, indicating the basin is not water stressed.

Total Withdrawals are 8.0% lower than the previous reporting year.

Shoprite's facilities (i.e., stores, distribution centres and offices) withdraws most of its water from third party suppliers (i.e., local municipalities). The withdrawals are sourced from monthly municipal bills which the municipality sources from their water meters and some sites' withdrawals are sourced from Shoprite's remotely accessible water loggers. Facilities with no withdrawal data are estimated based on the square meterage of the facility. No water withdrawals are done from any other sources (i.e., fresh water source, brackish surface water, etc.).

Total Discharges are 8.0% lower than the previous reporting year.

Shoprite's facilities discharge its water to third party suppliers (i.e., local municipalities). The discharges are sourced from monthly municipal bills which the municipality estimates to be 95% of water withdrawals. No water discharges are done from any other sources (i.e., fresh water source, brackish surface water, etc.).

Total Consumption is 8.0% lower than the previous reporting year.

Consumption is calculated by using the total withdrawals minus the total discharges.

Facility reference number

Facility 4

Facility name (optional)

The total water withdrawals of this "facility" is the aggregate of 181 facilities reliant on this river basin.

Country/Area & River basin

South Africa

Olifants

Latitude

-25.899

Longitude

29.234

Located in area with water stress

No

Total water withdrawals at this facility (megaliters/year)

211

Comparison of total withdrawals with previous reporting year

Higher

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Withdrawals from brackish surface water/seawater

0

Withdrawals from groundwater - renewable

0

Withdrawals from groundwater - non-renewable

0

Withdrawals from produced/entrained water

0

Withdrawals from third party sources

211

Total water discharges at this facility (megaliters/year)

201

Comparison of total discharges with previous reporting year

Higher

Discharges to fresh surface water

0

Discharges to brackish surface water/seawater

0

Discharges to groundwater

0

Discharges to third party destinations

201

Total water consumption at this facility (megaliters/year)

10

Comparison of total consumption with previous reporting year

Higher

Please explain

This "facility" is the aggregate of 181 facilities reliant on the Olifants River basin. Using the WWF Water Risk Filter, an average Basin Physical Risk score of 3.31 was calculated, indicating the basin is not water stressed.

Total Withdrawals are 2.1% higher than the previous reporting year.

Shoprite's facilities (i.e., stores, distribution centres and offices) withdraws most of its water from third party suppliers (i.e., local municipalities). The withdrawals are sourced from monthly municipal bills which the municipality sources from their water meters and some sites' withdrawals are sourced from Shoprite's remotely accessible water loggers. Facilities with no withdrawal data are estimated based on the square meterage of the facility. No water withdrawals are done from any other sources (i.e., fresh water source, brackish surface water, etc.).

Total Discharges are 2.1% higher than the previous reporting year.

Shoprite's facilities discharge its water to third party suppliers (i.e., local municipalities). The discharges are sourced from monthly municipal bills which the municipality estimates to be 95% of water withdrawals. No water discharges are done from any other sources (i.e., fresh water source, brackish surface water, etc.).

Total Consumption is 2.1% higher than the previous reporting year.

Consumption is calculated by using the total withdrawals minus the total discharges.

Facility reference number

Facility 5

Facility name (optional)

The total water withdrawals of this "facility" is the aggregate of 338 facilities reliant on this river basin.

Country/Area & River basin

South Africa

Pongola-Uzimkulu

Latitude

-29.6241

Longitude

31.0501

Located in area with water stress

Yes

Total water withdrawals at this facility (megaliters/year)

553

Comparison of total withdrawals with previous reporting year

Much lower

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Withdrawals from brackish surface water/seawater

0

Withdrawals from groundwater - renewable

0

Withdrawals from groundwater - non-renewable

0

Withdrawals from produced/entrained water

0

Withdrawals from third party sources

553

Total water discharges at this facility (megaliters/year)

525

Comparison of total discharges with previous reporting year

Much lower

Discharges to fresh surface water

0

Discharges to brackish surface water/seawater

0

Discharges to groundwater

0

Discharges to third party destinations

525

Total water consumption at this facility (megaliters/year)

28

Comparison of total consumption with previous reporting year

Much lower

Please explain

This "facility" is the aggregate of 338 facilities reliant on the Pongola-Umzikulu River basin. Using the WWF Water Risk Filter, an average Basin Physical Risk score of 3.41 was calculated, indicating the basin is water stressed.

Total Withdrawals are 10.1% lower than the previous reporting year.

Shoprite's facilities (i.e., stores, distribution centres and offices) withdraws most of its water from third party suppliers (i.e., local municipalities). The withdrawals are sourced from monthly municipal bills which the municipality sources from their water meters and some sites' withdrawals are sourced from Shoprite's remotely

accessible water loggers. Facilities with no withdrawal data are estimated based on the square meterage of the facility. No water withdrawals are done from any other sources (i.e., fresh water source, brackish surface water, etc.).

Total Discharges are 10.1% lower than the previous reporting year.

Shoprite's facilities discharge its water to third party suppliers (i.e., local municipalities). The discharges are sourced from monthly municipal bills which the municipality estimates to be 95% of water withdrawals. No water discharges are done from any other sources (i.e., fresh water source, brackish surface water, etc.).

Total Consumption is 10.1% lower than the previous reporting year.

Consumption is calculated by using the total withdrawals minus the total discharges.

Facility reference number

Facility 6

Facility name (optional)

The total water withdrawals of this "facility" is the aggregate of 518 facilities reliant on this river basin.

Country/Area & River basin

South Africa

Vaal

Latitude

-25.9152

Longitude

28.1679

Located in area with water stress

No

Total water withdrawals at this facility (megaliters/year)

697

Comparison of total withdrawals with previous reporting year

About the same

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Withdrawals from brackish surface water/seawater

0

Withdrawals from groundwater - renewable

0

Withdrawals from groundwater - non-renewable

0

Withdrawals from produced/entrained water

0

Withdrawals from third party sources

697

Total water discharges at this facility (megaliters/year)

662

Comparison of total discharges with previous reporting year

About the same

Discharges to fresh surface water

0

Discharges to brackish surface water/seawater

0

Discharges to groundwater

0

Discharges to third party destinations

662

Total water consumption at this facility (megaliters/year)

35

Comparison of total consumption with previous reporting year

About the same

Please explain

This "facility" is the aggregate of 518 facilities reliant on the Vaal River basin. Using the WWF Water Risk Filter, an average Basin Physical Risk score of 3.08 was calculated, indicating the basin is not water stressed.

Total Withdrawals are 0.2% lower than the previous reporting year.

Shoprite's facilities (i.e., stores, distribution centres and offices) withdraws most of its water from third party suppliers (i.e., local municipalities). The withdrawals are sourced from monthly municipal bills which the municipality sources from their water meters and some sites' withdrawals are sourced from Shoprite's remotely accessible water loggers. Facilities with no withdrawal data are estimated based on the square meterage of the facility. No water withdrawals are done from any other sources (i.e., fresh water source, brackish surface water, etc.).

Total Discharges are 0.2% lower than the previous reporting year.

Shoprite's facilities discharge its water to third party suppliers (i.e., local municipalities). The discharges are sourced from monthly municipal bills which the municipality estimates to be 95% of water withdrawals. No water discharges are done from any other sources (i.e., fresh water source, brackish surface water, etc.).

Total Consumption is 0.2% lower than the previous reporting year.

Consumption is calculated by using the total withdrawals minus the total discharges.

Facility reference number

Facility 7

Facility name (optional)

The total water withdrawals of this "facility" is the aggregate of 141 facilities reliant on this river basin.

Country/Area & River basin

Namibia

Orange

Latitude

-22.6458

Longitude

14.5274

Located in area with water stress

No

Total water withdrawals at this facility (megaliters/year)

167

Comparison of total withdrawals with previous reporting year

Lower

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Withdrawals from brackish surface water/seawater

0

Withdrawals from groundwater - renewable

0

Withdrawals from groundwater - non-renewable

0

Withdrawals from produced/entrained water

0

Withdrawals from third party sources

167

Total water discharges at this facility (megaliters/year)

158

Comparison of total discharges with previous reporting year

Lower

Discharges to fresh surface water

0

Discharges to brackish surface water/seawater

0

Discharges to groundwater

0

Discharges to third party destinations

158

Total water consumption at this facility (megaliters/year)

9

Comparison of total consumption with previous reporting year

Lower

Please explain

This "facility" is the aggregate of 141 facilities reliant on the Orange River basin. Using the WWF Water Risk Filter, an average Basin Physical Risk score of 2.89 was calculated, indicating the basin is not water stressed.

Total Withdrawals are 2.4% lower than the previous reporting year.

Shoprite's facilities (i.e., stores, distribution centres and offices) withdraws most of its water from third party suppliers (i.e., local municipalities). The withdrawals are sourced from monthly municipal bills which the municipality sources from their water meters and some sites' withdrawals are sourced from Shoprite's remotely accessible water loggers. Facilities with no withdrawal data are estimated based on the square meterage of the facility. No water withdrawals are done from any other sources (i.e., fresh water source, brackish surface water, etc.).

Total Discharges are 2.4% lower than the previous reporting year.

Shoprite's facilities discharge its water to third party suppliers (i.e., local municipalities). The discharges are sourced from monthly municipal bills which the municipality estimates to be 95% of water withdrawals. No water discharges are done from any other sources (i.e., fresh water source, brackish surface water, etc.).

Total Consumption is 2.4% lower than the previous reporting year.

Consumption is calculated by using the total withdrawals minus the total discharges.

W5.1a

(W5.1a) For the facilities referenced in W5.1, what proportion of water accounting data has been third party verified?

Water withdrawals – total volumes

% verified

Not verified

Please explain

Due to the lack of universally applied verification standards for water Shoprite does not yet currently get its water accounting data externally verified. Shoprite seeks to verify its water accounting data by a third party as soon as a universally applied standard becomes available.

Water withdrawals – volume by source

% verified

Not verified

Please explain

Due to the lack of universally applied verification standards for water Shoprite does not yet currently get its water accounting data externally verified. Shoprite seeks to verify its water accounting data by a third party as soon as a universally applied standard becomes available.

Water withdrawals – quality by standard water quality parameters

% verified

Not verified

Please explain

Due to the lack of universally applied verification standards for water Shoprite does not yet currently get its water accounting data externally verified. Shoprite seeks to verify its water accounting data by a third party as soon as a universally applied standard becomes available.

Water discharges – total volumes

% verified

Not verified

Please explain

Due to the lack of universally applied verification standards for water Shoprite does not yet currently get its water accounting data externally verified. Shoprite seeks to verify its water accounting data by a third party as soon as a universally applied standard becomes available.

Water discharges – volume by destination

% verified

Not verified

Please explain

Due to the lack of universally applied verification standards for water Shoprite does not yet currently get its water accounting data externally verified. Shoprite seeks to verify its water accounting data by a third party as soon as a universally applied standard becomes available.

Water discharges – volume by final treatment level

% verified

Not verified

Please explain

Due to the lack of universally applied verification standards for water Shoprite does not yet currently get its water accounting data externally verified. Shoprite seeks to verify its water accounting data by a third party as soon as a universally applied standard becomes available.

Water discharges – quality by standard water quality parameters

% verified

Not verified

Please explain

Due to the lack of universally applied verification standards for water Shoprite does not yet currently get its water accounting data externally verified. Shoprite seeks to verify its water accounting data by a third party as soon as a universally applied standard becomes available.

Water consumption – total volume

% verified

Not verified

Please explain

Due to the lack of universally applied verification standards for water Shoprite does not yet currently get its water accounting data externally verified. Shoprite seeks to verify its water accounting data by a third party as soon as a universally applied standard becomes available.

W6. Governance

W6.1

(W6.1) Does your organization have a water policy?

Yes, we have a documented water policy that is publicly available

W6.1a

(W6.1a) Select the options that best describe the scope and content of your water policy.

	Scope	Content	Please explain
Row 1	Company-wide	<p>Description of the scope (including value chain stages) covered by the policy</p> <p>Description of business dependency on water</p> <p>Description of business impact on water</p> <p>Commitment to align with international frameworks, standards, and widely recognized water initiatives</p> <p>Commitment to prevent, minimize, and control pollution</p> <p>Commitment to reduce water withdrawal and/or consumption volumes in direct operations</p> <p>Commitment to reduce water withdrawal and/or consumption volumes in supply chain</p> <p>Commitment to stakeholder education and capacity building on water security</p> <p>Commitment to water stewardship and/or collective action</p> <p>Reference to company water-related targets</p> <p>Acknowledgement of the human right to water and sanitation</p>	<p>Shoprite developed a company-wide position statement on Water Security because water is essential to Shoprite's direct operations and the supply of food and non-food products. This position statement was approved by the Social and Ethics committee in May 2020.</p> <p>SHOPRITE Position Statement on Water Security</p> <p>Our purpose is to uplift lives every day by pioneering access to the most affordable goods and services, creating economic opportunity, and protecting our planet.</p> <p>At the heart of its purpose the Shoprite Group aspires to be Africa's most affordable, accessible, innovative, and responsible retailer, by being relentless in its efforts to keep its business efficient and sustain its price leadership. The Shoprite Group acknowledges that the countries where it operates on the African continent are faced with severe water security challenges - a situation that is likely to be significantly exacerbated by the effects of climate change. The Group recognises that access to clean water remains a human right, and a precursor to economic development, notwithstanding the availability of water to maintain the integrity of ecosystems.</p> <p>While the Shoprite Group is not a significant user of water, it does depend on a reliable source of clean water for its direct operations. However, parts of its supply chain, its shoppers and local communities are very dependent on water availability and accessibility.</p> <p>To this end, Shoprite remains aligned to the SDGs and committed to:</p> <p>Using water, as a natural and scarce resource, responsibly and efficiently throughout its direct operations, and engaging with suppliers to do similar.</p> <ul style="list-style-type: none"> Reducing pollution and improving the treatment of wastewater from its operations. Strengthening the resilience and adaptive capacity of its operations and supply chain to

	<p>Recognition of environmental linkages, for example, due to climate change</p> <p>Other, please specify</p> <p>Commitment to transparency on water use through reporting and disclosing its plans, efforts and performances related to water security.</p>	<p>ensure responsible business continuity, and that of the local communities in which it operates.</p> <ul style="list-style-type: none"> • Collaborating and partnering with key stakeholders including regulators, suppliers, NGOs, local communities, and other organisations to address water security issues. • Sharing water security information with employees, customers, suppliers, and investors by reporting and disclosing its plans, efforts and performances related to water security. <p>Refer to attached 2022 Sustainability Report - pages 45 - 60 and 69.</p>
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W6.2

(W6.2) Is there board level oversight of water-related issues within your organization?

Yes

W6.2a

(W6.2a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for water-related issues.

Position of individual or committee	Responsibilities for water-related issues
Chief Financial Officer (CFO)	<p>The Board delegates its oversight duties with respect to environmental sustainability and water-related issues to the Social and Ethics Committee. The SEC is made up of five non-executive Board members and the company's Chief Financial Officer (CFO).</p> <p>An environmental sustainability update is presented to this Committee (3 times per year), for its deliberation, feedback, and oversight. This includes water withdrawal and resilience KPIs.</p> <p>New position statements for Climate Change, Water Security and Biodiversity and Responsible Sourcing were presented to the Social and Ethics Committee. for their approval.</p> <p>The CFO sits on the Projects Admission Committee (PAC) which approved a project for 2021/22 for the installation of 225 online water meters. This will ensure that water consumption at sites is monitored and reported instantaneously.</p>
Board-level committee	<p>The Social and Ethics Board Committee is made up of five non-executive Board members, CFO, Company Secretary, Group Corporate Relations and Communications Manager, Group Risk and Compliance Manager and Group Sustainability Manager.</p> <p>This committee provides oversight on the Group's activities within communities, its environmental aspects and impacts, public health and safety, and customer complaints amongst others.</p> <p>An environmental sustainability update is presented to this Committee (3 times per year), for its deliberation, feedback, and oversight. This includes water withdrawal and resilience KPIs.</p>

	New position statements for Climate Change, Water Security and Biodiversity and Responsible Sourcing were presented to the Social and Ethics Committee. for their approval.
Other C-Suite Officer	<p>Deputy CEO:</p> <p>The Shoprite Group Deputy CEO was appointed in February 2020. He is responsible for a number of areas in the company, including environmental & social sustainability and engineering. He was Shoprite’s Chief Business Director before assuming the most recent appointment as Deputy CEO.</p> <p>The Deputy CEO role plays an oversight role on environmental sustainability matters.</p> <p>The Deputy CEO sits on the Projects Admission Committee (PAC) which approved a project for 2021/22 for the installation of 225 online water meters. This will ensure that water consumption at sites is monitored and reported instantaneously.</p>

W6.2b

(W6.2b) Provide further details on the board’s oversight of water-related issues.

	Frequency that water-related issues are a scheduled agenda item	Governance mechanisms into which water-related issues are integrated	Please explain
Row 1	Scheduled - all meetings	<p>Monitoring implementation and performance</p> <p>Monitoring progress towards corporate targets</p> <p>Overseeing acquisitions, mergers, and divestitures</p> <p>Overseeing and guiding public policy engagement</p> <p>Overseeing major capital expenditures</p> <p>Overseeing the setting of corporate targets</p> <p>Providing employee incentives</p> <p>Reviewing and guiding annual budgets</p> <p>Reviewing and guiding business plans</p>	<p>The Social and Ethics Committee, tasked by the Board to perform an oversight role on its behalf, addresses water-related issues, as an agenda item during its meetings. This committee meets three times per year. Any relevant and material issues are brought to the attention of the Board by means of the Social and Ethics Committee Chairman Report. A report detailing compliance with United Nations 10 Global Compact Principles is a standing Agenda point at this meeting. The environmental principles of the Compact include supporting a precautionary approach to environmental challenges; promoting greater environmental responsibility; and the development and diffusion of environmentally friendly technologies.</p> <p>New position statements for Climate Change, Water Security and Biodiversity and Responsible Sourcing were presented to the Social and Ethics Committee. for their approval.</p> <p>An environmental sustainability update is presented to this Committee (3 times per year), for its deliberation and feedback.</p> <p>The SEC is made up of five non-executive Board members and the company’s Chief Financial Officer (CFO).</p>

	<p>Reviewing and guiding corporate responsibility strategy</p> <p>Reviewing and guiding major plans of action</p> <p>Reviewing and guiding risk management policies</p> <p>Reviewing and guiding strategy</p> <p>Reviewing innovation/R&D priorities</p> <p>Setting performance objectives</p>	
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W6.2d

(W6.2d) Does your organization have at least one board member with competence on water-related issues?

	Board member(s) have competence on water-related issues	Criteria used to assess competence of board member(s) on water-related issues
Row 1	Yes	<p>The criteria used to assess a board members water-related competence, is based on a review of their knowledge and experiences on climate change and water-related issues, including:</p> <ul style="list-style-type: none"> • the science of climate change (including mitigation and adaptation) • policy and regulatory landscape • enterprise risk management • water-related investments and financial services • climate change and water governance <p>The Board has continued to build on its collective approach to ESG, which is to equip all our directors with the requisite knowledge and understanding of the impact of climate change on our business, our impact on climate change in our external environment and the risks and opportunities associated with climate change. In line with this approach, all our Board members participated in a World Wildlife Fund (WWF) engagement session on environmental sustainability and climate change, encompassing global trends, benchmarking and the Group's response to environmental risks and opportunities, to improve the Board's overall competency on this important topic.</p>

W6.3

(W6.3) Provide the highest management-level position(s) or committee(s) with responsibility for water-related issues (do not include the names of individuals).

Name of the position(s) and/or committee(s)

Other C-Suite Officer, please specify

Deputy CEO

Water-related responsibilities of this position

Managing water-related risks and opportunities

Conducting water-related scenario analysis

Setting water-related corporate targets

Monitoring progress against water-related corporate targets

Managing public policy engagement that may impact water security

Managing value chain engagement on water-related issues

Integrating water-related issues into business strategy

Managing annual budgets relating to water security

Managing major capital and/or operational expenditures related to low water impact products or services (including R&D)

Frequency of reporting to the board on water-related issues

More frequently than quarterly

Please explain

The Deputy CEO reports directly to the Chief Executive Officer (CEO) and is responsible for key business functions across the entire business, including environmental sustainability and Engineering. The Deputy CEO is responsible for managing water-related issues by setting and progressing business plans, plans of action, annual budgets, goals, and targets. The Deputy CEO is also responsible for identifying, assessing, and managing water-related risks and opportunities. A Group Sustainability Manager was appointed in Feb 2019, reports to the Deputy CEO. The Sustainability Manager is supported by a dedicated sustainability team, including a renewable energy and refrigeration specialist. The Sustainability Manager provides feedback to the Deputy CEO at a weekly meeting where water related KPIs are presented and discussed (e.g., water consumption).

A Sustainability Report and Dashboard is prepared monthly to track water related KPIs.

W6.4

(W6.4) Do you provide incentives to C-suite employees or board members for the management of water-related issues?

	Provide incentives for management of water-related issues	Comment
Row 1	Yes	N/A

W6.4a

(W6.4a) What incentives are provided to C-suite employees or board members for the management of water-related issues (do not include the names of individuals)?

Role(s) entitled to incentive	Performance indicator	Contribution of incentives to the achievement of your organization’s water commitments	Please explain
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Monetary reward	Corporate executive team		CEO, Deputy CEO, CFO and COOs	
	Chief Executive Officer (CEO)		Incentivised to ensure a good corporate global reputation (behaviour change indicator) comprising, among others, water-related issues because of their shareholding for the period under review, because of its potential effect on the share price.	
	Chief Financial Officer (CFO)	Reduction of water withdrawals – direct operations	The CEO and CFO serve on the Board as executive directors during the period under review. The COOs further participate in bonus schemes based on KPIs indirectly linked to environmental criteria included in purchases (which impact sales), efficiency projects (which impact controllable expenses) and water reduction projects (which impact controllable expenses).	Targets: 1) increase renewables as a % of total electricity use to 5%
	Chief Operating Officer (COO)	Reduction in water consumption volumes – direct operations		2) Increase plastic and cardboard recycling volumes by 5%
	Chief Purchasing Officer (CPO)	Reduction of water withdrawal and/or consumption volumes – supply chain	In this reporting period, changes were made to the short team incentive scheme for the CEO and all C-suite Offices. The STI construct for financial year 2022 has been amended to be 80% weighted towards financial measures with the introduction of a 20% weighting to non-financial measures. The non-financial measures include renewable energy consumption (solar photovoltaic (PV) contribution), waste recycling (plastics and cardboard recycling) and sustainable packaging usage (reusable, recycled and compostable).	3) Improve packaging sustainability - >91% recyclable, reusable and compostable - >67% recycled content in packaging
	Chief Government Relations Officer (CGRO)	Improvements in water efficiency – direct operations		
	Chief Technology Officer (CTO)	Other, please specify		
	Other C-suite Officer	Prevention of water pollution		
	Deputy CEO			
	Other, please specify			
	Group Sustainability Manager		The 2 measures (waste recycling and sustainable packaging) promote the removal of waste from the environment, specifically water bodies to prevent water contamination/pollution.	
			These targets are set annually, and all targets for the non-financial measures were met in the last reporting period.	
Non-monetary reward	Other C-suite Officer	Implementation of employee awareness campaign or training program on water-related issues	The Group Sustainability Manager was tasked with building the competency of employees on environmental sustainability, including water related issues.	The target was more than 75% of supermarket staff trained in the last reporting period, and this was achieved.
	Group Sustainability Manager		An Environmental Sustainability Awareness course was developed and rolled out in the last reporting period. So	

			far, more than 100 000 employees have been trained.	
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W6.5

(W6.5) Do you engage in activities that could either directly or indirectly influence public policy on water through any of the following?

Yes, direct engagement with policy makers

Yes, trade associations

W6.5a

(W6.5a) What processes do you have in place to ensure that all of your direct and indirect activities seeking to influence policy are consistent with your water policy/water commitments?

A Group Sustainability Manager was appointed by Shoprite in February 2019 to establish a comprehensive sustainability framework and strategy for the Group in all regions that it operates. The strategy will steer the Group's progress on and approach to activities in the company that will strengthen its ability to reduce its reliance on natural resources, while minimising its environmental footprint. The Group Sustainability Manager is the central point of contact within the company for any water issues and queries. In this way, direct and indirect company activities that influence policy will be consistent with the company's overall water strategy and sustainability framework. Shoprite's Sustainability Framework sets out the company's overarching approach in addressing its key resources, namely, our people, customers, communities, suppliers, supply chain and natural capital. The company's purpose, being the aspiration to be the most accessible, affordable, and innovative retailer, is at the core of the sustainability framework. The sustainability framework puts forward a number of position statements (e.g., Climate Change and Water Security) which define the company's position and response to key material issues. These statements become the basis for engagement with any external parties.

A Water Security Position Statement was developed to articulate Shoprite's position, strategy and plans related to water.

W6.6

(W6.6) Did your organization include information about its response to water-related risks in its most recent mainstream financial report?

Yes (you may attach the report - this is optional)

 shp-sr-2022.pdf;  shp-ir-2022.pdf

W7. Business strategy

W7.1

(W7.1) Are water-related issues integrated into any aspects of your long-term strategic business plan, and if so how?

	Are water-related issues integrated?	Long-term time horizon (years)	Please explain
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<p>Long-term business objectives</p>	<p>Yes, water-related issues are integrated</p>	<p>11-15</p>	<p>Our purpose is to uplift lives every day by pioneering access to the most affordable goods and services, creating economic opportunity and protecting our planet.</p> <p>By being relentless in its efforts to keep its business efficient, and sustain its price leadership, the company provides access to the most affordable goods and services.</p> <p>Due to the previous drought conditions stores introduced, and are continuing to range, water-risk related products such as water saving devices, hygiene products that do not require water, water purification products and medication for water-borne diseases.</p> <p>For fresh produce, Shoprite has diversified its supplier base to mitigate the risk of lack of supply due to water related issues.</p> <p>Case study:</p> <p>Situation: Heavy rains affected the Limpopo province of South Africa in 2021, resulting in the damage of tomato crops and a shortage of tomatoes from these areas.</p> <p>Task: The fresh produce procurement team evaluated supply and suppliers from other regions to ensure that produce was accessible and affordable for Shoprite's customers. Sourcing was diversified.</p> <p>Action: Shoprite's mitigation for this was to diversify its tomato supply from other regions in the country to ensure continuous supply of fresh produce to its customers.</p> <p>https://www.shopriteholdings.co.za/articles/Newsroom/2021/innovative-small-supplier-helps-stock-shoprite-shelves.html</p> <p>Result: Tomatoes were available in all Shoprite's stores at the most affordable prices.</p>
<p>Strategy for achieving long-term objectives</p>	<p>Yes, water-related issues are integrated</p>	<p>11-15</p>	<p>Situation: Research commissioned by Mastercard revealed that "75% of South African respondents think it's now more important for businesses and brands to do more for the environment. Nearly half of respondents (45%) will give more value to brands that act in a responsible, transparent, and honest way."</p> <p>This suggests that Consumer awareness of environmental and water-related matters is increasing, and consumers also making purchasing choices based on this awareness. Consequently, there is an increased demand for Shoprite to stock environmentally and water friendly products, so much so that customers base their choice of preferred retailer accordingly.</p> <p>Action: Shoprite can grow market share, by successfully catering for this demand, which, in turn, will result in an increase in sales.</p> <p>Shoprite has identified nine strategic drivers to grow its customer base and its ability to create shared value in the medium to long term, of which the following are relevant here:</p> <ul style="list-style-type: none"> • Engrain a customer-first culture • Develop future-fit channels • Grow market share in premium and fresh goods

			<p>To satisfy these strategic drivers, Shoprite is ranging water-risk related products such as water saving devices, hygiene products that do not require water, water purification products and medication for water-borne diseases.</p> <p>For fresh goods, the company has diversified its supplier base to ensure that there is consistent supply of fresh goods.</p> <p>Result: Grow market share and increase sales.</p>
Financial planning	Yes, water-related issues are integrated	11-15	<p>Situation: Currently, Shoprite budgets annually for its water withdrawal and wastewater treatment spend. A dedicated internal Utilities team reconciles water usage and municipal invoices.</p> <p>At store level, water resilience infrastructure (i.e., water tanks and pumps) are budgeted for.</p> <p>Accurate monitoring and measuring of water use means good water stewardship, as well as responsible financial management in the long term.</p> <p>Task: The Group evaluated the implementation of a project to increase the monitoring and management of water consumption at all stores, considering the consequences and likelihood.</p> <p>Action: The Projects Admission Committee (PAC) approved a project for the installation of 225 online water meters over the 3 years. This will ensure that water consumption at sites is monitored and reported instantaneously. The investment for this project is approx. R4.5m.</p> <p>Result: This project has commenced, and in the last financial year R18m savings was realised.</p>

W7.2

(W7.2) What is the trend in your organization's water-related capital expenditure (CAPEX) and operating expenditure (OPEX) for the reporting year, and the anticipated trend for the next reporting year?

Row 1

Water-related CAPEX (+/- % change)

88

Anticipated forward trend for CAPEX (+/- % change)

0

Water-related OPEX (+/- % change)

15.2

Anticipated forward trend for OPEX (+/- % change)

6

Please explain

CAPEX:

Water related CAPEX increase by 88% as Shoprite installed an additional 203 water monitoring devices during this reporting period, compared to the installations of 108 water monitoring devices during the previous reporting period. During the next reporting period, Shoprite will install ± 210 water monitoring devices. This will result in the anticipated CAPEX to stay the same as this reporting period.

OPEX:

Water related OPEX increased by 15.2% compared to the previous reporting period for all facilities Shoprite has operational control over, due to annual municipal tariff increases. This is expected to increase by $\pm 6\%$ in the next reporting period due to annual municipal tariff increases.

W7.3

(W7.3) Does your organization use scenario analysis to inform its business strategy?

	Use of scenario analysis	Comment
Row 1	Yes	<p>The Group's decarbonization targets have been developed to meet the goals of the Paris Agreement – to limit global warming to 1.5°C.</p> <p>The Shoprite Group has approved science-based Scope 1 and Scope 2 (1.5°C aligned) and Scope 3 (well below 2°C aligned) targets.</p>

W7.3a

(W7.3a) Provide details of the scenario analysis, what water-related outcomes were identified, and how they have influenced your organization’s business strategy.

	Type of scenario analysis used	Parameters, assumptions, analytical choices	Description of possible water-related outcomes	Influence on business strategy
Row 1	Water-related Climate-related	<p>The Shoprite Group's science-based climate change targets were approved by the SBTi in the past reporting period. The Group's decarbonisation targets have been developed to meet the goals of the Paris Agreement – to limit global warming 1.5°C. The Group expects that climate change will severely affect water availability therefore it used the WWF Water Risk Filter to determine water security risks on a regional basis. Water supply backup plans were developed for high water consuming operations within high-risk regions.</p> <p>The analysis using this scenario was qualitative in nature.</p> <p>The key parameters considered include the availability of water in the respective basins informed by the mean precipitation rates, and regional dam levels.</p> <p>Key assumptions are that precipitation levels will be variable, ranging from regional</p>	<p>According to the World Meteorological Organization's (WMO) State of the Climate in Africa 2019 report, extensive areas of Africa will exceed 2 °C of warming above pre-industrial levels by the last two decades of this century. For Shoprite, the rising mean temperatures will directly increase the load on air-conditioning and refrigeration systems and their ability to function as designed. Where existing systems are not running at full capacity, the increased load will lead to increased consumption of electricity and water, resulting in increased operating costs.</p> <p>The Intergovernmental Panel on Climate Change (IPCC) further confirms that a reduction in precipitation is likely over North Africa and the south-western parts of South Africa by the end of the century. Shoprite's operations are primarily in this Southern African region, and rainfall variability will impact water availability and supply which will add to the cost of water. Higher</p>	<p>Shoprite's mitigation of product supply disruption is to diversify its fresh produce and product supply from other regions in the country to ensure continuous supply of goods to its customers. This process has already started and will continue for subsequent years.</p> <p>Shoprite is ranging water-risk related products such as water saving devices, hygiene products that do not require water, water purification products and medication for water-borne diseases for customers that are keen on making a positive impact on their own water consumption.</p> <p>In March 2022, we launched our first environmental campaign in Checkers stores, to drive further awareness and dialogue on environmental related issues, while inviting our customers to join us in making better decisions for our planet. The 'Better for our planet' campaign focused on issues that are relevant to our own operations and the lives of our customers.</p> <p>“Better for the planet” environmental campaign highlighted the lengths Checkers is going to mitigate their environmental impact and try move customers towards more sustainable behaviour. We provide customers with better-for-our planet product options.</p> <p>https://www.checkers.co.za/our-sustainability-journey</p> <p>The Projects Admission Committee (PAC) approved a project for the installation of 225 online water meters over the 3 years. This will ensure that water consumption at sites is monitored and reported</p>

		<p>droughts to localised flooding.</p>	<p>temperatures will increase evaporation from dams and rivers, and will reduce run-off on the ground, so that less of the water that falls reaches the rivers and dams. Therefore, it is expected that Shoprite will have to invest capex with increased operating expenses in other high-risk regions in Southern Africa to ensure water supply and business continuity.</p> <p>Sourcing of fresh produce and products must be diversified if suppliers are faced with droughts or floods.</p>	<p>instantaneously. The investment for this project is approx. R4.5m.</p>
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W7.4

(W7.4) Does your company use an internal price on water?

Row 1

Does your company use an internal price on water?

No, but we are currently exploring water valuation practices

Please explain

Shoprite does not currently use an internal price on water.

W7.5

(W7.5) Do you classify any of your current products and/or services as low water impact?

	Products and/or services classified as low water impact	Definition used to classify low water impact	Please explain
Row 1	Yes	Shoprite sells a range of prepared meals as part of its Fresh Food offering. Customers have the opportunity to buy a ready-made low water impact meal, instead of cooking a meal, thereby reducing water consumption at home, based on a life cycle assessment (ISO 14040).	Meals that are prepared in-store have a lower water use intensity than meals prepared at home.

W8. Targets

W8.1

(W8.1) Do you have any water-related targets?

Yes

W8.1a

(W8.1a) Indicate whether you have targets relating to water pollution, water withdrawals, WASH, or other water-related categories.

	Target set in this category	Please explain
Water pollution	No, but we plan to within the next two years	<p>Shoprite's direct operations to not contribute to water pollution directly.</p> <p>In this reporting period, changes were made to the short term incentive scheme for the CEO and all C-suite Offices. The STI construct for financial year 2022 has been amended to be 80% weighted towards financial measures with the introduction of a 20% weighting to non-financial measures. The non-financial measures include renewable energy consumption (solar photovoltaic (PV) contribution), waste recycling (plastics and cardboard recycling) and sustainable packaging usage (reusable, recycled and compostable).</p> <p>The 2 measures (waste recycling and sustainable packaging) promote the removal of waste from the environment, specifically water bodies to prevent water contamination/pollution.</p> <p>These targets are set annually, and all targets for the non-financial measures were met in the last reporting period.</p>
Water withdrawals	Yes	
Water, Sanitation, and Hygiene (WASH) services	Yes	
Other	No, and we do not plan to within the next two years	N/A

W8.1b

(W8.1b) Provide details of your water-related targets and the progress made.

Target reference number

Target 1

Category of target

Water withdrawals

Target coverage

Company-wide (direct operations only)

Quantitative metric

Other, please specify

Reduction in withdrawals per operating area

Year target was set

2020

Base year

2020

Base year figure

1.05

Target year

2030

Target year figure

0.84

Reporting year figure

0.85

% of target achieved relative to base year

95.2380952381

Target status in reporting year

Underway

Please explain

Shoprite achieve a reduction of 18.8% in water intensity compared to the baseline year (0.855 kL/m² compared to 1.053 kL/m² of the baseline year) and a reduction of 6.5% in water intensity compared to the previous reporting period (0.855 kL/m² compared to 0.914 kL/m²).

Shoprite has achieved 95.2% of its water intensity target.

Target reference number

Target 2

Category of target

Water, Sanitation and Hygiene (WASH) services

Target coverage

Company-wide (direct operations only)

Quantitative metric

Other, please specify

Percentage of employees with access to WASH services

Year target was set

2020

Base year

2020

Base year figure

100

Target year

2025

Target year figure

100

Reporting year figure

100

% of target achieved relative to base year

Target status in reporting year

Achieved

Please explain

As a food company, the provision of WASH services is essential for food safety and hygiene, therefore all Shoprite's facilities are equipped with WASH services. WASH services are also a requirement of the South African Occupational Health and Safety Act. Therefore 100% of our staff have access to fully operational WASH facilities.

W9. Verification

W9.1

(W9.1) Do you verify any other water information reported in your CDP disclosure (not already covered by W5.1a)?

No, we are waiting for more mature verification standards and/or processes.

W10. Plastics

W10.1

(W10.1) Have you mapped where in your value chain plastics are used and/or produced?

	Plastics mapping	Value chain stage	Please explain
Row 1	Yes	Direct operations Supply chain Product use phase	We conducted a waste mapping exercise (including plastic) across our value chain. https://www.shopriteholdings.co.za/newsroom/2022/checkers-hundred-percent-recycled-trolleys.html

W10.2

(W10.2) Across your value chain, have you assessed the potential environmental and human health impacts of your use and/or production of plastics?

	Impact assessment	Value chain stage	Please explain
Row 1	Yes	Direct operations Product use phase	<p>We use the company's Enterprise Risk Management Framework and Policy to assess and manage risks across the business.</p> <p>The process includes:</p> <p>Risk identification: technical, financial, legal, social, environmental, reputational, informational, stakeholder and other such risks are identified within the context of Shoprite's external and internal environments and its strategic business objectives and goals.</p> <ul style="list-style-type: none"> • risk analysis: to gain a better understanding of the risk and where it may impact the Group • risk evaluation planning: to provide for focused evaluations and automation • risk evaluation: allows for a semi-quantitative assessment of likelihood vs. impact followed by an interpretation of the perceived impact; • risk treatment: includes avoiding, optimizing, transferring or retaining ("accepting") risk <p>Food safety and hygiene related risks are considered, and packaging (including plastic) plays an important role in ensuring food safety and reducing food waste.</p>

W10.3

(W10.3) Across your value chain, are you exposed to plastics-related risks with the potential to have a substantive financial or strategic impact on your business? If so, provide details.

	Risk exposure	Please explain
Row 1	No, risks assessed, and none considered as substantive	<p>We use the company's Enterprise Risk Management Framework and Policy to assess and manage risks across the business.</p> <p>The process includes:</p> <ul style="list-style-type: none"> risk identification: technical, financial, legal, social, environmental, reputational, informational, stakeholder and other such risks are identified within the context of Shoprite's external and internal environments and its strategic business objectives and goals. risk analysis: to gain a better understanding of the risk and where it may impact the Group. risk evaluation planning: to provide for focused evaluations and automation risk evaluation: allows for a semi-quantitative assessment of likelihood vs. impact followed by an interpretation of the perceived impact; risk treatment: includes avoiding, optimizing, transferring or retaining ("accepting") risk <p>We looked at our exposure to plastics-related risks with the potential to have a substantive financial or strategic impact on the business, but the associated risk was not considered to be substantive.</p> <p>The company's management and recycling of plastic waste, and its use of sustainable packaging has adopted the circular economy to address this risk.</p>

W10.4

(W10.4) Do you have plastics-related targets, and if so what type?

	Targets in place	Target type	Target metric	Please explain
Row 1	Yes	Plastic packaging Waste management	<p>Increase the proportion of post-consumer recycled content in plastic packaging</p> <p>Increase the proportion of plastic packaging that is recyclable in practice and at scale</p> <p>Increase the proportion of plastic packaging that is reusable</p> <p>Other, please specify</p> <p>Increase the volume of plastic waste that is recycled</p>	<p>We have set targets for:</p> <ul style="list-style-type: none"> Packaging - % reusable, recyclable or compostable (instore packaging) Packaging - % recycled content (instore packaging) Plastic recycling (volumes) Cardboard recycling (volumes) <p>These targets are included in the STI for the company Execs.</p>

W10.5

(W10.5) Indicate whether your organization engages in the following activities.

	Activity applies	Comment
Production of plastic polymers	No	N/A
Production of durable plastic components	No	N/A
Production / commercialization of durable plastic goods (including mixed materials)	Yes	The company sells household plastic items at its stores.
Production / commercialization of plastic packaging	Yes	The company uses plastic packaging in stores for fresh foods and for private label packaging.
Production of goods packaged in plastics	Yes	The company uses plastic packaging in stores for fresh foods and for private label packaging.
Provision / commercialization of services or goods that use plastic packaging (e.g., retail and food services)	Yes	The company uses plastic packaging in stores for fresh foods and for private label packaging.

W10.7

(W10.7) Provide the total weight of plastic durable goods/components sold and indicate the raw material content.

Row 1

Total weight of plastic durable goods/components sold during the reporting year (Metric tonnes)

11,351

Raw material content percentages available to report

% post-consumer recycled content

% post-consumer recycled content

100

Please explain

The group sells reusable and recyclable plastic carrier bags at its stores.

<https://www.shopriteholdings.co.za/articles/Newsroom/2013/Checkers-introduces-100-recycled-plastic-shopping-bags.html>

W10.8

(W10.8) Provide the total weight of plastic packaging sold and/or used, and indicate the raw material content.

	Total weight of plastic packaging sold / used during the reporting year (Metric tonnes)	Raw material content percentages available to report	% post-consumer recycled content	Please explain
Plastic packaging sold	11,351	% post-consumer recycled content	100	The group sells reusable and recyclable plastic carrier bags at its stores. https://www.shopriteholdings.co.za/articles/Newsroom/2013/Checkers-introduces-100-recycled-plastic-shopping-bags.html
Plastic packaging used	16,045	% post-consumer recycled content	76	Plastic packaging used in-store has 76% recycled content.

W10.8a

(W10.8a) Indicate the circularity potential of the plastic packaging you sold and/or used.

	Percentage s available to report for circularity potential	% of plastic packaging that is reusable	% of plastic packaging that is technically recyclable	% of plastic packaging that is recyclable in practice at scale	Please explain
Plastic packaging sold	% reusable % technically recyclable % recyclable in practice and at scale	100	100	100	The group sells reusable and recyclable plastic carrier bags at its stores. https://www.shopriteholdings.co.za/articles/Newsroom/2013/Checkers-introduces-100-recycled-plastic-shopping-bags.html
Plastic packaging used	% reusable % technically recyclable % recyclable in practice and at scale	76	76	76	76% of plastic packaging used in store is currently reusable and recyclable.

W11. Sign off

W-FI

(W-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

Position Statement on Water Security

Our purpose is to uplift lives every day by pioneering access to the most affordable goods and services, creating economic opportunity, and protecting our planet.

At the heart of its purpose the Shoprite Group aspires to be Africa's most affordable, accessible, innovative, and responsible retailer, by being relentless in its efforts to keep its business efficient and sustain its price leadership. The Shoprite Group acknowledges that the countries where it operates on the African continent are faced with severe water security challenges - a situation that is likely to be significantly exacerbated by the effects of climate change. The Group recognises that access to clean water remains a human right, and a precursor to economic development, notwithstanding the availability of water to maintain the integrity of ecosystems.

While the Shoprite Group is not a significant user of water, it does depend on a reliable source of clean water for its direct operations. However, parts of its supply chain, its shoppers and local communities are very dependent on water availability and accessibility.

To this end, the Shoprite Group remains committed to:

- Using water, as a natural and scarce resource, responsibly and efficiently throughout its direct operations, and engaging with suppliers to do similar.
- Reducing pollution and improving the treatment of wastewater from its operations.
- Strengthening the resilience and adaptive capacity of its operations and supply chain to ensure responsible business continuity, and that of the local communities in which it operates.
- Collaborating and partnering with key stakeholders including regulators, suppliers, NGOs, local communities, and other organisations to address water security issues.
- Sharing water security information with employees, customers, suppliers, and investors by reporting and disclosing its plans, efforts and performances related to water security.

W11.1

(W11.1) Provide details for the person that has signed off (approved) your CDP water response.

	Job title	Corresponding job category
Row 1	Head: Group Sustainability and CSI	Chief Sustainability Officer (CSO)