

# About this report

Shoprite Holdings Limited (“Shoprite” or “the Company”) is pleased to present its 2018 Integrated Report.

## Scope and boundary

This Integrated Report covers all the operations and performance of the Shoprite Group, incorporating Shoprite Holdings Limited and all its subsidiaries for the year ended 1 July 2018. The information in this report has been selected to cater for the interests of all stakeholders who require a broad overview of the Shoprite Group, but with specific emphasis on investors and funders. We believe the report will provide stakeholders with an overview and better understanding of the Group’s business model, how we add value to society, our operational and financial performance, our governance practices and strategy, as well as the risks and opportunities that manifest as the leading FMCG retailer in Africa.

## Materiality

The selection of issues to be covered in this report was informed by inputs from our stakeholders, including capital providers and regulators and was further refined through engagement with the executive management and Board of the Shoprite Group.

## Reporting comparability

There has been no change in the scope and boundary of this report relative to the 2017 report. The Group disposed of its interest in Hungry Lion Fast Foods (Pty) Ltd on 1 July 2018 with operating units in Lesotho, Namibia, South Africa and Swaziland. There have been no further significant changes in the structure of the Group during the current reporting period, other than through ongoing store openings and closures.

## New disclosure

Readers should take note of the following new accounting policy and disclosure practice:

## Hyperinflation

The currency devaluation in Angola, together with high levels of consumer inflation over the past three years, has resulted in a requirement for the Shoprite Group to account for the results of its Angola operations on a hyperinflationary basis in accordance with IAS 29 (Financial Reporting in Hyperinflationary Economies) from 3 July 2017.

## Frameworks applied

The information included in the Integrated Report has been provided in accordance with the International Financial Reporting Standards (“IFRS”), JSE Listings Requirements, the International Integrated Reporting Council’s (IIRC) framework (“the Framework”) and The King Code of Corporate Governance (King IV™).

## Assurance

The Shoprite Group utilises a combination of assurance services and functions to optimise risk and governance oversight, to support the integrity of external reports and the overall assurance provided to stakeholders. Internally, assurance is required from the organisation’s line functions that own and manage risks, the organisation’s specialist functions that facilitate and oversee risk management and compliance, internal auditors, internal forensic fraud examiners and auditors, safety and process assessors and statutory actuaries. In addition, independent external assurance is sought from external auditors, sustainability and environmental auditors or external actuaries, external forensic fraud examiners and auditors and lastly from regulatory inspectors. The Shoprite Group was the first South African retailer to receive the much-acclaimed ISO 9001 accreditation for import and export handling from DEKRA, a European inspection company, in 2009. In 2018, the Group successfully updated the accreditation to the ISO 9001:2015 standard.

A list of the external assurance providers is provided below:

Assurance provider	Aspect assured	Scope of assurance
Pricewaterhouse-Coopers Inc.	Annual Financial Statements	The audit of the Group and Company annual financial statements and notes and significant accounting policies.
AQRate Verification Services (Pty) Ltd, a South African National Accreditation System (SANAS) accredited B-BBEE verification agency	B-BBEE scorecard verification	The Shoprite Group is verified on the Amended Codes of Good Practice, Gazette No. 36928.
Dekra Certification GmbH	International Organisation for Standardisation (ISO) 9001 Quality Management System	The Shoprite Group’s International Trade Department (ITD), responsible for imports and exports, has achieved ISO 9001:2015 certification.
Karen van der Wath – Carbon & Energy Management Consultant – based on the ISO14064-3 International Standard for GHG verifications	Carbon Footprint Assessment Project	All GHG Inventory assertions and public disclosure through the CDP (formerly the Carbon Disclosure Project), in accordance with the GHG Protocol Corporate Accounting and Reporting Standard.

## Suite of reports

The Integrated Report forms part of and should be read in conjunction with a suite of reports available online on our website. Other reports available are:

- Annual financial statements
- King IV™ compliance register
- Carbon Disclosure Project report
- Risk report
- Sustainability report 2018

## Forward-looking statements

This report may contain forward-looking statements with respect to the Shoprite Group’s future performance and prospects. While these statements represent our judgements and future expectations, several factors may cause actual results to differ materially from our expectations.

For further information, please contact Sarita van Wyk on +27 (0) 21 980 4269.

## Approval of the Integrated Report

The board of directors of Shoprite acknowledges its responsibility to ensure the integrity of this report and confirm that this Integrated Report addresses all material matters and provides a balanced overview of the Company and its prospects. The board has therefore approved the 2018 Integrated Report for publication.

On behalf of the board

CH Wiese  
Chairman

PC Engelbrecht  
Chief Executive Officer

20 August 2018

We are Shoprite

# Africa's largest fast-moving consumer goods retail company

## Our Group



**2 843**  
stores

**147 478**  
employees

**19 974**  
suppliers

**16** trusted brands

**27** distribution centres

**15** countries

More than  
**35 million**  
shoppers

More than  
**1 billion**  
transactions

More than  
**7.6 billion**  
items sold



## Profile

Shoprite Holdings Limited is an investment holding company whose combined subsidiaries constitute the largest fast-moving consumer goods (FMCG) retailer on the African continent and the Indian Ocean Islands, with operations in 15 countries.

While the Group's primary business is food retailing, our offering extends to a broad range of goods and services including household products, furniture, pharmaceuticals and financial services amongst others.

**At the heart of our offering is an unwavering dedication to providing the lowest prices in a world-class shopping environment to people of all income levels across Africa.**

## Our purpose

We aspire to be Africa's most accessible and affordable retailer. We enable access to quality consumer products and services, as well as job opportunities to the communities in the countries we serve. Our low-cost approach enables our affordability promise and has been the foundation of our business for almost 40 years. We are relentless in our efforts to keep our business efficient and sustain our cost advantage and price leadership, while creating value for our stakeholders and maintaining focus on strong governance principles and on leading ethically.

We have become the number one retailer in Africa and the largest private-sector employer in South Africa through a steadfast commitment to the values we hold dear. We aspire to become a global leader in customer service, putting the customer first in everything we do.

**Aiming to be Africa's most accessible and affordable food retailer.**

## Our values

### Doing the right thing and doing it right

At the Shoprite Group, we are passionate about:

- **Good customer service:** we aim to be a global leader in customer service by putting the customer first in everything we do and ensuring that every customer leave the store happy. We empower employees to do what is necessary to ensure our customers are satisfied;
- **Being a business with heart:** we are aware that we are part of a broader community and we #ActForChange. We ensure that we remain relevant to and are trusted by the communities we serve through job creation, providing affordable products, lending a helping hand to those in need and feeding the most vulnerable;
- **Integrity:** we believe in treating all people, whether they are colleagues or customers, with respect. We believe in being accountable, keeping our promises and dealing fairly and honestly. We believe in earning trust through responsible and ethical behaviour. We believe relationships are for the long term.

### Saving to share

At the Shoprite Group, we don't waste. We:

- **Have an unrelenting focus on keeping costs low** to ensure that we deliver household goods to our customers at the most affordable prices;
- **Strive for efficiency** in everything we do. We can reduce our environmental footprint while saving costs for our customers by doing the most we can with as little as we can;
- **Utilise surplus** and distribute it to those in need.

### Developing local

At the Shoprite Group, we contribute by:

- **Investing in people:** we invest in our people so that they invest in us. We believe that teamwork, career development, promoting from within and job security are foundations of a great workplace.
- **Sharing our success:** our success allows us to impact positively on the economies of communities, regions and countries where we operate. We repay the support of our customers by giving back.
- **Giving access to market:** we are passionate about supporting and growing small local producers through procurement, providing access to our distribution network, education and logistical support.
- **Embracing transformation:** we believe in playing a role in the economic transformation of people in the countries we operate in through job creation, skills transfer, career development, local sourcing and social upliftment.