



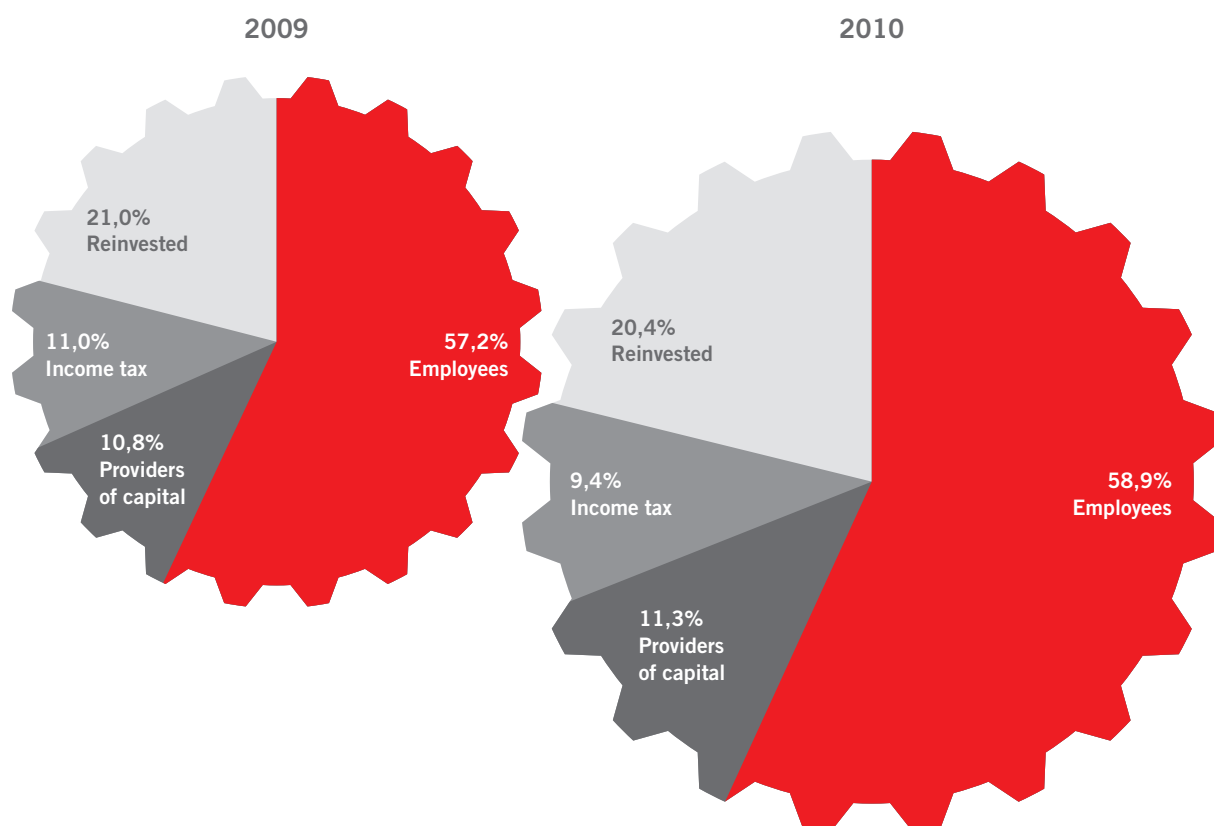
Governance and Sustainability continued

SUSTAINABILITY REPORT

Economic Contribution

VALUE ADDED STATEMENT

	June 2010 R'000	%	June 2009 R'000	%
Sale of merchandise	67 402 440		59 318 559	
Investment income	138 403		220 845	
Cost of goods and services	(57 268 979)		(50 482 255)	
VALUE ADDED	10 271 864	100.0	9 057 149	100.0
Employed as follows:				
Employees				
Salaries, wages and service benefits	6 051 154	58.9	5 176 830	57.2
Providers of capital				
Finance costs to providers of funds	93 690	0.9	86 142	1.0
Dividends to providers of share capital	1 062 878	10.2	891 581	9.8
Income tax				
Income tax on profits made	964 379	9.4	999 478	11.0
Reinvested				
Reinvested in the Group to finance future expansion and growth	2 099 763	20.4	1 903 118	21.0
Depreciation and amortisation	896 119	8.7	796 453	8.8
Retained earnings	1 203 644	11.7	1 106 665	12.2
EMPLOYMENT OF VALUE ADDED	10 271 864	100.0	9 057 149	100.0



BROAD-BASED TRANSFORMATION

Policy and approach

The Group acknowledges that broad-based transformation of the South African economy is a national priority to afford all the people of South Africa the opportunity to participate meaningfully in the mainstream economy. In this regard, the Group recognises that transformation of its business is important to ensure that the way it does business serves the needs and aspirations of communities, customers, employees and suppliers.

To address this aspect, a BBBEE Committee was formed – which includes two executive directors of the Group's main trading subsidiary – that meets once a month to review transformation progress and consults with the board of Shoprite Holdings to adapt strategies in order to ensure the group's sustained progress.

Management actions and performance during the period under review

The table below shows a summary of the Shoprite Holdings verified BBBEE scorecard, issued on 7 January 2010 and reflecting the Group's BBBEE scores as at 31 December 2009.

SHOPRITE HOLDINGS – BBBEE SCORECARD

BBBEE code	dti weighting (%)	Shoprite score (%)
Equity/ownership	20	2
Management control	10	5
Employment equity	15	13
Skills development	15	12
Preferential procurement	20	7
Enterprise development	15	10
Residual element (SED)	5	3
TOTAL		52

(Figures verified by Veribee, a member of the Association of BEE Verification Agencies; based on unaudited management accounts for the period ending December 2009)

Based on this independent assessment, the Group's BBBEE Scorecard score of 52% means that it qualifies as a level-6 BEE contributor with a BEE recognition level of 60%. Good progress has been made in terms of employment equity and skills development, and considerable progress in terms of enterprise development and socio-economic development.

For detailed information about the Group's approach to the underlying aspects of broad-based transformation, please refer to the following sections:

- Employees – for employment equity and skills development
- Suppliers – for preferential procurement and enterprise development
- Community involvement – for socio-economic development / CSI

Plans and targets for the next review period

Shoprite Holdings aims to improve its BBBEE status to Level 4 by 2015. The Group is satisfied that adequate progress on transformation has been made in respect of the DTI's codes relating to employment equity, skills development, enterprise development and socio-economic development. The board is currently investigating options to improve the Group's scores for the ownership, management control, and preferential procurement components.

ECONOMIC OPPORTUNITIES THROUGH PROPERTY DEVELOPMENT

The Group has gained a great deal of credibility and customer loyalty within local communities by demonstrating its commitment to bringing products and convenience to marginalised communities. In this regard, the Group is one of the few retailers to develop retail outlets in economically disadvantaged communities and its strong track record in this area has also made the Group the preferred bidder for government land.

The Group's property developments act as an anchor for local economic growth, while also keeping money in the local community. When the Group undertakes a new development, opportunities for local communities arise. These include a wide range of job opportunities during both the building and operational phases, either directly (contractors, tradesmen, shop assistants and cleaning services), or indirectly, such as transport and security services, related to each store.



Members of the property team include – from left to right: Martin Abrahamse – Assistant Development Manager; Melvino Duminy – Admin Manager; Gerda Jordaan – Senior Property Manager; Philip van der Merwe – General Manager Properties; Adriaan Jonker – Assistant Property Manager



Governance and Sustainability continued

SUSTAINABILITY REPORT

Policy and approach

It is necessary to obtain the buy-in of the community when undertaking any development. In this regard the Group engages with local authorities as well as community liaison officers, and community development forums in economically disadvantaged and remote communities.

It is also the Group's policy to make optimal use of local skills and resources and a clause is included as a condition of tender stipulating that the contractor needs to procure as much labour and materials as possible from the local community. The Group also appoints services and staff locally as far as possible and provides training where skills aren't available.

During the building phase the Group monitors the conditions of tender (local resources). A team of professional consultants is appointed to advise the Group on the environmental efficiency of the buildings in terms of energy and resource use. Developments are treated equally whether in a developed or under-developed area. Property developments are properly landscaped and the Group often provides parks for the community as part of the property development. The Group's property developments are properly serviced to become the hub and the heart of the township areas.

In the operational phase, a centre manager is appointed with a support team. When leasing property to tenants, the Group ensures that rental space is allocated to tenants from local communities, which not only enhances local economic development but is also designed to reflect the local community's character. Leasing is a micro-indicator of economic growth and is monitored as such.

Management actions, performance and targets

The tables below indicate the numbers of stores that the Group opened during the period July 2009 to June 2010, and the number of planned store openings during the period July 2010 to June 2011.

SHOPRITE HOLDINGS – NEW STORE AND CENTRE OPENINGS IN 2010 AND PLANNED OPENINGS FOR 2011

Stores Opened					
	Checkers	Shoprite	Usave	Hungry Lion	Total
RSA	11	11	39	5	66
Non-RSA	0	3	1	1	5
Total	11	14	40	6	71

Centres Opened			
	Checkers	Shoprite	Total
RSA	1	2	3
Non-RSA	0	2	2
Total	1	4	5

Stores Planned					
	Checkers	Shoprite	Usave	Hungry Lion	Total
RSA	18	15	17	6	56
Non-RSA	0	2	6	5	13
Total	18	17	23	11	69

Centres Planned			
	Checkers	Shoprite	Total
RSA	3	1	4
Non-RSA	0	2	2
Total	3	3	6

GROWTH IN AFRICAN OPERATIONS

Supporting the economic growth of the many economically-disadvantaged communities where the Group operates outside of South Africa improves the trading environment and supports development of new markets, growth in demand and, ultimately, new stores. If local markets were to stagnate, the business would see loss of skills in the workforce accompanied by diminishing local supply and little or no growth. Better local supply and labour can result in better operational efficiencies and lower prices to customers.

Policy and approach

It is the Group's policy to source and procure from local suppliers, and to employ local staff when possible. The Group aims to empower both suppliers and staff to grow with the business and also works closely with local governments to improve trade conditions locally and across borders. These initiatives aid the Group's business operations while also facilitating economic growth in general.

Management actions during the year under review

The management team in each country, including human resources, operations managers and buyers, manage the day-to-day responsibilities of local labour and supplier development and store expansion. The Group's head office in the Western Cape fulfils an oversight role to ensure that decisions are in line with the Group's overall business direction. Measures used to monitor performance include sales growth, growth in supplier accounts, growth in staff complement and tax contribution.

Performance during the period under review

Three new stores were opened under the Shoprite brand and a net one under the Usave brand. The Group also opened one Hungry Lion fast food outlet. This represented a healthy investment in African local markets and will provide a significant amount in taxes and duties paid to the respective governments. Socio-economically, approximately 150 new employees received training and development at each new store. Suppliers received assistance with bar coding and packaging and cross-country trade assistance was given to farmers. The Group was also able to grow its local supplier bases in all African markets.



In Zambia, the Group's local business received the Best Taxpayer 2010 Award, while its Nigerian business was named the Best Retailer of Local Fruit and Vegetables 2010.

Plans and targets for next review period

In the coming year the Group plans to expand its business further into Nigeria, the Democratic Republic of Congo, Angola, Mozambique, Namibia and Swaziland by opening additional stores and growing the Group's local supplier base. Each new store will employ approximately 150 local people.

The Group will continue to procure, where possible, the majority of its fruit, vegetables, meat and perishable products locally.