

The much anticipated and recently-released Intergovernmental Panel on Climate Change (IPCC) report presented a concerning summary of the current and future state of the climate. The IPCC report will inform world leaders as they gather in Glasgow for COP26 in November to craft a plan to mitigate and adapt to a changing climate in a fair and equitable manner.

The report includes regional fact sheets with expected climate changes based on global warming of at least 2°C by the mid-21st century. Predictions for Southern Africa include decreases in mean rainfall, increases in heavy rainfall and flooding events and increased droughts, fire weather conditions and tropical cyclones.

Alarmingly, we are seeing many of these predicted impacts in Southern Africa already. The Eastern Cape has been struggling with drought for the past five years, and the frequency and intensity of cyclones affecting parts of Mozambique and Mpumalanga has increased.

The effects of climate change on the retail sector are quite widespread. Suppliers and supply chains are impacted by the availability and sourcing of key commodities due to impacts on the agricultural sector. Adverse weather conditions threatens manufacturing facilities and logistics networks, presenting challenges to the quality, price and availability of goods.

There are also direct impacts on retailers too. Flooding and intense storms will place stresses on retailing infrastructure and logistics, resulting in increased operational and insurance costs. Consumer awareness of environmental and climate-related matters is also increasing. Research commissioned by Mastercard published in April 2021 revealed that 75% of South African respondents think it's now more important for businesses and brands to do more for the environment. Companies not acting on environmental and climate change issues will be exposed to reputational risks.

Consumers are also looking more at climate-friendly products including energy efficient appliances, packaging with recycled content and vegan products. Interestingly, a 2020 Uber Eats survey reported that South Africa ranks among the top five countries for the most ordered vegan dishes globally. A trend driven by a desire to prevent cruelty to animals and protect the environment and its resources according to some commentators.

The retailing sector also contributes towards climate change. There are greenhouse gasses released across the retail value chain – from upstream activities like agriculture, manufacturing, warehousing and transportation, to energy needed to operate stores. Downstream emissions come from waste being landfilled and customers using electricity to prepare food and power appliances that are purchased at retailers.

Climate related risks are concerning for the Shoprite Group. At its core is its ambition is to be the most affordable, accessible and innovative retailer on the continent, and climate change makes it difficult to realise this ambition. As we saw earlier this year with the impact of cyclone Eloise on tomato availability and pricing. This is just one example – the frequency of such instances is increasing.

Therefore, as the largest grocery retailer on the continent, the Shoprite Group places significant focus on its climate change strategy as it affects its direct operations, its supply

chain, and the communities in which it operates. The Group's strategy includes the mitigation of and adaptation to a changing climate.

In terms of mitigation, the Group has committed to setting an ambitious science-based GHG (greenhouse gas) emission reduction target, aiming for a net-zero greenhouse gas emissions target by 2050. It is achieving this by increasing energy efficiency throughout its retail, warehousing and logistics operations and using more renewable energy. Notably, Shoprite's renewable energy consumption increased by 233% in the last financial year, and 25% of its electricity consumption is already contractually committed to renewable sources over the next 7 years. Additional mitigation measures include reducing food waste and increasing recycling. While ambitious targets and commitments are necessary, meaningful plans and actions are critical.

The Group offers customers a range of climate friendly products. Over the past year, the Shoprite Group has seen a 18% increase in the sales of plant-based food products, with approximately 10% increase in the number of products offered in the stores.

In terms of adaptation, Shoprite is strengthening the resilience and adaptive capacity of its operations through several initiatives including installing back-up water supply so that it can operate during water shortages, and engaging with its supply chain to ensure affordable products are accessible to its customers all the time.

Past events have shown us that low-income communities and households will face the most harm from droughts, flooding and fires due to climate change. The Group's Act for Change programmes are aimed at strengthening the resilience of these communities through its support for more than 150 community food gardens and 3,000 household gardens, and its fleet of 26 mobile soup kitchens to help communities in need. When communities face climate disaster events, the Group springs into action to provide support.

While some progress has been made national and globally, there is a need to accelerate decarbonisation, it is more important now than ever before that government, business, and civil society work together to address the pending climate disaster. Bold ambitions are needed to address the climate change challenges we increasingly face, but the time has come for decisive and meaningful actions, because without it the ambitions will remain nothing but ambitions.

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