

SHOPRITE CDP WATER SECURITY RESPONSE

2019

Executive Summary

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 more than 2 738 outlets in 15 countries across Africa, employing over 146 000 people across its operations.

The Western Cape region of South Africa experienced a severe drought from 2015 to 2018, and Shoprite responded to this by improving its water use efficiency and water resilience for its operations in this region. The company continued its efforts in the 2018/2019 reporting period, and it used the experiences and learning gained from this region to consolidate and improve on its overall approach to water management and water stewardship. This is Shoprite's second water programme disclosure and the reporting boundary remains restricted to Western Cape operations. Shoprite's intention is to continue the roll-out of its water programme across all its operations, while applying a risk-based approach.

Shoprite's stores, distribution centres and offices are unable to function effectively without potable water. Water is used for various purposes, including sanitation, washing, cleaning and production to ensure that high levels of hygiene and food safety are maintained. The company embarked on a strategy to reduce water consumption at its stores, distribution centres and offices first, before considering water augmentation.

The water reduction interventions resulted in total water consumption being lower than the previous reporting period by 0.59%, even though there are 3 additional Shoprite stores in the WC region. The water use intensity in kL/m² indicator improved by 8.72% compared to the previous reporting period.

Shoprite's food suppliers are also dependent on access to water for growing and processing agricultural products in order to sustain a regular supply of good quality products. Without water, 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. Shoprite plans to engage with suppliers in the next 1 to 2 years with regards to water use, risks and management thereof, as it adopts a more holistic approach towards water stewardship.

For its direct operations, Shoprite is planning on introducing water targets (related to water use) in the next two years. The company's focus on water-related risks in the Western Cape region has allowed it to gain a better understanding of its water footprint in its direct operations, and in its respective stores and distribution centres. When this is rolled out throughout the company, Shoprite will be in a better position to determine water related targets (quantitative) and goals (qualitative) that are informed by the company's position statements and environmental commitments.

W0. Introduction¹

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. Shoprite operates more than 2 738 outlets in 15 countries across Africa, employing over 146 000 people across its operations.

At the heart of Shoprite's Purpose, is its aspiration to be Africa's most accessible and affordable 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.

The Western Cape region of South Africa experienced a severe drought from 2015 to 2018, and Shoprite responded to this by improving its water use efficiency and water resilience for its operations in this region. The company continued its efforts in the 2018/2019 reporting period, and it used the experiences and learning gained from this region to consolidate and improve on its overall approach to water management and water stewardship.

From 2015 to 2018 the Western Cape region in South Africa experienced a severe drought with water shortages, most notably affecting the City of Cape Town. While dam water levels have been declining since 2015, the Cape Town water crisis peaked during mid-2017 to mid-2018 where water levels hovered between 15 to 30 per cent of total dam capacity. In late-2017, there were first mentions of plans for "Day Zero", a shorthand reference for the day when the water level of the major dams supplying the City fell below 13.5 per cent. "Day Zero" would herald the start of Level 7 water restrictions, where municipal water supplies would largely be switched off and residents would have to queue for their daily ration of water, making the City of Cape Town the first major city in the world to potentially run out of water.

The City of Cape Town implemented significant water restrictions in a bid to curb water usage, and succeeded in reducing its daily water usage by more than half to around 500 million liters per day in March 2018. The fall in water usage, combined with strong rains in June 2018, led dam levels to steadily increase, and for the City to continually postpone its estimate for "Day Zero". In September 2018, with dam levels close to 70 per cent, the city began easing water restrictions, indicating that the worst of the water crisis was over. However, expectations are that this cyclic period of low rainfall will become the norm for this region as an impact from climate change.

¹Numbering corresponds with CDP Water Security questionnaire

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, 2018	June 30, 2019

W0.3

(W0.3) Select the countries/regions for which you will be supplying data.

South Africa

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?

Yes

W0.6a

(W0.6a) Please report the exclusions.

Exclusion	Please explain
<p>The reporting boundary is restricted to only Shoprite's Western Cape operations, therefore all operations outside of the Western Cape are excluded.</p> <p>This represents 261 stores and 8 distribution centres, out of a total of more than 2 738 stores and 30 DCs in the Group.</p>	<p>This is Shoprite's second water programme submission and the reporting boundary remains restricted to Western Cape operations in order to understand the data requirements and process of the CDP water disclosure.</p> <p>The Western Cape was the most severely affected area during the recent drought (2015 - 2018), and Shoprite used this risk as an opportunity to improve its understanding and performance on water use efficiency and water resilience in its affected operations.</p> <p>Shoprite's intention is to continue the roll-out of its water programme across its operations, while applying a risk-based approach.</p>

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 stores (including Checkers Hyper, Checkers, Shoprite, Usave, House & Home, OK Furniture and Power Express brands) , distribution centres (Shoprite Bolt-, OK Furniture-, Checkers Food Services-, House & Home Epping-, Shoprite Grenville-, Shoprite Epping-, Shoprite Brackenfell- and Shoprite Cilmor Distribution Centre) and offices (Home Office, Ranch and Andrag) are unable to function effectively without potable water. Water is used for various purposes, including sanitation, washing, cleaning and production to ensure that high levels of hygiene and food safety are maintained. The number of Shoprite stores, distribution centres and offices in the Western Cape are 261, 8 and 3 respectively; and the water use distribution is 85%, 12% and 3% of the total water used in the region.</p> <p>Indirect use: Shoprite's food suppliers are dependent on access to water for growing and processing agricultural products in order to sustain a regular supply of good quality products. Without water, 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. For example, cabbage and lettuce was sourced primarily in the Eastern Cape region, but now Shoprite sources from Gauteng as well.</p>
Sufficient amounts of recycled, brackish and/or produced water available for use	Not very important	Important	<p>Currently Shoprite does not use any recycled, brackish and/or produced water. Shoprite stores, distribution centres and offices utilise municipal water. However, Shoprite is installing boreholes and water treatment plants to become zero municipal water intake stores in order to reduce the risk associated with municipal water supply interruptions. Constantia, Gordon's Bay, Plettenberg Bay and Sun Valley stores will have water treatment plants in 2019.</p> <p>Furthermore, utilising recycled water is becoming increasingly more important for Shoprite's food suppliers in water restricted areas, due to limited water available as a result of the drought.</p>

W1.2

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

	% of sites / facilities / operations	Please explain
Water withdrawals – total volumes	100%	<p>All Shoprite’s facilities (stores, distribution centres, shopping centres and offices) in the Western Cape region receive water from third party suppliers (i.e. local municipalities).</p> <p>All facilities have water monitoring devices from the municipalities, with 46 of the highest water using facilities having remotely accessible water meters.</p> <p>The municipal water meters are monitored monthly via utility bills while the remotely accessible water meters are monitored daily via online water monitoring software.</p> <p>This enables 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 any potential municipal water restrictions imposed.</p> <p>Water is used for ablutions, cleaning and washing the facilities, food production (at stores only) and garden irrigation.</p>
Water withdrawals – volumes from water stressed areas	100%	<p>According to the WWF Water Risk Filter, the Western Cape region is characterised as a moderate to very high risk area in terms of the World Resources Institute’s Baseline Water Stress risk indicator. (http://waterriskfilter.panda.org/en/Explore/Map)</p> <p>During the 2015-2018 drought in the Western Cape, the region was deemed to be acutely water stressed.</p> <p>The municipal water meters are monitored monthly via utility bills while the remotely accessible water meters are monitored daily via online water monitoring software.</p>
Water withdrawals – volumes by source	100%	<p>All Shoprite’s stores, distribution centres, shopping centres and offices in the Western Cape region receive water from third party suppliers (i.e. local municipalities).</p> <p>All facilities have water monitoring devices from the municipalities, with 46 of the highest water using facilities having remotely accessible water meters.</p> <p>The municipal water meters are monitored monthly via utility bills while the remotely accessible water meters are monitored daily via online water monitoring software.</p>
Water withdrawals quality	Not relevant	<p>All Shoprite’s stores, distribution centres, shopping centres and offices in the Western Cape region 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 prescribed by legislation (Water Services Act).</p>
Water discharges – total volumes	100%	<p>All Shoprite’s stores, distribution centres, shopping centres and offices in the Western Cape region receive water from third party suppliers (i.e. local municipalities) and these facilities discharge their effluent to these same municipalities.</p>

		<p>All water withdrawals are monitored by municipalities, and the municipalities estimate the water discharges - total volume in order to apply a sanitation cost. The discharges are estimated at 95% of water withdrawals by municipalities. This is included in the monthly municipal bills per facility.</p> <p>Wastewater is generated from cleaning and washing the facilities and equipment.</p> <p>Discharge volumes are measured monthly via utility bills.</p>
Water discharges – volumes by destination	100%	<p>All Shoprite’s stores, distribution centres, shopping centres and offices in the Western Cape region receive water from third party suppliers (i.e. local municipalities) and these facilities discharge their effluent to these same municipalities for treatment at the municipal wastewater treatment facilities.</p> <p>Discharge volumes are measured monthly via utility bills.</p>
Water discharges – volumes by treatment method	100%	<p>All Shoprite’s stores, distribution centres, shopping centres and offices in the Western Cape region discharge their effluent 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>
Water discharge quality – by standard effluent parameters	100%	<p>All Shoprite’s stores, distribution centres, shopping centres and offices in the Western Cape region discharge their effluent to municipal wastewater treatment facilities. Wastewater is generated from cleaning and washing the facilities and equipment.</p> <p>The municipalities monitor the wastewater quality based on certain indicators (e.g. COD, TSS, fats and oils), and these are used to determine the effluent treatment costs based on a tariff structure.</p>
Water discharge quality – temperature	Not relevant	<p>All Shoprite’s stores, distribution centres, shopping centres and offices in the Western Cape region discharge their effluent to municipal wastewater treatment facilities. The municipalities monitor the wastewater quality based on certain indicators to determine the effluent costs, 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%	<p>All Shoprite’s stores, distribution centres, shopping centres and offices in the Western Cape region receive water from third party suppliers (i.e. local municipalities) and these facilities discharge their effluent to these same municipalities.</p> <p>Effluent 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 via utility bills.</p> <p>At the Shoprite facilities, water is consumed by people, by food production in stores and for garden irrigation.</p>

Water recycled/reused	Not relevant	This Aspect is not relevant because due to hygiene requirements for food preparation and production, recycled or reused water cannot be used at the stores due to the risk of contamination.
The provision of fully-functioning , safely managed WASH services to all workers	100%	All staff and contractors working at all Shoprite facilities in the Western Cape have access to fully-functioning, safely managed WASH services.

W1.2b

(W1.2b) 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?

	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Total withdrawals	600	Lower	<p>Lower than the previous reporting period by 0.59% even though there are 3 additional Shoprite facilities (stores) in the WC region.</p> <p>Also, water use intensity in kL/m² indicator has improved by 8.72% compared to the previous reporting period which is due to the installation of water saving devices and greater staff awareness on water conservation.</p> <p>Data was sourced from municipal bills and own water meters.</p>
Total discharges	570	Lower	<p>Lower than the previous reporting period by 0.59% even though there are 3 additional Shoprite facilities (stores) in the WC region. This is due to the installation of water saving devices and greater staff awareness on water conservation.</p> <p>Data estimated based on municipal by-laws and tariff structure. Discharge = 0.95 x Withdrawal.</p>
Total consumption	30	Lower	<p>Lower than the previous reporting period by 0.59% even though there are 3 additional Shoprite facilities (stores) in the WC region.</p> <p>Figure is based on a company-wide calculation, withdrawals minus discharges.</p> <p>Water is consumed by people, by food production in stores and for garden irrigation.</p>

W1.2d

(W1.2d) Provide the proportion of your total withdrawals sourced from water stressed areas.

	% withdrawn from stressed areas	Comparison with previous reporting year	Identification tool	Please explain
Row 1	100	About the same	WWF Water Risk Filter	<p>Shoprite's disclosure boundary comprises of its Western Cape operations, According to the WWF Water Risk Filter, the Western Cape region is characterised as a moderate to very high risk area in terms of the World Resources Institute's Baseline Water Stress risk indicator. The WWF Water Risk Filter uses South Africa specific map and information, which makes it relevant and appropriate for this application.</p> <p>http://waterriskfilter.panda.org/en/Explore/Map</p> <p>During the 2015-2018 drought in the Western Cape, the region was deemed to be acutely water stressed.</p>

W1.2h

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

	Relevance	Volume (megaliters /year)	Comparison with previous reporting year	Please explain
Fresh surface water, including rainwater, water from wetlands, rivers, and lakes	Not relevant			Zero water intake from fresh surface water, including rainwater, water from wetlands, rivers and lakes, and this is unlikely to change next year.
Brackish surface water/Seawater	Not relevant			<p>Zero water intake from brackish surface water. Due to the 2015-2018 drought in the Western Cape three desalinations plants have been built and commissioned by the municipality.</p> <p>These desalination plants currently feed the Strandfontein, V&A Waterfront and Monwabisi areas which are areas where there are no Shoprite facilities.</p> <p>There are plans to build additional desalination plants in the future by the municipality, which would result in a portion of the water supplied to Shoprite's facilities, from the City of Cape Town municipality, being extracted from seawater.</p>

Groundwater – renewable	Not relevant			<p>Shoprite do not withdraw renewable groundwater, but in order to reduce our reliance on municipal water supply, are investigating the installation of boreholes at our owned Properties for non-potable use (e.g. irrigation, ablution facilities, etc.).</p> <p>This would result in a portion of Shoprite's water usage to be from renewable groundwater in future.</p>
Groundwater – non-renewable	Not relevant			<p>Shoprite do not withdraw non-renewable groundwater and do not anticipate in utilising non-renewable groundwater in future.</p>
Produced/Entrained water	Not relevant			<p>Shoprite do not withdraw produced water.</p>
Third party sources	Relevant	600	Lower	<p>All Shoprite facilities (stores, distribution centres, shopping centres and offices) receive water from municipalities in the Western Cape Region.</p> <p>Lower than the previous reporting period by 0.59% even though there are 3 additional Shoprite facilities (stores) in the Western Cape region.</p> <p>Also, water use intensity in kL/m² indicator has improved by 8.72% compared to the previous reporting period.</p> <p>Data sourced from municipal bills and own water meters.</p>

W1.2i

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

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water	Not relevant			Shoprite do not discharge to fresh surface water and this will not change in the future.
Brackish surface water/seawater	Not relevant			Shoprite do not discharge to brackish surface water and this will not change in the future.
Groundwater	Not relevant			Shoprite do not discharge to groundwater and this will not change in the future.

Third-party destinations	Relevant	570	Lower	Lower than the previous reporting period by 0.52% even though there are 3 additional Shoprite facilities (stores) in the WC region. Data estimated based on municipal by-laws and tariff structure. Discharge = 0.95 x Withdrawal.
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W1.4

(W1.4) Do you engage with your value chain on water-related issues?

Yes, our suppliers

W1.4a

(W1.4a) What proportion of suppliers do you request to report on their water use, risks and/or management information and what proportion of your procurement spend does this represent?

% of suppliers by number

None currently, but we plan to request this within the next two years

Rationale for this coverage

Shoprite is reviewing its approach of engaging with suppliers on water-related matters, including fresh produce suppliers located in the Western Cape region.

Where there has been a risk of supply interruption, Shoprite has looked to diversify its supplier base.

Over the next 2 years, Shoprite plans to map all of its current fresh produce suppliers in the Western Cape to identify suppliers with the highest water security risk, so that appropriate mitigation can be applied.

Comment

Shoprite plans to engage with suppliers in the next 1 to 2 years with regards to water use, risks and management thereof, as it adopts a more holistic approach towards water stewardship.

W1.4b

(W1.4b) Provide details of any other water-related supplier engagement activity.

Type of engagement

Innovation & collaboration

Details of engagement

Encourage/incentivize suppliers to work collaboratively with other users in their river basins

% of suppliers by number

1-25

% of total procurement spend

1-25

Rationale for the coverage of your engagement

During the drought in Western Cape, Shoprite partnered and collaborated with its suppliers by taking collective action to assist schools in the Western Cape region with the installation of water meters and monitoring to identify leaks and save water and money, thereby supporting a transition to a water secure future in the region.

Together with its suppliers, Shoprite provided innovative solutions through its . Smart Water Meter Challenge in 299 Cape Town schools.

Impact of the engagement and measures of success

Shoprite's Smart Water Meter Challenge was initiated in 299 Cape Town schools to help them save water and money by measuring and reporting on water use in real time via an online dashboard. This enabled the schools to instil waterwise practices, identify leaks and replace plumbing where necessary. The initiative enables schools to continue with their waterwise practices.

Comment

Encourage/incentivize suppliers to work collaboratively with other users in their river basins through the Smart Water Meter Challenge in 299 Cape Town schools.

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?

No

W3. Procedures

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.

Direct operations

Coverage

Full

Risk assessment procedure

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

Frequency of assessment

Six-monthly or more frequently

How far into the future are risks considered?

1 to 3 years

Type of tools and methods used

Enterprise Risk Management

Tools and methods used

COSO Enterprise Risk Management Framework

Comment

Stores, distribution centres and offices are unable to function without water. Potable water is required for sanitation, hygiene and, where applicable, production. As a result, Shoprite has developed a business continuity plan on how relevant departments (i.e. Properties, HR, Public Relations, Finance, Foods, Non-Foods, Marketing, etc.) and/or divisions (i.e. Western Cape Shoprite & Checker, etc.) need to function in drought affected areas.

For example, Shoprite installed water storage tanks and water booster pumps at drought-affected stores to mitigate the risk of municipal water supply suspension. Water storage tanks and booster pumps were installed in regions where the highest level of water restrictions were in effect (i.e. highest risk of water suspension) and installation priority were given to stores with the highest water suspension risk. These water-storage tanks can be filled with treated borehole water or potable water transported from outside drought-affected areas.

Supply chain

Coverage

None

Comment

Shoprite is reviewing its approach of engaging with suppliers on water-related matters, including fresh produce suppliers located in the Western Cape region.

Over the next 2 years, Shoprite plans to map all of its current fresh produce suppliers in the Western Cape to identify suppliers with the highest water security risk, so that appropriate mitigation can be applied.

Where a risk of supply interruption has already been identified, Shoprite has looked to diversify its supplier base.

Other stages of the value chain

Coverage

Full

Risk assessment procedure

Water risks are assessed as a standalone issue

Frequency of assessment

Not defined

How far into the future are risks considered?

1 to 3 years

Type of tools and methods used

Enterprise Risk Management

Tools and methods used

COSO Enterprise Risk Management Framework

Comment

Shoprite's Water Crisis Plan takes into account risks that staff will face during water disruptions or restrictions, and the support that Shoprite will provide (e.g. 25l per staff daily ration at designated water collection points).

W3.3b

(W3.3b) Which of the following contextual issues are considered in your organization's water-related risk assessments?

	Relevance & Inclusion	Please explain
Water availability at a basin/catchment level	Relevant, always included	<p>Shoprite acknowledges that its operations in the Western Cape region are in a water stressed region, where water availability at a catchment level (Berg-Olifants) is not guaranteed.</p> <p>Therefore the company has embarked on a strategy to reduce water consumption at its stores, distribution centres, shopping centres and offices first, before considering water augmentation.</p> <ul style="list-style-type: none"> → Water reduction plans include: <ul style="list-style-type: none"> 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). → reducing flow rates (l/min) of showers in change rooms by replacing existing standard aerators with water-saving aerators. <p>Water augmentation plans included:</p> <ul style="list-style-type: none"> → installing water tanks at facilities → transporting water from other sources → drilling boreholes (with necessary treatment and storage).
Water quality at a basin/catchment level	Relevant, always included	<p>Shoprite requires potable water quality at its stores, distribution centres, shopping centres and offices for its operations (cleaning and washing the facilities, food production, hygiene and sanitation).</p> <p>While water quality from municipalities is not an issue in the Western Cape region, it is emerging as an issue in other parts of the country therefore it is relevant and is included.</p>
Stakeholder conflicts concerning water resources at a basin/catchment level	Relevant, always included	<p>Key stakeholders for Shoprite at a catchment level includes municipal water service authorities and customers since it shares water resources with them.</p> <p>Excessive water consumption during a drought period can result in the municipality restricting water flow. Therefore implementing the water reduction plans is important.</p> <p>Customers are receiving the same water as Shoprite's facilities, therefore the company has to be seen as a responsible water user. The company offers customers with products such as water saving devices, bottled water, water efficient appliances and medication for water borne diseases.</p>
Implications of water on your key commodities/raw materials	Relevant, sometimes included	<p>Shoprite's ERM risk universe includes weather and climate change as a key risk, and its impact on supplying all fresh produce, specifically in the Western Cape region. While the company has opted to diversify supply to mitigate this risk, it will do further work (risk assessment) on key fresh produce lines to understand sourcing regions and water risks therein.</p>

Water-related regulatory frameworks	Relevant, always included	<p>Water related regulatory frameworks are always considered in water risk assessments. Shoprite is registered to a regulatory update service to remain abreast of new and development legislation.</p> <p>Shoprite consider municipalities deviations (in terms of potable water quality) from the Water Services Act as a risk to the organisation.</p> <p>Shoprite has also reviewed and commented on the City of Cape Town's Resilience plans, which covers risks of flooding and water restrictions.</p>
Status of ecosystems and habitats	Not relevant, explanation provided	All Shoprite stores, distribution centres, shopping centres and offices utilise municipal water therefore Shoprite does not directly extract water from the environment, hence the company does not consider the status of ecosystems and habitats in its risk assessment.
Access to fully-functioning, safely managed WASH services for all employees	Relevant, always included	<p>Access to fully-functioning, safely managed WASH services for all employees is always included in risk assessments.</p> <p>During water restrictions, Shoprite's Water Crisis Plan includes the sourcing of back-up ablution facilities for its stores, distribution centres, shopping centres and offices.</p>
Other contextual issues, please specify	Not considered	Other contextual issues not considered

W3.3c

(W3.3c) Which of the following stakeholders are considered in your organization's water-related risk assessments?

	Relevance & inclusion	Please explain
Customers	Relevant, always included	<p>Customers are receiving the same water as Shoprite's facilities, therefore the company has to be seen as a responsible water user. The company offers customers with products such as water saving devices, bottled water, water efficient appliances and medication for water borne diseases.</p> <ul style="list-style-type: none"> → Furthermore, the water-related risk assessment includes the need to communicate with customers about: <ul style="list-style-type: none"> water saving initiatives in stores tips to save water at homes availability of water saving devices sold at stores
Employees	Relevant, always included	Employees are receiving the same water as Shoprite's facilities, however the company has included plans in its risk assessment for employees to receive water from its facilities (25l/day) in the event of municipalities suspending water supply services.
Investors	Relevant, sometimes included	<p>Investor concerns, specifically in relation to the water crisis' impact on Shoprite's operations in the Western Cape, are considered in risk assessments.</p> <p>Shoprite shared its water saving initiatives and water risk mitigation measures with investors in its Integrated Report for the last reporting period.</p>

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	Relevant, always included	Shoprite actively engages with NGOs based in local communities through its CSI initiatives. The company has supported the creation of food gardens in local communities to address issues of food security. The company has also trained the NGO staff on water saving tips to prevent wastage.
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. The company has also reviewed and commented on the City of Cape Town's Resilience plans, which covers risks of flooding and water restrictions in the city. Shoprite will continue engaging with the local municipalities.
River basin management authorities	Not considered	While river basin management authorities are not currently considered in water risk assessments, they will be considered in the future for work that Shoprite commissions on key fresh produce lines to understand sourcing regions and water risks therein.
Statutory special interest groups at a local level	Not considered	While statutory special interest groups at a local level are not considered in water risk assessments, they will be considered in the future. The Western Cape provincial government will be engaged on their strategies and plans for water risk mitigation and adaptation.
Suppliers	Relevant, always included	Shoprite's ERM risk universe includes weather and climate change as a key risk, and its impact on supplying fresh produce, specifically in the Western Cape region. While the company has opted to diversify supply to mitigate this risk, it will do further work on key fresh produce lines to understand sourcing regions and water risks therein. 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	All Shoprite facilities in the Western Cape utilise municipal water and the Water Services Act states that municipalities are required to provide water of potable standard. Shoprite consider municipalities deviations (with regards to water quality and water supply) from the Water Services Act as a risk to the organisation.
Other stakeholder, please specify	Not considered	Other stakeholders not considered

W3.3d

(W3.3d) 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.

At Shoprite, risks are first identified through the company's Enterprise Risk Management Framework, facilitated by the company's Risk & Compliance Manager at the organisation's Risk Forum meetings (every two months) and linked to the company's strategic priorities. These risks are considered for the entire company, through top-down and bottom-up approaches. These risks are presented and discussed at the Audit & Risk Committee of the Board (every three 4 months), and then finally presented to the full Board. The company executives are then tasked to complete more detailed risk assessments and to develop the company's policy, strategy and action plans to manage and mitigate the risks. Actions are implemented in the business units, and the evaluation of effectiveness and compliance is through internal and external auditors. Audit reports are shared at the Audit & Risk Committee of the Board and the full Board.

Shoprite's Risk Universe, as determined through the company's ERM, identified the following two water-related risks:

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.
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.

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, only within our direct operations

W4.1a

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

Shoprite defines a substantive financial or strategic impact in its direct operations through the following:

1. Financial (>R250 million Sales)
2. Operations (disruption to normal operations with a limited effect on achievement of business unit strategy and objectives)
3. Reputational threat (Concerted attention from media and/or heightened community concern)
4. Legal and Regulatory (Serious breach of regulations with report to authority)
5. People (Single major injury / disabling reportable / fatality)
6. Environment (Short-term impairment if local ecosystem functions)
7. Social & Community (On-going social issues)

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	272	100	Shoprite has 272 facilities in the Western Cape region, of which all are exposed to water-related risks with the potential to have a substantive financial or strategic impact.

W4.1c

(W4.1c) 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/Region

South Africa

River basin

Berg-Olifants

Number of facilities exposed to water risk

272

% company-wide facilities this represents

100%

% company's total global revenue that could be affected

1-25

Comment

Shoprite has 272 facilities in the Western Cape region, of which all are exposed to water-related risks. These facilities represent <25% of the Group's global revenue. % of Company's total global revenue that could be affected has not been calculated.

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/Region

South Africa

River basin

Berg-Olifants

Type of risk

Physical

Primary risk driver

Rationing of municipal water supply

Primary potential impact

Increased operating costs

Company-specific description

During the 2015-2018 drought in the Western Cape, municipalities implemented water restrictions, and all Shoprite's facilities had to reduce water consumption by more than 50%. Since improving water efficiencies alone will not realise the expected water use reduction, there is a need to augment supply, and this will add additional operating costs to the business from transporting or pumping water.

Timeframe

1 - 3 years

Magnitude of potential impact

Medium

Likelihood

Likely

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)**Potential financial impact figure - minimum (currency)****Potential financial impact figure - maximum (currency)****Explanation of financial impact**

Financial impact has not been quantified.

Primary response to risk

Adopt water efficiency, water reuse, recycling and conservation practices

Water conservation audit and retrofit

Description of response

Water conservation audit and retrofit project where 183 sites were fitted with water saving devices in 2017-2018. Water use efficiency (kL/m²) improved by 5.83%.

This, and other collective efforts, assisted the municipalities in extending the date of zero water supply.

Cost of response

755,505

Explanation of cost of response

An audit was performed at 183 severely drought-affected facilities, whereby the following water saving devices were 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.

W4.2c

(W4.2c) 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
Row 1	Evaluation in progress	<p>Shoprite acknowledges and recognizes that there are water related risks in its value chain, particularly fresh produce suppliers in the Western Cape region.</p> <p>Currently the approach has been to diversify supply of products, however the company plans to get a better understanding of the supplier water risks.</p> <p>The company plans to map the company’s facilities and key suppliers over water-stressed catchments to determine the hot-spots for short-, medium- and long-term actions.</p> <p>This is Shoprite’s second 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.</p>

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

Shoprite improved water efficiency in Western Cape operations by

- 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.

Estimated timeframe for realization

Current - up to 1 year

Magnitude of potential financial impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

5,300,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact

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.

The potential financial impact is calculated by determining 19% of the consumed 600 ML which equals 114 ML. The current price of water is R25.06 per kL and R22.51 per kL for sanitation, which is charged at 95% of water consumption. Therefore the potential financial impact is R2.9 million for water and R2.4 million for sanitation.

Type of opportunity

Resilience

Primary water-related opportunity

Resilience to future regulatory changes

Company-specific description & strategy to realize opportunity

The company has also reviewed and commented on the City of Cape Town's Resilience plans, which covers risks of flooding and water restrictions in the city. Shoprite will continue engaging with the local municipalities in order to strengthen catchment relationships in order to realise a collection action opportunity.

Estimated timeframe for realization

1 to 3 years

Magnitude of potential financial impact

Low-medium

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact

The financial impact from improving Shoprite's resilience to water restrictions is currently not known.

W5. Facility-level water accounting

W5.1

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

Facility reference number

Facility 1

Facility name (optional)

Western Cape Region.

Country/Region

South Africa

River basin

Berg-Olifants

Latitude

-33.9

Longitude

18.68

Total water withdrawals at this facility (megaliters/year)

600

Comparison of withdrawals with previous reporting year

Lower

Total water discharges at this facility (megaliters/year)

570

Comparison of discharges with previous reporting year

Lower

Total water consumption at this facility (megaliters/year)

30

Comparison of consumption with previous reporting year

Lower

Please explain

Water data is included for all Shoprite's 272 facilities in the Western Cape region.

Total water withdrawals are marginally lower than the previous reporting period by 0.56% even though there are 3 additional Shoprite facilities (stores) in the WC region. Also, water withdrawal intensity in kL/m² indicator has improved by 8.72% compared to the previous reporting period.

Water withdrawal data sourced from municipal bills and own water meters.

Water discharge data is estimated as 95% of withdrawals.

Water consumption is calculated as the difference between withdrawals and discharge.

Water is consumed by people, by food production in stores and for garden irrigation.

W5.1a

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

Facility reference number

Facility 1

Facility name

Western Cape Region

Fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Brackish surface water/seawater

0

Groundwater - renewable

0

Groundwater - non-renewable

0

Produced/Entrained water

0

Third party sources

600

Comment

Third party sources (i.e. municipality).

W5.1b

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

Facility reference number

Facility 1

Facility name

Western Cape Region

Fresh surface water

0

Brackish surface water/Seawater

0

Groundwater

0

Third party destinations

570

Comment

Discharge to municipal sewer.

W5.1c

(W5.1c) 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 reference number

Facility 1

Facility name

Western Cape Region

% recycled or reused

None

Comparison with previous reporting year

About the same

Please explain

Shoprite have adopted a strategy of reducing water consumption as opposed to recycling or reusing water. This is due to hygiene requirements for food preparation and production in the stores.

To this extent, measuring and monitoring of recycled/reused water is not relevant.

W5.1d

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

Water withdrawals – total volumes

% verified

Not verified

What standard and methodology was used?

Shoprite will review the option to externally verify its water accounting data in the next 1 to 2 years.

Water withdrawals – volume by source

% verified

Not verified

What standard and methodology was used?

Shoprite will review the option to externally verify its water accounting data in the next 1 to 2 years.

Water withdrawals – quality

% verified

Not verified

What standard and methodology was used?

Shoprite will review the option to externally verify its water accounting data in the next 1 to 2 years.

Water discharges – total volumes

% verified

Not verified

What standard and methodology was used?

Shoprite will review the option to externally verify its water accounting data in the next 1 to 2 years.

Water discharges – volume by destination

% verified

Not verified

What standard and methodology was used?

Shoprite will review the option to externally verify its water accounting data in the next 1 to 2 years.

Water discharges – volume by treatment method

% verified

Not verified

What standard and methodology was used?

Shoprite will review the option to externally verify its water accounting data in the next 1 to 2 years.

Water discharge quality – quality by standard effluent parameters

% verified

Not verified

What standard and methodology was used?

Shoprite will review the option to externally verify its water accounting data in the next 1 to 2 years.

Water discharge quality – temperature

% verified

Not verified

What standard and methodology was used?

Shoprite will review the option to externally verify its water accounting data in the next 1 to 2 years.

Water consumption – total volume

% verified

Not verified

What standard and methodology was used?

Shoprite will review the option to externally verify its water accounting data in the next 1 to 2 years.

Water recycled/reused

% verified

Not verified

What standard and methodology was used?

Shoprite will review the option to externally verify its water accounting data in the next 1 to 2 years.

W6. Governance

W6.1

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

Yes, we have a documented water policy, but it is not 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 business dependency on water</p> <p>Description of water-related performance standards for direct operations</p> <p>Company water targets and goals</p> <p>Commitment to align with public policy initiatives, such as the SDGs</p> <p>Commitment to water-related innovation</p> <p>Commitment to stakeholder awareness and education</p> <p>Commitment to water stewardship and/or collective action</p> <p>Acknowledgement of the human right to water and sanitation</p>	<p>Shoprite developed a company-wide water strategy document, due to South Africa being a water scarce country with large and unpredictable variations in rainfall. The company-wide water strategy document covers 40 initiatives such as:</p> <ol style="list-style-type: none"> 1. Description of business dependency on water <ol style="list-style-type: none"> a. Augmenting water supply b. Internal and external communications c. Develop sustainable alternative drinking water sources 2. Description of water-related performance standards for direct operations <ol style="list-style-type: none"> a. Monitor water reduction targets b. Internal and external communications 3. Company water targets and goals <ol style="list-style-type: none"> a. Reducing water consumption b. Monitor water reduction targets 4. Commitment to align with public policy initiatives, such as SDGs <ol style="list-style-type: none"> a. Supporting local communities and NGOs b. Internal and external communications 5. Commitment to water-related innovation <ol style="list-style-type: none"> a. Reducing water consumption by installing water saving devices ,etc. b. Eliminate Properties' dependency on municipal drinking water supply 6. Commitment to stakeholder awareness and education <ol style="list-style-type: none"> a. Internal and external communications <ol style="list-style-type: none"> i. Monitor water reduction target deficits ii. Communicate achievements and plans 7. Commitment to water stewardship and/or collective action <ol style="list-style-type: none"> a. Reducing water consumption by installing water saving devices, etc. b. Develop sustainable alternative drinking water sources

			8. Acknowledgement of the human right to water and sanitation <ul style="list-style-type: none"> a. Provide free alternative drinking water to staff b. Provide alternative ablution facilities due to no water availability c. Supporting customers
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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	Please explain
Director on board	Non-executive director is the Chairman of the Social and Ethics Committee. This committee has oversight on water-related issues/risks.
Chief Financial Officer (CFO)	Chief Financial Officer (CFO) is the highest ranked executive director on the Social and Ethics Committee of the Board that has oversight on all environmental issues, including water-related risks.
Director on board	The third member of the Social and Ethics Committee is a non-executive director.
Board-level committee	<p>The Audit & Risk Committee of the Board has oversight over all material risks in the company including the following two water-related risks:</p> <ul style="list-style-type: none"> → 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. → 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.

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	<ul style="list-style-type: none"> Monitoring implementation and performance Reviewing and guiding business plans Reviewing and guiding risk management policies Reviewing and guiding corporate responsibility strategy Setting performance objectives 	<p>Water-related risks are presented to the Social & Ethics committee by the Group Sustainability Manager, along with the strategy and implementation plans for the management and mitigation of these risks across the organisation. At the last SEC meeting of the reporting period, the Position Statement of Food Waste and Losses and the implementation plan was shared. This remains a key issue for Shoprite, including the embedded water in the food that is wasted throughout the Shoprite value chain.</p> <p>The SEC meets 3 times per year.</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

Chief Business Officer

Responsibility

Both assessing and managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

More frequently than quarterly

Please explain

The Chief Executive Officer (CEO) has tasked the Chief Business Officer (CBO), who is a C-Suite Officer, with the overall management of environmental sustainability, including water-related risks. The CBO hired a Group Sustainability Manager in Feb 2019 to identify, assess and manage water-related risks and opportunities.

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

Environment/Sustainability manager

Responsibility

Both assessing and managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

More frequently than quarterly

Please explain

The Group Sustainability Manager is tasked with the development, implementation and monitoring of an overarching sustainable strategy and action plan to support the business growth plan and provide brand protection and position sustainability at the heart of the business in alignment with the business strategy. The sustainability strategy is focused on climate change, water scarcity, deepening poverty and social tension, food waste and sustainable packaging.

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

Public affairs manager

Responsibility

Managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

More frequently than quarterly

Please explain

The Corporate Communications and Public Affairs Manager reports into the Chief Executive Officer (CEO). This role is tasked with managing public, customer, regulator and investor perceptions about Shoprite's environmental aspects, including water-related risks and opportunities.

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?

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 and affordable retailer, is at the core of the sustainability framework. The sustainability framework puts forward a number of position statements (e.g. Food waste and Sustainable Packaging) which define the company's position and response to key material issues like food waste and sustainable packaging are developed and shared with the Board. These statements become the basis for engagement with any external parties.

A recent engagement with the City of Cape was to review and comment on their resilience strategy, dealing with water-related risks (including drought and flooding), social development and waste management amongst others.

Recent engagements with an industry body (CGCSA) related to food waste and losses was based on the company's position statement on the same issue. The position statement details a review of food waste across the company's value chain with the intention to prevent losses as well as the embedded water in food.

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)

 Shoprite_Holdings_2018_Sustainability_Report_FINAL.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
Long-term business objectives	Yes, water-related issues are integrated	5-10	<p>At the heart of Shoprite's Purpose, is its aspiration to be Africa's most accessible and affordable retailer, by being relentless in its efforts to keep its business efficient, and sustain its price leadership.</p> <p>Due to the drought and water restrictions in the Western Cape region, the stores have introduced 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>The stores will continue to range products that consumers can use in a water constrained environment.</p> <p>For fresh produce sourced in the Western Cape region, the company has diversified its supplier base to mitigate the risk of lack of supply.</p>
Strategy for achieving long-term objectives	No, water-related issues were reviewed but not considered as strategically relevant/significant	5-10	<p>While the company has focussed on mitigating its water-risk in its direct operations and some fresh produce suppliers in the Western Cape, there remains a need for a more detailed water-related risk assessment, considering the risks to suppliers and other value chain stakeholders in the next 18 months. The focus will remain in the Western Cape region before being rolled out to the rest of the company's operations in the next 5-10 years. The risk assessment will map the company's facilities and key suppliers over water-stressed catchments to determine the hot-spots for short-, medium- and long-term actions.</p>
Financial planning	Yes, water-related issues are integrated	5-10	<p>For new or refurbished company owned stores, the CAPEX spend includes water saving devices and water augmentation installations (e.g. boreholes, water tanks, water treatment and rainwater harvesting).</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?

Water-related CAPEX (+/- % change)

-95

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

95

Water-related OPEX (+/- % change)

2

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

10

Please explain

The reduction in CAPEX for the current reporting period is due to no new water saving devices being installed. Shoprite used this reporting year to consolidate its learning from the water saving devices installed in the Western Cape before rolling out the initiative further.

CAPEX is expected to increase significantly due to the installation of boreholes and water treatment plants at selected stores.

The increase in OPEX is related to the on-line water meters installed. A licence fee is payable monthly per meter for on-line reading.

The anticipated increase in OPEX is due to increased water treatment costs and the electricity costs for pumping water.

W7.3

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

	Use of climate-related scenario analysis	Comment
Row 1	No, but we anticipate doing so within the next two years	Shoprite anticipate using scenario analysis to inform its business strategy in the next two years.

W7.4

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

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.

W8. Targets

W8.1

(W8.1) Describe your approach to setting and monitoring water-related targets and/or goals.

	Levels for targets and/or goals
Row 1	Our company sets no targets or goals

W8.1c

(W8.1c) Why do you not have water target(s) or goal(s) and what are your plans to develop these in the future?

	Primary reason	Please explain
Row 1	We are planning to introduce a target or goal within the next two years	<p>Shoprite are planning on introducing water targets (related to water use) in the next two years.</p> <p>The company's focus on water-related risks in the Western Cape region has allowed it to gain a better understanding of its water footprint in its direct operations, and in its respective stores and distribution centres. When this is rolled out throughout the company, Shoprite will be in a better position to determine water related targets (quantitative) and goals (qualitative) that are informed by the company's position statement and environmental commitments.</p> <p>This is planned over the next two years.</p>

W9. Linkages and trade-offs

W9.1

(W9.1) 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?

Yes

W9.1a

(W9.1a) Describe the linkages or tradeoffs and the related management policy or action.

Linkage or tradeoff

Linkage

Type of linkage/tradeoff

Other, please specify

Increased water availability

Description of linkage/tradeoff

The improved water efficiency and reduced water withdrawal at Shoprite's facilities at a local municipality level makes more water available to local communities and reduces the risks of water restrictions.

Policy or action

Shoprite will continue with its water efficiency and water augmentation initiatives over the next few years in the Western Cape and beyond.

Shoprite are still considering the impact of linkages and trade-offs.

Linkage or tradeoff

Tradeoff

Type of linkage/tradeoff

Increased energy use

Description of linkage/tradeoff

Energy consumption is expected to increase in the form of higher electricity consumption due to the operation of installed boreholes and water treatment plants at selected stores.

Policy or action

Shoprite has secured the installation of PV solar plants at some of its facilities so that it can off-set electricity generated from fossil fuels with renewable energy. The PV solar installations will be done at the same facilities that are installing boreholes and water treatment plants.

W10. Verification

W10.1

(W10.1) 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

W11. Sign off

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	Group Sustainability Manager	Chief Sustainability Officer (CSO)

W11.2

(W11.2) Please indicate whether your organization agrees for CDP to transfer your publicly disclosed data on your impact and risk response strategies to the CEO Water Mandate's Water Action Hub [applies only to W2.1a (response to impacts), W4.2 and W4.2a (response to risks)].

Yes

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	Public or Non-Public Submission	I am submitting to
I am submitting my response	Public	Investors