

SHOPRITE CDP WATER SECURITY 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. 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.

For this reporting period, Shoprite has expanded the reporting boundary from 1 region (Western Cape with 269 facilities) in 1 country to all operations over which Shoprite has operational control (i.e. 2 467 facilities) in 15 countries. Shoprite's facilities include stores, distribution centres and offices. For this year's water security disclosure, Shoprite has used the WWF Water Risk Filter to gain a better understanding of water-related risks and opportunities at a basin-level.

Shoprite's facilities (i.e. stores, distribution centres and offices) require good quality water to function effectively. Water is used for various purposes, including sanitation, washing, cleaning and food production to ensure that high levels of hygiene and food safety are maintained. For this reporting period, total water withdrawal amounted to 5 126 Ml/year.

Shoprite is committed to operating sustainably while it makes its business more resilient, providing its customers with quality, safe and affordable food, and growing job and business opportunities on the continent. Shoprite is also dedicated to supporting the communities where it operates. And it is committed to doing all of this with the least possible impact on the planet and people.

W0. Introduction¹

W0.1

(W0.1) Give a general description of and introduction to your organization.

Shoprite Holdings Limited is an investment holding company whose combined subsidiaries constitute the largest fast moving consumer goods (FMCG) retail operation on the African continent. Shoprite operates more than 2 467 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. The company remains committed to its Values of *Doing the right thing and doing it right*; *Saving to share* and *Developing local*.

For this reporting period, Shoprite has expanded the reporting boundary from 1 region (Western Cape with 269 facilities) in 1 country to all operations over which Shoprite has operational control (i.e. 2 467 facilities) in 15 countries. Shoprite's facilities include stores, distribution centres and offices. Shoprite has used the WWF Water Risk Filter to gain a better understanding of water-related risks and opportunities at a basin-level.

Shoprite is committed to operating sustainably while it makes it's business more resilient, providing its customers with quality, safe and affordable food, and growing job and business opportunities on the continent. Shoprite is also dedicated to supporting the communities where it operates. And it is committed to doing all of this with the least possible impact on the planet and people.

W0.2

(W0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date
Reporting year	July 1, 2019	June 30, 2020

W0.3

(W0.3) 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

¹ Numbering corresponds with CDP Water Security questionnaire

Namibia
Nigeria
South Africa
Uganda
Zambia

W0.4

(W0.4) Select the currency used for all financial information disclosed throughout your response.

ZAR

W0.5

(W0.5) Select the option that best describes the reporting boundary for companies, entities, or groups for which water impacts on your business are being reported.

Companies, entities or groups over which operational control is exercised

W0.6

(W0.6) Within this boundary, are there any geographies, facilities, water aspects, or other exclusions from your disclosure?

No

W1. Current state

W1.1

(W1.1) Rate the importance (current and future) of water quality and water quantity to the success of your business.

	Direct use importance rating	Indirect use importance rating	Please explain
Sufficient amounts of good quality freshwater available for use	Important	Important	<p>Direct use: Shoprite’s facilities (i.e. stores, distribution centres and offices) are unable to function effectively without sufficient volumes of good quality water. Water is used for various purposes, including sanitation, washing, cleaning and food production to ensure that high levels of hygiene and food safety are maintained. The total number of facilities amounts to 2 467.</p> <p>Future water dependencies with regards to quality and quantity are unlikely to change since food production, washing and cleaning will still need potable quality water to ensure that high levels of hygiene and food safety are maintained.</p> <p>Indirect use: Shoprite’s food suppliers are dependent on access to water for growing and processing agricultural products in order to maintain a regular supply of good quality products. Water is used for various purposes, including sanitation, washing, cleaning and food production to ensure that high levels of hygiene and food safety are maintained. Without water, the supply of good quality products may be restricted; however Shoprite is diversifying its suppliers so that it is able to provide the full range of food products in its stores and it will be able to realise its purpose of providing accessible and affordable food products to its customers. By diversifying its suppliers, Shoprite is able to source certain food products from different parts of the country.</p> <p>Shoprite's customers also need good quality water for preparing food. Future water dependencies in Shoprite's value chain with regards to quality and quantity are unlikely to change since food production, washing and cleaning will still need potable quality water to ensure that high levels of hygiene and food safety are maintained.</p>
Sufficient amounts of recycled, brackish and/or produced water available for use	Not very important	Important	<p>Direct use: Currently Shoprite does not use any recycled, brackish and/or produced water. Shoprite stores, distribution centres and offices utilise municipal water (potable water quality). Shoprite facilities are not equipped with water treatment plants to treat poor quality water into potable water quality. Water with potable water quality is needed for sanitation, washing, cleaning and food production to ensure that high levels of hygiene and food safety are maintained. Future water</p>

		<p>dependencies with regards to quality and quantity are unlikely to change since food production, washing and cleaning will still need potable quality water to ensure that high levels of hygiene and food safety are maintained.</p> <p>Indirect use: Shoprite's food suppliers are dependent on access to water for growing and processing agricultural products in order to maintain a regular supply of good quality products. Water is used for various purposes, including sanitation, washing, cleaning and food production to ensure that high levels of hygiene and food safety are maintained. Without water, the supply of good quality products may be restricted; however Shoprite is diversifying its suppliers so that it is able to provide the full range of food products in its stores and it will be able to realise its purpose of providing accessible and affordable food products to its customers. By diversifying its suppliers, Shoprite is able to source certain food products from different parts of the country. Future water dependencies in Shoprite's supply chain with regards to quality and quantity are unlikely to change since food production, washing and cleaning will still need potable quality water to ensure that high levels of hygiene and food safety are maintained. Shoprite's customers also need good quality water for preparing food. In the future, food production companies (suppliers) can install water treatment facilities to treat poor quality water to potable water quality for food preparation.</p>
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W1.2

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

	% of sites / facilities / operations	Please explain
Water withdrawals – total volumes	100%	<p>Shoprite's facilities (i.e. stores, distribution centres and offices) receive most water from third party suppliers (i.e. local municipalities).</p> <p>The municipal water meters are monitored monthly via utility bills while some sites with remotely accessible water meters are monitored daily via online water monitoring software.</p> <p>The remotely accessible water meters enables Shoprite to promptly identify and repair leaks as well as high water usage at sites. Furthermore, these water meters enable Shoprite to track water consumption against any potential municipal water restrictions imposed.</p> <p>Water is used for ablutions, cleaning and washing the facilities, food production (at stores only) and garden irrigation.</p>

Water withdrawals – volumes by source	100%	<p>Shoprite’s facilities (stores, distribution centres and offices) receive most water from third party suppliers (i.e. local municipalities). Most municipalities use surface water (rivers, lakes or dams) as the primary source of water.</p> <p>The municipal water meters are monitored monthly via utility bills while some sites with remotely accessible water meters are monitored daily via online water monitoring software.</p> <p>1.7% of water withdrawals are sourced from renewable groundwater sources. Each of Shoprite's boreholes is monitored via a water meter.</p>
Water withdrawals quality	Not relevant	<p>Shoprite’s facilities (stores, distribution centres, shopping centres and offices) receive water from third party suppliers (i.e. local municipalities). The quality of water supplied by municipalities is of a potable water quality, and this is regulated by the government therefore Shoprite does not generally sample and test the water it receives from municipalities. Municipalities are obliged to provide water quality data on request. In future, if water quality supplied by municipalities deteriorates, Shoprite will sample and test the receiving water periodically.</p>
Water discharges – total volumes	100%	<p>Shoprite’s facilities (stores, distribution centres and offices) receive water from third party suppliers (i.e. local municipalities) and these facilities discharge their wastewater to these same municipalities.</p> <p>All water withdrawals are monitored by municipalities, and the municipalities estimate the water discharges - total volume in order to apply a wastewater treatment cost. The discharges are estimated at 95% of water withdrawals by municipalities. This is included in the monthly municipal bills per facility.</p> <p>Wastewater is generated from cleaning and washing the facilities and equipment.</p> <p>Discharge volumes are measured and reported monthly via utility bills.</p>
Water discharges – volumes by destination	100%	<p>Shoprite’s facilities (stores, distribution centres and offices) receive water from third party suppliers (i.e. local municipalities) and these facilities discharge their wastewater to these same municipalities for treatment at the municipal wastewater treatment facilities.</p> <p>Discharge volumes are measured and reported monthly via utility bills.</p>
Water discharges – volumes by treatment method	100%	<p>Shoprite’s facilities (stores, distribution centres and offices) discharge their wastewater to municipal wastewater treatment facilities. The wastewater at the Shoprite facilities goes through primary treatment (fat-trap) for oil and fat removal, and then secondary</p>

		<p>(biological) and tertiary treatment at the municipal wastewater treatment facilities.</p> <p>Discharge volumes are measured and reported monthly via utility bills.</p>
Water discharge quality – by standard effluent parameters	100%	<p>Shoprite’s facilities (stores, distribution centres and offices) discharge their wastewater to municipal wastewater treatment facilities. Wastewater is generated from cleaning and washing the facilities and equipment.</p> <p>The municipalities monitor the wastewater quality based on certain indicators (e.g. COD, TSS, fats and oils), and these are used to determine the wastewater treatment charges based on a tariff structure.</p>
Water discharge quality – temperature	Not relevant	<p>Shoprite’s stores, distribution centres and offices discharge their wastewater to municipal wastewater treatment facilities. The municipalities monitor the wastewater quality based on certain indicators (e.g. COD, TSS, fats and oils) to determine the wastewater charges, however the temperature is not a monitored parameter, and it is not expected to be monitored in the future.</p>
Water consumption – total volume	100%	<p>Shoprite’s facilities (stores, distribution centres and offices) receive water from third party suppliers (i.e. local municipalities) and these facilities discharge their wastewater to these same municipalities.</p> <p>Wastewater discharges are estimated to be 95% of water withdrawals by municipalities, therefore water consumption is estimated to be the difference between water withdrawals and water discharge volumes.</p> <p>Discharge volumes are measured monthly and reported via utility bills.</p> <p>At the Shoprite facilities, water is consumed by people, for food production and for garden irrigation.</p>
Water recycled/reused	Not relevant	<p>This Aspect is not relevant because of food safety and hygiene requirements for food preparation and production. Recycled or reused water cannot be used at the stores due to the risk of contamination.</p> <p>In future, recycled or reused water is unlikely to be used and it is not expected to be monitored.</p>
The provision of fully-functioning, safely managed WASH services to all workers	100%	<p>All staff and contractors working at all Shoprite facilities (stores, distribution centres and offices) have access to fully-functioning, safely managed WASH services.</p>

W1.2b

(W1.2b) What are the total volumes of water withdrawn, discharged, and consumed across all your operations, and how do these volumes compare to the previous reporting year?

	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Total withdrawals	5,126	Much higher	<p>Much higher than the previous reporting period by 754% due to expanding the reporting boundary from 1 region (Western Cape with 269 facilities) in 1 country to all operations over which Shoprite has operational control (i.e. 2 467 facilities) in 15 countries.</p> <p>Data was sourced from municipal bills and Shoprite's online water meters.</p> <p>The future withdrawal volume is expected to be similar or lower, based on Shoprite's total operations and anticipated water saving initiatives.</p>
Total discharges	4,870	Much higher	<p>Much higher than the previous reporting period by 754% due to expanding the reporting boundary from 1 region (Western Cape with 269 facilities) in 1 country to all operations over which Shoprite has operational control (i.e. 2 467 facilities) in 15 countries.</p> <p>Data was sourced from municipal bills.</p> <p>Data estimated based on municipal by-laws and tariff structure. Discharge = 0.95 x Withdrawal.</p> <p>The future discharge volume is expected to be similar or lower, based on Shoprite's total operations and anticipated water saving initiatives.</p>
Total consumption	256	Much higher	<p>Much higher than the previous reporting period by 754% due to expanding the reporting boundary from 1 region (Western Cape with 269 facilities) in 1 country to all operations over which Shoprite has operational control (i.e. 2 467 facilities) in 15 countries.</p> <p>Figure is based on a company-wide calculation, withdrawals minus discharges.</p> <p>Water is consumed by people, for food production and for garden irrigation.</p> <p>The future consumption volume is expected to be similar or lower, based on Shoprite's total operations and anticipated water saving initiatives.</p>

W1.2d

(W1.2d) Indicate whether water is withdrawn from areas with water stress and provide the proportion.

	Withdrawals are from areas with water stress	% withdrawn from areas with water stress	Comparison with previous reporting year	Identification tool	Please explain
Row 1	Yes	26-50	Much lower	WWF Water Risk Filter	<p>The reporting boundary was extended from 1 region (Western Cape with 269 facilities) in 1 country to Shoprite's total operations (i.e. 2 467 facilities) in 15 countries. This has resulted in a decrease in the % of water withdrawals from areas with water stress (100% down to 26.3%).</p> <p>In order to determine the total water withdrawals from water stressed areas, the exact geographical location and type of site (i.e food retailing, general or speciality retailing, etc.) of each of Shoprite's sites were uploaded to the WWF Water Risk filter. The total withdrawals from all sites having a water depletion score of 3 or higher were divided by Shoprite's total water withdrawals, resulting in an indication of 26.3% of Shoprite's water being withdrawn from water stressed areas.</p> <p>A water depletion score of 3 or higher represents a water stressed river basin.</p>

W1.2h

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

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water, including rainwater, water from wetlands, rivers, and lakes	Not relevant			<p>Shoprite has no water intake from fresh surface water, including rainwater, water from wetlands, rivers and lakes, and this is unlikely to change in the future.</p> <p>Shoprite's facilities (stores, distribution centres and offices) receive water from third party suppliers (i.e. local municipalities). Most</p>

				municipalities use surface water (rivers, lakes or dams) as the primary source of water.
Brackish surface water/Seawater	Not relevant			Shoprite has no water intake from brackish surface water, and this is unlikely to change next in the future.
Groundwater – renewable	Relevant	89	This is our first year of measurement	<p>Shoprite extracts renewable groundwater at 18 of its sites, representing 1.7% of total withdrawals.</p> <p>Each of the boreholes are monitored via a water meter to enable Shoprite to determine the annual water withdrawals. Future withdrawal at these sites are expected to be the same.</p> <p>Water withdrawn from renewable groundwater sources are used for garden irrigation purposes and truck washing.</p>
Groundwater – non-renewable	Not relevant			Shoprite does not withdraw non-renewable groundwater and does not anticipate in utilising non-renewable groundwater in future.
Produced/Entrained water	Not relevant			Shoprite does not make use of produced/entrained water, because it's operations do not produce/generate water.
Third party sources	Relevant	5,037	Much higher	<p>Shoprite's facilities (stores, distribution centres and offices) receive water from third party suppliers (i.e. local municipalities), and this is unlikely to change in the future.</p> <p>The water withdrawal volume is much higher than the previous reporting period by 754% due to expanding the reporting boundary from 1 region (Western Cape with 269 facilities) in 1 country to Shoprite's total operations (i.e. 2 467 facilities) in 15 countries.</p> <p>Water withdrawal volumes are sourced from municipal bills and Shoprite's online water meters.</p>

W1.2i

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

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water	Not relevant			Shoprite does not discharge to fresh surface water and this will not change in the future.
Brackish surface water/seawater	Not relevant			Shoprite does not discharge to brackish surface water and this will not change in the future.
Groundwater	Not relevant			Shoprite does not discharge to groundwater and this will not change in the future.
Third-party destinations	Relevant	4,870	Much higher	<p>Shoprite's facilities (stores, distribution centres and offices) discharge their wastewater to municipalities for treatment at the municipal wastewater treatment facilities, and this is unlikely to change in the future.</p> <p>The water discharge volume is much higher than the previous reporting period by 754% due to expanding the reporting boundary from 1 region (Western Cape with 269 facilities) in 1 country to Shoprite's total operations (i.e. 2 467 facilities) in 15 countries.</p> <p>Data estimated based on municipal by-laws and tariff structure. Discharge = 0.95 x Withdrawal.</p>

W1.4

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

Yes, our suppliers

Yes, our customers or other value chain partners

W1.4a

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

Row 1

% of suppliers by number

1-25

% of total procurement spend

Less than 1%

Rationale for this coverage

Shoprite has started engaging with its new fresh produce suppliers (8.8% of fresh produce 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 and lower crop yields. Success is measured through on-shelf availability of fresh produce lines, and Shoprite has already started diversifying its suppliers from other areas.

Shoprites future plans include engaging with private label suppliers on their water 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 the engagement and 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 due to success being measured through on-shelf availability of fresh produce lines. Shoprite has already started this process.

Comment

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

W1.4b

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

Type of engagement

Innovation & collaboration

Details of engagement

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

% of suppliers by number

1-25

% of total procurement spend

1-25

Rationale for the coverage of your engagement

During the drought in Western Cape (2015 - 2018), Shoprite partnered and collaborated with its suppliers by taking collective action to assist schools in the Western Cape region with the installation of water meters and monitoring to identify leaks and save water and money, thereby supporting a transition to a water secure future in the region.

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

Impact of the engagement and measures of success

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

Comment

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

W1.4c

(W1.4c) What is your organization's rationale and strategy for prioritizing engagements with customers or other partners in its value chain?

Other partners in the value chain include Shoprite's employees. Shoprite has multiple communication channels with its staff, including an App and a newsletter. During this reporting period, information on water saving tips was shared with staff to build the awareness and understanding of the importance of water and conservation thereof. The information included tips to save water in the office, at stores and at home. Shoprite has more than 140 000 staff, who can make a positive impact in water conservation. The implementation of these water savings tips can result in reduced water use at Shoprite's facilities and in water basins where employees live.

Saving Water In Stores

- Turn off the tap when soaping your hands.
- Report any leaks to the branch manager as soon as possible.
- Use only the minimum amount of water required.
- Don't rinse each dish with running water; fill a sink for rinsing.
- Scrape grease from pots and pans into waste containers before washing them.
- Clean fat traps into waste containers daily.
- Use sink strainers to catch food scraps and solids, and empty these into waste containers.

Saving Water At Home

- Turn off the tap when brushing your teeth.
- Place a brick or filled 2-litre bottle in your toilet cistern to use less water per flush.
- Showers use 6–45 litres per minute. Fit water-efficient showerheads and take shorter showers.
- Fill up your washing machine each time to do fewer loads.
- Fix any dripping taps.
- Water your garden with a watering can rather than a hosepipe. Water in the early morning and late afternoon to reduce evaporation.
- Save any warm water from your cold tap in the fridge.
- Monitor your water meter to track your usage.

W2. Business impacts

W2.1

(W2.1) Has your organization experienced any detrimental water-related impacts?

No

W2.2

(W2.2) In the reporting year, was your organization subject to any fines, enforcement orders, and/or other penalties for water-related regulatory violations?

No

W3. Procedures

W3.3

(W3.3) Does your organization undertake a water-related risk assessment?

Yes, water-related risks are assessed

W3.3a

(W3.3a) Select the options that best describe your procedures for identifying and assessing water-related risks.

Direct operations

Coverage

Full

Risk assessment procedure

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

Frequency of assessment

More than once a year

How far into the future are risks considered?

3 to 6 years

Type of tools and methods used

Tools on the market

Enterprise Risk Management

Tools and methods used

WWF Water Risk Filter

COSO Enterprise Risk Management Framework

Comment

Water risks are assessed in Shoprite's direct operations as part of an overarching enterprise risk management policy and framework.

Currently the main water-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.

A more detailed risk assessment (at basin level) is conducted using the WWF Water Risk Filter by the internal Environmental Sustainability team.

Supply chain

Coverage

Full

Risk assessment procedure

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

Frequency of assessment

More than once a year

How far into the future are risks considered?

3 to 6 years

Type of tools and methods used

Enterprise Risk Management

Tools and methods used

COSO Enterprise Risk Management Framework

Comment

Water risks are assessed in Shoprite's supply chain as part of an overarching enterprise risk management policy and framework.

Currently the main water-related risks that are documented on the company's risk register and are associated with suppliers, 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.
- RG10 - Unavailability of goods on shelf: Shoprite may have a shortage of products due to various reasons: e.g. supplier ability to deliver, supply chain and system issues, resulting in goods not being available in store.

Over the next 2 years, Shoprite plans to map all of its current fresh produce suppliers using the WWF Water Risk Filter. Where a risk of supply interruption has already been identified, Shoprite has looked to diversify its supplier base.

Other stages of the value chain

Coverage

Full

Risk assessment procedure

Water risks are assessed as a standalone issue

Frequency of assessment

Annually

How far into the future are risks considered?

3 to 6 years

Type of tools and methods used

Other

Tools and methods used

Internal company methods

Comment

Employees are receiving the same water as Shoprite’s facilities, however the company has included plans in its risk assessment for employees to receive emergency water supply from its facilities (25l/day) for use at home, in the event of municipalities suspending water supply services.

W3.3b

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

	Relevance & inclusion	Please explain
Water availability at a basin/catchment level	Relevant, always included	<p>Water risks are assessed in Shoprite's value chain as part of an overarching enterprise risk management policy and framework.</p> <p>Currently the main water-related risks that are documented on the company’s risk register are:</p> <ul style="list-style-type: none"> • 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. <p>A more detailed risk assessment (at basin level) is conducted using the WWF Water Risk Filter.</p> <p>Shoprite operates 2 467 facilities in 15 countries across the African continent, and sources products from suppliers in the same regions, therefore it is important to assess the water availability risks at a basin level.</p> <p>This issue is relevant because water availability at a basin level impacts on the ability of Shoprite's facilities in that basin to operate/function, and the availability and sourcing of fresh produce in that region.</p> <p>All of Shoprite's 2 467 facilities were mapped into the WWF Water Risk Filter to determine water availability risk at a basin level.</p>

		Over the next 2 years, Shoprite plans to map all of its current fresh produce suppliers using the WWF Water Risk Filter.
Water quality at a basin/catchment level	Relevant, always included	<p>This issue is relevant because poor water quality can have a detrimental impact on the food products that Shoprite buys and sells in terms of hygiene and food safety.</p> <p>Water risks are assessed in Shoprite's value chain as part of an overarching enterprise risk management policy and framework.</p> <p>Currently the main water quality-related risks that are documented on the company's risk register are:</p> <ul style="list-style-type: none"> • OPS 11 - Food safety incidents and non-compliance: Food merchandise can be contaminated by poor quality water, resulting in brand reputation issues • RG1 - Reputational and Brand damage or deterioration: Shoprite's reputation and/or brand is damaged, tarnished or subject to bad press due to e.g. food safety incidents, poor service delivery, bad publicity on social media or any other platforms, etc. <p>A more detailed risk assessment (at basin level) is conducted using the WWF Water Risk Filter.</p> <p>Shoprite operates 2 467 facilities in 15 countries across the African continent, and sources products from suppliers in the same regions, therefore it is important to assess the water quality risks at a basin level.</p> <p>All of Shoprite's 2467 facilities were mapped into the WWF Water Risk Filter to determine water quality risk at a basin level.</p> <p>Over the next 2 years, Shoprite plans to map all of its current fresh produce suppliers using the WWF Water Risk Filter.</p>
Stakeholder conflicts concerning water resources at abasin/catchment level	Relevant, always included	<p>At a basin level, customers, staff, communities and suppliers are all using the same water resources as Shoprite's facilities, therefore the company has to be a responsible water user and a good corporate citizen.</p> <p>Water risks are assessed in Shoprite's value chain as part of an overarching enterprise risk management policy and framework.</p> <p>Currently the main water conflict-related and reputational risks that are documented on the company's risk register are:</p> <ul style="list-style-type: none"> • 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. • RG1 - Reputational and Brand damage or deterioration: Shoprite's reputation and/or brand is damaged, tarnished or subject to bad press due to e.g. food safety incidents, poor service delivery, bad publicity on social media or any other platforms, etc. <p>A more detailed risk assessment (at basin level) is conducted using the WWF Water Risk Filter.</p> <p>Shoprite operates 2 467 facilities in 15 countries across the African continent, and sources products from suppliers in the same</p>

		<p>regions, therefore it is important to assess the conflict risks at a basin level.</p> <p>All of Shoprite's 2467 facilities were mapped into the WWF Water Risk Filter to determine water quality risk at a basin level.</p> <p>Over the next 2 years, Shoprite plans to map all of its current fresh produce suppliers using the WWF Water Risk Filter.</p>
Implications of water on your key commodities/raw materials	Relevant, always included	<p>There are some suppliers that provide key commodities (e.g. fresh produce) to Shoprite. If these suppliers do not have adequate supply water they will not be able to supply Shoprite.</p> <p>Water risks are assessed in Shoprite's value chain as part of an overarching enterprise risk management policy and framework.</p> <p>Currently the main water-related risks concerning key commodities that are documented on the company's risk register are:</p> <ul style="list-style-type: none"> ● 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. ● RG10 - Unavailability of goods on shelf: Shoprite may have a shortage of products due to various reasons: e.g. supplier ability to deliver, supply chain and system issues, resulting in goods not being available in store. <p>A more detailed risk assessment (at basin level) is conducted using the WWF Water Risk Filter.</p> <p>Shoprite operates 2 467 facilities in 15 countries across the African continent, and sources products from suppliers in the same regions, therefore it is important to assess the drought, flooding and water quality risks at a basin level which can impact on the availability of key commodities.</p> <p>All of Shoprite's 2467 facilities were mapped into the WWF Water Risk Filter.</p> <p>Over the next 2 years, Shoprite plans to map its key commodities suppliers using the WWF Water Risk Filter.</p>
Water-related regulatory frameworks	Relevant, always included	<p>Water risks are assessed in Shoprite's value chain as part of an overarching enterprise risk management policy and framework.</p> <p>Currently the main water-related regulatory framework risks that are documented on the company's risk register are:</p> <ul style="list-style-type: none"> ● CG13 - Non-compliance with laws and regulations relevant to the business: Incl. National Environmental Management laws, Water laws, Consumer Protection laws, NCA, Competition law, Health & Safety laws, Pharmacy Act, Medicines Act, Companies Act, Employment Equity, Labour Act, POPI. ● RG1 - Reputational and Brand damage or deterioration: Shoprite's reputation and/or brand is damaged, tarnished or subject to bad press due to e.g. food safety incidents, legal

		<p>non-compliances, bad publicity on social media or any other platforms, etc.</p> <p>Water-related regulatory frameworks are also considered at a basin level due to regional or municipal by-laws (e.g. water use, wastewater permits and tariffs, etc.). Shoprite has zero tolerance for incidents of non-compliance with laws and regulations that have been identified as relevant to the business. The company strives to be a good corporate citizen.</p> <p>A more detailed risk assessment (at basin level) is conducted using the WWF Water Risk Filter.</p> <p>Shoprite operates 2 467 facilities in 15 countries across the African continent, and sources products from suppliers in the same regions, therefore it is important to assess the conflict risks at a basin level.</p> <p>All of Shoprite's 2 467 facilities were mapped into the WWF Water Risk Filter to determine water quality risk at a basin level.</p>
<p>Status of ecosystems and habitats</p>	<p>Relevant, always included</p>	<p>Water risks are assessed in Shoprite's value chain as part of an overarching enterprise risk management policy and framework.</p> <p>Currently the main status of ecosystems and habitats risks that are documented on the company's risk register are:</p> <ul style="list-style-type: none"> • CG11 - Environmental impact: Shoprite may not adequately consider the potential negative impact of its operations and value chain on the environment. • 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, suppliers and local ecosystems. Whether linked to perishable products, live-stock, damage to physical assets, business continuity or sustainability. • RG1 - Reputational and Brand damage or deterioration: Shoprite's reputation and/or brand is damaged, tarnished or subject to bad press due to e.g. environmental incidents, legal non-compliances, bad publicity on social media or any other platforms, etc. <p>Ecosystems and habitat risks are also considered at a basin level since they are generally manifested at a local/regional level.</p> <p>A more detailed risk assessment (at basin level) is conducted using the WWF Water Risk Filter.</p> <p>Shoprite operates 2 467 facilities in 15 countries across the African continent, and sources products from suppliers in the same regions, therefore it is important to assess the ecosystems and habitat risks at a basin level.</p> <p>All of Shoprite's 2 467 facilities were mapped into the WWF Water Risk Filter to determine ecosystems and habitat risks at a basin level.</p> <p>Over the next 2 years, Shoprite plans to map all of its current fresh produce suppliers using the WWF Water Risk Filter.</p>

<p>Access to fully-functioning, safely managed WASH services for all employees</p>	<p>Relevant, always included</p>	<p>Apart from the human right to water and sanitation, access to fully-functioning WASH services for all employees and contractors is important for maintaining high hygiene and food safety levels in food production at Shoprite's facilities.</p> <p>Water risks are assessed in Shoprite's value chain as part of an overarching enterprise risk management policy and framework.</p> <p>Currently the main occupational safety, wellbeing and employee relations risks that are documented on the company's risk register are:</p> <ul style="list-style-type: none"> • P2 - Injury, Illness / loss of life of employees and/or 3rd parties: Operations may be disrupted due to injuries and/or illnesses to staff and/or 3rd parties as a result of non-compliance with basic health and safety laws. • P3 - Employee Relations (incl. Trade Unions): Poor employee relations (due to lack of job security, proper job descriptions, policies and procedures, working hours that is not guaranteed, remuneration, discrimination in the workplace, harassment, etc.) may result in higher staff costs, staff turnover and disruptions to operations. <p>Employees are receiving the same water as Shoprite's facilities, however the company has included plans in its risk assessment for employees to receive emergency water supply from its facilities (25l/day) for use at home, in the event of municipalities suspending water supply services.</p>
<p>Other contextual issues, please specify</p>	<p>Relevant, always included</p>	<p>The condition of municipal water and wastewater treatment infrastructures.</p> <p>Most of Shoprite 2 467 facilities receive water and wastewater treatment services from local municipalities. Aging infrastructure and a lack of maintenance and planning at municipal facilities presents water availability, water quality and wastewater treatment risks to Shoprite.</p> <p>Water risks are assessed in Shoprite's value chain as part of an overarching enterprise risk management policy and framework.</p> <p>Currently the main water supply and wastewater treatment service risk that is documented on the company's risk register is:</p> <ul style="list-style-type: none"> • OPS3 - Third Party Risk (including deteriorating supplier products and services): May result in reduction of income, business interruption or disruptions to the supply chain. <p>A more detailed risk assessment (at basin level) is conducted using the WWF Water Risk Filter.</p> <p>Shoprite operates 2 467 facilities in 15 countries across the African continent, and sources water and wastewater services from municipalities in the same regions, therefore it is important to assess infrastructure risks at a basin level.</p> <p>All of Shoprite's 2 467 facilities were mapped into the WWF Water Risk Filter to determine municipal infrastructure risk at a basin level.</p> <p>Over the next 2 years, Shoprite plans to map all of its current fresh produce suppliers using the WWF Water Risk Filter.</p>

W3.3c

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

	Relevance & inclusion	Please explain
Customers	Relevant, sometimes included	<p>Customers share the same water resources with Shoprite's facilities, and the company has to be a responsible water user and a good corporate citizen. Customers are identified as strategic stakeholders for Shoprite as part of its materiality assessment.</p> <p>Shoprite's has an overarching enterprise risk management policy and framework, and customers as a stakeholder in water-related risks are sometimes considered.</p> <p>Currently the customer water-related risks that are documented on the company's risk register are:</p> <ul style="list-style-type: none"> • C3 - Inadequate understanding of customer preferences and changing trends: Shoprite may not provide a full range of products that are desired by consumers which could impact brand loyalty. • RG4 - Inadequate offering of new products / services: Shoprite may not provide a full range of products that are desired by the consumer. <p>The company offers customers products such as water saving products and devices, bottled water, water efficient appliances and medication for water borne diseases.</p> <p>At the core of Shoprite's business strategy is a customer-first culture. Shoprite interacts with customers every single day when they visit its stores and Shoprite engages them by conducting and monitoring surveys, and by requesting and encouraging their feedback on products and services. Shoprite also connects via social media channels, call centres and suggestion boxes. Interactions include direct interviews to desk-top analyses and tracking of social media perceptions.</p> <p>Future engagement with customers includes:</p> <ul style="list-style-type: none"> • water saving initiatives in stores • tips to save water at homes • availability of water saving products and devices sold at stores.
Employees	Relevant, always included	<p>Employees share the same water resources with Shoprite's facilities, and the company has to be a responsible water user and a good corporate citizen. Employees are an important stakeholder in managing water consumption in Shoprite's facilities and being aware of Shoprite's water stewardship programmes.</p> <p>Employees are identified as strategic stakeholders for Shoprite as part of its materiality assessment.</p> <p>Apart from the human right to water and sanitation, access to fully-functioning WASH services for all employees and contractors is important for maintaining high hygiene and food safety levels in food production at Shoprite's facilities.</p>

		<p>Shoprite's has an overarching enterprise risk management policy and framework, and employees as a stakeholder in water-related risks are always considered.</p> <p>Currently the employee water-related risks that are documented on the company's risk register are:</p> <ul style="list-style-type: none"> ● P2 - Injury, Illness / loss of life of employees and/or 3rd parties: Operations may be disrupted due to injuries and/or illnesses to staff and/or 3rd parties as a result of non-compliance with basic health and safety laws. ● P3 - Employee Relations (incl. Trade Unions): Poor employee relations (due to lack of job security, proper job descriptions, policies and procedures, working hours that is not guaranteed, remuneration, discrimination in the workplace, harassment, etc.) may result in higher staff costs, staff turnover and disruptions to operations. <p>The company shares water saving tips with employees for their homes, stores, offices and distributions centres.</p> <p>Shoprite interacts and communicates with employees on a daily basis in ways that are relevant and focused. Interventions include CEO videos, the #OurShoprite internal newspaper, incentive programmes, regular store meetings, training and suggestion boxes and a mobile app, SiyaRinga, which enables Shoprite to engage with all employees directly.</p> <p>Employees are receiving the same water as Shoprite's facilities, however the company has included plans in its risk assessment for employees to receive emergency water supply from its facilities (25l/day) for use at home, in the event of municipalities suspending water supply services.</p>
Investors	Relevant, sometimes included	<p>Investor interest in water related risks and water stewardship programmes by companies is increasing. Therefore Shoprite shares its water stewardship programmes and water risk mitigation measures with investors in its Annual Integrated Report, Sustainability Report and Water Security Disclosure on the CDP platform.</p> <p>Investors are identified as strategic stakeholders for Shoprite as part of its materiality assessment.</p> <p>Shoprite's has an overarching enterprise risk management policy and framework, and investors as a stakeholder in water-related risks are sometimes considered.</p> <p>Currently the investor water-related risk that is documented on the company's risk register is:</p> <ul style="list-style-type: none"> ● CG12 - Company as investment opportunity: Failure to: proactive market the group to investment community; <ul style="list-style-type: none"> ○ take account of and incorporate the Environmental, Social and Governance (ESG) considerations used to measure its sustainability and ethics; and ○ generate returns and creation of long term value for stakeholders. <p>Shoprite engages with Investors through its Integrated Annual Report, Stock Exchange News Service announcements, meetings, webcasts, conference calls, an online contact platform, perception studies and</p>

		surveys, and national and international investor conferences and presentations.
Local communities	Relevant, always included	<p>Local communities are home to Shoprite's employees and customers and they are using the same water resources as Shoprite's facilities, therefore the company has to be a responsible water user and a good corporate citizen.</p> <p>Communities are identified as strategic stakeholders for Shoprite as part of its materiality assessment.</p> <p>Shoprite's has an overarching enterprise risk management policy and framework, and local communities as a stakeholder in water-related risks are always included.</p> <p>Local communities are home to Shoprite's employees and customers. Shoprite meets with communities, visits community projects and has undertaken research to understand community perceptions of the company. Shoprite actively engage with many communities through various community projects, including:</p> <ul style="list-style-type: none"> • community food gardens (119 across South Africa) • school water-meter project in the Western Cape, in an effort to help schools save water by making water consumption and leaks visible. <p>Shoprite interacts with communities through its strategic CSI partners and the community organisations it supports.</p> <p>During disasters such as droughts, floods and fires, Shoprite is quick to respond to supporting local communities through its fleet of mobile soup kitchens and food and non-food product donations.</p>
NGOs	Relevant, sometimes included	<p>Shoprite actively engages with NGOs based in local communities through its CSI initiatives. The company has supported the creation of food gardens in local communities to address issues of food security.</p> <p>Shoprite's has an overarching enterprise risk management policy and framework, and NGOs as a stakeholder in water-related risks are sometimes included. The NGOs generally represent the local communities where Shoprite has its facilities.</p> <p>Water-related NGOs such as Food and Trees for Africa have been identified as key strategic partners by Shoprite.</p>
Other water users at a basin/catchment level	Relevant, sometimes included	<p>Shoprite does not directly engage with other users at a basin level. Its direct engagement is with local communities, NGOs, suppliers, customers and staff. This already represents a significant component of the basin water users.</p> <p>Water risks are assessed in Shoprite as part of an overarching enterprise risk management policy & framework and through the WWF Water Risk Filter and other water uses in the basin are sometimes included.</p>
Regulators	Relevant, always included	<p>Water related regulatory frameworks and regulators are always considered in water risk assessments. Shoprite will continue engaging with regulators at national and local levels.</p> <p>Water risks are assessed in Shoprite's as part of an overarching enterprise risk management policy and regulators are always included.</p>

		<p>In the previous reporting period, Shoprite signed a Letter of Intent with the South African national Department of Water and Sanitation to collaborate on a range of projects, including:</p> <ul style="list-style-type: none"> • supporting and where possible working with the Department of Water and Sanitation on drought and/or disaster relief efforts in communities • supporting efforts around water education for early childhood development centres and children • partnering in programmes aimed at waterwise gardening for food gardens, and water use in the food value chain.
River basin management authorities	Relevant, not included	<p>While river basin management authorities are relevant but not included in water risk assessments, they will be considered in the future for work that Shoprite commissions on key fresh produce lines to understand sourcing regions and water risks therein.</p> <p>South Africa is currently in the process of finalising the formation of Catchment Management Agencies for relevant catchments.</p>
Statutory special interest groups at a local level	Relevant, sometimes included	<p>Currently Shoprite engages with statutory special interest groups at a local level on an ad-hoc basis (e.g. local municipalities sample and test wastewater parameters to calculate wastewater treatment costs and to determine compliance to wastewater by-laws). Shoprite has zero tolerance for incidents of non-compliance with laws and regulations that have been identified as relevant to the business. The company has to be a good corporate citizen.</p> <p>Currently the water-related regulatory framework risks that are documented on the company's risk register are:</p> <ul style="list-style-type: none"> • CG13 - Non-compliance with laws and regulations relevant to the business: Incl. National Environmental Management laws, Water laws, Consumer Protection laws, NCA, Competition law, Health & Safety laws, Pharmacy Act, Medicines Act, Companies Act, Employment Equity, Labour Act, POPI. • RG1 - Reputational and Brand damage or deterioration: Shoprite's reputation and/or brand is damaged, tarnished or subject to bad press due to e.g. food safety incidents, legal non-compliances, bad publicity on social media or any other platforms, etc. <p>In the past reporting period, Shoprite finalised its position statement on water security, and the Group commits to collaborating and partnering with key stakeholders including regulators, suppliers, NGOs, local communities and other organisations to address water security issues.</p>
Suppliers	Relevant, always included	<p>Shoprite has a broad range of suppliers providing products and services ranging from large to small enterprises. Shoprite's focus is to source as much from local suppliers as possible, but it does import internationally for certain product ranges. Shoprite aims to promote access to the market for small and medium enterprises (SMEs), although it diversifies supplier options to mitigate risks from climate change and high demand.</p> <p>Suppliers are identified as strategic stakeholders for Shoprite as part of its materiality assessment.</p>

		<p>Water risks are assessed in Shoprite's value chain as part of an overarching enterprise risk management policy and framework and suppliers are always included.</p> <p>Currently the water-related risks concerning suppliers that are documented on the company's risk register are:</p> <ul style="list-style-type: none"> • 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. • RG10 - Unavailability of goods on shelf: Shoprite may have a shortage of products due to various reasons: e.g. supplier inability to deliver, supply chain and system issues, resulting in goods not being available in store. <p>Over the next 2 years, Shoprite plans to map its key commodities suppliers using the WWF Water Risk Filter.</p> <p>Shoprite engages with suppliers through direct correspondence, farm and factory visits, market days and an electronic supplier platform.</p>
Water utilities at a local level	Relevant, always included	<p>While Shoprite is not a significant water user at a local basin level, it does engage with water utilities as and when necessary.</p> <p>Water risks are assessed in Shoprite's value chain as part of an overarching enterprise risk management policy & framework and through the WWF Water Risk Filter and water utilities at a local level are always included, particularly from a water supply and wastewater treatment perspective.</p> <p>Shoprite's engagement with water utilities at a local level is generally regarding water metering and billing.</p>
Other stakeholder, please specify	Not considered	Other stakeholders not considered

W3.3d

(W3.3d) Describe your organization's process for identifying, assessing, and responding to water-related risks within your direct operations and other stages of your value chain.

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

implemented in the business units, and the evaluation of effectiveness and compliance is through internal and external auditors. Audit reports are shared at the Audit & Risk Committee of the Board and the full Board.

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

- Corporate Governance, Social and Environmental Sustainability impact: Shoprite may not adequately consider the potential impact of its operations and value chain on the environment nor the impact on its ability to generate returns and creations of long term stakeholder value.
- Weather / Climate Change: Increase in the severity and frequency of extreme weather events and natural catastrophes (droughts, floods, fires, heatwaves, storms, etc.) and its impact on Shoprite's business and suppliers. Weather linked to perishable products, live-stock, damage to physical assets, business continuity or sustainability.

A more detailed risk assessment (at basin level) is conducted using the WWF Water Risk Filter. Shoprite operates 2 467 facilities in 15 countries across the African continent, and sources products from suppliers in the same regions, therefore it is important to assess the water-related risks at a basin level. Assessing water security risks at a basin level impacts on the ability of Shoprite's facilities in that basin to operate/function, and the availability and sourcing of fresh produce in that region. The outcomes of this detailed risk assessment provides Shoprites with information on where to invest on water resilience infrastructure.

Shoprite has already started diversifying the sourcing of fresh produce.

All of Shoprite's 2 467 facilities were mapped into the WWF Water Risk Filter to determine water availability risk at a basin level.

Over the next 2 years, Shoprite plans to map all of its current fresh produce suppliers using the WWF Water Risk Filter.

W4. Risks and opportunities

W4.1

(W4.1) Have you identified any inherent water-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes, both in direct operations and the rest of our value chain

W4.1a

(W4.1a) 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.

W4.1b

(W4.1b) What is the total number of facilities exposed to water risks with the potential to have a substantive financial or strategic impact on your business, and what proportion of your company-wide facilities does this represent?

	Total number of facilities exposed to water risk	% company-wide facilities this represents	Comment
Row 1	7	76-99	Shoprite identified 7 facilities (aggregate of 2,024 facilities) throughout its operations which are all exposed to water-related risks with the potential to have a substantive financial or strategic impact, as each of these 7 facilities, each having only a single river basin from which water is withdrawn.

W4.1c

(W4.1c) By river basin, what is the number and proportion of facilities exposed to water risks that could have a substantive financial or strategic impact on your business, and what is the potential business impact associated with those facilities?

Country/Area & River basin

South Africa

Berg-Olifants

Number of facilities exposed to water risk

303

% company-wide facilities this represents

1-25

% company's total global revenue that could be affected

11-20

Comment

Shoprite has 303 facilities reliant on the Berg-Olifants river basin, which are exposed to water-related risks and are classified as having "Some Risk" as per the WWF Water Risk Filter. These facilities represent <15% of the Group's global revenue.

Country/Area & River basin

South Africa

Limpopo

Number of facilities exposed to water risk

484

% company-wide facilities this represents

1-25

% company's total global revenue that could be affected

11-20

Comment

Shoprite has 484 facilities reliant on the Limpopo river basin, which are exposed to water-related risks and are classified as having "Some Risk" as per the WWF Water Risk Filter. These facilities represent <20% of the Group's global revenue.

Country/Area & River basin

South Africa

Mzimvubu-Tsitsikamma

Number of facilities exposed to water risk

199

% company-wide facilities this represents

1-25

% company's total global revenue that could be affected

1-10

Comment

Shoprite has 199 facilities reliant on the Mzimvubu-Tsitsikamma river basin, which are exposed to water-related risks and are classified as having "Some-to-High Risk" as per the WWF Water Risk Filter. These facilities represent <10% of the Group's global revenue.

Country/Area & River basin

South Africa

Olifants

Number of facilities exposed to water risk

143

% company-wide facilities this represents

1-25

% company's total global revenue that could be affected

1-10

Comment

Shoprite has 143 facilities reliant on the Olifants river basin, which are exposed to water-related risks and are classified as having "Some Risk" as per the WWF Water Risk Filter. These facilities represent <10% of the Group's global revenue.

Country/Area & River basin

South Africa

Pongola-Uzimkulu

Number of facilities exposed to water risk

262

% company-wide facilities this represents

1-25

% company's total global revenue that could be affected

1-10

Comment

Shoprite has 262 facilities reliant on the Pongola-Uzimkulu river basin, which are exposed to water-related risks and are classified as having "Some Risk" as per to the WWF Water Risk Filter. These facilities represent <10% of the Group's global revenue.

Country/Area & River basin

South Africa

Vaal

Number of facilities exposed to water risk

446

% company-wide facilities this represents

1-25

% company's total global revenue that could be affected

11-20

Comment

Shoprite has 446 facilities reliant on the Vaal river basin, which are exposed to water-related risks and are classified as having "Some Risk" as per the WWF Water Risk Filter. These facilities represent <20% of the Group's global revenue.

Country/Area & River basin

Namibia

Orange

Number of facilities exposed to water risk

187

% company-wide facilities this represents

1-25

% company's total global revenue that could be affected

1-10

Comment

Shoprite has 187 facilities reliant on the Orange river basin, which are exposed to water-related risks and are classified as having "Some Risk" as per the WWF Water Risk Filter. These facilities represent <10% of the Group's global revenue.

W4.2

(W4.2) Provide details of identified risks in your direct operations with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

Country/Area & River basin

South Africa

Berg-Olifants

Type of risk & Primary risk driver

Physical

Rationing of municipal water supply

Primary potential impact

Increased operating costs

Company-specific description

During the recent drought in the Berg-Olifants river basin area, municipalities implemented water restrictions, and all Shoprite's facilities had to reduce water consumption by more than 50%. The municipality also increased water tariffs substantially (i.e. doubled). Improving water efficiencies alone will not realise the expected water use reduction, there is a need to augment supply, and this will add additional operating costs to the business from transporting or pumping water.

Timeframe

1-3 years

Magnitude of potential impact

Medium

Likelihood

Likely

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure - minimum (currency)

6,500,000

Potential financial impact figure - maximum (currency)

13,000,000

Explanation of financial impact

It is estimated that water tariffs may double during a severe drought which will result in an estimated water costs increase of between R6.5m and R13m for facilities in the Berg-olifants river basin, depending on the reduction % of water consumption of these facilities.

Including facilities in the Breede-Gouritz, Mzimvubu-Tsitsikamma, Pongola-Uzimkulu river basins (i.e. all other coastal river basins in South Africa) the water costs increase will be between R25m and R50m, depending on the reduction % of water consumption of these facilities.

Primary response to risk

Adopt water efficiency, water reuse, recycling and conservation practices

Description of response

Shoprite will implement water conservation audits and retrofit projects at severe drought affected sites. Water use efficiency of sites where retrofit projects have been implemented will increase. This, and other collective efforts, will assist municipalities in avoiding a "Day Zero" where water must be rationed.

Cost of response

850,000

Explanation of cost of response

An audit conducted at at severely drought-affected facilities, whereby the following water saving devices can be fitted for the corresponding reason:

- reducing flow rates (l/min) of taps in service departments, preparation areas, ablution facilities, kitchens and canteens by replacing existing standard aerators with water-saving aerators;
- reducing flush volumes (l/flush) of toilets by retrofitting cistern water stop devices (i.e. flushing stops when the handle is released);
- restricting unauthorised access to taps on the outside of buildings (e.g. receiving yard) by installing tap locks;
- disabling automatic flushing of urinals by shutting off water supply and implement a manual flushing regime (i.e. flush using a bucket of water as and when required); and
- reducing flow rates (l/min) of showers in change rooms by replacing existing standard aerators with water-saving aerators.

Including facilities in the Breede-Gouritz, Mzimvubu-Tsitsikamma, Pongola-Uzimkulu river basins (i.e. all other coastal river basins in South Africa) the cost of response will be R3.2m.

Country/Area & River basin

South Africa

Limpopo

Type of risk & Primary risk driver

Physical

Rationing of municipal water supply

Primary potential impact

Increased operating costs

Company-specific description

During the recent drought in the other river basin areas, municipalities implemented water restrictions, and all Shoprite's facilities had to reduce water consumption by more than 50%. The municipality also increased water tariffs substantially (i.e. doubled). Improving water efficiencies alone will not realise the expected water use reduction, there is a need to augment supply, and this will add additional operating costs to the business from transporting or pumping water.

Timeframe

1-3 years

Magnitude of potential impact

Medium

Likelihood

More likely than not

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)**

24,000,000

Potential financial impact figure - maximum (currency)

48,000,000

Explanation of financial impact

It is estimated that water tariffs may double during a severe drought which will result in an estimated water costs increase of between R24m and R48m for facilities in the Limpopo river basin, depending on the reduction % of water consumption of these facilities.

Including facilities in the Orange, Vaal, Maputo and Olifants river basin (i.e. all other inland river basins in South Africa) the water costs increase will be between R53.2m and R106.4m, depending on the reduction % of water consumption of these facilities.

Primary response to risk

Adopt water efficiency, water reuse, recycling and conservation practices

Description of response

Shoprite will implement water conservation audits and retrofit projects at severe drought affected sites. Water use efficiency of sites where retrofit projects have been implemented will increase. This, and other collective efforts, will assist municipalities in avoiding a "Day Zero" where water must be rationed.

Cost of response

3,100,000

Explanation of cost of response

An audit conducted at at severely drought-affected facilities, whereby the following water saving devices can be fitted for the corresponding reason:

- reducing flow rates by replacing existing standard aerators with water-saving aerators;
- reducing flush volumes (l/flush) of toilets by retrofitting cistern water stop devices (i.e. flushing stops when the handle is released);
- restricting unauthorised access to taps on the outside of buildings (e.g. receiving yard) by installing tap locks;
- disabling automatic flushing of urinals by shutting off water supply and implement a manual flushing regime (i.e. flush using a bucket of water as and when required); and
- reducing flow rates (l/min) of showers in change rooms by replacing existing standard aerators with water-saving aerators. rates (l/min) of taps in service departments, preparation areas, ablution facilities, kitchens and c

Including facilities in the Orange, Vaal, Maputo and Olifants river basin (i.e. all other inland river basins in South Africa) the cost of response will be R6.9m.

W4.2a

(W4.2a) Provide details of risks identified within your value chain (beyond direct operations) with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

Country/Area & River basin

South Africa

Berg-Olifants

Stage of value chain

Supply chain

Type of risk & Primary risk driver

Physical

Drought

Primary potential impact

Disruption to sales due to value chain disruption

Company-specific description

During the recent drought in the Berg-Olifants river basin area, there was a risk of reduced supply of fresh produce from suppliers in this region. Shoprite already started diversifying its sourcing of fresh produce from other areas.

Timeframe

1-3 years

Magnitude of potential impact

High

Likelihood

Likely

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)**

700,000,000

Potential financial impact figure - maximum (currency)

1,300,000,000

Explanation of financial impact

If suppliers are not diversified the potential impact on Shoprite's sales of fresh goods is estimated to be between R0.7bn and R1.3bn, due to reduced availability of product from suppliers in the Berg-Olifants river basin.

Primary response to risk

Supplier engagement

Promote greater due diligence among suppliers

Description of response

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.

Shoprite also introduced an additional water measure into its on-boarding of new fresh produce suppliers to assess any water related risks as part of its due diligence.

Cost of response

5,000,000

Explanation of cost of response

Additional route planning done by the internal Shoprite teams, indicate an additional transport costs of approximately R5 000 000.

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

W4.3

(W4.3) Have you identified any water-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes, we have identified opportunities, and some/all are being realized

W4.3a

(W4.3a) Provide details of opportunities currently being realized that could have a substantive financial or strategic impact on your business.

Type of opportunity

Efficiency

Primary water-related opportunity

Improved water efficiency in operations

Company-specific description & strategy to realize opportunity

Shoprite can improved water efficiency in all operations by

- reducing flow rates (l/min) of taps in service departments, preparation areas, ablution facilities, kitchens and canteens by replacing existing standard aerators with water-saving aerators;
- reducing flush volumes (l/flush) of toilets by retrofitting cistern water stop devices (i.e. flushing stops when the handle is released);
- restricting unauthorised access to taps on the outside of buildings (e.g. receiving yard) by installing tap locks;
- disabling automatic flushing of urinals by shutting off water supply and implement a manual flushing regime (i.e. flush using a bucket of water as and when required); and
- reducing flow rates (l/min) of showers in change rooms by replacing existing standard aerators with water-saving aerators.

Estimated timeframe for realization

1 to 3 years

Magnitude of potential financial impact

Medium

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)

9,000,000

Potential financial impact figure – maximum (currency)

18,000,000

Explanation of financial impact

It is estimated that the installation of water efficiency/saving devices will reduce water consumption by 10% - 20% in the stores, distribution centres and offices in which they are installed.

The potential financial impact is calculated by determining the overall water consumption for Shoprite and reducing this by 10% - 20%, resulting in an estimated financial impact of between R9m and R18m.

W5. Facility-level water accounting

W5.1

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

Facility reference number

Facility 1

Facility name (optional)

The total water withdrawals of this "facility" is the aggregate of 303 facilities reliant on this river basin.

Country/Area & River basin

South Africa

Berg-Olifants

Latitude

-33.8974

Longitude

18.6807

Located in area with water stress

No

Total water withdrawals at this facility (megaliters/year)

800

Comparison of total withdrawals with previous reporting year

Higher

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Withdrawals from brackish surface water/seawater

0

Withdrawals from groundwater - renewable

89

Withdrawals from groundwater - non-renewable

0

Withdrawals from produced/entrained water

0

Withdrawals from third party sources

711

Total water discharges at this facility (megaliters/year)

760

Comparison of total discharges with previous reporting year

Higher

Discharges to fresh surface water

0

Discharges to brackish surface water/seawater

0

Discharges to groundwater

0

Discharges to third party destinations

760

Total water consumption at this facility (megaliters/year)

40

Comparison of total consumption with previous reporting year

Higher

Please explain

Discharges are based on municipal estimations of total discharges equalling 95% of total withdrawals, while total consumption equals total withdrawals minus total discharges.

The overall water consumption is higher compared to the previous year due to a more complete dataset resulting in less estimation of data.

Facility reference number

Facility 2

Facility name (optional)

The total water withdrawals of this "facility" is the aggregate of 484 facilities reliant on this river basin.

Country/Area & River basin

South Africa

Limpopo

Latitude

-25.914

Longitude

28.168

Located in area with water stress

No

Total water withdrawals at this facility (megaliters/year)

1,117

Comparison of total withdrawals with previous reporting year

This is our first year of measurement

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Withdrawals from brackish surface water/seawater

0

Withdrawals from groundwater - renewable

0

Withdrawals from groundwater - non-renewable

0

Withdrawals from produced/entrained water

0

Withdrawals from third party sources

1,117

Total water discharges at this facility (megaliters/year)

1,061

Comparison of total discharges with previous reporting year

This is our first year of measurement

Discharges to fresh surface water

0

Discharges to brackish surface water/seawater

0

Discharges to groundwater

0

Discharges to third party destinations

1,061

Total water consumption at this facility (megaliters/year)

56

Comparison of total consumption with previous reporting year

This is our first year of measurement

Please explain

Discharges are based on municipal estimations of total discharges equalling 95% of total withdrawals, while total consumption equals total withdrawals minus total discharges.

This is our first year of measurement for this river basin due to the reporting scope increasing from Western Cape operations only (i.e. South Africa, Western Cape province) to company-wide operations (i.e. South Africa, Lesotho, e-Swatini, Namibia, Angola, Botswana, DRC, Ghana, Kenya, Madagascar, Malawi, Mozambique, Nigeria, Uganda and Zambia).

Facility reference number

Facility 3

Facility name (optional)

The total water withdrawals of this "facility" is the aggregate of 199 facilities reliant on this river basin.

Country/Area & River basin

South Africa

Mzimvubu-Tsitsikamma

Latitude

-33.911

Longitude

25.614

Located in area with water stress

Yes

Total water withdrawals at this facility (megaliters/year)

316

Comparison of total withdrawals with previous reporting year

This is our first year of measurement

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Withdrawals from brackish surface water/seawater

0

Withdrawals from groundwater - renewable

0

Withdrawals from groundwater - non-renewable

0

Withdrawals from produced/entrained water

0

Withdrawals from third party sources

316

Total water discharges at this facility (megaliters/year)

300

Comparison of total discharges with previous reporting year

This is our first year of measurement

Discharges to fresh surface water

0

Discharges to brackish surface water/seawater

0

Discharges to groundwater

0

Discharges to third party destinations

300

Total water consumption at this facility (megaliters/year)

16

Comparison of total consumption with previous reporting year

This is our first year of measurement

Please explain

Discharges are based on municipal estimations of total discharges equalling 95% of total withdrawals, while total consumption equals total withdrawals minus total discharges.

This is our first year of measurement for this river basin due to the reporting scope increasing from Western Cape operations only (i.e. South Africa, Western Cape province) to company-wide operations (i.e. South Africa, Lesotho, e-Swatini, Namibia, Angola, Botswana, DRC, Ghana, Kenya, Madagascar, Malawi, Mozambique, Nigeria, Uganda and Zambia).

Facility reference number

Facility 4

Facility name (optional)

The total water withdrawals of this "facility" is the aggregate of 143 facilities reliant on this river basin.

Country/Area & River basin

South Africa

Olifants

Latitude

-25.899

Longitude

29.234

Located in area with water stress

Yes

Total water withdrawals at this facility (megaliters/year)

221

Comparison of total withdrawals with previous reporting year

This is our first year of measurement

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Withdrawals from brackish surface water/seawater

0

Withdrawals from groundwater - renewable

0

Withdrawals from groundwater - non-renewable

0

Withdrawals from produced/entrained water

0

Withdrawals from third party sources

221

Total water discharges at this facility (megaliters/year)

209

Comparison of total discharges with previous reporting year

This is our first year of measurement

Discharges to fresh surface water

0

Discharges to brackish surface water/seawater

0

Discharges to groundwater

0

Discharges to third party destinations

209

Total water consumption at this facility (megaliters/year)

12

Comparison of total consumption with previous reporting year

This is our first year of measurement

Please explain

Discharges are based on municipal estimations of total discharges equalling 95% of total withdrawals, while total consumption equals total withdrawals minus total discharges.

This is our first year of measurement for this river basin due to the reporting scope increasing from Western Cape operations only (i.e. South Africa, Western Cape province) to company-wide operations (i.e. South Africa, Lesotho, e-Swatini, Namibia, Angola, Botswana, DRC, Ghana, Kenya, Madagascar, Malawi, Mozambique, Nigeria, Uganda and Zambia).

Facility reference number

Facility 5

Facility name (optional)

The total water withdrawals of this "facility" is the aggregate of 187 facilities reliant on this river basin.

Country/Area & River basin

Namibia

Orange

Latitude

-22.6458

Longitude

14.5274

Located in area with water stress

No

Total water withdrawals at this facility (megaliters/year)

220

Comparison of total withdrawals with previous reporting year

This is our first year of measurement

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Withdrawals from brackish surface water/seawater

0

Withdrawals from groundwater - renewable

0

Withdrawals from groundwater - non-renewable

0

Withdrawals from produced/entrained water

0

Withdrawals from third party sources

220

Total water discharges at this facility (megaliters/year)

209

Comparison of total discharges with previous reporting year

This is our first year of measurement

Discharges to fresh surface water

0

Discharges to brackish surface water/seawater

0

Discharges to groundwater

0

Discharges to third party destinations

209

Total water consumption at this facility (megaliters/year)

11

Comparison of total consumption with previous reporting year

This is our first year of measurement

Please explain

Discharges are based on municipal estimations of total discharges equalling 95% of total withdrawals, while total consumption equals total withdrawals minus total discharges.

This is our first year of measurement for this river basin due to the reporting scope increasing from Western Cape operations only (i.e. South Africa, Western Cape province) to company-wide operations (i.e. South Africa, Lesotho, e-Swatini, Namibia, Angola, Botswana, DRC, Ghana, Kenya, Madagascar, Malawi, Mozambique, Nigeria, Uganda and Zambia).

Facility reference number

Facility 6

Facility name (optional)

The total water withdrawals of this "facility" is the aggregate of 262 facilities reliant on this river basin.

Country/Area & River basin

South Africa

Pongola-Uzimkulu

Latitude

-29.6241

Longitude

31.0501

Located in area with water stress

No

Total water withdrawals at this facility (megaliters/year)

635

Comparison of total withdrawals with previous reporting year

This is our first year of measurement

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Withdrawals from brackish surface water/seawater

0

Withdrawals from groundwater - renewable

0

Withdrawals from groundwater - non-renewable

0

Withdrawals from produced/entrained water

0

Withdrawals from third party sources

635

Total water discharges at this facility (megaliters/year)

603

Comparison of total discharges with previous reporting year

This is our first year of measurement

Discharges to fresh surface water

0

Discharges to brackish surface water/seawater

0

Discharges to groundwater

0

Discharges to third party destinations

603

Total water consumption at this facility (megaliters/year)

32

Comparison of total consumption with previous reporting year

This is our first year of measurement

Please explain

Discharges are based on municipal estimations of total discharges equalling 95% of total withdrawals, while total consumption equals total withdrawals minus total discharges.

This is our first year of measurement for this river basin due to the reporting scope increasing from Western Cape operations only (i.e. South Africa, Western Cape province) to company-wide operations (i.e. South Africa, Lesotho, e-Swatini, Namibia, Angola, Botswana, DRC, Ghana, Kenya, Madagascar, Malawi, Mozambique, Nigeria, Uganda and Zambia).

Facility reference number

Facility 7

Facility name (optional)

The total water withdrawals of this "facility" is the aggregate of 446 facilities reliant on this river basin.

Country/Area & River basin

South Africa

Vaal

Latitude

-25.9152

Longitude

28.1679

Located in area with water stress

No

Total water withdrawals at this facility (megaliters/year)

852

Comparison of total withdrawals with previous reporting year

This is our first year of measurement

Withdrawals from fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Withdrawals from brackish surface water/seawater

0

Withdrawals from groundwater - renewable

0

Withdrawals from groundwater - non-renewable

0

Withdrawals from produced/entrained water

0

Withdrawals from third party sources

852

Total water discharges at this facility (megaliters/year)

809

Comparison of total discharges with previous reporting year

This is our first year of measurement

Discharges to fresh surface water

0

Discharges to brackish surface water/seawater

0

Discharges to groundwater

0

Discharges to third party destinations

809

Total water consumption at this facility (megaliters/year)

43

Comparison of total consumption with previous reporting year

This is our first year of measurement

Please explain

Discharges are based on municipal estimations of total discharges equalling 95% of total withdrawals, while total consumption equals total withdrawals minus total discharges.

This is our first year of measurement for this river basin due to the reporting scope increasing from Western Cape operations only (i.e. South Africa, Western Cape province) to company-wide operations (i.e. South Africa, Lesotho, e-Swatini, Namibia, Angola, Botswana, DRC, Ghana, Kenya, Madagascar, Malawi, Mozambique, Nigeria, Uganda and Zambia).

W5.1a

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

Water withdrawals – total volumes

% verified

Not verified

Water withdrawals – volume by source

% verified

Not verified

Water withdrawals – quality

% verified

Not verified

Water discharges – total volumes

% verified

Not verified

Water discharges – volume by destination

% verified

Not verified

Water discharges – volume by treatment method

% verified

Not verified

Water discharge quality – quality by standard effluent parameters

% verified

Not verified

Water discharge quality – temperature

% verified

Not verified

Water consumption – total volume

% verified

Not verified

Water recycled/reused

% verified

Not verified

W6. Governance

W6.1

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

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

W6.1a

(W6.1a) Select the options that best describe the scope and content of your water policy.

	Scope	Content	Please explain
Row 1	Company-wide	<p>Description of business dependency on water</p> <p>Description of business impact on water</p> <p>Description of water-related performance standards for direct operations</p> <p>Reference to international standards and widely-recognized water initiatives</p> <p>Company water targets and goals</p> <p>Commitment to align with public policy initiatives, such as the SDGs</p> <p>Commitment to water-related innovation</p> <p>Commitment to stakeholder awareness and education</p> <p>Commitment to water stewardship and/or collective action</p> <p>Acknowledgement of the human right to water and sanitation</p> <p>Recognition of environmental linkages, for example, due to climate change</p> <p>Other, please specify</p> <p>Strengthening the resilience and adaptive capacity of its operations and supply</p>	<p>Shoprite developed a company-wide position statement on Water Security in the past reporting period because water is essential to Shoprite's direct operations and the supply of food and non-food products. This position statement was approved by the Social and Ethics committee in May 2020.</p> <p>SHOPRITE Position Statement on Water Security</p> <p>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 acknowledges that the countries where it operates on the African continent are faced with severe water security challenges - a situation that is likely to be significantly exacerbated by the effects of climate change. The Group recognises that access to clean water remains a human right, and a precursor to economic development, notwithstanding the availability of water to maintain the integrity of ecosystems.</p> <p>While the Shoprite Group is not a significant user of water, it does depend on a reliable source of clean water for its direct operations. However, parts of its supply chain, its shoppers and local communities are very dependent on water availability and accessibility.</p> <p>To this end, Shoprite remains aligned to the SDGs and committed to:</p> <ul style="list-style-type: none"> • Using water, as a natural and scarce resource, responsibly and efficiently throughout its direct operations, and engaging with suppliers to do similar. • Reducing pollution and improving the treatment of wastewater from its operations. • 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, local communities and other organisations to address water security issues.

		chain, and that of the local communities	<ul style="list-style-type: none"> Sharing water security information with employees, customers, suppliers and investors by reporting and disclosing its plans, efforts and performances related to water security.
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W6.2

(W6.2) Is there board level oversight of water-related issues within your organization?

Yes

W6.2a

(W6.2a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for water-related issues.

Position of individual	Please explain
Chief Financial Officer (CFO)	<p>The Board delegates its oversight duties with respect to environmental sustainability and water-related issues to the Social and Ethics Committee. The Social and Ethics committee is made of two Non-Executive Directors and the Chief Financial Officer (CFO).</p> <p>An environmental sustainability update is presented to this Committee (3 times per year), for its deliberation, feedback and oversight. This includes water withdrawal and resilience KPIs.</p> <p>New position statements for Climate Change and Water Security were presented to the Social and Ethics Committee this year, which were approved.</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, feedback and oversight. This includes water withdrawal and resilience KPIs.</p> <p>New position statements for Climate Change and Water Security were presented to the Social and Ethics Committee 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 & 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.</p>

W6.2b

(W6.2b) Provide further details on the board’s oversight of water-related issues.

	Frequency that water-related issues are a scheduled agenda item	Governance mechanisms into which water-related issues are integrated	Please explain
Row 1	Scheduled - all meetings	<p>Monitoring implementation and performance</p> <p>Reviewing and guiding annual budgets</p> <p>Reviewing and guiding business plans</p> <p>Reviewing and guiding major plans of action</p> <p>Reviewing and guiding risk management policies</p> <p>Reviewing and guiding strategy</p> <p>Reviewing and guiding corporate responsibility strategy</p> <p>Setting performance objectives</p>	<p>The Social and Ethics Committee, tasked by the Board to perform an oversight role on its behalf, addresses water-related issues, as an agenda item during 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 which were approved.</p> <p>An environmental sustainability update is presented to this Committee (3 times per year), for its deliberation and feedback.</p>

W6.3

(W6.3) Provide the highest management-level position(s) or committee(s) with responsibility for water-related issues (do not include the names of individuals).

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

Other C-Suite Officer, please specify

Deputy CEO

Responsibility

Both assessing and managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

More frequently than quarterly

Please explain

The 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 water-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

water-related risks and opportunities. A Group Sustainability Manager was appointed in Feb 2019, reporting directly into the Deputy CEO. 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 water-related KPIs are presented and discussed (e.g. water consumption).

A Sustainability Dashboard is prepared monthly to track water-related KPIs.

W6.4

(W6.4) Do you provide incentives to C-suite employees or board members for the management of water-related issues?

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

W6.4a

(W6.4a) What incentives are provided to C-suite employees or board members for the management of water-related issues (do not include the names of individuals)?

	Role(s) entitled to incentive	Performance indicator	Please explain
Monetary reward	Chief Executive Officer (CEO) Chief Financial Officer (CFO) Chief Operating Officer (COO) Other C-suite Officer Deputy CEO	Reduction of water withdrawals Reduction in consumption volumes Improvements in efficiency - direct operations Improvements in efficiency - supply chain Improvements in waste water quality - direct operations Supply chain engagement	<p>CEO and Deputy CEO: The CEO and Deputy CEO is incentivised to ensure a good corporate global reputation (behaviour change indicator) comprising, among others, water-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.</p> <p>COO: The COOs are incentivised to ensure a good corporate global reputation (behaviour change indicator) comprising, among others, water-related issues as a result of their participation in an executive share scheme and shareholding, because of its potential effect on the share price. 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) and water reduction projects (which impact controllable expenses). The COOs served on the Board as executive directors during the period under review.</p> <p>CFO: The CFO is incentivised to ensure a good corporate global reputation (behaviour change indicator) comprising, among others, water-related issues as a</p>

			result of his participation in an executive share scheme and his shareholding, because of its potential effect on the share price. The CFO served on the Board as an executive director during the period under review.
Non-monetary reward	No one is entitled to these incentives		Non-monetary rewards are not a part of Shoprite's reward and recognition programme.

W6.5

(W6.5) Do you engage in activities that could either directly or indirectly influence public policy on water through any of the following?

Yes, direct engagement with policy makers

Yes, trade associations

W6.5a

(W6.5a) What processes do you have in place to ensure that all of your direct and indirect activities seeking to influence policy are consistent with your water policy/water commitments?

Shoprite's Sustainability Framework sets out the company's overarching approach in addressing its key resources, namely, our people, customers, communities, suppliers, supply chain and natural capital. The company's purpose, being the aspiration to be the most accessible and affordable retailer, is at the core of the sustainability framework. The sustainability framework puts forward a number of position statements (e.g. Climate Change and Water Security) which define the company's position and response to key material issues. These statements become the basis for engagement with any external parties.

The Sustainability Team is responsible for setting and implementing water-related policies/commitments. New position statements for Climate Change and Water Security were presented to the Social and Ethics Committee this year, which were approved.

W6.6

(W6.6) Did your organization include information about its response to water-related risks in its most recent mainstream financial report?

Yes (you may attach the report - this is optional)

 Shoprite_IR_2019_Full.pdf

W7. Business strategy

W7.1

(W7.1) Are water-related issues integrated into any aspects of your long-term strategic business plan, and if so how?

	Are water-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, water-related issues are integrated	5-10	<p>At the heart of Shoprite's Purpose is its aspiration to be Africa's most accessible, affordable and innovative retailer, by being relentless in its efforts to keep its business efficient, and sustain its price leadership.</p> <p>Due to the previous drought conditions stores have introduced, and are continuing to range, water-risk related products such as water saving devices, hygiene products that do not require water, water purification products and medication for water-borne diseases.</p> <p>For fresh produce, the company has diversified its supplier base to mitigate the risk of lack of supply.</p>
Strategy for achieving long-term objectives	Yes, water-related issues are integrated	5-10	<p>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, of which the following are relevant here:</p> <ul style="list-style-type: none"> ● Engrain a customer-first culture ● Develop future-fit channels ● Grow market share in premium and fresh goods <p>To satisfy these strategic drivers, Shoprite is ranging water-risk related products such as water saving devices, hygiene products that do not require water, water purification products and medication for water-borne diseases.</p> <p>For fresh goods, the company has diversified its supplier base to ensure that there is consistent supply of fresh goods.</p>
Financial planning	Yes, water-related issues are integrated	5-10	<p>Currently, Shoprite budgets annually for its water withdrawal and wastewater treatment spend. A dedicated internal Utilities team reconciles water usage and municipal invoices.</p> <p>At store level, water resilience infrastructure (i.e water tanks and pumps) will be budgeted for.</p>

W7.2

(W7.2) What is the trend in your organization's water-related capital expenditure (CAPEX) and operating expenditure (OPEX) for the reporting year, and the anticipated trend for the next reporting year?

Row 1

Water-related CAPEX (+/- % change)

-98

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

0

Water-related OPEX (+/- % change)

12

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

10

Please explain

CAPEX:

Water related CAPEX dropped substantially as Shoprite only installed an additional 22 additional water tanks and pumps at drought affected sites (i.e. Limpopo and Eastern Cape region) during this reporting period, compared to installations completed during the previous reporting period. This is expected to stay the same in the next reporting period.

OPEX:

Water related OPEX increased by 12% compared to the previous reporting period for all facilities Shoprite has operational control over, mainly due to annual municipal tariff increases. This is expected to increase by $\pm 10\%$ in the next reporting period due to annual municipal tariff increases.

W7.3

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

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

W7.4

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

Row 1

Does your company use an internal price on water?

No, but we are currently exploring water valuation practices

Please explain

Shoprite does not currently use an internal price on water.

W8. Targets

W8.1

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

	Levels for targets and/or goals	Monitoring at corporate level	Approach to setting and monitoring targets and/or goals
Row 1	Company-wide targets and goals	Targets are monitored at the corporate level	In a food retail environment, water is used for washing and cleaning, and is essential for hygiene and food safety to prevent contamination. Therefore it is difficult to reduce water withdrawals significantly and cost effectively. Nevertheless, Shoprite remains intent on reducing its water intensity, without compromising hygiene and food safety, therefore it has set a water intensity target.

W8.1a

(W8.1a) Provide details of your water targets that are monitored at the corporate level, and the progress made.

Target reference number

Target 1

Category of target

Water use efficiency

Level

Company-wide

Primary motivation

Reduced environmental impact

Description of target

Shoprite has set a water intensity reduction target of 20% by 2030 compared to 2020, which has been set as the baseline year.

2020 was chosen as the baseline year due to the reporting scope increasing from Western Cape operations only (i.e. South Africa, Western Cape province) 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, this will ensure future comparisons are done on a like-for-like basis.

Quantitative metric

Other, please specify

% reduction in water intensity (kL/m²)

Baseline year

2020

Start year

2020

Target year

2030

% of target achieved

0

Please explain

The baseline year and start year are 2020, as this is a new target, hence the % of target achieved is still 0%.

W9. Verification

W9.1

(W9.1) Do you verify any other water information reported in your CDP disclosure (not already covered by W5.1a)?

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

W10. Sign off

W-FI

(W-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.

W10.1

(W10.1) Provide details for the person that has signed off (approved) your CDP water response.

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

W10.2

(W10.2) Please indicate whether your organization agrees for CDP to transfer your publicly disclosed data on your impact and risk response strategies to the CEO Water Mandate's Water Action Hub [applies only to W2.1a (response to impacts), W4.2 and W4.2a (response to risks)].

Yes

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

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