

SHOPRITE CDP CLIMATE CHANGE RESPONSE

2020

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 2 467 outlets in 15 countries across Africa, employing over 141 000 people across its operations.

Shoprite's absolute emissions are 2 569 711 tonnes of CO₂e of which 23% account for Scope 1 emissions and 77% for Scope 2 emissions. This is higher than the previous reporting period as this represents Scope 1 and 2 emissions from all of Shoprite's operations in 15 countries, whereas previous reports accounted for emissions from only 4 countries. Scope 1 emissions includes stationary combustion (from stand-by diesel generators at stores, distribution centres and offices); fugitive refrigerant emissions (from HVAC and refrigeration systems); and mobile combustion (from its fleet of delivery vehicles). Scope 2 emissions are from the consumption of electricity at stores, distribution centres and offices.

The Shoprite Group's response to climate change has two focused objectives, (1) reducing GHG emissions and continuously improving energy efficiency in its direct operations, and its supply chain by engaging with suppliers; and (2) strengthening the resilience and adaptive capacity of its operations and that of the communities in which it operates.

The Social and Ethics Committee, tasked by the Board to perform an oversight role on its behalf, addresses climate-related issues. This committee meets three times per year. Any relevant and material issues are brought to the attention of the Board by means of the Social and Ethics Committee Chairman Report. The process for identifying and assessing all risks, including climate-related issues, are detailed in the Company's ERM Policy and Framework. The company's ERM vision is to integrate risk management across the Group to support the company's purpose and values and increase the likelihood of achieving its strategic business objectives.

C0. Introduction¹

C0.1

(C0.1) Give a general description 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 2 467 outlets in 15 countries across Africa, employing over 141 000 people across its operations. It's turnover in the past reporting period amounted to R156.9bn. At the heart of Shoprite's purpose is the aspiration to be Africa's most accessible, affordable and innovative retailer, by being relentless in its efforts to keep its business efficient, and sustain its price leadership. Shoprite's energy and climate strategy is based on this mindset to improve energy efficiency as much as possible and then to use renewable energy across its operations of stores, distribution centres, trucks and trailers.

Shoprite's absolute emissions are 2 569 711 tonnes of CO₂e of which 23% account for Scope 1 emissions and 77% for Scope 2 emissions. This is higher than the previous reporting period as this represents Scope 1 and 2 emissions from all of Shoprite's operations in 15 countries, whereas previous reports accounted for emissions from only 4 countries.

For Shoprite, Scope 1 emissions includes stationary combustion (from standby diesel generators at stores, distribution centres and offices); fugitive refrigerant emissions (from HVAC and refrigeration systems); and mobile combustion (from its fleet of delivery vehicles). Scope 2 emissions are from the consumption of electricity at stores, distribution centres and offices.

Shoprite operates an extensive centralised distribution network, as opposed to relying on inefficient direct-to-store deliveries by suppliers. Shoprite also operates a fully-owned fleet of trucks and trailers, some of which are refrigerated, as opposed to relying on third party transporters. These, together with the utilisation of a sophisticated transport route planning and scheduling software solution, allows Shoprite to optimise store deliveries, minimise the number of trucks on the road and reduce the distance travelled. This creates a more environmentally friendly and sustainable solution. As a result, associated emissions, resulting from the use of fuel, electricity and refrigerants, that would have been reported as Scope 3 are now reported in Scope 1 and 2. Furthermore, Shoprite has the largest refrigeration footprint in its sector, which requires a considerable amount of refrigerants and electricity to operate. As a result, associated Scope 1 and 2 emissions are amplified.

For this first time, Shoprite is reporting more detailed Scope 3 emissions this year. Most of these emissions were calculated using the Quantis Scope 3 Evaluator.

Shoprite finalised its Position Statement on Climate Change this year, which was approved by the Social and Ethics Committee. The full statement is shown in section C-FI.

¹ Numbering corresponds with CDP Climate Change questionnaire

C0.2

(C0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date	Indicate if you are providing emissions data for past reporting years
Reporting year	July 1, 2019	June 30, 2020	No

C0.3

(C0.3) Select the countries/areas for which you will be supplying data.

Angola

Botswana

Democratic Republic of the Congo

Eswatini

Ghana

Kenya

Lesotho

Madagascar

Malawi

Mozambique

Namibia

Nigeria

South Africa

Uganda

Zambia

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

ZAR

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.

Operational control

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Chief Financial Officer (CFO)	<p>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.</p> <p>As the CFO, this role signs off the Board Resolutions for the investigation of the installation of solar PV systems for Shoprite. 27 329 MWh worth of detailed investigations (i.e. sufficient roof structure strength, PV panel layout design, etc.) were signed off in this reporting period.</p>
Board-level committee	<p>The Social and Ethics Board Committee is made up of two non-executive Board members, CFO, Company Secretary, Group Corporate Relations and Communications Manager, Group Risk and Compliance Manager and Group Sustainability Manager. This committee provides oversight on the Group's activities within communities, its environmental aspects and impacts, public health and safety, and customer complaints amongst others.</p> <p>An environmental sustainability update is presented to this Committee (3 times per year), for its deliberation and feedback. This includes the company's performance regarding energy use (renewable and nonrenewable) and climate change related matters. New position statements for Climate Change and Water Security were presented to the Social and Ethics Board this year which were approved.</p>
Other C-Suite Officer	<p>Deputy CEO:</p> <p>The Shoprite Group Deputy CEO was appointed in February 2020. He is responsible for a number of areas in the company, including environmental and social sustainability and engineering. He was Shoprite's Chief Business Director before assuming the most recent appointment as Deputy CEO.</p> <p>The Deputy CEO role plays an oversight role on environmental sustainability matters, including energy efficiency and renewable energy projects.</p>

C1.1b

(C1.1b) Provide further details on the board’s oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Please explain
Scheduled – all meetings	<p>Reviewing and guiding strategy</p> <p>Reviewing and guiding major plans of action</p> <p>Reviewing and guiding risk management policies</p> <p>Reviewing and guiding annual budgets</p> <p>Reviewing and guiding business plans</p> <p>Monitoring implementation and performance of objectives</p> <p>Monitoring and overseeing progress against goals and targets for addressing climate-related issues</p>	<p>The Social and Ethics Committee, tasked by the Board to perform an oversight role on its behalf, addresses climate-related issues, as an agenda item during its meetings. This committee meets three times per year. Any relevant and material issues are brought to the attention of the Board by means of the Social and Ethics Committee Chairman Report. A report detailing compliance with United Nations 10 Global Compact Principles is a standing Agenda point at this meeting. The environmental principles of the Compact include supporting a precautionary approach to environmental challenges; promoting greater environmental responsibility; and the development and diffusion of environmentally friendly technologies.</p> <p>New company Position Statements for Climate Change and Water Security were presented to the Board this year for their approval.</p> <p>An Environmental Sustainability Update is presented to this Committee (3 times per year), for its deliberation and feedback. This includes the company’s performance regarding energy use (renewable and nonrenewable) and other climate change related matters.</p>

C1.2

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on climate-related issues
Other C-Suite Officer, please specify Deputy CEO	Both assessing and managing climate-related risks and opportunities	More frequently than quarterly

C1.2a

(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).

The Deputy CEO, who reports directly to the Chief Executive Officer (CEO), manages, and is responsible for key business functions across the entire business, including environmental sustainability and Engineering. The Deputy CEO is responsible for managing climate-related

issues by setting and progressing business plans, plans of action, annual budgets, goals and targets. The Deputy CEO is also responsible for identifying, assessing and managing climate-related risks and opportunities. A Group Sustainability Manager was appointed in Feb 2019, reporting directly into the Deputy CEO and the Social and Ethics Board Committee. The Sustainability Manager is supported by a dedicated sustainability team, including a renewable energy and refrigeration specialist. The Sustainability Manager provides feedback to the Deputy CEO at a weekly meeting where climate-related KPIs are presented and discussed (e.g. electricity consumption and renewable energy usage) using a sustainability dashboard.

Climate-related issues are monitored in monthly feedback meetings with applicable business unit managers and project managers to track progress pertaining to implementation plans, budgets and performance against climate-related targets.

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

	Provide incentives for the management of climate-related issues	Comment
Row 1	Yes	

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).

Entitled to incentive	Type of incentive	Activity incentivized	Comment
Board Chair	Monetary reward	Behavior change related indicator	The Board Chair is incentivised to ensure a good corporate global reputation (behaviour change indicator) comprising, among others, climate-related issues as a result of his shareholding for the period under review, because of its potential effect on the share price.
Chief Executive Officer (CEO)	Monetary reward	Behavior change related indicator	The CEO is incentivised to ensure a good corporate global reputation (behaviour change indicator) comprising, among others, climate-related issues as a result of his shareholding for the period under review, because of its potential effect on the share price. The CEO served on the Board as an executive director during the period under review.
Other C-Suite Officer	Monetary reward	Behavior change related indicator	The Deputy CEO is incentivised to ensure a good corporate global reputation (behaviour change indicator) comprising, among others, climate-related issues as a result of his shareholding for the period under review, because of its potential effect on the share price.

			The Deputy CEO serves on the Board as an executive director during the period under review.
Chief Operating Officer (COO)	Monetary reward	Energy reduction project Efficiency project Behavior change related indicator	<p>The COOs are incentivised to ensure a good corporate global reputation (behaviour change indicator) comprising, among others, climate-related issues as a result of their participation in an executive share scheme and shareholding, because of its potential effect on the share price.</p> <p>They further participate in bonus schemes based on KPIs indirectly linked to environmental criteria included in purchases (which impact sales), efficiency projects (which impact controllable expenses), energy reduction projects (which impact controllable expenses) and emissions reduction projects (which impact shrinkage).</p> <p>The COOs served on the Board as executive directors during the period under review.</p>
Chief Financial Officer (CFO)	Monetary reward	Energy reduction project Efficiency project Behavior change related indicator	<p>The CFO is incentivised to ensure a good corporate global reputation (behaviour change indicator) comprising, among others, climate-related issues as a result of his participation in an executive share scheme and his shareholding, because of its potential effect on the share price.</p> <p>The CFO further participates in bonus schemes based on KPIs indirectly linked to emissions reduction projects (which impact shrinkage).</p> <p>The CFO served on the Board as an executive director during the period under review.</p>
Environment/Sustainability manager	Monetary reward	Emissions reduction project Emissions reduction target Efficiency project Behavior change related indicator	<p>The Group Sustainability Manager is incentivised to formalise and ensure implementation of the Group's energy and climate change strategies and plans. This includes contribution towards corporate global reputation improvement, rate of participation of employees to environmental activities, and educating employees as part of the overall environmental sustainability strategy.</p>

C2. Risks and opportunities

C2.1

(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?

Yes

C2.1a

(C2.1a) How does your organization define short-, medium- and long-term time horizons?

	From (years)	To (years)	Comment
Short-term	0	3	Shoprite utilises the concept of short-, medium- and long term time horizons as planning mechanisms to describe the fixed time period over which business risks and opportunities are determined and evaluated. Climate-related risks and opportunities are considered in these same time horizons, as specified by the company's Enterprise Risk Management Policy & Framework.
Medium-term	3	10	Shoprite utilises the concept of short-, medium- and long term time horizons as planning mechanisms to describe the fixed time period over which business risks and opportunities are determined and evaluated. Climate-related risks and opportunities are considered in these same time horizons, as specified by the company's Enterprise Risk Management Policy & Framework.
Long-term	10	20	Shoprite utilises the concept of short-, medium- and long term time horizons as planning mechanisms to describe the fixed time period over which business risks and opportunities are determined and evaluated. Climate-related risks and opportunities are considered in these same time horizons, as specified by the company's Enterprise Risk Management Policy & Framework.

C2.1b

(C2.1b) How does your organization define substantive financial or strategic impact on your business?

Substantive financial or strategic impacts are defined according to the following criteria:

- Financial: >R250m (or 4% of profit)
- Operations: Loss of ability to sustain ongoing operations.
- Reputational: Extreme international public/media outcry. Damaging campaign. Social/legal license to operate is severely threatened.
- Environmental: Extreme environmental effect with impairment of ecosystem functions. Long-term, widespread effects on a significant area.

This is extracted from Shoprite's Enterprise Risk Management ("ERM") Policy & Framework.

C2.2

(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.

Value chain stage(s) covered

Direct operations

Upstream

Downstream

Risk management process

Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment

More than once a year

Time horizon(s) covered

Short-term

Medium-term

Long-term

Description of process

The process for identifying and assessing all risks are detailed in the Company's ERM Policy and Framework (as approved by the Audit and Risk Committee of the Board on 01/11/2019). The company's ERM vision is to integrate risk management across the Group to support the company's purpose and values and increase the likelihood of achieving its strategic business objectives. The framework is based on the principles embodied in the Enterprise Risk Management Framework published by the Committee of Sponsoring Organizations ("COSO") of the Treadway Commission, the International Guideline on Risk Management ("ISO31000") and the King Code on Corporate Governance Principles ("King IV").

The company realises this vision by:

- Embedding risk management within its culture;
- Proactively identifying future uncertainties and planning for them;
- Exploiting opportunities presented through risk events; and
- Training its employees to think about risks as part of their decision-making process.

This applies to climate-related risks as well.

As a starting point, technical, financial, legal, social, environmental, reputational, informational, stakeholder and other such risks are identified within the context of Shoprite's external and internal environments and its strategic business objectives and goals.

Identified risks are documented in the company's Risk Register, and these are updated and re-evaluated on a regular basis. The status of these risks is reported at the Management Risk Forum on a quarterly basis, and the Audit and Risk Board committee 3 times per year.

The risk analysis or assessment involves consideration of the causes and sources of the risks, their positive and/or negative consequences, and the likelihood that those consequences can occur. Shoprite has its own inherent risk rating scale for this assessment.

Currently the climate-related risks that are documented on the company's risk register are:

- CG11 Corporate Governance, Social and Environmental Sustainability impact: Shoprite may not adequately consider the potential negative impact of its operations and value chain on the environment nor its impact on its ability to generate returns and creations of long term value.
- CG19 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; whether linked to physical assets (stores, distribution centres or vehicles) or supply of perishable products, livestock, damage to physical assets, business continuity or sustainability.

Shoprite has expressed a low risk appetite for these risks.

Shoprite describes a substantive or significant climate-related consequence as an extreme environmental effect with impairment of ecosystem functions. Long-term, widespread effects on a significant area. The corresponding financial consequence is more than 4% of profit.

C2.2a

(C2.2a) Which risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	<p>Shoprite continuously aligns itself with regulatory requirements, whilst assessing the organisation's climate-related risks, to mitigate any disruption on business due to noncompliance.</p> <p>The National Greenhouse Gas Emission Reporting Regulations, as part of the National Environmental Management: Air Quality Act, 2004 (Act No. 39 of 2004), in South Africa, makes provision for mandatory emissions data reporting which requires systems for collecting accurate greenhouse gas (GHG) emissions data. This is relevant for all Shoprite's stationary combustion GHG emitters.</p> <p>Shoprite has registered 1 153 standby diesel generators, and its annual fuel consumption is now reported annually.</p> <p>Non-compliance to these Regulations can result, in case of a first conviction, to a fine not exceeding R5 million or to imprisonment for a period not exceeding five years, and in the case of a second or subsequent conviction to a fine not exceeding R10 million or imprisonment for a period not exceeding 10 years and in respect of both instances to both such fine and imprisonment.</p>
Emerging regulation	Relevant, always included	<p>The South Africa President confirmed that the South African Climate Change Bill will be signed into law soon. The objective of the Bill is to build the country's effective climate change response and the long term, just transition to a climate resilient and lower carbon economy and society in the context of an environmentally sustainable development framework.</p> <p>Government's expectation is that the climate change policy needs to be implemented in the context of an environmentally sustainable development framework that integrates environmental, economic and social development as well as employment objectives to achieve national development goals.</p>

		<p>Shoprite will monitor its risks arising from the implementation of this policy. These include the setting of sectoral emission targets, a carbon budget and the preparation and submission of greenhouse gas mitigation plans.</p> <p>Non compliance to the Act could result in a fine not exceeding R10 million or imprisonment for a period not exceeding 10 years, or to both such fine and imprisonment.</p>
Technology	Relevant, always included	<p>Shoprite acknowledges that technological innovations, such as the use of renewable energy, energy efficient refrigeration equipment and increased demand for energy efficient equipment and fixtures will reduce the effect of climate change by reducing greenhouse gas emissions. To this extent, technologies that are financially feasible and will reduce Shoprite's carbon emissions are considered in climate-related risk assessments, as and when innovative technologies arise. In 2017, Shoprite started a project to replace 857 350 conventional fluorescent lights with energy efficient LED lights across its Checkers, Shoprite, Usave, LiquorShop, House & Home and OK Furniture brands. This project is continuing.</p>
Legal	Relevant, sometimes included	<p>Shoprite continuously aligns itself with regulatory requirements, whilst assessing the organisation's climate-related risks, to mitigate any disruption on business when the regulation is promulgated.</p> <p>This risk is included and considered even though there hasn't been any climate-related litigation claims against the Company.</p>
Market	Relevant, always included	<p>Transparent disclosure of sustainability commitments, performance and progress can have a positive impact on Shoprite's reputation. Some of Shoprite's customer base are well informed on climate change, sustainability and environmental related matters and successfully addressing these customers' needs can improve the chances of retaining such customers and provide an opportunity to attract and grow this customer base.</p> <p>Due to the drought currently affecting the Eastern Cape and North West regions of South Africa, there was a risk of supply of fresh produce from these areas. Shoprite's mitigation for this was to diversify its supply from other regions in the country to ensure continuous supply of fresh produce to its customers.</p>
Reputation	Relevant, always included	<p>Transparent disclosure of sustainability commitments, performance and progress can have a positive impact on Shoprite's reputation. Some of Shoprite's customer base are well informed on climate change, sustainability and environmental related matters and successfully addressing these customers' needs can improve the chances of retaining such customers and provide an opportunity to attract and grow this customer base. Hence Shoprite made its carbon and water disclosure reports and its annual sustainability report publicly available for the past two reporting periods.</p>
Acute physical	Relevant, always included	<p>Acute physical risks are event driven and are included in Shoprite's climate-related risk assessment. The increased severity and frequency of extreme weather events such as cyclones and floods can result in flooding and damages to stores. This was experienced during the cyclones in Mozambique when a store was damaged in 2019. Shoprite has insurance against these damages.</p>

		The Eastern Cape region of South Africa is currently experiencing higher average temperatures. Since Shoprite sources some fresh produce lines from these areas, it had to diversify its supply from this region to mitigate this risk.
Chronic physical	Relevant, always included	<p>Shoprite considers chronic physical risks (e.g., droughts, higher mean temperatures) to its operations and strategic objectives.</p> <p>Due to the drought currently affecting the Eastern Cape and North West regions of South Africa, there was a risk of supply of fresh produce from these areas. Shoprite's mitigation for this was to diversify its supply from other regions in the country to ensure continuous supply of fresh produce to its customers.</p> <p>Sustained higher mean temperatures (+2°C) will directly increase the load on air-conditioning and refrigeration systems and their ability to function as designed. Where existing systems are not running at full capacity, the increased load will lead to more maintenance and the consumption of significantly more electricity, resulting in increased operating costs for Shoprite.</p>

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Current regulation

Enhanced emissions-reporting obligations

Primary potential financial impact

Increased indirect (operating) costs

Company-specific description

Currently, the 2016 National Greenhouse Gas Emission Reporting Regulation makes it mandatory for Shoprite to register its stationary fuel combustion devices, and to report annually its fuel consumption. To this extent, 1 153 devices (standby diesel generators) have been registered this year, and fuel consumption is reported annually.

The risk of non-compliance to this regulation is R 10 000 000.

Time horizon

Short-term

Likelihood

Unlikely

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

10,000,000

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

The increase in operating costs is estimated to be negligible, however if the penalty is charged, then it will not exceed ZAR 10 000 000 as per the regulations.

Cost of response to risk

0

Description of response and explanation of cost calculation

Shoprite's risk and compliance department regularly reviews and updates its regulatory universe. A dedicated Risk and Compliance Manager has been appointed to oversee and highlight compliance issues. Shoprite's tax department keeps abreast of the developments related to the new carbon tax.

Shoprite's external tax advisors and climate-change specialists advised the company of the requirements of the National Greenhouse Gas Emission Reporting Regulations, and the need to register its stand-by stationary fuel combustion devices. To this extent, 1 153 devices (standby diesel generators) have been registered this year, and fuel consumption is reported annually.

Comment

Costs incurred during normal business operations (e.g. salaries) are excluded from the costs incurred in managing this risk.

Identifier

Risk 2

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Chronic physical

Rising mean temperatures

Primary potential financial impact

Increased indirect (operating) costs

Company-specific description

Rising mean temperatures (+2°C) will directly increase the load on air-conditioning and refrigeration systems and their ability to function as designed.

Where existing systems are not running at full capacity, the increased load will lead to more maintenance and the consumption of significantly more electricity, resulting in increased operating costs.

Where existing air-conditioning systems are running at full capacity, the increased load will not always be met, causing a rise in in-store ambient temperature and a suboptimal shopping experience which, if not mitigated, will negatively affect sales. In addition, where both existing air-conditioning and refrigeration systems are running at full capacity, the increased load will not always be met, causing suboptimal refrigerated produce temperature which, if not mitigated, will negatively affect sales, decrease shelf life and increase food wastage, resulting in increased operating costs.

Newly designed systems will require additional capacity to operate at higher mean temperatures, which will in turn be more costly to construct and operate, resulting in increased operating costs.

Time horizon

Long-term

Likelihood

Likely

Magnitude of impact

Medium-high

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

97,000,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

The financial implications associated with rising mean temperatures are inherently uncertain and complex to calculate accurately.

However, a 2°C rise in the mean temperature will result in an increase of:

- 8.6% in the electricity consumption of air-conditioning systems;
- 2.6% in the electricity consumption of refrigeration systems;

- 8.6% in the capital expenditure for new air-conditioning systems; and
- 2.6% in the capital expenditure for new refrigeration systems.

The increase in refrigerant- and maintenance costs are estimated to be negligible and as such have been omitted.

The financial implications provided are calculated for a 12 month period only, and stated in today's money.

Cost of response to risk

19,000,000

Description of response and explanation of cost calculation

The team of internal and professional consulting engineers takes into account the long (i.e. 20 years) and medium (i.e. 10 year) life expectancy of air-conditioning and refrigeration systems respectively when specifying and designing these systems. The current specification allows for the systems to have enough capacity to meet at least a 2°C rise in mean temperature.

A refrigeration and air-conditioning management system, which will monitor and manage the units is being developed. The monitoring system will provide advance warning where air-conditioning and/or refrigeration systems cannot meet the increased demand in order to take timeous action.

Energy efficiency technologies and initiative are pursued by a dedicated team of internal engineers to reduce electricity consumption.

Comment

Costs incurred during normal business operations (e.g. salaries) are excluded from the costs incurred in managing this risk. The annual capital- and operating expenditure for the period under review is ZAR 19 000 000 to construct refrigeration and air-conditioning systems with additional capacity to operate at the higher mean temperatures.

Identifier

Risk 3

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Chronic physical

Changes in precipitation patterns and extreme variability in weather patterns

Primary potential financial impact

Increased direct costs

Company-specific description

Present population growth trends in South Africa, and water availability and usage behaviors indicate that the country will exceed the limits of its economically usable, land-based water resources by 2030. Rainfall variability will lead to declines in run-off which will add to the cost of providing water. Higher temperatures will increase evaporation from dams and rivers, and will reduce run-off on the ground, so that less of the water that falls reaches the rivers and dams. In addition, inter-basin transfer schemes, high levels of assurance of supply to key

sectors of the economy and extensive local reticulation networks require extensive pumping, with rising energy costs. Therefore it is expected that Shoprite will have to invest capex with increased operating expenses in other high-risk regions in Southern Africa to ensure water supply and business continuity.

Time horizon

Long-term

Likelihood

Likely

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

100,000,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

It is estimated that the cost of water could double as a result of increased water tariffs from municipalities in water stressed areas. Currently water costs amount to approximately R100,000,000 per annum.

Cost of response to risk

50,000,000

Description of response and explanation of cost calculation

Shoprite is using the experiences gained in the 2015-2018 drought in the Western Cape region to anticipate and mitigate the impacts of low water availability in other regions. Shoprite put measures in place to reduce water consumption (installed 3154 water saving devices in 183 sites, with total expenditure of R800 000), and augment water supply (installed water tanks and pumps at 127 sites, with total expenditure of R27 000 000) so that its operations could continue in this region.

Comment

The costs to manage this risk is estimated to be R50 000 000, which is based on the costs incurred to mitigate the Western Cape water supply risk.

Identifier

Risk 4

Where in the value chain does the risk driver occur?

Upstream

Risk type & Primary climate-related risk driver

Market

Increased cost of raw materials

Primary potential financial impact

Increased direct costs

Company-specific description

A changing climate (e.g. drought, higher/unpredictable rainfall) will have a significant impact on the sourcing of fresh produce from farmers and suppliers. Shoprite has started to diversify the sourcing of products as experienced in the 2018 drought in the Western Cape region, however this can impact on the cost of goods.

Time horizon

Medium-term

Likelihood

Likely

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)**Potential financial impact figure – minimum (currency)**

5,000,000

Potential financial impact figure – maximum (currency)

10,000,000

Explanation of financial impact figure

This financial impact figure is based on the additional costs for diversifying suppliers. However this doesn't take into account the increased price of goods, based on market conditions (e.g. additional demand).

Cost of response to risk

5,000,000

Description of response and explanation of cost calculation

The Group has already made significant progress in sourcing fresh produce from different regions in South Africa. Additional route planning was done by the internal teams, However, the additional transport costs are estimated to be approximately R5 000 000.

Comment

Costs incurred during normal business operations (e.g. salaries) are excluded from the costs incurred.

Identifier

Risk 5

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Acute physical

Increased severity and frequency of extreme weather events such as cyclones and floods

Primary potential financial impact

Increased insurance claims liability

Company-specific description

The increased severity and frequency of extreme weather events such as cyclones and floods can result in flooding and damages to stores. This was experienced during the cyclones in Mozambique when a store was damaged in 2019.

Time horizon

Medium-term

Likelihood

Likely

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)**Potential financial impact figure – minimum (currency)**

35,000,000

Potential financial impact figure – maximum (currency)

105,000,000

Explanation of financial impact figure

Based on the experiences of the cyclones in Mozambique when a store was damaged in 2019, the approximate cost of damages and business interruption was approx R35m per store.

Assuming that 3 stores experience these types of events per year gives an estimated total of R105m.

Cost of response to risk

4,500,000

Description of response and explanation of cost calculation

This value represents the excess paid for damages to 3 stores due to a cyclone type event.

Comment

Costs incurred during normal business operations (e.g. salaries) are excluded from the costs incurred.

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Opp1

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Products and services

Primary climate-related opportunity driver

Shift in consumer preferences

Primary potential financial impact

Increased revenues resulting from increased demand for products and services

Company-specific description

Consumer awareness of climate-related matters is increasing. As a consequence, there is an increased demand for retailers to acknowledge this awareness and offer environmentally and climate friendly products and services, so much so that customers base their choice of preferred retailer accordingly. There is an opportunity to grow market share, by successfully catering for this demand, which, in turn, will result in an increase in sales and potential increase in profit.

Time horizon

Long-term

Likelihood

Likely

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

400,000,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

The financial implications associated with a shift in customer preferences are inherently uncertain and complex to calculate accurately.

However, it is estimated that market share could increase, by capitalising on this opportunity, by as much as 0.25% which will result in an increase in revenue of ZAR 400 000 000.

The financial implications provided are calculated for a 12 month period only, and stated in today's money.

Cost to realize opportunity

0

Strategy to realize opportunity and explanation of cost calculation

Identify, develop, procure, introduce and market environmental programmes and initiatives, including recycling initiatives, sustainable packaging, reducing food waste, and selling energy efficient appliances.

Comment

Costs incurred during normal business operations (e.g. salaries) are explicitly excluded from the costs incurred to realise this opportunity. No capital- or operating expenditure, beyond costs for normal business operations, was incurred for the period under review.

Identifier

Opp2

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Resource efficiency

Primary climate-related opportunity driver

Use of more efficient production and distribution processes

Primary potential financial impact

Returns on investment in low-emission technology

Company-specific description

Refrigeration at store level represents between 40% and 50% of the store's energy consumption. Adopting more energy efficient refrigeration technologies and equipment can result in reducing energy consumption by 20%.

Time horizon

Long-term

Likelihood

Likely

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

176,000,000

Potential financial impact figure – maximum (currency)

220,000,000

Explanation of financial impact figure

Refrigeration at store level represents between 40% and 50% of the store's energy consumption. Adopting more energy efficient refrigeration technologies and equipment can result in reducing energy consumption by 20%. The financial impact figure is based on the following - Shoprite and Checkers branded stores spend approx. R2.2bn on electricity annually. Refrigeration costs are therefore between R880m and R1.1m, and 20% saving amounts to between R176m and R220m.

Cost to realize opportunity

354,000,000

Strategy to realize opportunity and explanation of cost calculation

Shoprite refurbishes its stores every 7-10 years and the refrigeration can be upgraded as part of the refurbishment cycle which will allow all the potential savings to be realised over a period of 7-10 years. A new refrigeration system for a store being refurbished or a new store typically costs between R4m and R5m and the installation of more energy efficient refrigeration equipment will result in ±10% additional capital expenditure.

Comment

The associated costs are for the additional capital cost required to install more energy efficient refrigeration equipment during a store's refurbishment schedule or for new stores.

Costs incurred during normal business operations (e.g. salaries) for developing the roll-out program are excluded from the costs incurred.

Identifier

Opp3

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Energy source

Primary climate-related opportunity driver

Use of lower-emission sources of energy

Primary potential financial impact

Reduced indirect (operating) costs

Company-specific description

The installation of solar PV systems at Shoprite's stores, distribution centres and offices to generate renewable electricity can result in cost savings over the lifetime of these projects.

Replacing inefficient diesel-powered refrigeration systems in refrigerated trailers with solar powered cryogenic cooling systems which allows the truck engine to be turned off during loading and unloading which reduces diesel consumption.

Sourcing other renewable electricity through an innovative agreement with a specialist energy trader to procure 435 000 MWh of renewable energy a year from the trader in the coming years.

Time horizon

Medium-term

Likelihood

Very likely

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

62,500,000

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

The financial impact figure is based on the following - Shoprite spends approx. R2.5bn on electricity annually. If renewable electricity represents 25% of the total, and this is typically priced 10% lower than grid electricity.

Cost to realize opportunity

250,000

Strategy to realize opportunity and explanation of cost calculation

Shoprite is engaging with solar PV system suppliers regarding power purchase agreements.

The associated costs are for legal and contracting costs.

Comment

The associated costs are for legal and contracting costs.

Costs incurred during normal business operations (e.g. salaries) are excluded from the costs incurred.

C3. Business Strategy

C3.1

(C3.1) Have climate-related risks and opportunities influenced your organization's strategy and/or financial planning?

Yes

C3.1a

(C3.1a) Does your organization use climate-related scenario analysis to inform its strategy?

Yes, qualitative, but we plan to add quantitative in the next two years

C3.1b

(C3.1b) Provide details of your organization's use of climate-related scenario analysis.

Climate-related scenarios and models applied	Details
Nationally determined contributions (NDCs)	<p>Shoprite's strategy has been influenced by national as well as international efforts aimed at addressing climate change, such as the recent ratification of the Paris Agreement and more specifically South Africa's Nationally Determined Contributions (NDC). South Africa's NDC states a peak, plateau and decline (PPD) greenhouse gas emissions trajectory range. Shoprite has adopted the same trajectory for its GHG emissions.</p> <p>The policy instruments that have been developed and implemented by the government to assist in meeting the PPD targets, includes the carbon tax and GHG reporting regulations. Shoprite has quantified the impacts of the first phase of the carbon tax on its Operations, and it seeks to better understand the impacts of subsequent phases of the carbon tax.</p> <p>Nevertheless, Shoprite continues to accelerate the roll-out of its energy efficiency and renewable energy projects to mitigate the impacts of the carbon tax.</p>

C3.1d

(C3.1d) Describe where and how climate-related risks and opportunities have influenced your strategy.

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	The 2015-2018 droughts in South Africa resulted in farmers unable to adequately feed their livestock and consequently being forced to slaughter livestock, which drove the average meat price downward (i.e. over supply of meat in the market, where the demand for meat is less than the supply thereof). However, when

		<p>drought-like conditions are alleviated and livestock feed is more readily available, the average price of meat will increase again (i.e. under supply of meat in the market, where the demand for meat is more than the supply thereof). These price fluctuations may negatively affect Shoprite's purpose of being affordable and accessible. Shoprite has mitigated this risk by diversifying its sourcing of meat products. The magnitude of this impact is medium.</p> <p>All palm oil used in Shoprite's premium private label Simple Truth range is sustainably sourced and certified by the Roundtable on Sustainable Palm Oil, an organisation aiding in the conservation of the endangered Bornean orangutans. The cocoa powder used in most of our fresh convenience bakery products is UTZ-certified. UTZ is a foundation that sets standards for certifying cocoa and other products.</p> <p>Deforestation and forest degradation contribute significantly to climate change through the release of stored carbon in the Earth. Shoprite is actively transitioning to paper bags that are FSC-certified for its own brands and packaging requirements in response.</p>
Supply chain and/or value chain	Yes	<p>The 2015-2018 droughts in South Africa have, to varying degrees, negatively impacted Shoprite suppliers' fresh produce production. Shoprite, with its purpose of being affordable and accessible, will be affected in the event that fresh produce supply is scarce for certain primary lines, which may result in significant price increases of fresh produce becoming unavoidable.</p> <p>Furthermore, changes in precipitation may impact Shoprite's procurement strategy, for example droughts, floods, and changes in average precipitation may cause harvest losses resulting in supply shortfalls. Shoprite has mitigated this risk by diversifying its sourcing of fresh produce.</p>
Investment in R&D	Yes	<p>Two of the Shoprite's strategic drivers are:</p> <ol style="list-style-type: none"> 1. Have trusted, profitable private labels 2. Grow market share in premium and fresh goods. <p>R&D within Shoprite (in the form of new product development) that supports these strategic drivers includes climate-related aspects.</p> <p>For example, new products in the premium private label ranges includes responsibly sourced palm oil and cocoa which acts against deforestation. Furthermore, new paper or board packaging is FSC-certified.</p> <p>Shoprite has also committed to using new and existing packaging that is:</p> <ul style="list-style-type: none"> • 100% reusable or recyclable or compostable by 2025, and • 30% average recycled content by 2025. <p>R&D considers the functional, commercial and environmental feasibility of new packaging.</p>
Operations	Yes	<p>Shoprite is committed to increasing its use of renewable electricity in its operations. The Group has committed to using at least 1% of electricity from renewable sources by the end of 2021.</p>

		<p>Shoprite has also signed an innovative and first of its kind in Africa agreement with a specialist energy trader. Shoprite aims to procure 435 000 MWh of renewable energy annually from the trader in the medium term.</p> <p>As a responsible retailer, Shoprite is aligned to the UN Sustainable Development Goals (SDGs), and specifically with SDG Target 12.3 that intrinsically aims to halve food waste at the retail and consumer levels and reduce food losses along the food chain by 2030. Shoprite is making good progress in diverting food waste from landfills.</p>
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C3.1e

(C3.1e) Describe where and how climate-related risks and opportunities have influenced your financial planning.

	Financial planning elements that have been influenced	Description of influence
Row 1	Indirect costs Capital expenditures	<p>Indirect costs: The installation of solar PV systems at Shoprite's stores, distribution centres and offices to generate renewable electricity can result in cost savings over the lifetime of these projects. This will mean lower indirect costs for these facilities. Shoprite has committed to using at least 1% of electricity from renewable sources by the end of 2021. In the past reporting period, Shoprite has increased the installed capacity of its solar PV systems by 109%, generating 3 298MWh.</p> <p>Replacing inefficient diesel-powered refrigeration systems in refrigerated trailers with solar powered cryogenic cooling systems which allows the truck engine to be turned off during loading and unloading which reduces diesel consumption.</p> <p>Capital expenditure: One of Shoprite's strategic drivers is to "Refocus capital allocation". Therefore, Shoprite's approach is to use power purchase agreements, so that there is no capital expenditure by Shoprite for solar PV installations.</p>

C3.1f

(C3.1f) Provide any additional information on how climate-related risks and opportunities have influenced your strategy and financial planning (optional).

At the heart of Shoprite's purpose, is the aspiration to be Africa's most accessible, affordable and innovative retailer, by being relentless in its efforts to keep its business efficient, and sustain its price leadership.

At the core of Shoprite's strategy is a customer-first culture, which it defines as "no customer leaves the store unhappy". Shoprite has identified nine strategic drivers to grow its customer base and its ability to create shared value:

- Engrain a customer-first culture
- Develop future-fit channels

- Enable precision retail
- Have trusted, profitable private labels
- Grow market share in premium and fresh goods
- Build a stronger franchise offering
- Preserve our African advantage
- Refocus capital allocation
- Unlock alternative revenue streams

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

Intensity target

C4.1b

(C4.1b) Provide details of your emissions intensity target(s) and progress made against those target(s).

Target reference number

Int 1

Year target was set

2018

Target coverage

Company-wide

Scope(s) (or Scope 3 category)

Scope 1+2 (market-based)

Intensity metric

Metric tons CO₂e per square meter

Base year

2020

Intensity figure in base year (metric tons CO₂e per unit of activity)

0.528

% of total base year emissions in selected Scope(s) (or Scope 3 category) covered by this intensity figure

100

Target year

2030

Targeted reduction from base year (%)

30

Intensity figure in target year (metric tons CO₂e per unit of activity) [auto-calculated]

0.3696

% change anticipated in absolute Scope 1+2 emissions

-20

% change anticipated in absolute Scope 3 emissions

10

Intensity figure in reporting year (metric tons CO2e per unit of activity)

0.528

% of target achieved [auto-calculated]

0

Target status in reporting year

Revised

Is this a science-based target?

Yes, we consider this a science-based target, but this target has not been approved as science-based by the Science Based Targets initiative

Please explain (including target coverage)

Shoprite has a financial year based target since its financial year runs from 01-Jul to 30-Jun. The company's target is a longer-term target.

Shoprite's absolute Scope 1 and 2 emissions increased significantly in this reporting period due to the reporting scope increasing from Rand-based operations (i.e. South Africa, Lesotho, e-Swatini and Namibia) to company-wide operations (i.e. South Africa, Lesotho, e-Swatini, Namibia, Angola, Botswana, DRC, Ghana, Kenya, Madagascar, Malawi, Mozambique, Nigeria, Uganda and Zambia) and the reported overall facility square meterage also increased significantly. As the new reporting scope is Shoprite's company-wide operations, the 2019/2020 financial year (1 July 2019 - 30 June 2020) will be used as the new base year going forward to ensure future comparisons are done on a like-for-like basis.

Comparing the 2019/2020 to 2018/2019 intensity performance of the company's "Metric tons CO2e per square meter" reduced by 5.77%.

C4.2

(C4.2) Did you have any other climate-related targets that were active in the reporting year?

Target(s) to increase low-carbon energy consumption or production

C4.2a

(C4.2a) Provide details of your target(s) to increase low-carbon energy consumption or production.

Target reference number

Low 1

Year target was set

2018

Target coverage

Company-wide

Target type: absolute or intensity

Absolute

Target type: energy carrier

Electricity

Target type: activity

Consumption

Target type: energy source

Renewable energy source(s) only

Metric (target numerator if reporting an intensity target)

MWh

Target denominator (intensity targets only)**Base year**

2020

Figure or percentage in base year

3,298

Target year

2030

Figure or percentage in target year

500,000

Figure or percentage in reporting year

3,298

% of target achieved [auto-calculated]

0

Target status in reporting year

Revised

Is this target part of an emissions target?

Reducing Scope 2 electricity emissions only and related to Int1 target

Is this target part of an overarching initiative?

No, it's not part of an overarching initiative

Please explain (including target coverage)

Shoprite aims to increase its total renewable energy consumption to account for approximately a quarter of its 2020 total energy usage by the target year.

Shoprite's absolute Scope 2 emissions increased significantly in this reporting period due to the reporting scope increasing from Rand-based operations (i.e. South Africa, Lesotho, e-Swatini and Namibia) to company-wide operations (i.e. South Africa, Lesotho, e-Swatini, Namibia, Angola, Botswana, DRC, Ghana, Kenya, Madagascar, Malawi, Mozambique, Nigeria, Uganda and Zambia) and the reported overall facility square meterage also increased significantly. As the new reporting scope is Shoprite's company-wide operations, the

2019/2020 financial year (1 July 2019 - 30 June 2020) will be used as the new base year going forward to ensure future comparisons are done on a like-for-like basis.

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

Yes

C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	121	381,778
To be implemented*	71	485,021
Implementation commenced*	1	46,357
Implemented*	4	39,300
Not to be implemented	10	4,619

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Initiative category & Initiative type

Energy efficiency in buildings

Lighting

Estimated annual CO2e savings (metric tonnes CO2e)

35,430

Scope(s)

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

33,300,373

Investment required (unit currency – as specified in C0.4)

45,368,355

Payback period

1-3 years

Estimated lifetime of the initiative

6-10 years

Comment

Part of Shoprite's LED Retrofit Project. Shoprite installed 184 196 energy-efficient LED lights in 412 stores saving 34 156 361 kWh of electricity and saving 35 430 metric tons of CO₂e in the current reporting period. The project is still underway.

Initiative category & Initiative type

Low-carbon energy generation

Solar PV

Estimated annual CO₂e savings (metric tonnes CO₂e)

2,368

Scope(s)

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

1,239,903

Investment required (unit currency – as specified in C0.4)

0

Payback period

<1 year

Estimated lifetime of the initiative

16-20 years

Comment

Rooftop Solar PV Project. Shoprite's solar PV suppliers installed solar PV systems at three of Shoprite's sites (1 x Checkers, 1 x Shoprite and 1 x Shoprite Distribution Centre) saving 2 282 671 kWh and saving 2 368 metric tons of CO₂e annually.

Initiative category & Initiative type

Transportation

Other, please specify

Reverse Logistics

Estimated annual CO₂e savings (metric tonnes CO₂e)

1,031

Scope(s)

Scope 1

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

5,316,567

Investment required (unit currency – as specified in C0.4)

0

Payback period

<1 year

Estimated lifetime of the initiative

>30 years

Comment

Part of Shoprite's Reverse Logistics Project. Shoprite reduced overall truck and trailer diesel consumption by 383 868 litres and saved 1 031 metric tons of CO₂e in the current reporting period.

Initiative category & Initiative type

Low-carbon energy generation

Solar PV

Estimated annual CO₂e savings (metric tonnes CO₂e)

471

Scope(s)

Scope 1

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

351,680

Investment required (unit currency – as specified in C0.4)

1,689,000

Payback period

4-10 years

Estimated lifetime of the initiative

16-20 years

Comment

Rooftop PV for Trailers. Shoprite installed 20 solar PV systems on 20 trailers saving 175 200 litres of diesel and saving 471 metric tons of CO₂e in the current reporting period.

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Compliance with regulatory requirements/standards	“Operate ethically and sustainably” is a strategic enabler for Shoprite and it reflects how the company conducts its business in all geographies. Operating ethically includes compliance with local regulatory requirements and standards, and Shoprite will invest accordingly to ensure compliance.
Financial optimization calculations	The installation of solar PV systems at Shoprite's stores, distribution centres and offices to generate renewable electricity can result in cost savings over the lifetime of these projects. This will mean lower indirect costs for these facilities. Shoprite has committed to using at least 1% of electricity from renewable sources by the end of 2021. In the past reporting period, Shoprite has increased the installed capacity of its solar PV systems by 109%, generating 3 298MWh.

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?

Yes

C4.5a

(C4.5a) Provide details of your products and/or services that you classify as low-carbon products or that enable a third party to avoid GHG emissions.

Level of aggregation

Group of products

Description of product/Group of products

Shoprite sells a range of prepared meals as part of its Fresh Food offering. Customers have the opportunity to buy a ready-made low-carbon meal, instead of cooking a meal, thereby avoiding emissions. Shoprite also sells a range of energy efficient products such as LED globes.

Are these low-carbon product(s) or do they enable avoided emissions?

Avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions

Other, please specify

ISO 14040, life cycle assessment

% revenue from low carbon product(s) in the reporting year

1

Comment

Shoprite's Fresh Foods business and energy efficiency range of products represents less than 1% of its total revenue.

C5. Emissions methodology

C5.1

(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).

Scope 1

Base year start

July 1, 2019

Base year end

June 30, 2020

Base year emissions (metric tons CO₂e)

583,000

Comment

Shoprite's absolute Scope 1 emissions reduced by 2% even though the reporting scope increased from Rand-based operations (i.e. South Africa, Lesotho, e-Swatini and Namibia) to company-wide operations (i.e. South Africa, Lesotho, e-Swatini, Namibia, Angola, Botswana, DRC, Ghana, Kenya, Madagascar, Malawi, Mozambique, Nigeria, Uganda and Zambia). As the new reporting scope is Shoprite's company-wide operations, the 2019/2020 financial year (1 July 2019 - 30 June 2020) will be used as the new base year going forward to ensure future comparisons are done on a like-for-like basis.

Scope 2 (location-based)

Base year start

July 1, 2019

Base year end

June 30, 2020

Base year emissions (metric tons CO₂e)

1,986,711

Comment

Shoprite's absolute Scope 2 emissions increased significantly due to the reporting scope increasing from Rand-based operations (i.e. South Africa, Lesotho, e-Swatini and Namibia) to company-wide operations (i.e. South Africa, Lesotho, e-Swatini, Namibia, Angola, Botswana, DRC, Ghana, Kenya, Madagascar, Malawi, Mozambique, Nigeria, Uganda and Zambia). As the new reporting scope is Shoprite's company-wide operations, the 2019/2020 financial year (1 July 2019 - 30 June 2020) will be used as the new base year going forward to ensure future comparisons are done on a like-for-like basis.

Scope 2 (market-based)

Base year start

July 1, 2019

Base year end

June 30, 2020

Base year emissions (metric tons CO2e)

1,986,711

Comment

Shoprite's absolute Scope 2 emissions increased significantly due to the reporting scope increasing from Rand-based operations (i.e. South Africa, Lesotho, e-Swatini and Namibia) to company-wide operations (i.e. South Africa, Lesotho, e-Swatini, Namibia, Angola, Botswana, DRC, Ghana, Kenya, Madagascar, Malawi, Mozambique, Nigeria, Uganda and Zambia). As the new reporting scope is Shoprite's company-wide operations, the 2019/2020 financial year (1 July 2019 - 30 June 2020) will be used as the new base year going forward to ensure future comparisons are done on a like-for-like basis.

Each of the Countries in which Shoprite operates, only has a single Utility supplier providing electricity to the country. These countries' emission factors are therefore the same as the local Utility suppliers' emission factors. This results in the Market-Based scope 2 figure equalling the Location-Based scope 2 figure.

C5.2**(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.**

IPCC Guidelines for National Greenhouse Gas Inventories, 2006

ISO 14064-1

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

Other, please specify

DEFRA Voluntary 2019 Reporting Guidelines

C5.2a**(C5.2a) Provide details of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.**

DEFRA 2019 Voluntary Reporting Guidelines, which are publicly available and are updated annually.

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO₂e?

Reporting year

Gross global Scope 1 emissions (metric tons CO₂e)

583,000

Comment

Shoprite's absolute Scope 1 emissions reduced by 2% even though the reporting scope increased from Rand-based operations (i.e. South Africa, Lesotho, e-Swatini and Namibia) to company-wide operations (i.e. South Africa, Lesotho, e-Swatini, Namibia, Angola, Botswana, DRC, Ghana, Kenya, Madagascar, Malawi, Mozambique, Nigeria, Uganda and Zambia).

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based

We are reporting a Scope 2, location-based figure

Scope 2, market-based

We are reporting a Scope 2, market-based figure

Comment

Shoprite report on a location-based figure and market-based figure.

C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO₂e?

Reporting year

Scope 2, location-based

1,986,711

Scope 2, market-based (if applicable)

1,986,711

Comment

Shoprite's 2019/2020 absolute Scope 2 location-based emissions increased by 18% due to the overall reporting scope increasing significantly from Rand-based operations (i.e. South Africa, Lesotho, e-Swatini and Namibia) to company-wide operations (i.e. South Africa, Lesotho, e-Swatini, Namibia, Angola, Botswana, DRC, Ghana, Kenya, Madagascar, Malawi, Mozambique, Nigeria, Uganda and Zambia).

Each of the Countries in which Shoprite operates, only has a single Utility supplier providing electricity to the country. These countries' emission factors are therefore the same as the local Utility suppliers' emission factors. This results in the Market-Based scope 2 figure equalling the Location-Based scope 2 figure.

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?

No

C6.5

(C6.5) Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

1,797,328

Emissions calculation methodology

Scope 3 emissions from Purchased Goods and Services was calculated using the Quantis Scope 3 Evaluator which uses Shoprite's costs of purchased goods and services to estimate the emissions.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Shoprite's costs of purchased goods and services data was extracted from Shoprite's enterprise resource planning (ERP) system.

Capital goods

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

43,804

Emissions calculation methodology

Scope 3 emissions from Capital Goods was calculated using the Quantis Scope 3 Evaluator which uses Shoprite's cost of capital goods to estimate the emissions.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Shoprite's cost of capital goods was extracted from Shoprite's enterprise resource planning (ERP) system

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status

Relevant, calculated

Metric tonnes CO2e

209,475

Emissions calculation methodology

Transmission and distribution losses are calculated for Shoprite's electricity consumption using the 9.7% losses provided by South Africa's electricity provider.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

This calculation only includes transmissions and distribution losses (from the electricity supplier) relating to Scope 2 emissions. The % of transmissions and distribution losses are provided by the electricity supplier.

Upstream transportation and distribution

Evaluation status

Relevant, calculated

Metric tonnes CO2e

9,144

Emissions calculation methodology

Shoprite uses 3rd party distribution in its Non-RSA operations and these emissions were not included in its Scope 1 emissions. To calculate 3rd party emissions, an average amount of diesel consumed by delivery trucks, per store, for Non-RSA operations were estimated using our RSA operations as a baseline. The emissions are calculated by taking the total litres of fuel consumed by Shoprite's 3rd party distributors and using the relevant emission factors.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

To calculate 3rd party emissions, an average amount of diesel consumed by delivery trucks, per store, for Non-RSA operations were estimated using our RSA operations as a baseline. The emissions are calculated by taking the total litres of fuel consumed by Shoprite's 3rd party distributors and using the relevant emission factors.

Waste generated in operations

Evaluation status

Relevant, calculated

Metric tonnes CO2e

8,181

Emissions calculation methodology

Emissions from Waste Generated in operations were calculated using the Quantis Scope 3 Evaluator which uses Shoprite's costs of waste removal services to estimate the emissions.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

Shoprite uses 3rd party waste management services at all its operations and the cost data for these suppliers were extracted from Shoprite's enterprise resource planning (ERP) system based on supplier invoices captured throughout the reporting period.

Business travel

Evaluation status

Relevant, calculated

Metric tonnes CO2e

707

Emissions calculation methodology

Business travel emissions are calculated using data provided by Shoprite's travel agent. Air travel emissions are calculated using the DEFRA emissions factors. Emissions from car travel are already included in Shoprite's Scope 1 emissions as all these cars are Shoprite owned.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

Data received from Shoprite's travel agent, which tracks all business travel activities for the company.

Employee commuting

Evaluation status

Relevant, calculated

Metric tonnes CO2e

20,400

Emissions calculation methodology

Emissions from Employee Commuting was calculated using the Quantis Scope 3 Evaluator which uses Shoprite's total number of employees to estimate the emissions.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Total number of employees was sourced from Shoprite's HR department.

Upstream leased assets

Evaluation status

Not relevant, explanation provided

Please explain

All Shoprite's leased assets are included in its Scope 1 and 2 emissions as Shoprite has operational control over all these assets.

Downstream transportation and distribution

Evaluation status

Relevant, calculated

Metric tonnes CO2e

261

Emissions calculation methodology

Shoprite's online shopping delivery vehicles' fuel consumption is used with the DEFRA emissions factors to determine the Downstream Transportation and Distribution emissions.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

Fuel usage data received from Shoprite's 3rd party distribution company which it uses for its online shopping deliveries.

Processing of sold products

Evaluation status

Relevant, calculated

Metric tonnes CO2e

159,448

Emissions calculation methodology

Emissions from Processing of Sold Products were calculated using the Quantis Scope 3 Evaluator which uses the cost of processing food to a final product by customers to estimate the emissions. It is estimated that it costs about $\pm 10\%$ of the cost of food items to process it to a final product.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

The cost of sold food items to customers were extracted from Shoprite's enterprise resource planning (ERP) system.

Use of sold products

Evaluation status

Relevant, calculated

Metric tonnes CO2e

6,852,808

Emissions calculation methodology

These emissions were calculated using the Quantis Scope 3 Evaluator which uses the monthly electricity consumption and lifetime of sold equipment to estimate the Use of Sold Products emissions. Shoprite tracks all sold equipment into major categories (i.e. kettles, stoves, televisions, toasters, fridges, etc.) in addition to per article sold information.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Data was extracted from Shoprite's enterprise resource planning (ERP) system.

End of life treatment of sold products

Evaluation status

Relevant, calculated

Metric tonnes CO2e

1,431

Emissions calculation methodology

These emissions were calculated using the Quantis Scope 3 evaluator which uses Shoprite's total weight of packaging for its products and type/material of packaging (i.e. plastic, paper, metal) to estimate the End of Life Treatment of Sold Products emissions. Shoprite tracks the amount/weight of plastic, paper and metal packaging material it uses with its products.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Total weight of packaging for its products and type/material of packaging was extracted from Shoprite's enterprise resource planning (ERP) system.

Downstream leased assets

Evaluation status

Relevant, calculated

Metric tonnes CO2e

137,497

Emissions calculation methodology

These emissions were calculated using the Quantis Scope 3 evaluator which uses Shoprite's total rental income from tenants to estimate Downstream Leased Assets emissions. Rental income from Shoprite owned companies were excl. as these emissions were included in Scope 1 and 2.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Cost data received from Shoprite's Properties division which tracks its overall rental income from all its tenants.

Franchises

Evaluation status

Not relevant, explanation provided

Please explain

Shoprite's franchise division does not form part of the reporting scope and is therefore not relevant.

Investments

Evaluation status

Not relevant, explanation provided

Please explain

Shoprite does not have significant investments as this is not a core functionality of the company.

Other (upstream)

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

294,937

Emissions calculation methodology

Emissions from Non-Kyoto refrigerants are calculated using the DEFRA emissions factors

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Please explain

Shoprite has a 3rd party that tracks all refrigerant leaks and provides leakage data to Shoprite on a monthly basis.

Other (downstream)

Evaluation status

Not relevant, explanation provided

Please explain

No other (downstream) Scope 3 emissions to include.

C6.7

(C6.7) Are carbon dioxide emissions from biogenic carbon relevant to your organization?

No

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO₂e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure

0.0164

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO₂e)

2,569,711

Metric denominator

unit total revenue

Metric denominator: Unit total

156,900,000,000

Scope 2 figure used

Location-based

% change from previous year

4.78

Direction of change

Decreased

Reason for change

Scope 1 and 2 emissions increased by 13% while revenue increased by 18% due to the reporting scope being increased significantly from Rand-based operations (i.e. South Africa, Lesotho, e-Swatini and Namibia) to company-wide operations (i.e. South Africa, Lesotho, e-Swatini, Namibia, Angola, Botswana, DRC, Ghana, Kenya, Madagascar, Malawi, Mozambique, Nigeria, Uganda and Zambia).

The overall Scope 1 and 2 emission increases due to the scope increase were minimised due to the various emissions reduction initiatives done (i.e. LED retrofit project, rooftop solar PV installations, solar PV installations on refrigerated trailer fleet and reverse logistics).

Intensity figure

0.528

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)

2,569,711

Metric denominator

square meter

Metric denominator: Unit total

4,869,533

Scope 2 figure used

Location-based

% change from previous year

5.77

Direction of change

Decreased

Reason for change

Scope 1 and 2 emissions increased by 13% while square meterage increase by 20% due to the reporting scope being increased significantly from Rand-based operations (i.e. South Africa, Lesotho, e-Swatini and Namibia) to company-wide operations (i.e. South Africa, Lesotho, e-Swatini, Namibia, Angola, Botswana, DRC, Ghana, Kenya, Madagascar, Malawi, Mozambique, Nigeria, Uganda and Zambia).

The overall Scope 1 and 2 emission increases due to the scope increase were minimised due to the various emissions reduction initiatives done (i.e. LED retrofit project, rooftop solar PV installations, solar PV installations on refrigerated trailer fleet and reverse logistics).

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?

Yes

C7.1a

(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).

Greenhouse gas	Scope 1 emissions (metric tons of CO2e)	GWP Reference
CO2	165,758	IPCC Fourth Assessment Report (AR4 - 100 year)
CH4	34	IPCC Fourth Assessment Report (AR4 - 100 year)
N2O	2,085	IPCC Fourth Assessment Report (AR4 - 100 year)
HFCs	415,123	IPCC Fourth Assessment Report (AR4 - 100 year)

C7.2

(C7.2) Break down your total gross global Scope 1 emissions by country/region.

Country/Region	Scope 1 emissions (metric tons CO2e)
Angola	12,715
Botswana	5,178
Democratic Republic of the Congo	1,881
Ghana	5,820
Kenya	1,676
Madagascar	5,389
Malawi	2,786
Mozambique	7,686
Namibia	12,260
Nigeria	29,189
Uganda	2,221
Zambia	26,026

Other, please specify South Africa, eSwatini & Lesotho	470,173
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C7.3

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

By business division

By activity

C7.3a

(C7.3a) Break down your total gross global Scope 1 emissions by business division.

Business division	Scope 1 emissions (metric ton CO2e)
Distribution Centres	4,019
Distribution (Mobile)	117,641
Corporate Stores & Offices	461,340

C7.3c

(C7.3c) Break down your total gross global Scope 1 emissions by business activity.

Activity	Scope 1 emissions (metric tons CO2e)
Mobile combustion	117,641
Stationary combustion	50,236
Fugitive emissions	415,123

C7.5

(C7.5) Break down your total gross global Scope 2 emissions by country/region.

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted for in Scope 2 market-based approach (MWh)
Angola	37,192	37,192	75,294	0
Botswana	27,549	27,549	26,559	0
Democratic Republic of the Congo	3,673	3,673	3,541	0

Eswatini	21,650	21,650	20,872	0
Ghana	4,370	4,370	17,571	0
Kenya	1,135	1,135	6,127	0
Lesotho	12,259	12,259	11,818	0
Madagascar	7,594	7,594	7,321	0
Malawi	8,612	8,612	8,303	0
Mozambique	1,594	1,594	22,811	0
Namibia	57,132	57,132	55,078	0
Nigeria	1,947	1,947	4,660	0
South Africa	1,779,601	1,779,601	1,715,628	0
Uganda	9,404	9,404	9,066	0
Zambia	12,999	12,999	98,255	0

C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

By business division

By activity

C7.6a

(C7.6a) Break down your total gross global Scope 2 emissions by business division.

Business division	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Corporate Stores	1,914,154	1,914,154
Distribution	66,335	66,335
Office	6,222	6,222

C7.6c

(C7.6c) Break down your total gross global Scope 2 emissions by business activity.

Activity	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
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Electricity purchased	1,986,711	1,986,711
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C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

Increased

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	684		0.03	Gross global emissions decreased by 0.03% due to the additional consumption of 659 MWh of renewable energy, equalling 684 tCO2e reduction
Other emissions reduction activities	35,430	Decreased	1.55	Gross global emissions decreased by 1.55% due to the LED Tubes Energy Efficiency project. Shoprite installed 184,196 energy-efficient LED lights in 412 stores saving 34,156,361 kWh of electricity and saving 35,430 metric tons of CO2e in the current reporting period. The project is still underway.
Divestment				
Acquisitions				
Mergers				
Change in output				
Change in methodology	18,760		0.82	Gross global emissions decreased by 0.82% due to changes in methodology to refrigerant leak, electricity calculations and updated emissions factors from electricity suppliers. Scope 1 emissions due to refrigerant leaks decreased by 113,271 tCO2e which equals a 4.96% reduction in gross global emissions due to more accurate data capturing. Scope 2 emissions due to electricity consumption decreased by 52,466 tCO2e,

				<p>equalling a 2.3% reduction in gross global emissions due to more accurate estimations being done for sites where electricity data was not available.</p> <p>Scope 2 emissions due to updated emissions factors by electricity suppliers increased by 146,977 tCO₂e, equalling a 6.44% increase in gross global emissions</p>
Change in boundary	340,854		14.93	<p>Gross global emissions increased by 14.93% due to the increase in the reporting boundary from rand-based operations (i.e. South Africa, Lesotho, e-Swazini and Namibia) to all operations (i.e. South Africa, Lesotho, e-Swazini, Namibia, Angola, Botswana, DRC, Ghana, Kenya, Madagascar, Malawi, Mozambique, Nigeria, Uganda and Zambia). This is an increase of 796 additional facilities (i.e. stores, distributions centres and offices) compared to the previous reporting period.</p> <p>Scope 2 emissions (electricity consumption) increased by 240,122 tCO₂e, equalling a 10.52% increase in gross global emissions due to the change in boundary.</p> <p>Scope 1 emissions (mobile combustion, stationary combustion and refrigerant leaks) increased by 100,731 tCO₂e, equalling a 4.41% increase in gross global emissions due to the change in boundary.</p>
Change in physical operating conditions				
Unidentified				
Other	2,579		0.11	<p>Gross global emissions increased by 2,579 tCO₂e, equalling 0.11% due to additional load shedding that took place in South Africa compared to the previous reporting period.</p> <p>Load shedding is the interruption of the electricity supply implemented by the South African electricity supplier due to insufficient generation capacity. Shoprite uses diesel generators to generate electricity during load shedding.</p>

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Location-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 0% but less than or equal to 5%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	Yes

C8.2a

(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	LHV (lower heating value)	0	626,005	626,005
Consumption of purchased or acquired electricity		0	2,078,604	2,078,604
Consumption of self-generated non-fuel renewable energy		3,298		3,298
Total energy consumption		3,298	2,704,609	2,707,907

C8.2b

(C8.2b) Select the applications of your organization's consumption of fuel.

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	Yes
Consumption of fuel for the generation of heat	Yes
Consumption of fuel for the generation of steam	No
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	No

C8.2c

(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

Fuels (excluding feedstocks)

Petrol

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

21,686

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

21,686

Emission factor

2.31495

Unit

kg CO₂e per liter

Emissions factor source

DEFRA Voluntary 2019 Reporting Guidelines

Comment

The total MWh from Petrol (100% mineral oil) consumption was calculated using the 9.13 kWh/litre factor provided in DEFRA Voluntary 2019 Reporting Guidelines

Fuels (excluding feedstocks)

Diesel

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

604,319

MWh fuel consumed for self-generation of electricity

186,961

MWh fuel consumed for self-generation of heat

417,358

Emission factor

2.68697

Unit

kg CO2e per liter

Emissions factor source

DEFRA Voluntary 2019 Reporting Guidelines

Comment

The total MWh from Diesel (100% mineral oil) consumption was calculated using the 10.0 kWh/litre factor provided in DEFRA Voluntary 2019 Reporting Guidelines

C8.2d

(C8.2d) Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.

	Total Gross generation (MWh)	Generation that is consumed by the organization (MWh)	Gross generation from renewable sources (MWh)	Generation from renewable sources that is consumed by the organization (MWh)
Electricity	3,298	3,298	3,298	3,298
Heat	0	0	0	0
Steam	0	0	0	0
Cooling	0	0	0	0

C8.2e

(C8.2e) Provide details on the electricity, heat, steam, and/or cooling amounts that were accounted for at a zero emission factor in the market-based Scope 2 figure reported in C6.3.

Sourcing method

None (no purchases of low-carbon electricity, heat, steam or cooling)

Low-carbon technology type

Country/region of consumption of low-carbon electricity, heat, steam or cooling

MWh consumed accounted for at a zero emission factor

Comment

Each of the Countries in which Shoprite operates, only has a single Utility supplier providing electricity to the country. These countries' emission factors are therefore the same as the local Utility suppliers' emission factors. This results in the Market-Based scope 2 figure equalling the Location-Based scope 2 figure.

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

Description

Energy usage

Metric value

2,081,902

Metric numerator

MWh

Metric denominator (intensity metric only)

Not applicable

% change from previous year

17.2

Direction of change

Increased

Please explain

Shoprite's 2019/2020 total MWh consumption increased by 17.2% due the overall reporting scope increasing significantly from Rand-based operations (i.e. South Africa, Lesotho, e-Swatini and Namibia) to company-wide operations (i.e. South Africa, Lesotho, e-Swatini, Namibia, Angola, Botswana, DRC, Ghana, Kenya, Madagascar, Malawi, Mozambique, Nigeria, Uganda and Zambia). The increase in scope added 796 additional facilities (i.e. stores, distribution centres and offices) compared to the previous reporting period.

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

 Shoprite Holdings Limited 2020 - Verification Statement.pdf

Page/ section reference

Page 2

Relevant standard

ISO 14064-3

Proportion of reported emissions verified (%)

100

C10.1b

(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.

Scope 2 approach

Scope 2 location-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

 Shoprite Holdings Limited 2020 - Verification Statement.pdf

Page/ section reference

Page 2

Relevant standard

ISO 14064-3

Proportion of reported emissions verified (%)

100

C10.1c

(C10.1c) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Scope 3 category

Scope 3: Business travel

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

 Shoprite Holdings Limited 2020 - Verification Statement.pdf

Page/section reference

Page 2

Relevant standard

ISO 14064-3

Proportion of reported emissions verified (%)

100

Scope 3 category

Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2)

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement
 Shoprite Holdings Limited 2020 - Verification Statement.pdf
Page/section reference

Page 2

Relevant standard

ISO 14064-3

Proportion of reported emissions verified (%)

100

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?

Yes

C10.2a

(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?

 Shoprite Holdings Limited 2020 - Verification Statement.pdf

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C5. Emissions performance	Year on year change in emissions (Scope 1)	ISO 14064-3	Verified Scope 1 emissions changes compared to the previous reporting period.
C5. Emissions performance	Year on year change in emissions (Scope 2)	ISO 14064-3	Verified Scope 2 emissions changes compared to the previous reporting period.
C5. Emissions performance	Year on year change in emissions (Scope 1 and 2)	ISO 14064-3	Verified Scope 1 and 2 emissions changes compared to the previous reporting period.
C6. Emissions data	Other, please specify Non-Kyoto Gas Emissions	ISO 14064-3	Non-Kyoto Gases are reported on separately and are verified.

C11. Carbon pricing

C11.1

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?

Yes

C11.1a

(C11.1a) Select the carbon pricing regulation(s) which impacts your operations.

South Africa carbon tax

C11.1c

(C11.1c) Complete the following table for each of the tax systems you are regulated by.

South Africa carbon tax

Period start date

January 1, 2020

Period end date

December 31, 2020

% of total Scope 1 emissions covered by tax

29

Total cost of tax paid

4,265,367

Comment

Currently mobile emissions, emissions from small scale appliances (generators) and fugitive emissions are exempt from carbon taxes in South Africa, however the fuel price includes a carbon tax component.

C11.1d

(C11.1d) What is your strategy for complying with the systems you are regulated by or anticipate being regulated by?

South Africa's Carbon Tax states a tax of R120 per tonne of CO₂e, however Shoprite's direct activities will not be liable to pay direct carbon tax. The company's tax liability will be zero. The carbon tax effect on Shoprite will be indirect should liable entities pass their liability on to the consumer. To this extent, Shoprite analyses various carbon tax scenarios together with its tax consultants to understand its indirect carbon tax liability. Shoprite's energy efficiency and emission reduction efforts reduce its indirect carbon tax liability.

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?

No

C11.3

(C11.3) Does your organization use an internal price on carbon?

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

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?

Yes, our suppliers

Yes, other partners in the value chain

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement

Compliance & onboarding

Details of engagement

Included climate change in supplier selection / management mechanism

% of suppliers by number

1

% total procurement spend (direct and indirect)

0.45

% of supplier-related Scope 3 emissions as reported in C6.5

0.5

Rationale for the coverage of your engagement

Shoprite has started engaging with its new fresh produce suppliers (8.8% of suppliers) with regards to their water security during their on-boarding as suppliers. This seeks to identify and assess the risk of disruption of water supply to fresh produce suppliers. This is based on the previous drought in the Western Cape regions (2015 - 2018), where the supply of fresh produce was at risk due to reduced water availability.

Shoprite's future plans include engaging with private label suppliers on their energy use and climate change risks and management thereof, since this represents the brands that Shoprite owns. In the medium term, Shoprite will engage with other brand owners.

Impact of engagement, including measures of success

New fresh produce suppliers are expected to report on their access to water, to ensure sufficient volumes and quality for growing and/or processing fresh produce lines. Through this Shoprite is able to anticipate and manage any risk to the supply of fresh produce to its stores. One way to manage this risk is to diversify supply from other regions. Shoprite has already started this process to ensure supply to stores.

Comment

Shoprites future plans include engaging with private label suppliers on their energy use and climate change risks and management thereof, since this represents the brands that Shoprite owns. In the medium term, Shoprite will engage with other brand owners.

C12.1d

(C12.1d) Give details of your climate-related engagement strategy with other partners in the value chain.

Other partners in the value chain include Shoprite's employees. Shoprite has multiple communication channels with its staff, including an App and newsletter. During this reporting period, information on electricity saving tips was shared with employees to build the awareness and understanding of the importance of saving electricity. The information included tips to save electricity in the office and at home.

"South Africa's electricity supply is under strain causing rolling blackouts across the country. It's everyone's responsibility to use electricity sparingly to reduce the pressure on our power system. Although we cannot control when power outages occur, we can prepare and take some control of our electricity usage both in the office and at home. Here are some quick and easy tips to save power in the office and at home:

TIPS TO SAVE ELECTRICITY AT THE OFFICE

- Switch desktops/laptops and printers off at night instead of putting them in sleep mode.
- Switch off your office, bathroom and kitchen lights when leaving work.
- Make sure all lights in your building are switched off if you are the last person leaving the office.
- Switch off electrical lights if natural light in the office is sufficient.
- Keep the air-conditioning temperature at 22°C.
- When using a heater in your workspace, switch it off when leaving work.

TIPS TO SAVE ELECTRICITY AT HOME

A home's average daily electricity usage is ±30 kWh. As the population increases, the demand for energy increases. This has a huge impact on the country's natural resources. The environment will benefit from the efficient use of energy, and you will keep your monthly costs down!

- Switch off the lights when they are not needed.
- Defrost food by leaving it in the fridge overnight, rather than using the microwave.
- Don't open your refrigerator door unnecessarily and make sure you close it properly too.
- Do not fill up a kettle if only a small quantity of boiling water is required. Add the minimum amount as shown on the kettle.
- Defrost fridges regularly. Ice build-up decreases operating efficiency and increases running costs. "

C12.3

(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?

Direct engagement with policy makers

Trade associations

C12.3a

(C12.3a) On what issues have you been engaging directly with policy makers?

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
Carbon tax	Support with minor exceptions	Shoprite, represented by its Tax Manager, engaged in person directly with the Government Department: National Treasury (Republic of South Africa) and National Business Initiative (NBI) through the Carbon Tax Stakeholder Consultation process, which formed part of the public consultation process announced by the Finance Minister in 2017. The agenda of the Carbon Tax Stakeholder Consultation process included, but was not limited to, carbon tax key design features, carbon tax thresholds and carbon tax allowances.	Shoprite supports the Carbon Tax principle, but opposes the current approach of the tax being incorporated into the general taxes of the country. Shoprite's preference is for the tax to be ring-fenced and used for national climate change mitigation or adaptation initiatives.
Adaptation or resilience	Support	The City of Cape Town released a draft Resilience Strategy for comment in May 2019. The strategy aims to strengthen the city against sudden potential shocks in future, including storms, heat waves, droughts and other unforeseen challenges to foster a climate-adaptive city. Shoprite directly engaged with the city by providing comments and input to the strategy. This included comments of waste recycling, water treatment and monitoring, and clean energy.	Shoprite supports the Resilience Strategy proposed by the City of Cape Town. This strategy will make the city more adaptive to unforeseen climate-related challenges which supports business continuity.
Mandatory carbon reporting	Support	Shoprite engaged directly with the Department of Environmental Affairs regarding the Government Gazette No. 40762 (National Greenhouse Gas Emission Reporting Regulations). The engagement related to clarifying the reporting requirements.	Shoprite supports the reporting of carbon emissions so that a national GHG emissions inventory can be determined to inform national reduction targets.

C12.3b

(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?

No

C12.3f

(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

A Group Sustainability Manager was appointed by Shoprite in February 2019 to establish a comprehensive sustainability framework and strategy for the Group. The strategy will steer the Group's progress on and approach to activities in the company that will strengthen its ability to reduce its reliance on natural resources, while minimising its environmental footprint. The Group Sustainability Manager is the central point of contact within the company for any climate-related issues and queries. In this way, direct and indirect company activities that influence policy will be consistent with the company's overall climate change strategy and sustainability framework.

A Climate Change Position Statement was developed in the reporting period to articulate Shoprite's position, strategy and plans related to energy and climate change.

C12.4

(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication

In voluntary sustainability report

Status

Underway – previous year attached

Attach the document

 Shoprite_Holdings_2019_Sustainability_Report.pdf

Page/Section reference

Entire report (particularly page 1, 3, 6, 7, 12, 14, 52-60)

Content elements

Governance

Strategy

Risks & opportunities

Emissions figures

Comment

Shoprite publishes a Sustainability Report annually and the 2020 is being completed and will be published Oct 2020.

Publication

In mainstream reports

Status

Underway – previous year attached

Attach the document

 Shoprite_IR_2019_Full.pdf

Page/Section reference

Page 6, 22-27, 38-52, 53-67,

Content elements

Governance

Strategy

Risks & opportunities

Emissions figures

Comment

Shoprite publishes an Integrated Report annually and the 2020 is being completed and will be published Oct 2020.

Publication

In voluntary communications

Status

Complete

Attach the document**Page/Section reference**

<https://www.shopriteholdings.co.za/articles/Newsroom/2019/Rooftop-solar-PV-powers-Gordons-Bay-centre.html>

Content elements

Strategy

Other, please specify

Solar PV performance indicators

Comment

Shoprite released a press statement for general media about the solar PV installation at its Gordons Bay center.

<https://www.shopriteholdings.co.za/articles/Newsroom/2019/Rooftop-solar-PV-powers-Gordons-Bay-centre.html>

C15. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

SHOPRITE Position Statement on Climate Change (approved by the Social and Ethics Committee in May 2020)

At the heart of its purpose the Shoprite Group aspire 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 Shoprite Group recognises that climate change, driven by global greenhouse gas (GHG) emissions, will directly and indirectly impact its business and the communities in which it operates. Therefore, the Group supports the UNFCCC goal of limiting global temperature rise to well below 2°C above pre-industrial levels.

The Shoprite Group's response to climate change has two focused objectives:

1. Reducing GHG emissions and continuously improving energy efficiency in its direct operations, and its supply chain by engaging with suppliers; and
2. Strengthening the resilience and adaptive capacity of its operations and that of the communities in which it operates.

To this end, the Shoprite Group remains committed to:

- Embracing energy efficiency throughout its operations (in stores, DCs and transportation), and using more renewable energy to reduce GHG emissions.
- Setting science-based GHG emission reduction targets for the medium and long-term, as well as renewable energy usage targets.
- Strengthening the resilience and adaptive capacity of its operations and supply chain to ensure responsible business continuity, and that of the local communities in which it operates.
- Collaborating and partnering with key stakeholders including regulators, suppliers, NGOs and other organisations to address this critical global issue.
- Sharing climate change information with employees, customers, suppliers and investors to build knowledge and capacity.
- Reporting and disclosing its plans, efforts and performances related to climate change mitigation and adaptation.

C15.1

(C15.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Group Sustainability Manager	Chief Sustainability Officer (CSO)

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

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