

SHOPRITE CDP CLIMATE CHANGE RESPONSE

2021

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

Shoprite Holdings Limited is an investment holding company whose combined subsidiaries constitute the largest fast moving consumer goods (FMCG) retail operation on the African continent. Shoprite operates more than 2 459 outlets in 14 countries across Africa, employing over 144 000 people across its operations. It's turnover in the past reporting period amounted to R164.9bn (adjusted to 52 weeks). At the heart of Shoprite's purpose is the aspiration to be Africa's most accessible, affordable and innovative retailer, by being relentless in its efforts to keep its business efficient and sustain its price leadership. Shoprite's energy and climate strategy is based on this mindset to improve energy efficiency as much as possible and then to use renewable energy across its operations of stores, distribution centres, trucks and trailers.

Shoprite's absolute emissions are 2 430 883 tonnes of CO₂e of which 23% account for Scope 1 emissions and 77% for Scope 2 (market-based) emissions. This is 5.4% lower than the previous reporting period.

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

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

Shoprite is reporting detailed Scope 3 emissions based on its own calculations and the Quantis Scope 3 Evaluator.

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

C0.2

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

	Start date	End date	Indicate if you are providing emissions data for past reporting years
Reporting year	July 1, 2020	June 30, 2021	No

C0.3

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

Angola

Botswana

Democratic Republic of the Congo

Eswatini

Ghana

Lesotho

Madagascar

Malawi

Mozambique

Namibia

Nigeria

South Africa

Uganda

Zambia

C0.4

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

ZAR

C0.5

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

Operational control

C1. Governance

C1.1

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

Yes

C1.1a

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

Position of individual(s)	Please explain
Chief Financial Officer (CFO)	<p>The Board delegates its oversight duties with respect to environmental and climate-related issues to the Social and Ethics Committee (Board-level committee). The Chief Financial Officer (CFO) is the highest ranked executive director on the Social and Ethics Committee.</p> <p>As the CFO, this role signs off the Board Resolutions for the investigations of the installation of solar PV systems for Shoprite. 86 054 MWh worth of detailed investigations (i.e., sufficient roof structure strength, PV panel layout design, etc.) were signed off in this reporting period.</p>
Board-level committee	<p>The Social and Ethics Board Committee is made up of two non-executive Board members and the CFO. Invited roles include the Company Secretary, Group Corporate Relations and Communications Manager, Group Risk and Compliance Manager and Group Sustainability Manager. This committee provides oversight on the Group's activities within communities, its environmental aspects and impacts, public health and safety, and customer complaints amongst others.</p> <p>An Environmental Sustainability Update is presented to this Committee (3 times per year), for its deliberation and feedback. This includes the company's performance regarding energy use (renewable and non-renewable) and climate change related matters. Position statements for Climate Change and Water Security were approved by this committee. These Position Statements articulate the Group's stance on these issues, including its overarching strategy, plans and commitments.</p>
Other C-Suite Officer	<p>Deputy CEO:</p> <p>The Shoprite Group Deputy CEO is responsible for a number of areas in the company, including environmental and social sustainability and engineering.</p> <p>The Deputy CEO role plays an oversight role on environmental sustainability matters, including energy efficiency and renewable energy projects. The Group's Sustainability Dashboard is presented to him monthly for his consideration and overview. This dashboard includes various climate related KPIs (e.g., electricity consumption, diesel consumption, renewable electricity consumption and refrigerant leaks).</p>

C1.1b

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

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Please explain
Scheduled – all meetings	<p>Reviewing and guiding strategy</p> <p>Reviewing and guiding major plans of action</p> <p>Reviewing and guiding risk management policies</p> <p>Reviewing and guiding annual budgets</p> <p>Reviewing and guiding business plans</p> <p>Setting performance objectives</p> <p>Monitoring implementation and performance of objectives</p> <p>Overseeing major capital expenditures, acquisitions and divestitures</p> <p>Monitoring and overseeing progress against goals and targets for addressing climate-related issues</p>	<p>The Social and Ethics Committee (SEC), tasked by the Board to perform an oversight role on its behalf, addresses climate-related issues, as a standing 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>Company Position Statements for Climate Change and Water Security were approved by the SEC. These Position Statements articulate the Group's stance on these issues, including its overarching strategy, plans and commitments.</p> <p>An Environmental Sustainability Update is presented to this Committee (3 times per year), for its deliberation and feedback. This includes the company's performance regarding energy use (renewable and non-renewable) and other climate change related matters.</p>

C1.2

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

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on climate-related issues
Other C-Suite Officer, please specify Deputy CEO	Both assessing and managing climate-related risks and opportunities  1	More frequently than quarterly



C1.2a

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

The Deputy CEO, who reports directly to the Chief Executive Officer (CEO), manages, and is responsible for key business functions across the entire business, including environmental sustainability and Engineering. The Deputy CEO is responsible for managing climate-related issues by setting and progressing business plans, plans of action, annual budgets, goals and targets. The Deputy CEO is also responsible for identifying, assessing and managing climate-related risks and opportunities. A Group Sustainability Manager was appointed in Feb 2019, reporting directly into the Deputy CEO and the Social and Ethics Board Committee. The Sustainability Manager is supported by a dedicated sustainability team, including a renewable energy and refrigeration specialist. The Sustainability Manager provides feedback to the Deputy CEO on a monthly basis, for his assessment and monitoring of climate-related issues including climate-related KPIs (e.g., electricity consumption and renewable energy usage) through a Sustainability Dashboard.

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

C1.3

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

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

C1.3a

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

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

			<p>serves on the Board as an executive director during the period under review.</p> <p>The Deputy CEO, who reports directly to the Chief Executive Officer (CEO), manages, and is responsible for key business functions across the entire business, including environmental sustainability and Engineering. The Deputy CEO is responsible for managing climate-related issues by setting and progressing business plans, plans of action, annual budgets, goals and targets. The Deputy CEO is also responsible for identifying, assessing and managing climate-related risks and opportunities.</p>
Chief Operating Officer (COO)	Monetary reward	<p>Energy reduction project</p> <p>Efficiency project</p> <p>Behaviour change related indicator</p>	<p>The COOs are incentivised to ensure a good corporate global reputation (behaviour change indicator) comprising, among others, climate-related issues as a result of their participation in an executive share scheme and shareholding, because of its potential effect on the share price.</p> <p>They further participate in bonus schemes based on KPIs indirectly linked to environmental criteria included in purchases (which impact sales), efficiency projects (which impact controllable expenses), energy reduction projects (which impact controllable expenses) and emissions reduction projects (which impact shrinkage).</p> <p>The COOs served on the Board as executive directors during the period under review.</p>
Chief Financial Officer (CFO)	Monetary reward	<p>Energy reduction project</p> <p>Efficiency project</p> <p>Behaviour change related indicator</p>	<p>The CFO is incentivised to ensure a good corporate global reputation (behaviour change indicator) comprising, among others, climate-related issues as a result of his participation in an executive share scheme and his shareholding, because of its potential effect on the share price.</p> <p>The CFO further participates in bonus schemes based on KPIs indirectly linked to emissions reduction projects (which impact shrinkage).</p> <p>The CFO served on the Board as an executive director during the period under review.</p>

Environment/Sustainability manager	Monetary reward	Emissions reduction project Emissions reduction target Efficiency project Behaviour change related indicator	The Group Sustainability Manager is incentivised to formalise and ensure implementation of the Group's energy and climate change strategies and plans. This includes contribution towards corporate global reputation improvement, rate of participation of employees to environmental activities, and educating employees as part of the overall environmental sustainability strategy.
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C2. Risks and opportunities

C2.1

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

Yes

C2.1a

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

	From (years)	To (years)	Comment
Short-term	0	3	Shoprite utilises the concept of short-, medium- and long-term time horizons as planning mechanisms to describe the fixed time period over which business risks and opportunities are determined and evaluated. Climate-related risks and opportunities are considered in these same time horizons, as specified by the company's Enterprise Risk Management Policy & Framework
Medium-term	3	10	Shoprite utilises the concept of short-, medium- and long-term time horizons as planning mechanisms to describe the fixed time period over which business risks and opportunities are determined and evaluated. Climate-related risks and opportunities are considered in these same time horizons, as specified by the company's Enterprise Risk Management Policy & Framework
Long-term	10	30	Shoprite utilises the concept of short-, medium- and long-term time horizons as planning mechanisms to describe the fixed time period over which business risks and opportunities are determined and evaluated. Climate-related risks and opportunities are considered in these same time horizons, as specified by the company's Enterprise Risk Management Policy & Framework

C2.1b

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

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

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

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

C2.2

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

Value chain stage(s) covered

Direct operations

Upstream

Downstream

Risk management process

Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment

More than once a year

Time horizon(s) covered

Short-term

Medium-term

Long-term

Description of process

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

The company realises this vision by:

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

This applies to climate-related risks as well.

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

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

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

Currently the climate-related risks that are documented on the company's Risk Register are:

- CG11 Corporate Governance, Social and Environmental Sustainability impact: Shoprite may not adequately consider the potential negative impact of its operations and value chain on the environment nor its impact on its ability to generate returns and creations of long-term value.
- CG19 Weather / Climate Change: Increase in the severity and frequency of extreme weather events and natural catastrophes (droughts, floods, fires, heatwaves, storms etc.) and its impact on Shoprite's business and suppliers; whether linked to physical assets (stores, distribution centres or vehicles) or supply of perishable products, livestock, damage to physical assets, business continuity or sustainability.

Case study 1 - Responding to Transitional risks and/or opportunities:

<https://www.shopriteholdings.co.za/articles/Newsroom/2021/shoprite-expands-solar-pv-project-commitment-climate-friendly-operations.html>

Electricity supply in South Africa is constrained, heavily carbon intensive and tariffs are increasing beyond inflation. To decarbonise its operations, the Shoprite Group has embarked on a programme to procure more renewable electricity. Renewable electricity is also more affordable.

Case study 2 - Responding to Physical risks and/or opportunities:

<https://www.shopriteholdings.co.za/articles/Newsroom/2021/innovative-small-supplier-helps-stock-shoprite-shelves.html>

Unusually heavy rains caused havoc in the supply of tomatoes in Jan & Feb'21. Shoprite's risk mitigation involved the diversifying of its supply chain, and partnering with innovative suppliers, the Group was able to keep tomatoes on its supermarkets' shelves. During this period, tomatoes were sourced from a different location, away from the more traditional tomato growing regions of South Africa. The use of greenhouses and hydroponics further reduced the risk of climate change and maximises output to supply stores.

Shoprite describes a substantive or significant climate-related consequence as an extreme environmental effect with impairment of ecosystem functions, and long-term, widespread effects on a significant area. The corresponding financial impact is >R250m.

C2.2a

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

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	<p>Shoprite continuously aligns itself with regulatory requirements, whilst assessing the organisation's climate-related risks, to mitigate any disruption on business due to noncompliance.</p> <p>The National Greenhouse Gas Emission Reporting Regulations, as part of the National Environmental Management: Air Quality Act, 2004 (Act No. 39 of 2004), in South Africa, makes provision for mandatory emissions data reporting which requires systems for collecting accurate greenhouse gas (GHG) emissions data. This is relevant for all Shoprite's stationary combustion GHG emitters.</p> <p>Shoprite has registered 1 153 standby diesel generators, and its annual fuel consumption is now reported annually. The last report was done by Shoprite on 31/03/2021.</p> <p>Non-compliance to these Regulations can result, in case of a first conviction, to a fine not exceeding R5 million or to imprisonment for a period not exceeding five years, and in the case of a second or subsequent conviction to a fine not</p>

		exceeding R10 million or imprisonment for a period not exceeding 10 years and in respect of both instances to both such fine and imprisonment.
Emerging regulation	Relevant, always included	<p>The South Africa President confirmed that the South African Climate Change Bill will be signed into law soon. The objective of the Bill is to build the country's effective climate change response and the long term, just transition to a climate resilient and lower carbon economy and society in the context of an environmentally sustainable development framework.</p> <p>Government's expectation is that the climate change policy needs to be implemented in the context of an environmentally sustainable development framework that integrates environmental, economic and social development as well as employment objectives to achieve national development goals.</p> <p>Shoprite will monitor its risks and opportunities arising from the implementation of this Act. These include the setting of sectoral emission targets, a carbon budget and the preparation and submission of greenhouse gas mitigation plans.</p> <p>Non-compliance to the Act could result in a fine not exceeding R10 million or imprisonment for a period not exceeding 10 years, or to both such fine and imprisonment.</p> <p>The Carbon Tax was implemented in South Africa in 2019. The carbon tax applies only to scope 1 emitters in the first phase. The first phase is from 1 June 2019 to 31 December 2022, and the second phase is from 2023 to 2030. While the introduction of the carbon tax does not have any direct impact on the price of electricity for the first phase, it is expected to have an impact from phase 2 onwards.</p>
Technology	Relevant, always included	<p>Shoprite acknowledges that technological innovations, such as the use of renewable energy, energy efficient refrigeration equipment and increased demand for energy efficient equipment and fixtures will reduce the effect of climate change by reducing greenhouse gas emissions. To this extent, technologies that are financially feasible and will reduce Shoprite's carbon emissions are considered in climate-related risk assessments, as and when innovative technologies arise. In 2017, Shoprite started a project to replace 857 350 conventional fluorescent lights with energy efficient LED lights across its Checkers, Shoprite, Usave, LiquorShop, House & Home and OK Furniture brands. This project is continuing.</p> <p>In the financial year 2020/2021, the Group conducted detailed technical and financial feasibility studies for onsite solar PV systems totalling 86 054 MWh.</p>
Legal	Relevant, sometimes included	<p>Shoprite continuously aligns itself with regulatory requirements, whilst assessing the organisation's climate-related risks, to mitigate any disruption on business when the regulation is promulgated.</p> <p>This risk is included and considered even though there hasn't been any climate-related litigation claims against the Company.</p>
Market	Relevant, always included	<p>Transparent disclosure of sustainability commitments, performance and progress can have a positive impact on Shoprite's reputation. Some of Shoprite's customer base are well informed on climate change, sustainability and environmental related matters and successfully addressing these customers' needs can improve the chances of retaining such customers and provide an opportunity to attract and grow this customer base.</p>

		<p>Due to heavy rains affecting the Limpopo province of South Africa, there was a shortage of tomatoes from these areas. Shoprite's mitigation for this was to diversify its tomato supply from other regions in the country to ensure continuous supply of fresh produce to its customers.</p> <p>https://www.shopriteholdings.co.za/articles/Newsroom/2021/innovative-small-supplier-helps-stock-shoprite-shelves.html</p>
Reputation	Relevant, always included	<p>Transparent disclosure of sustainability commitments, performance and progress can have a positive impact on Shoprite's reputation. Some of Shoprite's customer base are well informed on climate change, sustainability and environmental related matters and successfully addressing these customers' needs can improve the chances of retaining such customers and provide an opportunity to attract and grow this customer base. Hence Shoprite made its carbon and water disclosure reports and its annual sustainability report publicly available for the past two reporting periods.</p> <p>The Group has also released press statements regarding its efforts to combat climate change in mainstream media.</p> <p>https://www.shopriteholdings.co.za/articles/Newsroom/2021/shoprite-expands-solar-pv-project-commitment-climate-friendly-operations.html</p> <p>https://edition.cnn.com/2021/04/21/africa/shoprite-south-africa-solar-spc-intl/index.html</p>
Acute physical	Relevant, always included	<p>Acute physical risks are event driven and are included in Shoprite's climate-related risk assessment. The increased severity and frequency of extreme weather events such as cyclones and floods can result in flooding and damages to stores and suppliers.</p> <p>Due to heavy rains affecting the Limpopo province of South Africa, there was a shortage of tomatoes from these areas. Shoprite's mitigation for this was to diversify its tomato supply from other regions in the country to ensure continuous supply of fresh produce to its customers.</p> <p>https://www.shopriteholdings.co.za/articles/Newsroom/2021/innovative-small-supplier-helps-stock-shoprite-shelves.html</p>
Chronic physical	Relevant, always included	<p>Shoprite considers chronic physical risks (e.g., droughts, higher mean temperatures) to its operations and strategic objectives.</p> <p>Due to the drought currently affecting the Eastern Cape and North-West regions of South Africa, there was a risk of supply of fresh produce from these areas. Shoprite's mitigation for this was to diversify its supply from other regions in the country to ensure continuous supply of fresh produce to its customers.</p> <p>Sustained higher mean temperatures will directly increase the load on air-conditioning and refrigeration systems and their ability to function as designed. Where existing systems are not running at full capacity, the increased load will lead to more maintenance and the consumption of significantly more electricity, resulting in increased operating costs for Shoprite.</p>

C2.3

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

Yes

C2.3a

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

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Current regulation

Enhanced emissions-reporting obligations

Primary potential financial impact

Increased direct costs

Company-specific description

Currently, the South African 2016 National Greenhouse Gas Emission Reporting Regulation makes it mandatory for Shoprite to register its stationary fuel combustion devices, and to report annually its fuel consumption. To this extent, 1 153 devices (standby diesel generators) have been registered this year, and fuel consumption is reported annually. The last report of fuel consumption was completed on 31/03/2021. This information is extracted from Shoprite's SAP ERP system.

The risk of non-compliance to this regulation is R10 000 000. While this risk does not present a substantive financial impact to Shoprite, it can have a substantive reputational impact for non-compliance to national regulations - resulting in public/media outcry with its social license to operate is severely threatened.

Time horizon

Short-term

Likelihood

Unlikely

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

10,000,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

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

Cost of response to risk

0

Description of response and explanation of cost calculation

Shoprite's external tax advisors and climate-change specialists advised the company of the requirements of the National Greenhouse Gas Emission Reporting Regulations, and the need to register its stand-by stationary fuel combustion devices. To this extent, 1 153 devices (standby diesel generators) have been registered this year, and fuel consumption is reported annually. The registration and reporting is done by the Group's Sustainability team, so no additional cost is incurred.

Comment

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

Identifier

Risk 2

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Chronic physical

Rising mean temperatures

Primary potential financial impact

Increased indirect (operating) costs

Company-specific description

According to the World Meteorological Organization's (WMO) State of the Climate in Africa 2019 report, extensive areas of Africa will exceed 2°C of warming above pre-industrial levels by the last two decades of this century. For Shoprite, the rising mean temperatures will directly increase the load on air-conditioning and refrigeration systems and their ability to function as designed. Where existing systems are not running at full capacity, the increased load will lead to more maintenance and the consumption of significantly more electricity, resulting in increased operating costs.

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

Newly designed systems will require additional capacity to operate at higher mean temperatures, which will in turn be more costly to construct and operate, resulting in increased CAPEX and operating costs for Shoprite. The Shoprite Engineering team has investigated this risk to establish the financial and technical impacts. Financial impacts are expected to be substantial.

Time horizon

Long-term

Likelihood

Likely

Magnitude of impact

Medium-high

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)**

89,000,000

Potential financial impact figure – maximum (currency)

108,000,000

Explanation of financial impact figure

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

Based on refrigeration system sizing design calculations, a 2°C rise in the mean temperature will result in an increase of:

- 7.0% in the electricity consumption of air-conditioning systems;
- 6.6% in the electricity consumption of refrigeration systems;
- 7.0% in the capital expenditure for new air-conditioning systems; and
- 6.6% in the capital expenditure for new refrigeration systems.

Air-conditioning systems are ±10% of a site's power consumption while refrigeration accounts for 40-50% of a site's power consumption. The 2°C rise will thus result in a 0.7% (7% of 10%) increase (air-conditioning) and a 2.6% to 3.3% increase (6.6% of 40-50%) (refrigeration) in a site's power consumption (3.3% to 4%). Shoprite's annual electricity cost is R2.7bn resulting in the potential financial impact of between R89m and R108m.

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

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

Cost of response to risk

328,500,000

Description of response and explanation of cost calculation

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

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

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

In order to reduce the refrigeration requirement of the in-store equipment, various initiatives can be implemented (e.g., doors on refrigeration cabinets). This is estimated to cost ± R365 000 per site. Implementing these initiatives Shoprite's 900 large format stores (i.e., Shoprite, Checkers, Checkers Hyper) will result in a capital expenditure of ZAR 328 500 000 to allow equipment to operate at the higher mean temperatures.

Comment

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

Identifier

Risk 3

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Chronic physical

Changes in precipitation patterns and extreme variability in weather patterns

Primary potential financial impact

Increased direct costs

Company-specific description

According to the World Meteorological Organization's (WMO) State of the Climate in Africa 2019 report, rainfall amounts during the 2018/2019 season were below normal in Southern Africa, exacerbating an existing drought situation. The Intergovernmental Panel on Climate Change (IPCC) further confirms that a reduction in precipitation is likely over North Africa and the south-western parts of South Africa by the end of the century. Shoprite's operations are primarily in this Southern African region, and rainfall variability will impact water availability and supply which will add to the cost of water. Additionally, present population growth trends in South Africa, and water availability and usage behaviours indicate that the water consumption will exceed water availability 2030. Higher temperatures will increase evaporation from dams and rivers, and will reduce run-off on the ground, so that less of the water that falls reaches the rivers and dams. In addition, inter-basin transfer schemes, high levels of assurance of supply to key sectors of the economy and extensive local reticulation networks require extensive pumping, with rising electricity costs. Therefore, it is expected that Shoprite will have to invest capex with increased operating expenses in other high-risk regions in Southern Africa to ensure water supply and business continuity.

While financial impacts may not be substantial (>R250m), and operational impacts are expected to be substantial (loss of ability to sustain ongoing operations).

Time horizon

Long-term

Likelihood

Likely

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

100,000,000

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

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

Cost of response to risk

99,450,000

Description of response and explanation of cost calculation

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

Installing water savings devices at Shoprite's remaining (900 - 183 = 717) large format stores (i.e., Shoprite, Checkers, Checkers Hyper) will result in a cost of R3 600 000 (717 x R5 000 per site) while installed water tanks and pumps at the estimated ±450 large format sites with no such infrastructure will result in a cost of R95 850 000 (450 x R213 000).

The costs to manage this risk is therefore estimated to be R99 450 000, which is based on the costs incurred to mitigate the Western Cape water supply risk.

Comment

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

Identifier

Risk 4

Where in the value chain does the risk driver occur?

Upstream

Risk type & Primary climate-related risk driver

Market

Increased cost of raw materials

Primary potential financial impact

Increased direct costs

Company-specific description

According to the World Meteorological Organization's (WMO) State of the Climate in Africa 2019 report, rainfall amounts during the 2018/2019 season were below normal in Southern Africa, exacerbating an existing drought situation and heavy precipitation events led to flooding in some areas. The Intergovernmental Panel on Climate Change (IPCC) further confirms that a reduction in precipitation is likely over North Africa and the south-western parts of South Africa by the end of the century.

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

Financial impacts will be substantial (>R250m).

Time horizon

Medium-term

Likelihood

Likely

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

1,000,000,000

Potential financial impact figure – maximum (currency)

2,000,000,000

Explanation of financial impact figure

The cost of procurement of fresh produce is between R5bn to R10bn and prices are estimated to increase by ±20%.

Cost of response to risk

5,000,000

Description of response and explanation of cost calculation

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

Comment

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

Identifier

Risk 5

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Acute physical

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

Primary potential financial impact

Increased insurance claims liability

Company-specific description

According to the World Meteorological Organization's (WMO) State of the Climate in Africa 2019 report, rainfall amounts during the 2018/2019 season were below normal in Southern Africa, but heavy precipitation events led to flooding in some areas. The Intergovernmental Panel on Climate Change (IPCC) further confirms that a reduction in precipitation is likely over North Africa and the south-western parts of South Africa by the end of the century.

Shoprite's operations are primarily in this Southern African region, and the increased severity and frequency of extreme weather events such as cyclones and floods can result in flooding and damages to stores. This was experienced during the cyclones in Mozambique when a store was damaged in 2019.

While financial impacts may not be substantial (>R250m), and operational impacts are expected to be substantial (loss of ability to sustain ongoing operations).

Time horizon

Medium-term

Likelihood

Likely

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

40,000,000

Potential financial impact figure – maximum (currency)

120,000,000

Explanation of financial impact figure

Based on the experiences of the cyclones in Mozambique when a store was damaged in 2019, the approximate cost of damages and business interruption was approximately R40m per store. Assuming that 1 to 3 stores experience these types of events per year gives an estimated and projected total of R120m.

Cost of response to risk

4,500,000

Description of response and explanation of cost calculation

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

Comment

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

Identifier

Risk 6

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Emerging regulation

Carbon pricing mechanisms

Primary potential financial impact

Increased indirect (operating) costs

Company-specific description

The Carbon Tax was implemented in South Africa in 2019. The carbon tax applies only to scope 1 emitters in the first phase. The first phase is from 1 June 2019 to 31 December 2022, and the second phase is from 2023 to 2030. While the introduction of the carbon tax does not have any direct impact on the price of electricity for the first phase, it is expected to have an impact from phase 2 onwards. The first phase has a carbon tax rate of R120 per ton of carbon dioxide equivalent emissions. This rate will increase annually by inflation plus 2 per cent for the first phase (until 2022), and annually by inflation thereafter.

Taking into account Shoprite's projected scope 2 CO₂ emissions (from electricity use) in South Africa in 2023, based on current scope 2 CO₂ emissions, and the projected carbon tax in 2023, together with the assumed allowance range of 5% to 50%, the carbon tax is estimated.

The financial impact is expected to be substantive (>R250m).

Time horizon

Medium-term

Likelihood

Likely

Magnitude of impact

Medium-high

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)

130,000,000

Potential financial impact figure – maximum (currency)

250,000,000

Explanation of financial impact figure

The financial impact is calculated from the following:

(projected carbon tax rate in 2023 in R/tCO₂e) x (projected Scope 2 carbon emissions in 2023 in tCO₂e) x (1 - regulated allowances in %)

The first phase has a carbon tax rate of R120 per tCO₂e emissions. This rate will increase annually by inflation plus 2% for the first phase (until 2022), and annually by inflation thereafter. In 2023, the projected carbon tax is calculated as R146 per tCO₂e, while Shoprite's Scope 2 emissions in South Africa are projected to be approximately 1 800 000 tons. The regulated allowance is estimated to be between 5% and 50%.

Cost of response to risk

0

Description of response and explanation of cost calculation

Shoprite's response to this risk is to increase its use of renewable electricity. Renewable electricity will carry a zero-rated carbon tax. Renewable electricity is sourced via a power purchase agreement at a lower tariff, compared to the current national grid tariff.

Comment

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

C2.4

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

Yes

C2.4a

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

Identifier

Opp1

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Products and services

Primary climate-related opportunity driver

Shift in consumer preferences

Primary potential financial impact

Increased revenues resulting from increased demand for products and services

Company-specific description

In April 2021, research commissioned by Mastercard revealed that "75% of South African respondents think it's now more important for businesses and brands to do more for the environment. Nearly half of respondents (45%) will give more value to brands that act in a responsible, transparent and honest way."

<https://newsroom.mastercard.com/mea/press-releases/98-of-adults-in-south-africa-willing-to-take-personal-action-on-sustainability-issues/>

This suggests that Consumer awareness of environmental and climate-related matters is increasing, and consumers also making purchasing choices based on this awareness. As a consequence, there is an increased demand for Shoprite to acknowledge this awareness and offer environmentally and climate friendly products and services, so much so that customers base their choice of preferred retailer accordingly. There is an opportunity for Shoprite to grow market share, by successfully catering for this demand, which, in turn, will result in an increase in sales.

This could result in substantive financial impact (>R250m).

Time horizon

Medium-term

Likelihood

Likely

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

412,250,000

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

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

However, it is estimated that market share could increase, by capitalising on this opportunity, by as much as 0.25% (of R164.9bn) which will result in an increase in revenue of ZAR 412 250 000.

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

Cost to realize opportunity

0

Strategy to realize opportunity and explanation of cost calculation

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

Comment

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

Identifier

Opp2

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Resource efficiency

Primary climate-related opportunity driver

Use of more efficient production and distribution processes

Primary potential financial impact

Returns on investment in low-emission technology

Company-specific description

Based on investigations into energy consumption at Shoprite stores, refrigeration represents between 40% and 50% of the store's energy consumption. This is consistent with a UNIDO study that reported that refrigeration systems in a supermarket account for between 30% and 60% of the electricity consumption, whereas lighting accounts for between 15% and 25%. Adopting more energy efficient refrigeration technologies and equipment can result in reducing energy consumption by 20% and a resultant cost saving.

A substantive financial opportunity (>R250m) can be realised by adopting energy efficient refrigeration.

Time horizon

Long-term

Likelihood

Likely

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

216,000,000

Potential financial impact figure – maximum (currency)

270,000,000

Explanation of financial impact figure

Refrigeration at store level represents between 40% and 50% of the store's energy consumption. Adopting more energy efficient refrigeration technologies and equipment can result in reducing energy consumption by an estimated 20%. The financial impact figure is based on the following - Shoprite and Checkers branded stores spend approximately R2.7bn on electricity annually. Refrigeration costs are therefore between R1.08bn and R1.35bn, and 20% saving amounts to between R216m and R270m.

Cost to realize opportunity

36,000,000

Strategy to realize opportunity and explanation of cost calculation

Shoprite refurbishes its stores every 7-10 years, and the refrigeration can be upgraded as part of the refurbishment cycle which will allow all the potential savings to be realised over a period of 7-10 years. A new refrigeration system for a large format store (i.e., Shoprite, Checkers, Checkers Hyper) being refurbished or a new store typically costs between R4m and R8m and the installation of more energy efficient refrigeration equipment will result in ±15% additional capital expenditure.

Shoprite refurbishes and/or opens ±30 large format stores annually. The additional cost for energy efficient refrigeration equipment is ±R36m (30 x R8m x 15%) annually.

Comment

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

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

Identifier

Opp3

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Energy source

Primary climate-related opportunity driver

Use of lower-emission sources of energy

Primary potential financial impact

Reduced indirect (operating) costs

Company-specific description

The Southern African region has sunshine all year round. The annual 24-hour global solar radiation average is about 220 W/m² for South Africa, compared with about 150 W/m² for parts of the USA, and about 100 W/m² for Europe and the United Kingdom. This makes South Africa's local resource one of the highest in the world. Therefore, it makes technical and financial sense to look at solar energy for multiple applications within Shoprite.

1. The installation of solar PV systems at Shoprite's stores, distribution centres and offices to generate renewable electricity can result in cost savings over the lifetime of these projects.
2. Replacing inefficient diesel-powered refrigeration systems in refrigerated trailers with solar powered cryogenic cooling systems which allows the truck engine to be turned off during loading and unloading which reduces diesel consumption.
3. Sourcing other renewable electricity through an innovative agreement with a specialist energy trader to procure 434 000 MWh of renewable energy a year from the trader in the coming years.

While the financial benefits may not be substantive (>R250m), the positive reputational outcomes enhance and validates Shoprite's social licence to operate.

Time horizon

Medium-term

Likelihood

Very likely

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, an estimated range

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

135,000,000

Potential financial impact figure – maximum (currency)

202,500,000

Explanation of financial impact figure

The financial impact figure is based on the following - Shoprite spends approximately R2.7bn on electricity annually. If renewable electricity represents 25% of the total, and this is typically priced 20%-30% lower than grid electricity this results in an estimated saving of R135m to R202.5m.

Cost to realize opportunity

250,000

Strategy to realize opportunity and explanation of cost calculation

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

The associated costs are for legal and contracting costs.

Comment

The associated costs are for legal and contracting costs.

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

Identifier

Opp4

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Products and services

Primary climate-related opportunity driver

Shift in consumer preferences

Primary potential financial impact

Increased revenues resulting from increased demand for products and services

Company-specific description

A 2020 Uber Eats survey reported that South Africa ranks among the top five countries for the most ordered vegan dishes globally. It says it experienced a 71% increase in healthy orders made during the hard lockdown, a trend which has continued. Furthermore, a 2020 master's degree study into dietetics showed that the main motive for following the plant-based diet was to help prevent cruelty to animals and protect the environment and its resources.

<https://www.timeslive.co.za/sunday-times/lifestyle/food/2020-11-02-sa-a-global-leader-when-it-comes-to-vegan-grub-orders-says-uber-eats/>

Consumer awareness of environmental and climate-related matters is increasing. This has resulted in an increased demand for plant-based products. Over the past year, the Shoprite Group has seen a 18% increase in the sales of plant-based food products, with approximately 10% increase in the number of products offered in the stores.

This trend is expected to continue with more consumers adopting vegan or flexitarian diets.

While the financial impact from the direct sales of plant based or vegan products may not be substantive (>R250m), the Shoprite group will continue to provide customers with options which improves reputational standing.

Time horizon

Short-term

Likelihood

Likely

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, an estimated range

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

96,000,000

Potential financial impact figure – maximum (currency)

120,000,000

Explanation of financial impact figure

The plant-based category in the Group is valued between R80m and R100m based on the past year's sales. The Group is planning to increase the number of plant-based SKUs, and sales in this category are expected to increase by 20%.

Cost to realize opportunity

0

Strategy to realize opportunity and explanation of cost calculation

The Group is planning to increase the number of plant-based SKUs, and sales in this category are expected to increase by 20%. The listing of additional products is not expected to realise significant costs.

Comment

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

C3. Business Strategy

C3.1

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

Yes, and we have developed a low-carbon transition plan

C3.1a

(C3.1a) Is your organization’s low-carbon transition plan a scheduled resolution item at Annual General Meetings (AGMs)?

	Is your low-carbon transition plan a scheduled resolution item at AGMs?	Comment
Row 1	No, but we intend it to become a scheduled resolution item within the next two years	Shareholders are increasingly enquiring about the Group's climate related plans including low-carbon transition targets and plans. We expect that the Group's low-carbon transition plan will become a scheduled resolution item at Annual General Meetings in the next 2 years.

C3.2

(C3.2) Does your organization use climate-related scenario analysis to inform its strategy?

Yes, qualitative and quantitative

C3.2a

(C3.2a) Provide details of your organization’s use of climate-related scenario analysis.

Climate-related scenarios and models applied	Details
IEA B2DS Nationally determined contributions (NDCs)	<p>The Shoprite Group has signed up to SBT this year. The Group's decarbonization targets have been developed to meet the goals of the Paris Agreement – to limit global warming to well-below 2°C above pre-industrial levels and pursue efforts to limit warming to 1.5°C.</p> <p>The Group's decarbonisation plans take into account the procured renewable energy until 2030, to determine an interim target. The ambition is to be net zero by 2050. Beyond the increased use of renewable energy, decarbonisation plans include improvements in energy efficiency across the Group's operations (stores and distribution centres).</p> <p>The Group expects that climate change will severely affect water availability therefore it used the WWF Water Risk Filter to determine water security risks on a regional basis. Water supply backup plans were developed for high water consuming operations within high-risk regions.</p>

	<p>South Africa's Nationally Determined Contributions (NDC) states a peak, plateau and decline (PPD) greenhouse gas emissions trajectory range. The policy instruments that have been developed and implemented by government to assist in meeting the PPD targets, includes the carbon tax and GHG reporting regulations. As a signatory to the Paris Accord, South Africa has committed to reaching net-zero carbon emissions by 2050.</p> <p>Shoprite's decarbonisation strategy and plans go beyond South Africa's NDC.</p>
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C3.3

(C3.3) Describe where and how climate-related risks and opportunities have influenced your strategy.

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	<p>As seen in Section 2.4a (Opp3), consumer awareness of environmental and climate-related matters is increasing. This has resulted in an increased demand for plant-based products. Over the past year, the Shoprite Group has seen a 18% increase in the sales of plant-based food products, with approximately 10% increase in the number of products offered in the stores. This trend is expected to continue with more consumers adopting vegan or flexitarian diets. While the financial impact from the direct sales of plant based or vegan products may not be substantive (>R250m), the Shoprite group will continue to provide customers with options which improves reputational standing.</p> <p>The 2015-2018 droughts in South Africa resulted in farmers unable to adequately feed their livestock and consequently being forced to slaughter livestock, which drove the average meat price downward (i.e., over supply of meat in the market, where the demand for meat is less than the supply thereof). However, when drought-like conditions are alleviated and livestock feed is more readily available, the average price of meat will increase again (i.e., under supply of meat in the market, where the demand for meat is more than the supply thereof). These price fluctuations may negatively affect Shoprite's purpose of being affordable and accessible. Shoprite has mitigated this risk by diversifying its sourcing of meat products. The magnitude of this impact is medium.</p> <p>All palm oil used in Shoprite's premium private label Simple Truth range is sustainably sourced and certified by the Roundtable on Sustainable Palm Oil, an organisation aiding in the conservation of the endangered Bornean orangutans. The cocoa powder used in most of our fresh convenience bakery products is UTZ-certified. UTZ is a foundation that sets standards for certifying cocoa and other products.</p> <p>Deforestation and forest degradation contribute significantly to climate change through the release of stored carbon in the Earth. Shoprite is actively</p>

		<p>transitioning to paper bags that are FSC-certified for its own brands and packaging requirements in response.</p>
Supply chain and/or value chain	Yes	<p>The 2015-2018 droughts in South Africa have, to varying degrees, negatively impacted Shoprite suppliers' fresh produce production. Shoprite, with its purpose of being affordable and accessible, will be affected in the event that fresh produce supply is scarce for certain primary lines, which may result in significant price increases of fresh produce becoming unavoidable.</p> <p>Furthermore, changes in precipitation may impact on Shoprite's procurement strategy, for example droughts, floods, and changes in average precipitation may cause harvest losses resulting in supply shortfalls. Shoprite has mitigated this risk by diversifying its sourcing of fresh produce.</p> <p>Responding to Physical risks and/or opportunities: https://www.shopriteholdings.co.za/articles/Newsroom/2021/innovative-small-supplier-helps-stock-shoprite-shelves.html</p> <p>Unusually heavy rains caused havoc in the supply of tomatoes in Jan & Feb 21. Shoprite's risk mitigation involved the diversifying of its supply chain, and partnering with innovative suppliers, the Group was able to keep tomatoes on its supermarkets' shelves. During this period, tomatoes were sourced from a different location, away from the more traditional tomato growing regions of South Africa. The use of greenhouses and hydroponics further reduced the risk of climate change and maximises output to supply stores.</p>
Investment in R&D	Yes	<p>Two of the Shoprite's strategic drivers are:</p> <ol style="list-style-type: none"> 1. Have trusted, profitable private labels 2. Grow market share in premium and fresh goods. <p>R&D within Shoprite (in the form of new product development) that supports these strategic drivers includes climate-related aspects. For example, new products in the premium private label ranges includes responsibly sourced palm oil and cocoa which acts against deforestation. Furthermore, new paper or board packaging is FSC-certified.</p> <p>Shoprite has also committed to using new and existing packaging that is:</p> <ul style="list-style-type: none"> -100% reusable or recyclable or compostable by 2025, and -30% average recycled content by 2025. <p>R&D considers the functional, commercial and environmental feasibility of new packaging.</p>
Operations	Yes	<p>Shoprite is committed to increasing its use of renewable electricity in its operations. The Group has committed to using at least 1% of electricity from renewable sources by the end of 2021.</p> <p>Shoprite has also signed an innovative and first of its kind in Africa agreement with a specialist energy trader. Shoprite aims to procure 434 000 MWh of renewable energy annually from the trader in the medium term.</p> <p>Responding to Transitional risks and/or opportunities: https://www.shopriteholdings.co.za/articles/Newsroom/2021/shoprite-expands-solar-pv-project-commitment-climate-friendly-operations.html</p> <p>Electricity supply in South Africa is constrained, heavily carbon intensive and tariffs are increasing beyond inflation. To decarbonise its operations, the</p>

		<p>Shoprite Group has embarked on a programme to procure more renewable electricity. Renewable electricity is also more affordable.</p> <p>As a responsible retailer, Shoprite is aligned to the UN Sustainable Development Goals (SDGs), and specifically with SDG Target 12.3 that intrinsically aims to halve food waste at the retail and consumer levels and reduce food losses along the food chain by 2030. Shoprite is making good progress in diverting food waste from landfills.</p>
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C3.4

(C3.4) Describe where and how climate-related risks and opportunities have influenced your financial planning.

	Financial planning elements that have been influenced	Description of influence
Row 1	<p>Indirect costs</p> <p>Capital expenditures</p>	<p>Indirect costs:</p> <p>The installation of solar PV systems at Shoprite's stores, distribution centres and offices to generate renewable electricity can result in cost savings over the lifetime of these projects. This will mean lower indirect costs for these facilities. Shoprite has committed to using at least 1% of electricity from renewable sources by the end of the 2021. In the past reporting period, Shoprite has increased the installed capacity of its solar PV systems by 350%. These systems generate 21 753 MWh per year which represents 1.1% of our total electricity consumption. The associated cost saved increased by 324%.</p> <p>Replacing inefficient diesel-powered refrigeration systems in refrigerated trailers with solar powered cryogenic cooling systems which allows the truck engine to be turned off during loading and unloading which reduces diesel consumption.</p> <p>Capital expenditure:</p> <p>One of Shoprite's strategic drivers is to "Refocus capital allocation". Therefore, Shoprite's approach is to use power purchase agreements, so that there is no capital expenditure by Shoprite for solar PV installations. No capital was invested by Shoprite for the 32 solar PV systems installed at its stores and distribution sites.</p>

C3.4a

(C3.4a) Provide any additional information on how climate-related risks and opportunities have influenced your strategy and financial planning (optional).

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

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

- Engrain a customer-first culture
- Develop future-fit channels
- Enable precision retail

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

C4. Targets and performance

C4.1

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

Both absolute and intensity targets

C4.1a

(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.

Target reference number

Abs 1

Year target was set

2021

Target coverage

Company-wide

Scope(s) (or Scope 3 category)

Scope 1+2 (market-based)

Base year

2020

Covered emissions in base year (metric tons CO₂e)

2,569,711

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)

100

Target year

2030

Targeted reduction from base year (%)

42

Covered emissions in target year (metric tons CO₂e) [auto-calculated]

1,490,432.38

Covered emissions in reporting year (metric tons CO₂e)

2,430,883

% of target achieved [auto-calculated]

12.863036238

Target status in reporting year

New

Is this a science-based target?

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

Target ambition

1.5°C aligned

Please explain (including target coverage)

Shoprite's absolute Scope 1 and 2 emissions increased significantly in the 2019/2020 reporting scope due to increasing the scope from Rand-based operations (i.e., South Africa, Lesotho, e-Swatini and Namibia) to company-wide operations (i.e., South Africa, Lesotho, e-Swatini, Namibia, Angola, Botswana, DRC, Ghana, Kenya, Madagascar, Malawi, Mozambique, Nigeria, Uganda and Zambia) and the reported overall facility square meterage also increased significantly. As the 2019/2020 reporting scope was Shoprite's company-wide operations, the 2019/2020 financial year (1 July 2019 - 30 June 2020) is used as the base year.

Shoprite has signed up for science-based targets with a target ambition of 1.5°C aligned.

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

Int 1

Year target was set

2018

Target coverage

Company-wide

Scope(s) (or Scope 3 category)

Scope 1+2 (market-based)

Intensity metric

Metric tons CO₂e per square meter

Base year

2020

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

0.528

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

100

Target year

2030

Targeted reduction from base year (%)

30

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

0.3696

% change anticipated in absolute Scope 1+2 emissions

-20

% change anticipated in absolute Scope 3 emissions

10

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

0.501

% of target achieved [auto-calculated]

17.0454545455

Target status in reporting year

Underway

Is this a science-based target?

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

Target ambition

Well-below 2°C aligned

Please explain (including target coverage)

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

Shoprite's absolute Scope 1 and 2 emissions increased significantly in the 2019/2020 reporting scope due to increasing the scope from Rand-based operations (i.e., South Africa, Lesotho, e-Swatini and Namibia) to company-wide operations (i.e., South Africa, Lesotho, e-Swatini, Namibia, Angola, Botswana, DRC, Ghana, Kenya, Madagascar, Malawi, Mozambique, Nigeria, Uganda and Zambia) and the reported overall facility square meterage also increased significantly. As the 2019/2020 reporting scope was Shoprite's company-wide operations, the 2019/2020 financial year (1 July 2019 - 30 June 2020) is used as the base year.

Comparing the 2020/2021 to 2019/2020 intensity performance of the company's "Metric tons CO₂e per square meter" reduced by 5.15%.

C4.2

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

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

C4.2a

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

Target reference number

Low 1

Year target was set

2018

Target coverage

Company-wide

Target type: absolute or intensity

Absolute

Target type: energy carrier

Electricity

Target type: activity

Consumption

Target type: energy source

Renewable energy source(s) only

Metric (target numerator if reporting an intensity target)

MWh

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

2020

Figure or percentage in base year

3,298

Target year

2030

Figure or percentage in target year

500,000

Figure or percentage in reporting year

10,967

% of target achieved [auto-calculated]

1.5439841193

Target status in reporting year

Underway

Is this target part of an emissions target?

Reducing Scope 2 electricity emissions only and related to Int1 and Abs1 target

Is this target part of an overarching initiative?

Science-based targets initiative

Please explain (including target coverage)

Shoprite aims to increase its total renewable energy consumption to account for approximately a quarter of its 2019/2020 total energy usage by the target year.

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

square meterage also increased significantly. As the 2019/2020 reporting scope was Shoprite's company-wide operations, the 2019/2020 financial year (1 July 2019 - 30 June 2020) will be used as the base year to ensure future comparisons are done on a like-for-like basis.

This roll-out of solar PV installations does not follow a linear trajectory as most of the solar PV installations will only come online from 2023 onwards.

C4.3

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

Yes

C4.3a

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

	Number of initiatives	Total estimated annual CO ₂ e savings in metric tonnes CO ₂ e (only for rows marked *)
Under investigation	121	381,032
To be implemented*	135	543,729
Implementation commenced*	9	31,303
Implemented*	4	59,109
Not to be implemented	79	55,147

C4.3b

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

Initiative category & Initiative type

Energy efficiency in buildings

Lighting

Estimated annual CO₂e savings (metric tonnes CO₂e)

39,997

Scope(s)

Scope 2 (location-based)

Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

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

21,784,992

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

29,020,440

Payback period

1-3 years

Estimated lifetime of the initiative

6-10 years

Comment

Part of Shoprite's LED Retrofit Project. Shoprite installed 196 507 energy-efficient LED lights in 366 stores saving 39 085 226 kWh of electricity and saving 39 997 metric tons of CO₂e annually. The project is still underway.

Initiative category & Initiative type

Low-carbon energy consumption

Solar PV

Estimated annual CO₂e savings (metric tonnes CO₂e)

17,254

Scope(s)

Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

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

5,834,806

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

0

Payback period

<1 year

Estimated lifetime of the initiative

16-20 years

Comment

Rooftop Solar PV Project. Shoprite's solar PV suppliers installed solar PV systems at 24 of Shoprite's sites (13 x Checkers, 10 x Shoprite and 1 x Shoprite Distribution Centre) generating 16 860 735 kWh and saving 17 254 metric tons of CO₂e annually.

Initiative category & Initiative type

Low-carbon energy generation

Solar PV

Estimated annual CO₂e savings (metric tonnes CO₂e)

918

Scope(s)

Scope 1

Voluntary/Mandatory

Voluntary

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

685,776

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

3,293,550

Payback period

4-10 years

Estimated lifetime of the initiative

16-20 years

Comment

Rooftop PV for Trailers. Shoprite installed 39 solar PV systems on 39 trailers saving 341 640 litres of diesel and saving 918 metric tons of CO₂e in the current reporting period.

Initiative category & Initiative type

Transportation

Company fleet vehicle efficiency

Estimated annual CO₂e savings (metric tonnes CO₂e)

940

Scope(s)

Scope 1

Voluntary/Mandatory

Voluntary

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

4,721,504

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

0

Payback period

<1 year

Estimated lifetime of the initiative

>30 years

Comment

Part of Shoprite's Reverse Logistics Project. Shoprite reduced overall truck and trailer diesel consumption by 349 741 litres and saved 940 metric tons of CO₂e in the current reporting period.

C4.3c

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

Method	Comment
Compliance with regulatory requirements/standards	“Operate ethically and sustainably” is a strategic enabler for Shoprite and it reflects how the company conducts its business in all geographies. Operating ethically includes compliance with local regulatory requirements and standards, and Shoprite will invest accordingly to ensure compliance.
Financial optimization calculations	The installation of solar PV systems at Shoprite's stores, distribution centres and offices to generate renewable electricity results in cost savings over the lifetime of these projects. This will mean lower indirect costs for these facilities. Shoprite has committed to using at least 1% of electricity from renewable sources by the end of the 2021. In the past reporting period, Shoprite has increased the installed capacity of its solar PV systems by 350%. These systems generate 21 753 MWh per year which represents 1.1% of our total electricity consumption. The associated cost saved increased by 324%.

C4.5

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

Yes

C4.5a

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

Level of aggregation

Group of products

Description of product/Group of products

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

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

Avoided emissions

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

Other, please specify

ISO 14040, life cycle assessment

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

1

Comment

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

Level of aggregation

Group of products

Description of product/Group of products

Consumer awareness of environmental and climate-related matters is increasing. This has resulted in an increased demand for plant-based products.

Over the past year, the Shoprite Group has seen a 18% increase in the sales of plant-based food products, with approximately 10% increase in the number of products offered in the stores.

This trend is expected to continue with more consumers adopting vegan or flexitarian diets.

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

Low-carbon product

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

Other, please specify

ISO 14040, life cycle assessment

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

1

Comment

Shoprite's plant-based range of products represents less than 1% of its total revenue.

While the financial impact from the direct sales of plant based or vegan products may not be substantive (>R250m), the Shoprite group will continue to provide customers with options which improves reputational standing.

C5. Emissions methodology

C5.1

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

Scope 1

Base year start

July 1, 2019

Base year end

June 30, 2020

Base year emissions (metric tons CO₂e)

583,000

Comment

During the 2019/2020 reporting period, Shoprite increased its scope from Rand-based operations (i.e., South Africa, Lesotho, e-Swatini and Namibia) to company-wide operations (i.e., South Africa, Lesotho, e-Swatini, Namibia, Angola, Botswana, DRC, Ghana, Kenya, Madagascar, Malawi, Mozambique, Nigeria, Uganda and Zambia). As the 2019/2020 reporting scope was Shoprite's company-wide operations, the 2019/2020 financial year (1 July 2019 - 30 June 2020) was set as the new base year to ensure future comparisons are done on a like-for-like basis.

Scope 2 (location-based)

Base year start

July 1, 2019

Base year end

June 30, 2020

Base year emissions (metric tons CO₂e)

1,986,711

Comment

During the 2019/2020 reporting period, Shoprite increased its scope from Rand-based operations (i.e., South Africa, Lesotho, e-Swatini and Namibia) to company-wide operations (i.e., South Africa, Lesotho, e-Swatini, Namibia, Angola, Botswana, DRC, Ghana, Kenya, Madagascar, Malawi, Mozambique, Nigeria, Uganda and Zambia). As the 2019/2020 reporting scope was Shoprite's company-wide operations, the 2019/2020 financial year (1 July 2019 - 30 June 2020) was set as the new base year to ensure future comparisons are done on a like-for-like basis.

Scope 2 (market-based)

Base year start

July 1, 2019

Base year end

June 30, 2020

Base year emissions (metric tons CO₂e)

1,986,711

Comment

During the 2019/2020 reporting period, Shoprite increased its scope from Rand-based operations (i.e., South Africa, Lesotho, e-Swatini and Namibia) to company-wide operations (i.e., South Africa, Lesotho, e-Swatini, Namibia, Angola, Botswana, DRC, Ghana, Kenya, Madagascar, Malawi, Mozambique, Nigeria, Uganda and Zambia). As the 2019/2020 reporting scope was Shoprite's company-wide operations, the 2019/2020 financial year (1 July 2019 - 30 June 2020) was set as the new base year to ensure future comparisons are done on a like-for-like basis.

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

C5.2

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

IPCC Guidelines for National Greenhouse Gas Inventories, 2006

ISO 14064-1

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

Other, please specify

DEFRA Voluntary 2020 Reporting Guidelines

C5.2a

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

DEFRA 2020 Voluntary Reporting Guidelines, which are publicly available and are updated annually.

C6. Emissions data

C6.1

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

Reporting year

Gross global Scope 1 emissions (metric tons CO₂e)

563,355

Comment

Shoprite's absolute Scope 1 emissions reduced by 3.4% compared to the previous reporting year (2020/2021 reporting year compared to 2019/2020 reporting year).

C6.2

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

Row 1

Scope 2, location-based

We are reporting a Scope 2, location-based figure

Scope 2, market-based

We are reporting a Scope 2, market-based figure

Comment

Shoprite reports on both location-based and market-based Scope 2 figures.

C6.3

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

Reporting year

Scope 2, location-based

1,878,750

Scope 2, market-based (if applicable)

1,867,528

Comment

Shoprite's absolute Scope 2 (location-based) emissions reduced by 5.4% and its absolute Scope 2 (market-based) emissions reduced by 6.0% compared to the previous reporting year (2020/2021 reporting year compared to 2019/2020 reporting year).

C6.4

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

No

C6.5

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

Purchased goods and services

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

2,145,376

Emissions calculation methodology

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

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

0

Please explain

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

Capital goods

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

46,324

Emissions calculation methodology

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

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

0

Please explain

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

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

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

196,780

Emissions calculation methodology

Transmission and distribution losses are calculated for Shoprite's electricity consumption using the 9.9% losses provided by South Africa's electricity provider.

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

100

Please explain

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

Upstream transportation and distribution

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

7,441

Emissions calculation methodology

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

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

0

Please explain

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

Waste generated in operations

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

10,111

Emissions calculation methodology

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

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

100

Please explain

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

Business travel

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

925

Emissions calculation methodology

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

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

100

Please explain

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

Employee commuting

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

20,400

Emissions calculation methodology

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

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

0

Please explain

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

Upstream leased assets

Evaluation status

Not relevant, explanation provided

Please explain

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

Downstream transportation and distribution

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

650

Emissions calculation methodology

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

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

100

Please explain

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

Processing of sold products

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

167,586

Emissions calculation methodology

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

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

0

Please explain

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

Use of sold products

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

11,341,791

Emissions calculation methodology

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

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

0

Please explain

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

End of life treatment of sold products

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

1,430

Emissions calculation methodology

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

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

0

Please explain

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

Downstream leased assets

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

132,339

Emissions calculation methodology

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

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

0

Please explain

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

Franchises

Evaluation status

Not relevant, explanation provided

Please explain

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

Investments

Evaluation status

Not relevant, explanation provided

Please explain

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

Other (upstream)

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

234,140

Emissions calculation methodology

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

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

100

Please explain

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

Other (downstream)

Evaluation status

Not relevant, explanation provided

Please explain

No other (downstream) Scope 3 emissions to include.

C6.7

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

No

C6.10

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

Intensity figure

0.0147

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

2,430,883

Metric denominator

unit total revenue

Metric denominator: Unit total

164,908,149

Scope 2 figure used

Market-based

% change from previous year

10

Direction of change

Decreased

Reason for change

Scope 1 and 2 emissions decreased by 5.4% (from 2 569 711 tCO₂e to 2 430 883 tCO₂e) while total revenue increased by 5.1% (R156,9bn to R164,9bn).

The Scope 1 and 2 reduction is due to the various emission reduction initiatives as reported in C4.3b.

Intensity figure

0.501

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

2,430,883

Metric denominator

square meter

Metric denominator: Unit total

4,856,866

Scope 2 figure used

Market-based

% change from previous year

5.15

Direction of change

Decreased

Reason for change

Scope 1 and 2 emissions decreased by 5.4% (from 2 569 711 tCO₂e to 2 430 883 tCO₂e) while total square meters decreased by 0.26% (4 869 524m² to 4 856 866m²).

The Scope 1 and 2 reduction is due to the various emission reduction initiatives as reported in C4.3b.

C7. Emissions breakdowns

C7.1

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

Yes

C7.1a

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

Greenhouse gas	Scope 1 emissions (metric tons of CO ₂ e)	GWP Reference
CO ₂	154,305	IPCC Fourth Assessment Report (AR4 - 100 year)
CH ₄	36	IPCC Fourth Assessment Report (AR4 - 100 year)
N ₂ O	1,968	IPCC Fourth Assessment Report (AR4 - 100 year)
HFCs	407,046	IPCC Fourth Assessment Report (AR4 - 100 year)

C7.2

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

Country/Region	Scope 1 emissions (metric tons CO ₂ e)
Angola	12,737
Botswana	17,229
Democratic Republic of the Congo	1,788
Ghana	4,452
Madagascar	4,913
Malawi	2,388
Mozambique	8,100
Namibia	12,713
Nigeria	28,438
Uganda	2,652
Zambia	13,727
Other, please specify (South Africa, eSwatini & Lesotho)	454,218

C7.3

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

By business division

By activity

C7.3a

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

Business division	Scope 1 emissions (metric ton CO ₂ e)
Distribution Centres	3,517
Distribution (Mobile)	112,348
Corporate Stores & Offices	447,490

C7.3c

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

Activity	Scope 1 emissions (metric tons CO ₂ e)
Mobile combustion	112,348
Stationary combustion	43,961
Fugitive emissions	407,046

C7.5

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

Country/Region	Scope 2, location-based (metric tons CO ₂ e)	Scope 2, market-based (metric tons CO ₂ e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted for in Scope 2 market-based approach (MWh)
Angola	21,624	21,624	43,196	0
Botswana	20,383	20,383	19,918	0
Democratic Republic of the Congo	4,271	4,271	4,174	0
Eswatini	16,001	16,001	15,637	0
Ghana	3,239	3,239	13,025	0
Lesotho	11,927	11,927	11,655	0
Madagascar	4,998	4,998	4,884	0
Malawi	7,721	7,721	7,545	0
Mozambique	1,397	1,397	19,982	0
Namibia	58,976	57,885	56,564	1,067
Nigeria	17,835	17,835	42,677	0
South Africa	1,698,714	1,688,583	1,650,083	9,900
Uganda	7,007	7,007	6,847	0
Zambia	4,657	4,657	35,201	0

C7.6

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

By business division

By activity

C7.6a

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

Business division	Scope 2, location-based (metric tons CO ₂ e)	Scope 2, market-based (metric tons CO ₂ e)
Corporate Stores	1,775,275	1,764,670
Distribution	97,920	97,336
Office	5,555	5,522

C7.6c

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

Activity	Scope 2, location-based (metric tons CO ₂ e)	Scope 2, market-based (metric tons CO ₂ e)
Electricity purchased	1,878,750	1,867,528

C7.9

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

Decreased

C7.9a

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

	Change in emissions (metric tons CO ₂ e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	11,223	Decreased	0.44	Gross global emissions decreased by 0.44% due to the additional consumption of 10 967 MWh of renewable energy, equalling 11 223 tCO ₂ e reduction
Other emissions reduction activities	27,041	Decreased	1.18	Gross global emissions decreased by 1.18% due to the LED Tubes Energy Efficiency project and the reduction of refrigerant leaks.

				<p>Shoprite installed 196 507 energy-efficient LED lights in 366 stores saving 18 531 526 kWh of electricity and saving 18 964 metric tons of CO₂e in the current reporting period. The project is still underway.</p> <p>Shoprite recorded less refrigerant leaks resulting in a saving of 8 077 metric tons of CO₂e in the current reporting period.</p>
Divestment				
Acquisitions				
Mergers				
Change in output				
Change in methodology	81,000	Decreased	3.55	<p>Gross global emissions decreased by 3.55% due to changes in methodology to electricity calculations and updated emissions factors from electricity suppliers.</p> <p>Scope 2 emissions due to electricity consumption decreased by 56 471 tCO₂e, equalling a 2.47% reduction in gross global emissions due to more accurate estimations being done for sites where electricity data was not available.</p> <p>Scope 2 emissions due to updated emissions factors by electricity suppliers decreased by 24 529 tCO₂e, equalling a 1.08% decrease in gross global emissions.</p>
Change in boundary				
Change in physical operating conditions				
Unidentified				
Other	5,293	Decreased	0.23	<p>Gross global emissions decreased by 5,293 tCO₂e, equalling 0.23% due to less load shedding that took place in South Africa compared to the previous reporting period.</p> <p>Load shedding is the interruption of the electricity supply implemented by the</p>

				South African electricity supplier due to insufficient generation capacity. Shoprite uses diesel generators to generate electricity during load shedding.
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C7.9b

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

Market-based

C8. Energy

C8.1

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

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

C8.2

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

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

C8.2a

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

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	LHV (lower heating value)	0	583,191	583,191
Consumption of purchased or acquired electricity		10,967	1,931,388	1,942,355
Total energy consumption		10,967	2,514,579	2,525,546

C8.2b

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

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

C8.2c

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

Fuels (excluding feedstocks)

Petrol

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

29,676

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

29,676

Emission factor

2.31467

Unit

kg CO₂e per litre

Emissions factor source

DEFRA Voluntary 2020 Reporting Guidelines

Comment

The total MWh from Petrol (100% mineral oil) consumption was calculated using the 9.12 kWh/litre factor provided in DEFRA Voluntary 2020 Reporting Guidelines

Fuels (excluding feedstocks)

Diesel

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

553,515

MWh fuel consumed for self-generation of electricity

163,554

MWh fuel consumed for self-generation of heat

389,961

Emission factor

2.68787

Unit

kg CO₂e per litre

Emissions factor source

DEFRA Voluntary 2020 Reporting Guidelines

Comment

The total MWh from Diesel (100% mineral oil) consumption was calculated using the 10.0 kWh/litre factor provided in DEFRA Voluntary 2020 Reporting Guidelines

C8.2e

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

Sourcing method

Power purchase agreement (PPA) with a grid-connected generator without energy attribute certificates

Low-carbon technology type

Solar

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

South Africa

MWh consumed accounted for at a zero-emission factor

9,900

Comment

Shoprite has signed PPA agreements for 29 of its sites in South Africa. These sites generated 9,900 MWh during this reporting period.

Sourcing method

Power purchase agreement (PPA) with a grid-connected generator without energy attribute certificates

Low-carbon technology type

Solar

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

Namibia

MWh consumed accounted for at a zero-emission factor

1,067

Comment

Shoprite has signed PPA agreements for 4 of its sites in Namibia. These sites generated 1,067 MWh during this reporting period.

C9. Additional metrics

C9.1

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

Description

Other, please specify

Electricity usage

Metric value

1,942,355

Metric numerator

MWh

Metric denominator (intensity metric only)

Not applicable

% change from previous year

6.7

Direction of change

Decreased

Please explain

Shoprite's total MWh consumption reduced by 6.7% compared to the previous reporting year (2020/2021 reporting year compared to 2019/2020 reporting year).

C10. Verification

C10.1

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

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

C10.1a

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

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement



Page/ section reference

Page 2

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

C10.1b

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

Scope 2 approach

Scope 2 location-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement**Page/ section reference**

Page 2

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope 2 approach

Scope 2 market-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement**Page/ section reference**

Page 2

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

C10.1c

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

Scope 3 category

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

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement



Page/section reference

Page 2

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope 3 category

Scope 3: Business travel

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement



Page/section reference

Page 2

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

C10.2

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

Yes

C10.2a

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

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C5. Emissions performance	Year on year change in emissions (Scope 1)	ISO 14046-3	Verified Scope 1 emissions changes compared to the previous reporting period. Page 2  1
C5. Emissions performance	Year on year change in emissions (Scope 2)	ISO 14046-3	Verified Scope 2 emissions changes compared to the previous reporting period. Page 2  1
C5. Emissions performance	Year on year change in emissions (Scope 1 and 2)	ISO 14046-3	Verified Scope 1 and 2 emissions changes compared to the previous reporting period. Page 2  1
C6. Emissions data	Other, please specify Non-Kyoto Gas Emissions	ISO 14046-3	Non-Kyoto Gases are reported on separately and are verified. Page 2  1



C11. Carbon pricing

C11.1

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

Yes

C11.1a

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

South Africa carbon tax

C11.1c

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

South Africa carbon tax

Period start date

January 1, 2021

Period end date

December 31, 2021

% of total Scope 1 emissions covered by tax

28

Total cost of tax paid

5,241,950

Comment

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

The current carbon tax on fuel is R0.08 per litre of Petrol and R0.09 per litre of Diesel.

C11.1d

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

South Africa's Carbon Tax states a tax of R134 per tonne of CO₂e, however Shoprite's direct activities will not be liable to pay direct carbon tax. The company's tax liability will be zero. The carbon tax effect on Shoprite will be indirect should liable entities pass their liability on to the consumer. To this extent, Shoprite analyses various carbon tax scenarios together with its tax consultants to understand its indirect carbon tax liability. Shoprite's energy efficiency and emission reduction efforts reduces its indirect carbon tax liability.

A case study indicating Shoprite energy efficiency reduction efforts to reduce its indirect carbon tax liability is the ongoing project started in 2017 to replace conventional fluorescent tube lamps with LED tube lamps across corporate outlets in South Africa which, upon completion, will reduce Shoprite's annual Scope 2 emissions by 125 172 tCO₂e.

C11.2

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

No

C11.3

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

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

C12. Engagement

C12.1

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

Yes, our suppliers

Yes, other partners in the value chain

C12.1a

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

Type of engagement

Information collection (understanding supplier behaviour)

Details of engagement

Collect climate change and carbon information at least annually from suppliers

% of suppliers by number

10

% total procurement spend (direct and indirect)

80

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

80

Rationale for the coverage of your engagement

An annual supplier Sustainability Survey was initiated during this reporting period to gain a better understanding of the climate-related initiatives and information from suppliers. The intention is to repeat this survey annually.

The survey included a number of questions, including:

- Does your company monitor its energy consumption?
- Does your company monitor its greenhouse gas emissions?
- Have you identified any climate change risks that can impact your business operations?
- Do you have targets and plans to reduce your GHG emissions?

Also:

- Does your company monitor its water consumption?
- Have you identified any water security risks (e.g., availability or quality) that can impact your business operations?

The selection of suppliers was based on the following:

- All suppliers that supply Shoprite with its own branded products were surveyed. Shoprite is accountable for its own brands and products; therefore, it wants to ensure that these products are manufactured in an environmentally responsible manner.
- Top 100 suppliers to Shoprite based on total procurements spend

Impact of engagement, including measures of success

The supplier sustainability survey was the first such survey conducted by Shoprite, and it wanted to have a participation rate greater than 60%. 220 companies were surveyed, and 138 companies responded indicating a participation rate of 63%.

Other outcomes of the survey:

- 85% of the respondents indicated that they monitor energy consumption
- 70% of the respondents indicated that they do not monitor direct or indirect GHG emissions
- 42% of the respondents indicated that they identified climate change risks that can impact their business operations

The above suggests that there may not be a high level of understanding of climate related risks by suppliers, hence there is a need for further engagement on these risks and climate change strategies. There is a need to run an engagement campaign to educate some suppliers about climate change

Comment

The Shoprite Supplier Sustainability Survey will be conducted annually going forward.

C12.1d

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

Other partners in the value chain include Shoprite's employees. Shoprite has multiple communication channels with its staff, including an App and weekly newsletter. During this reporting period, the following climate related information was shared via the weekly newsletter, to create awareness on climate related issues and Shoprite's work in this area.

We increased our renewable energy consumption by fitting the majority of our trailers or trucks with solar PV panels. Click to watch the video:

<https://drive.google.com/file/d/11gyaLRpThRNZppke3skGdwzQmlXlvbrV/view>

Fighting hunger, joblessness and climate change. The Sustainability Report for 2020 was released. Click to watch video

https://drive.google.com/drive/folders/1k7Yfjo4K5fmrRrTo2ZgNJwR0b_BzO_La?usp=sharing

PV panels were installed at Gordon's Bay Centre and DC Basson as it is cost efficient and reduces our carbon emissions. Click to watch the video:

<https://drive.google.com/file/d/19-iuxmHDySCmCoupCPTOx2N1XHPg4e0O/view>

We're pulling some serious weight when it comes to recycling. Our DC's act as a central collection point for recyclable cardboard and plastic. Click to watch the video:

<https://drive.google.com/file/d/1n7LosNJehE5VZUY4KMEjaBYUcfeOxuSI/view>

We donated R13 000 to the 'Swop Shop' initiative which encourages community members and learners in Wesbank, Delft, Khayelitsha and Gugulethu to collect recyclable items and trade it in for vouchers to purchase food, toiletries and non-perishables.

Following the outbreak of fires in the Winelands district, Checkers and MediRite pharmacies donated eye-drops and rehydration sachets to the Winelands Fire Protection Association to help firefighters stay on high alert. And we continued to invest in food gardens and home gardens in order to combat hunger and bring hunger relief to communities through surplus food.

We added more solar-powered refrigerated trucks to our fleet.

We partnered with CleanCitySA to support 25 volunteers who are unemployed street vendors that have adopted a street in Hillbrow, Johannesburg to clean it. We also donated shopping vouchers to these volunteers and provided them with refreshments during the clean-up events.

We've taken measures to tread more lightly on our planet and can now generate enough electricity to power 1 100 households a year from solar energy. Click to read the article

<https://bit.ly/3eyA1fu>

Gauteng Checkers spread the love and surprised healthcare workers at the Charlotte Maxeke Johannesburg Academic Hospital with a performance by members of the Soweto Gospel Choir.

We launched a new recycling initiative that allows shoppers to return their used Sixty60 paper bags to Checkers with the driver the next time they receive a delivery. The new service reduces the company and the customers' impact on the environment.

Shoprite's Packa-Ching initiative enables communities to sell their recyclables and earn an income. The money from the purchase is loaded onto the user's e-wallet and they can spend it at any Shoprite, Checkers, Checkers Hyper or Usave supermarkets. The Eastern Cape recently received its second Packa-Ching mobile buyback centre in Gqeberha. These buyback centres also create employment opportunities within communities.

Our rooftop solar panels were featured on CNN's website as part of our continuous drive towards sustainability.

C12.3

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

Direct engagement with policy makers

Trade associations

C12.3a

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

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
Carbon tax	Support with minor exceptions	Shoprite, represented by its Tax Manager, engaged in person directly with Government Department: National Treasury (Republic of South Africa) and National Business Initiative (NBI) through the Carbon Tax Stakeholder Consultation process, which formed part of the public consultation process announced by the South African Finance Minister. The agenda of the Carbon Tax Stakeholder Consultation process included, but was not limited to, carbon tax key design features, carbon tax thresholds and carbon tax allowances.	Shoprite supports the South African Carbon Tax principle but opposes the current approach of the tax being incorporated into the general taxes of the country. Shoprite's preference is for the tax to be ring-fenced and used for national climate change mitigation or adaptation initiatives.
Adaptation or resilience	Support	The City of Cape Town released a draft Resilience Strategy for comment. The strategy aims to strengthen the city against sudden potential shocks in future, including	Shoprite supports the Resilience Strategy proposed by the City of Cape Town. This strategy will make the city more adaptive to

		<p>storms, heat waves, droughts and other unforeseen challenges to foster a climate-adaptive city.</p> <p>Shoprite directly engaged with the city by providing comments and input to the strategy.</p> <p>This included comments of waste recycling, water treatment and monitoring, and clean energy.</p>	<p>unforeseen climate-related challenges which supports business continuity.</p>
Mandatory carbon reporting	Support	<p>Shoprite engaged directly with the South African Department of Environmental Affairs regarding the Government Gazette No. 40762 (National Greenhouse Gas Emission Reporting Regulations). The engagement related to clarifying the reporting requirements.</p>	<p>Shoprite supports the reporting of carbon emissions so that a national GHG emissions inventory can be determined to inform national reduction targets.</p>

C12.3b

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

Yes

C12.3c

(C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.

Trade association

Consumer Goods Council of South Africa (CGCSA) - Voluntary Agreement on Food Loss and Waste

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

The reduction of food waste to landfill to reduce GHG emissions in accordance with UN SDG 12.3.

How have you influenced, or are you attempting to influence their position?

Shoprite's Group Sustainability Manager is the chairman of the advisory committee and supports the reduction of food waste to landfill in accordance with UN SDG 12.3.

C12.3f

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

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

and indirect company activities that influence policy will be consistent with the company's overall climate change strategy and sustainability framework.

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

C12.4

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

Publication

In mainstream reports

Status

Underway – previous year attached

Attach the document



Page/Section reference

Pages 9, 22, 37, 44, 51, 62 and 77

https://www.shopriteholdings.co.za/content/dam/MediaPortal/documents/shoprite-holdings/integrated-report/2020/shoprite_ir_2020_ia.pdf

Content elements

Governance

Strategy

Risks & opportunities

Emissions figures

Comment

Shoprite publishes an Integrated Report annually and the 2021 report is being completed and will be published in Oct 2021.

Publication

In voluntary sustainability report

Status

Underway – previous year attached

Attach the document



Page/Section reference

Entire report, especially pages: 1, 2, 7, 9, 13, 16 -19, 24, 63 - 72, 77 - 79.

https://www.shopriteholdings.co.za/content/dam/MediaPortal/documents/shoprite-holdings/SustainabilityReport/shoprite_holdings_2020_sustainability_report.pdf

Content elements

Governance

Strategy

Risks & opportunities

Emissions figures

Comment

Shoprite publishes a Sustainability Report annually and the 2021 report is being completed and will be published in Oct 2021.

C15. Signoff

C-FI

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

Shoprite Position Statement on Climate Change (approved by the Social and Ethics Committee)

At the heart of its purpose the Shoprite Group aspire to be Africa's most accessible and affordable retailer, by being relentless in its efforts to keep its business efficient and sustain its price leadership. The Shoprite Group recognises that climate change, driven by global greenhouse gas (GHG) emissions, will directly and indirectly impact its business and the communities in which it operates. Therefore, the Group supports the UNFCCC goal of limiting global temperature rise to well below 2°C above pre-industrial levels.

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

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

To this end, the Shoprite Group remains committed to:

1. Embracing energy efficiency throughout its operations (in stores, DCs and transportation), and using more renewable energy to reduce GHG emissions.
2. Setting science based GHG emission reduction targets for the medium and long-term, as well as renewable energy usage targets.
3. 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.
4. Collaborating and partnering with key stakeholders including regulators, suppliers, NGOs and other organisations to address this critical global issue.
5. Sharing climate change information with employees, customers, suppliers and investors to build knowledge and capacity.
6. Reporting and disclosing its plans, efforts and performances related to climate change mitigation and adaptation.

C15.1

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

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

APPENDIX A



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Independent Verification Statement - GHG Inventory of Shoprite Holdings Limited

Shoprite Holdings Limited (“Shoprite”) GHG assertion for the year FY2021 contained in the GHG report entitled “Shoprite Holdings Carbon Footprint Assessment Report” has been independently verified. The preparation of the GHG report is the responsibility of Shoprite and it is the verifier’s responsibility to express an opinion on the GHG assertion based on the verification, considering the needs of the intended user.

Shoprite commissioned Karen van der Wath to perform a verification of its FY2021 GHG Inventory for the period 1 July 2020 to 30 June 2021. The verification was performed between 18 June 2021 and 15 July 2021.

Objectives

For the purposes of public disclosure through CDP (formerly the Carbon Disclosure Project), the GHG assertions verified were the following:

1. That the FY2021 GHG Inventory for Shoprite has been developed in accordance with the GHG Protocol Corporate Accounting and Reporting Standard;
2. That the calculated GHG emissions for FY2021 are:
 - Scopes 1 & 2 (location-based) - 2 442 106 tonnes of CO₂e
 - Scopes 1 & 2 (market-based) - 2 430 883 tonnes of CO₂e
 - Scope 3
 - Category 3: Fuel and Energy Related Activities - 196 780 tonnes of CO₂e
 - Category 6: Business travel - commercial airlines - 925 tonnes of CO₂e
 - Outside of Scopes - 234 140 tonnes of CO₂e.

The verification performed applied the ISO14064-3 International Standard for GHG verifications to form an opinion at a limited level of assurance about the above GHG assertions, regarding:

1. Conformance with the general requirements of the GHG Protocol Corporate Accounting Standard;
2. Completeness and accuracy of the calculated emissions for the 2021 financial year.

Scope

The following verification activities were conducted:

1. Desktop review of documentation, including the Carbon Footprint Assessment Report and the Carbon Footprint Analysis Carbon Calculator with activity data as well as prior verification report with findings and recommendations.
2. Assessment of risks and documentation.
3. Documentation of verification findings and outstanding issues in verification report.
4. Assessment and documentation of resolutions to outstanding issues in verification report.
5. Comparison of Scope 1 & 2 emissions the prior (base) year (FY2020).
6. Issuance of verification statement and completion of verification.

CDP	
Reporting Period: 1/7/2020 - 30/6/2021	Comparison to prior (base) year (FY2020)
Scope 1 Reported Emissions: 563 355 tonnes CO ₂ e	Total Scope 1 emissions decreased by 19 645 tCO ₂ e or 3,37% mainly as a result of data refinement, the phasing out Kyoto Protocol gases resulting in reduced emissions from refrigerants and the impact of the Covid-19 pandemic resulting in reduced non-essential travel in company cars, offset by increased diesel consumption in generators as a result of increased load shedding in South Africa.
Proportion of Emissions Verified: 100% of global emissions	
Scope 2 Reported Emissions: 1 878 750 tonnes CO ₂ e (location-based) 1 867 528 tonnes CO ₂ e (market-based)	Total Scope 2 (location-based) emissions decreased by 107 961 tCO ₂ e or 5,43% when compared against FY2020 mainly as a result of the refinement of data and a decreased emissions factor. Total Scope 2 (market-based) emissions decreased by 119 184 tCO ₂ e or 6,00% when compared against FY2020 mainly as a result of data refinement, a decreased emissions factor and an increase in renewable energy purchased.
Proportion of Emissions Verified: 100% of global emissions	
Scope 3 Category 3: Fuel and Energy Related Activities - Reported Emissions: 196 780 tonnes of CO ₂ e Category 6: Business travel - Reported Emissions: 925 tonnes of CO ₂ e	
Proportion of Emissions Verified: 100% of global emissions	
Outside of Scopes Non-Kyoto Protocol GHG - Reported Emissions: 234 140 tonnes CO ₂ e	
Proportion of Emissions Verified: 100% of global emissions	
Total Scope 1 & 2 (market-based) emissions decreased by 138 828 tCO ₂ e or 5,40% when compared against FY2020.	

Verifier Opinion

GHG Assertion #1: The GHG inventory conforms to the general requirements of the GHG Protocol Corporate Accounting and Reporting Standard.

Verifier Opinion and Qualifications

Based on the process and procedures conducted, there is no evidence that the GHG assertion has not been prepared in accordance with the requirements of the GHG Protocol Corporate Accounting and Reporting Standard.

GHG Assertion #2: The calculated emissions are:

- Scopes 1 & 2 (location-based) – 2 442 106 tonnes of CO₂e
- Scopes 1 & 2 (market-based) – 2 430 883 tonnes of CO₂e
- Scope 3
 - Category 3: Fuel and Energy Related Activities – 196 780 tonnes of CO₂e
 - Category 6: Business travel - commercial airlines – 925 tonnes of CO₂e
- Outside of Scopes – 234 140 tonnes of CO₂e.

Verifier Opinion and Qualifications

Based on the process and procedures conducted, there is no evidence that the GHG assertion is not materially correct and is not a fair representation of the GHG data and information, with the following qualifications:

- All stipulated corrective action requests are addressed.

This verification statement is dated 15 July 2021.

A handwritten signature in black ink, appearing to be 'K. van der Wath', written in a cursive style.

Karen van der Wath
Carbon & Energy Management Consultant