

# **CARBON DISCLOSURE PROJECT**

## **Water Programme**

2018

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# 1 Introduction

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. Shoprite operates a total of 2 425 corporate (owned) and 418 franchise stores and 16 trusted brands. Shoprite provide employment to 147 478 people across its operations in 15 countries from Cape Town to Accra and the Indian Ocean islands.

## 1.1 Reporting Year

The reporting period for the organisations 2018 submission is: Sat 01 Jul 2017 – Sat 30 June 2018.

## 1.2 Country List Configuration

The reporting country for the organisations 2018 submission is: South Africa.

## 1.3 Currency Selection

The reporting currency for the organisations 2018 submission is: ZAR (R).

## 1.4 Reporting Boundary

The reporting boundary for the organisations 2018 submission is: Operational control

## 1.5 Disclosure Exclusions

Within this boundary, are there any geographies, facilities, water aspect or other exclusions from your disclosure?

Yes

Please report the exclusions.

Exclusions	Explanation
The reporting boundary has been restricted to all Western Cape operations, therefore all operations outside of the Western Cape have been excluded.	This is Shoprite's first water programme submission and, as a result, the reporting boundary has been restricted to all Western Cape operations in order to understand the data requirement of the report. Shoprite's intention is to increase data completeness (quality) and extend the reporting boundary (quantity) in submissions to come.

## 2 Current State

### 2.1 Dependence

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

Water Quality and Quantity	Direct Use Importance Rating	Indirect Use Importance Rating
Sufficient amounts of good quality freshwater available for use	Important	Important

Explanation
Stores, distribution centres, shopping centres and offices are unable to function without water. There is a daily minimum quantity of water required for sanitation, hygiene and, where applicable, production. Furthermore, Shoprite's various food suppliers are dependent on access to sufficient amounts of good quality water in order to sustain their agricultural businesses. To this extent, Shoprite, with its core promise of low prices, will reputationally be affected in the event that fresh produce supply, for example, is scarce for certain primary lines, which may result in significant price increases of fresh produce becoming unavoidable.

Water Quality and Quantity	Direct Use Importance Rating	Indirect Use Importance Rating
Sufficient amounts of recycled, brackish and/or produced water available for use	Not very important	Important

Explanation
The majority of stores, distribution centres, shopping centres and offices utilise municipal water. However, Shoprite are in the process of investigating the feasibility of installing water treatment plants to become independent of municipal water supply at its owned-properties in order to reduce the risk associated with municipal water supply suspension. Furthermore, utilising recycled water is becoming increasingly more important for Shoprite's food suppliers in water restricted areas (especially in the municipalities where the use of municipal water for agricultural purposes had to be reduced by 60%).

### 2.2 Company-Wide Water Accounting

Across all your operations, what proportion of the following water aspects are regularly measured and monitored?

Water Aspect	% Sites / Facilities / Operations	Explanation
Water withdrawals - total volumes	26% - 50%	<p>The majority of stores, distribution centres, shopping centres and offices utilise municipal water of which some, located in the Western Cape, are measured and monitored by water meters, which are remotely accessible. Shoprite prioritised the rollout of these water meters in municipalities located within the Western Cape where the risk of municipal water supply suspension was high and intend to extend the rollout to the rest of the Western Cape and other provinces.</p> <p>These water meters enable Shoprite to promptly identify and repair leaks as well as high water usage at sites. Furthermore, these water meters enable Shoprite to track water consumption against the relevant municipal water restrictions imposed.</p>
Water withdrawals - volumes from water stressed areas	26% - 50%	<p>The majority of stores, distribution centres, shopping centres and offices utilise municipal water of which some, located in the Western Cape, are measured and monitored by water meters, which are remotely accessible. Shoprite initiated the rollout of these water meters in the drought affected areas of the Western Cape and intend to extend the rollout to the rest of the Western Cape and other provinces.</p>

		These water meters enable Shoprite to promptly identify and repair leaks as well as high water usage at sites. Furthermore, these water meters enable Shoprite to track water consumption against the relevant municipal water restrictions imposed.
Water withdrawals - volumes by source	26% - 50%	The majority of stores, distribution centres, shopping centres and offices utilise municipal water, where the water withdrawn from source ( <i>i.e.</i> feeding dam) is not monitored. However, Shoprite have installed water meters to measure and monitor water consumption, where consumption data is remotely accessible. Shoprite initiated the rollout of these water meters in the drought affected areas of the Western Cape and intend to extend the rollout to the rest of its stores located in the Western Cape and other provinces.
Water withdrawals quality	Not relevant	The majority of stores, distribution centres, shopping centres and offices utilise municipal water and, as a result, the Water Services Act states that municipalities are required to provide water of potable standard. To this extent, it is not relevant for Shoprite to monitor the water withdrawals quality.
Water discharges - total volume	26% - 50%	The majority of stores, distribution centres, shopping centres and offices utilise municipal water and, as a result, municipalities measure water discharges in order to apply a disposal charge ( <i>i.e.</i> sanitation). To this extent, it is not relevant for Shoprite to monitor the water discharges, however discharges are estimated at 95% of withdrawals.
Water discharges - volumes by destination	26% - 50%	The majority of stores, distribution centres, shopping centres and offices utilise municipal water and, as a result, municipalities measure water discharges in order to apply a disposal charge ( <i>i.e.</i> sanitation). To this extent, it is not relevant for Shoprite to monitor the water discharges, but it is estimated that water discharges are 95% of withdrawals, in line with some municipalities disposal charge calculation.
Water discharges - volumes by treated method	1% - 25%	<p>The majority of stores, distribution centres, shopping centres and offices utilise municipal water where the wastewater is discharged to the relevant wastewater treatment facility. To this extent, it is not relevant for Shoprite to monitor the water discharges, but it is estimated that water discharges are 95% of withdrawals, in line with some municipalities disposal charge calculation.</p> <p>However, at stores, distribution centres or shopping centres where water treatment plants are installed to treat water abstracted from groundwater to potable standards, water discharge volumes by treated method are measured and monitored in line with the relevant municipalities' disposal specifications for commercial water users indicating the range of effluent parameters that the relevant wastewater treatment facility can accommodate.</p>
Water discharge quality - by standard effluent parameters	1% - 25%	<p>The majority of stores, distribution centres, shopping centres and offices utilise municipal water where the wastewater is discharged to the relevant wastewater treatment facility. To this extent, Shoprite do not measure nor monitor the water discharge quality by standard effluent parameters.</p> <p>However, at stores, distribution centres or shopping centres where water treatment plants are installed to treat water abstracted from groundwater to potable standards, water discharge volumes by treated method are measured and monitored in line with the</p>

		relevant municipalities' disposal specifications for commercial water users indicating the range of effluent parameters that the relevant wastewater treatment facility can accommodate.
Water discharge quality - temperature	Not relevant	The majority of stores, distribution centres, shopping centres and offices utilise municipal water where the wastewater is discharged to the relevant wastewater treatment facility. To this extent, Shoprite do not measure nor monitor the water discharge quality by temperature.
Water consumption - total volume	26% - 50%	The majority of stores, distribution centres, shopping centres and offices utilise municipal water of which some, located in the Western Cape, are measured and monitored by water meters, which are remotely accessible. Shoprite prioritised the rollout of these water meters in municipalities located within the Western Cape where the risk of municipal water supply suspension was high and intend to extend the rollout to the rest of the Western Cape and other provinces. It is assumed that a small proportion of water withdrawn is also consumed.
Water recycled/reused	Not relevant	Shoprite have adopted a strategy of reducing water consumption as opposed to recycle/reuse. To this extent, measuring and monitoring of recycled/reused water is not relevant.

What are the total volumes of water withdrawn, discharged and consumed across all your operations and how do these volumes compare to the previous reporting year?

Water Aspect	Volume (mL/year)	Comparison with Previous Reporting Year	Explanation
Total withdrawals	603	This is our first year of measurement	n/a
Total discharges	573	This is our first year of measurement	n/a
Total consumption	30	This is our first year of measurement	n/a

Provide the proportion of your total withdrawals sourced from water stressed areas.

% Withdrawn from Stressed Areas	Comparison with Previous Reporting Year	Identification Tool
100.00	This is our first year of measurement	WRI Aqueduct

#### Explanation

Shoprite's disclosure boundary comprises of its Western Cape operations, which is classified as a water stressed area as per WRI Aqueduct.

Provide total water withdrawal data by source.

Source	Relevance	Volume (mL/year)	Comparison with Previous Reporting Year
Fresh surface water, including rainwater, water from wetlands, rivers and lakes	Not relevant	-	-

#### Explanation

Freshwater withdrawals are negligible compared to municipal withdrawals.

Source	Relevance	Volume (mL/year)	Comparison with Previous Reporting Year
Brackish surface water/seawater	Not relevant	-	-

Explanation
Shoprite do not withdraw brackish surface water.

Source	Relevance	Volume (mL/year)	Comparison with Previous Reporting Year
Groundwater - renewable	Not relevant	-	This is our first year of measurement

Explanation
Shoprite do not withdraw renewable groundwater.

Source	Relevance	Volume (mL/year)	Comparison with Previous Reporting Year
Groundwater - non-renewable	Not relevant	-	-

Explanation
Shoprite do not withdraw non-renewable groundwater.

Source	Relevance	Volume (mL/year)	Comparison with Previous Reporting Year
Produced water	Not relevant	-	-

Explanation
Shoprite do not withdraw produced water.

Source	Relevance	Volume (mL/year)	Comparison with Previous Reporting Year
Third party sources	Relevant	603	This is our first year of measurement

Explanation
Shoprite's disclosure boundary comprises of its Western Cape operations and, as a result, all water withdrawals are from third party sources.

Provide total water discharge data by destination.

Destination	Relevance	Volume (megaliters / year)	Comparison with previous reporting year	Explanation
Fresh surface water	Not relevant	-	-	Shoprite do not discharge to fresh surface water
Brackish surface water/seawater	Not relevant	-	-	Shoprite do not discharge to brackish surface water
Groundwater	Not relevant	-	-	Shoprite do not discharge to groundwater
Third-party destinations	Relevant	573	This is our first year of measurement	Shoprite discharge to municipal sewer and bases the volume on 95% of withdrawals in line with municipal accounts.

What proportion of your total water use do you recycle or reuse?

% Recycled or Reused	Comparison with Previous Reporting Year	Explanation
0.00	This is our first year of measurement	Shoprite have adopted a strategy of reducing water consumption as opposed to recycle/reuse.

Do you engage with your value chain on water-related issues?

No, but we anticipate doing so in the next 2 years.

### 3 Business Impacts

#### 3.1 Recent Impacts on your Business

Has your organisation experienced any detrimental water-related impacts?

Yes

Describe the water-related detrimental impacts experienced by your organisation, your response, and the total financial impact?

Country	River Basin	Type of Impact Driver
South Africa	Berg-Olifants	Physical

Primary Impact Driver	Primary Impact	Description of Impact
Drought	Increased operating costs	The Western Cape, during the reporting period, experienced a severe drought. To this extent, drought-affected municipalities implemented water restrictions, which, to varying degrees, limited the use of water for commercial users. Shoprite were required to reduce their water consumption by 45% compared to its 2017 water consumption figures.

Primary Response	Total Financial Impact	Description of Response
Develop drought emergency plans	ZAR 28 500 000	<p>The Western Cape drought caused an increase in capital costs, because Shoprite mitigated the risk of municipal water supply suspension by installing water storage tanks and water booster pumps. In addition, Shoprite reduced water consumption by</p> <ul style="list-style-type: none"> <li>• 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;</li> <li>• reducing flush volumes (l/flush) of toilets by retrofitting cistern water stop devices (i.e. flushing stops when the handle is released);</li> <li>• restricting unauthorised access to taps on the outside of buildings (e.g. receiving yard) by installing tap locks;</li> <li>• 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</li> <li>• reducing flow rates (l/min) of showers in change rooms by replacing existing standard aerators with water-saving aerators.</li> </ul> <p>Furthermore, operating costs increased as a result of the cost to apply for water service intermediary licenses, from the relevant municipalities, in order to legally transport potable water from outside the drought-affected area to stores, distribution centres, shopping centres and offices to fill up the water storage tank infrastructure.</p>

#### 3.2 Compliance Impacts

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

No

## 4 Procedures

### 4.1 Risk Identification and Assessment Procedures

Does your organisation undertake a water-related risk assessment?

Yes, water related risks are assessed

Select the options that best describe your procedures for identifying and assessing water-related risks.

Value Chain Stage	Coverage	Risk Assessment Procedure	Frequency of Assessment	How far into the future are risks considered?	Type of tools and methods used	Tools and methods used
Direct operations	Full	Water risks are assessed as part of an enterprise risk management framework	Six monthly or more frequently	2 to 5 years	Enterprise Risk Management	Enterprise Risk Management Framework

Comment
Stores, distribution centres, shopping centres and offices are unable to function without water. There is a daily minimum quantity of water required for sanitation, hygiene and, where applicable, production. As a result, Shoprite has developed a water strategy, which defines ways in which relevant departments and/or divisions need to function in drought affected areas.

Value Chain Stage	Coverage	Risk Assessment Procedure	Frequency of Assessment	How far into the future are risks considered?	Type of tools and methods used	Tools and methods used
Supply Chain	Full	Water risks are assessed as part of an enterprise risk management framework	Six monthly or more frequently	2 to 5 years	Enterprise Risk Management	Enterprise Risk Management Framework

Comment
Shoprite installed water storage tanks and water booster pumps at drought-affected stores to mitigate the risk of municipal water supply suspension. These water-storage tanks can be filled with treated borehole water or potable water transported from outside drought-affected areas. To this extent, to lawfully transport water from alternative drinking sources to our stores, Shoprite became the first company to apply for water service intermediary licences from the City of Cape Town, Drakenstein, Cape Winelands, Breede Valley, Witzenberg, Theewaterskloof, Cederberg, Knysna, Langeberg, Swartland, Bergrivier, Saldanha, Matzikamma and Kannaland municipalities.

Value Chain Stage	Coverage	Risk Assessment Procedure	Frequency of Assessment	How far into the future are risks considered?	Type of tools and methods used	Tools and methods used
Other stages of the value chain	Partial	Water risks are assessed as a standalone issue	Not defined	2 to 5 years	Enterprise Risk Management	Enterprise Risk Management Framework

Which of the following contextual issues are considered in your organization's water-related risk assessments?

Contextual issue	Relevance & inclusion	Please explain
Water availability at a basin/catchment level	Relevant, always included	In response to the water crisis experienced by the City of Cape Town, Shoprite focussed water-related risk and opportunity assessments on the Western Cape. Shoprite is currently expanding on the risk assessment to account for all provisions. In the Western Cape, water availability is always included in risk assessments.  Shoprite consider a disruption in potable water to our stores, offices and distribution centres to be a significant risk.
Water quality at a basin/catchment level	Relevant, always included	The majority of stores, distribution centres, shopping centres and offices utilise municipal water and, as a result, the Water Services Act states that municipalities are required to provide water of potable standard. Shoprite consider municipalities deviations from the Water Services Act as a risk to the organisation.
Stakeholder conflicts concerning water resources at a basin/catchment level	Relevant, always included	In response to the water crisis experienced by the City of Cape Town, Shoprite focussed water-related risk and opportunity assessments on the Western Cape. Shoprite is currently expanding on the risk assessment to account for all provisions.  In the Western Cape, stakeholder conflicts concerning water resources are included in risk assessments, specifically should the province encounter a Day Zero scenario. Day Zero is a term used to describe the day the City of Cape Town stops providing potable water, and residents are required to queue for water.
Implications of water on your key commodities/raw materials	Relevant, sometimes included	In response to the water crisis experienced by the City of Cape Town, Shoprite focussed water-related risk and opportunity assessments on the Western Cape. Shoprite is currently expanding on the risk assessment to account for all provisions.. In the Western Cape, implications of water on agricultural commodities are included in risk assessments.
Water-related regulatory frameworks	Relevant, always included	Water related regulatory frameworks are always considered in water risk assessments. Shoprite consider municipalities deviations from the Water Services Act as a risk to the organisation.
Status of ecosystems and habitats	Not relevant, explanation provided	The majority of stores, distribution centres, shopping centres and offices utilise municipal water and, as a result, the Water Services Act states that municipalities are required to provide water of potable standard. To this extent, it is not relevant for Shoprite to monitor the water withdrawals quality.

Access to fully-functioning, safely managed WASH services for all employees	Relevant, always included	Access to fully-functioning, safely managed WASH services for all employees is always included in risk assessments.
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Which of the following stakeholders are considered in your organization's water-related risk assessments?

Contextual issue	Relevance & inclusion	Please explain
Customers	Relevant, always included	In response to the water crisis experienced by the City of Cape Town, Shoprite focussed water risks and opportunity assessments on the Western Cape, we are currently expanding on the risk assessment to account for all provinces. In the Western Cape, customers affected by the water crisis are always included in risk assessments.
Employees	Relevant, always included	In response to the water crisis experienced by the City of Cape Town, Shoprite focussed water risks and opportunity assessments on the Western Cape, we are currently expanding on the risk assessment to account for all provinces. In the Western Cape, employees affected by the water crisis are always included in risk assessments.
Investors	Relevant, always included	Investor concerns, specifically in relation to the water crisis' impact on Shoprite's operations in the Western Cape, are always considered in risk assessments.
Local communities	Relevant, sometimes included	Local communities, specifically communities affected by the water crisis in the Western Cape are sometimes included in risk assessments. For example, Shoprite distributed over 100 water meters to schools in the Western Cape, in an effort to help schools save water by making water consumption and leaks visible.
NGOs	Not considered	NGO's are not considered in water risk assessments
Other water users at a basin/catchment level	Relevant, sometimes included	Schools affected by the water crisis in the Western Cape region are sometimes included in risk assessments. For example, Shoprite distributed over 100 water meters to schools in the Western Cape, in an effort to help schools save water by making water consumption and leaks visible.
Regulators	Relevant, always included	Water related regulatory frameworks and regulators are always considered in water risk assessments. Shoprite consider municipalities deviations from the Water Services Act as a risk to the organisation.
River basin management authorities	Not considered	River basin management authorities are not considered in water risk assessments
Statutory special interest groups at a local level	Not considered	Statutory special interest groups at a local level are not considered in water risk assessments
Suppliers	Relevant, always included	In response to the water crisis experienced by the City of Cape Town,

		Shoprite focussed water risks and opportunity assessments on the Western Cape, we are currently expanding on the risk assessment to account for all provinces. In the Western Cape, suppliers affected by the water crisis are always included in risk assessments, specifically agricultural commodities and water-related and hygiene products such as bottled water and wet wipes.
Water utilities at a local level	Relevant, always included	The majority of stores, distribution centres, shopping centres and offices utilise municipal water and, as a result, the Water Services Act states that municipalities are required to provide water of potable standard. Shoprite consider municipalities deviations from the Water Services Act as a risk to the organisation.

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.

Shoprite identify water-related risks sporadically, as and when they arise. Water-related risks are assessed in the form of business cases (comprising of both quantitative and qualitative criteria). Quantitative criteria consider the severity of the upside or downside effect on sales, trading profit (controllable expenses and shrinkage), customer relations (market share) and/or corporate global reputation (e.g. JSE listing). Qualitative criteria consider the likelihood of the applicable climate-related risk or opportunity materialising, the associated timeframe and the response time required to implement any remedial action (if applicable).

Shoprite then

1. determine the proportion of business units affected by water-related risks;
2. analyse the magnitude of the impact on the affected business units; and
3. quantify the potential consequential shareholder and customer concern

in order to accurately determine the response thereto.

## 5 Risks and Opportunities

### 5.1 Risk Exposure

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

Yes, only within or direct operations

How does your organization define substantive financial or strategic impact on your business?

Shoprite defines a substantive financial or strategic impact by:

1. determining the proportion of business units affected by the risk and/or opportunity;
2. analyse the magnitude of the impact on the affected business units; and
3. quantify the potential consequential shareholder and customer concern.

To this extent, a substantive financial effect with a relatively high magnitude occurs either because of a significant impact in one of three aspects or a smaller impact in all three aspects.

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
269	100.00	The Western Cape division has 269 sites ( <i>incl.</i> stores, distribution centres, shopping centres and offices) located within its boundaries, of which all are exposed to water risks with the potential to have a substantive financial or strategic impact.

By river basin, what is the number and proportion of facilities exposed to water risks that could have a substantive impact on your business, and what is the potential business impact associated with those facilities?

Country	River Basin	Total Number of Facilities Exposed to Water Risk
South Africa	Berg-Olifants	269

% Company-Wide Facilities this Represents	% Company's total global revenue that could be affected	Comment
26% - 50%	0.00	% of Company's total global revenue that could be affected has not been calculated

### 5.2 Water-Related Risks and Response

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	River Basin	Type of Risk
South Africa	Berg-Olifants	Physical

Primary Risk Driver	Primary Potential Impact	Company-Specific Description
Drought	Increased capital costs	The Western Cape, during the reporting year, experienced a severe drought. To this extent, drought affected municipalities implemented water restrictions, which restricted, to various degrees, the use of water and commercial users were required to reduce their water consumption by 60% compared to 2017 water consumption figures.

Timeframe	Magnitude of Potential Impact	Likelihood
1 to 3 years	Medium	Likely

Potential Financial Impact	Explanation of Financial Impact	Primary Response to Risk
-	Financial impact has not been quantified	Adopt water efficiency, water reuse, recycling and conservation practices

Description of Response	Cost of Response	Explanation of Cost Response
Water conservation audit and retrofit project whereby 183 sites have been fully fitted with water saving devices at a cost of R755 505.	ZAR 755 505	<p>An audit was performed at 183 severely drought-affected sites, whereby the following water saving devices were fitted for the corresponding reason:</p> <ul style="list-style-type: none"> <li>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;</li> <li>reducing flush volumes (l/flush) of toilets by retrofitting cistern water stop devices (i.e. flushing stops when the handle is released);</li> <li>restricting unauthorised access to taps on the outside of buildings (e.g. receiving yard) by installing tap locks;</li> <li>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</li> <li>reducing flow rates (l/min) of showers in change rooms by replacing existing standard aerators with water-saving aerators.</li> </ul>

Why does your organization not consider itself exposed to water risks in its value chain (beyond direct operations) with the potential to have a substantive financial or strategic impact?

Primary reason	Please explain
Evaluation in progress	This is Shoprite's first year responding to the Water Security Programme of CDP. As an initial step Shoprite is first focusing on risks in our direct operations, specifically in the Western Cape. Furthermore, Shoprite are in the process of evaluating water risks in our value chain.

### 5.3 Water-Related Opportunities

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.

Provide details of opportunities currently being realised that could have a substantive financial or strategic impact on your business.

Type of Opportunity	Primary Water-Related Opportunity	Company Specific Description and Strategy to Realise Opportunity
Efficiency	Improving water efficiency in operations	<p>Shoprite improved water efficiency in Western Cape operations by</p> <ul style="list-style-type: none"> <li>• 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;</li> <li>• reducing flush volumes (l/flush) of toilets by retrofitting cistern water stop devices (i.e. flushing stops when the handle is released);</li> <li>• restricting unauthorised access to taps on the outside of buildings (e.g. receiving yard) by installing tap locks;</li> <li>• 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</li> <li>• reducing flow rates (l/min) of showers in change rooms by replacing existing standard aerators with water-saving aerators.</li> </ul>

Estimated Timeframe for Realisation	Magnitude of Potential Financial Impact	Potential Financial Impact	Explanation of Financial Impact
Current up to 1 year	Medium	ZAR 5 300 000	It is estimated that the installation of water efficiency devices will reduce water consumption at the 183 sites by 19% in the stores, distribution centres, shopping centres and offices in which they are installed.

## 6 Facility-Level Water Accounting

### 6.1 Facility-Level Water Accounting

For each facility referenced in W4.1c, provide coordinates, total water accounting data and comparisons with the previous reporting year.

Facility Name	Country	River Basin	Latitude	Longitude
Western Cape	South Africa	Berg-Olifants	-	-

Total Water Withdrawals (mL/annum) at this Facility	Comparison of Withdrawals with Previous Reporting Year
603	This is our first year of measurement

Total Water Discharges (mL/annum) at this Facility	Comparison of Discharges with Previous Reporting Year
573	This is our first year of measurement

Total Water Consumption (mL/annum) at this Facility	Comparison of Consumption with Previous Reporting Year
30	This is our first year of measurement

Explanation
Water data is included for Shoprite operations in the Western Cape. Withdrawals data relates to municipal supply. Discharge data is estimated as 95% of withdrawals, this is consistent with estimates applied by large municipalities in the reporting boundary. Water consumption is calculated as the difference between withdrawals and discharge.

For each facility referenced in W5.1, provide withdrawal data by water source.

Facility name	Fresh surface water, including rainwater, water from wetlands, rivers, and lakes	Brackish surface water/seawater	Groundwater (renewable)
Western Cape Region	0	0	0

Groundwater (non-renewable)	Produced water	Third party sources	Comment
0	0	603	Third party sources is municipal withdrawals.

For each facility referenced in W5.1, provide discharge data by destination.

Facility name	Fresh surface water	Brackish surface water/Seawater	Groundwater	Third party destinations	Comment
Western Cape Region	0	0	0	573	Discharge to municipal sewer

For each facility referenced in W5.1, provide the proportion of your total water use that is recycled or reused, and give the comparison with the previous reporting year.

Facility name	% recycled or reused	Comparison with previous reporting year	Explanation
Western Cape Region	0	This is our first year of measurement	Shoprite have adopted a strategy of reducing water consumption as opposed to recycle/reuse. To this extent, measuring and monitoring of recycled/reused water is not relevant.

For the facilities referenced in W5.1, what proportion of water accounting data has been externally verified?

<b>Water aspect</b>	<b>% verified</b>	<b>What standard and methodology was used?</b>
Water withdrawals – total volumes	Not verified	Not applicable
Water withdrawals – volume by source	Not verified	Not applicable
Water withdrawals – quality	Not verified	Not applicable
Water discharges – total volumes	Not verified	Not applicable
Water discharges – volume by destination	Not verified	Not applicable
Water discharges – volume by treatment method	Not verified	Not applicable
Water discharge quality – quality by standard effluent parameters	Not verified	Not applicable
Water discharge quality – temperature	Not verified	Not applicable
Water consumption – total volume	Not verified	Not applicable
Water recycled/reused	Not verified	Not applicable

## 7 Governance

### 7.1 Water Policy

Does your organisation have a water policy?

Yes, we have a documented water policy but is not publicly available

Select the options that best describe the scope and content of your water policy.

Scope	Content
Company-wide	Description of business dependency on water Description of water-related performance standards for direct operations Company water targets and goals Commitment to align with public policy initiatives, such as SDGs Commitments beyond regulatory compliance Commitment to water-related innovation Acknowledgement of the human right to water and sanitation

Explanation
Shoprite developed a company-wide water strategy document which covers 40 initiative such as: <ol style="list-style-type: none"> <li>1. Limiting irrigation</li> <li>2. Reducing water consumption methods</li> <li>3. Eliminating owned properties' dependency on municipal water supply</li> <li>4. Storing drinking water</li> <li>5. Developing alternative drinking water sources</li> <li>6. Obtaining licences and planning to transport water from alternative drinking water sources</li> <li>7. Monitoring water reduction target deficits</li> </ol>

### 7.2 Board Oversight

Is there board level oversight of water-related issues within your organisation?

Yes

Identify the position(s) of the individual(s) on the board with responsibility for water-related issues.

Position of Individual(s)	Explanation
Chief Financial Officer (CFO)	The Board delegates its oversight duties with respect to environmental and climate-related issues to the Social and Ethics Committee, on which the Chief Financial Officer (CFO) is the highest ranked executive director.

Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanism into which climate-related issues are integrated	Explanation
Scheduled - all meetings	Monitoring implementation and performance <ul style="list-style-type: none"> <li>● Overseeing acquisitions and divestiture</li> <li>● Overseeing major capital expenditures</li> <li>● Providing employee incentives</li> <li>● Reviewing and guiding strategy</li> <li>● Reviewing and guiding corporate responsibility strategy</li> <li>● Reviewing innovation/R&amp;D priorities</li> <li>● Setting performance objectives</li> </ul>	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 each of its biennial meetings. Any relevant and material issues are brought to the attention of the Board by means of the Social and Ethics Committee Chairman Report.

### 7.3 Management Responsibility

Below board level, provide the highest-level management position(s) or committee(s) with responsibility for water-related issues.

Name of the position(s) and/or committee(s)	Responsibility	Reporting Frequency
Chief Operating Officer (COO)	Both assessing and managing climate-related risks and opportunities	More frequently than quarterly

Explanation
The Chief Operating Officer (COO) reports directly to the Chief Executive Officer (CEO), manages, and is responsible for the day-to-day operations of various business functions. The COO is responsible for managing climate-related issues by setting and progressing business plans, plans of action, annual budgets, goals and targets. The COO is also responsible for identifying, assessing and managing climate-related risks and opportunities. Climate-related issues are monitored in monthly feedback meetings with applicable business unit managers and project managers to track progress pertaining to plans, budgets, goals, and targets.

### 7.4 Public policy engagement

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

No

## 8 Business Strategy

### 8.1 Strategy Plan

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

Aspect of Strategic Business Plan	Are water-related issues integrated?	Long-Term Horizon (years)
Long term business objectives	Yes, water-related issues are integrated	5 to 10

Aspect of Strategic Business Plan	Are water-related issues integrated?	Long-Term Horizon (years)
Strategy for achieving long-term objectives	Yes, water-related issues are integrated	5 to 10

Aspect of Strategic Business Plan	Are water-related issues integrated?	Long-Term Horizon (years)
Financial planning	Yes, water-related issues are integrated	5 to 10

### 8.2 CAPEX/OPEX

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?

During the reporting period, Shoprite installed 3 154 water saving devices at Western Cape sites, at a total capital expenditure of ZAR 800 000, reducing annual water consumption by 90 408 000 litres by

1. 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;
2. reducing flush volumes (l/flush) of toilets by retrofitting cistern water stop devices (i.e. flushing stops when the handle is released);
3. 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);
4. restricting unauthorised access to taps on the outside of buildings (e.g. receiving yard) by installing tap locks; and
5. reducing flow rates (l/min) of showers in change rooms by replacing existing standard aerators with water-saving aerators.

Furthermore, Shoprite installed water meters measuring the water consumption of 97 corporate outlets, at a total capital expenditure of ZAR 500 000, to log real time water consumption data at sites, located in municipalities where water restrictions are in effect in order to identify and expedite the resolution of water leaks and excessive use as well as track progress against associated municipal water reduction targets.

Shoprite prioritised the rollout of these water-related initiatives in municipalities located within the Western Cape where the risk of municipal water supply suspension was high and

intend to extend the rollout to the rest of the Western Cape and other provinces.

During the next reporting year, it is anticipated that a total capital expenditure of ZAR 20 500 000 will be spent, which may be divided into

1. ZAR 18 000 000 to eliminate the dependency on municipal water supply of owned properties, where financially feasible, by sinking boreholes, installing borehole infrastructure and equipment, installing water purification plants optimised to meet the drinking water demand of the property and obtaining the applicable borehole registration and licensing;
2. ZAR 1 500 000 to install the water saving devices at corporate outlets in the Western- and Eastern Cape; and
3. ZAR 1 000 000 to install an additional 50 water meters at corporate stores in the Western Cape and 50 water meters at corporate stores in the Eastern Cape.

### **8.3 Scenario analysis**

[Does your organization use climate-related scenario analysis to inform its business strategy?](#)

No, but we anticipate doing so within the next two years

### **8.4 Water pricing**

[Does your company use an internal price on water?](#)

No, but we are currently exploring water valuation practices

## 9 Targets

Why do you not have water target(s) or goal(s) and what are your plans to develop these in the future?

Primary Reason	Explanation
We are planning to introduce a target or goal within the next two years	Shoprite are planning on introducing water targets in the next two years

### 9.1 Linkages and tradeoffs

Has your organization identified any linkages or tradeoffs between water and other environmental issues in its direct operations and/or other parts of its value chain?

No

Why has your organization not identified any linkages or tradeoffs between water and other environmental issues?

Primary Reason	Explanation
Not considered, but we have plans to do so in the next 2 years	Shoprite are still considering the impact of linkages and trade-offs

### 9.2 Verification

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

No, but we are actively considering verifying within the next two years

## 10 Sign Off

CDP requests that companies identify the person that has signed off the CDP response on behalf of the company.

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

Job title	Corresponding job category
Engineering Services Manager	Environment/Sustainability Manager