

SHOPRITE CDP FORESTS RESPONSE

2021

F0. Introduction

F0.1

(F0.1) Give a general description of and introduction to your organization.

Shoprite Holdings Limited is an investment holding company whose combined subsidiaries constitute the largest fast moving consumer goods (FMCG) retail operation on the African continent. Shoprite operates more than 2 459 outlets in 14 countries across Africa, employing over 144 000 people across its operations. Its 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.

This is Shoprite's second Forests disclosure. The reporting boundary has been restricted but we have increased our scope from only palm oil in the previous reporting period to also include cocoa in this reporting period. Furthermore, two premier private label product ranges are included in this reporting period compared to only one premium private label product range in the previous reporting period.

This disclosure leverages on Shoprite's strategy of being a customer-centric company. Shoprite has identified nine strategic drivers to grow its customer base and its ability to create shared value. Amongst these strategic drivers are:

- Engrain a customer-first culture
- Have trusted, profitable private labels
- Grow market share in premium and fresh goods

F0.2

(F0.2) State the start and end date of the year for which you are reporting data.

	Start Date	End Date
Reporting year	July 1, 2020	June 30, 2021

F0.3

(F0.3) Select the currency used for all financial information disclosed throughout your response.

ZAR

F0.4

(F0.4) Select the forest risk commodity(ies) that you are, or are not, disclosing on (including any that are sources for your processed ingredients or manufactured goods); and for each select the stages of the supply chain that best represents your organization's area of operation.

	Commodity disclosure	Stage of the value chain	Explanation if not disclosing
Timber products	Not disclosing	Retailing	This is Shoprite's second Forests disclosure. The reporting boundary has been restricted but we have increased our scope from only palm oil in the previous reporting period to also include cocoa in this reporting period. Furthermore, two premier private label

			<p>product ranges are included in this reporting period compared to only one premium private label product range in the previous reporting period.</p> <p>Shoprite's intention is to increase data completeness and extend the reporting boundary in future disclosures.</p>
Palm oil	Disclosing	Retailing	
Cattle products	Not disclosing	Retailing	<p>This is Shoprite's second Forests disclosure. The reporting boundary has been restricted but we have increased our scope from only palm oil in the previous reporting period to also include cocoa in this reporting period. Furthermore, two premier private label product ranges are included in this reporting period compared to only one premium private label product range in the previous reporting period.</p> <p>Shoprite's intention is to increase data completeness and extend the reporting boundary in future disclosures.</p>
Soy	Not disclosing	Retailing	<p>This is Shoprite's second Forests disclosure. The reporting boundary has been restricted but we have increased our scope from only palm oil in the previous reporting period to also include cocoa in this reporting period. Furthermore, two premier private label product ranges are included in this reporting period compared to only one premium private label product range in the previous reporting period.</p> <p>Shoprite's intention is to increase data completeness and extend the reporting boundary in future disclosures.</p>
Other - Rubber	Not disclosing	Retailing	<p>This is Shoprite's second Forests disclosure. The reporting boundary has been restricted but we have increased our scope from only palm oil in the previous reporting period to also include cocoa in this reporting period. Furthermore, two premier private label product ranges are included in this reporting period compared to only one premium private label product range in the previous reporting period.</p> <p>Shoprite's intention is to increase data completeness and extend the reporting boundary in future disclosures.</p>
Other - Cocoa	Disclosing	Retailing	
Other - Coffee	Not disclosing	Retailing	<p>This is Shoprite's second Forests disclosure. The reporting boundary has been restricted but we have increased our scope from only palm oil in the previous reporting period to also include cocoa in this reporting period. Furthermore, two premier private label product ranges are included in this reporting period compared to only one premium private label product range in the previous reporting period.</p> <p>Shoprite's intention is to increase data completeness and extend the reporting boundary in future disclosures.</p>

F0.5

(F0.5) Are there any parts of your direct operations or supply chain that are not included in your disclosure?

Yes

F0.5a

(F0.5a) Identify the parts of your direct operations or supply chain that are not included in your disclosure.

Value chain stage	Exclusion	Description of exclusion	Potential for forests-related risk	Please explain
Direct operations	Specific product line(s)	<p>We are focusing on Palm Oil and Cocoa in our Simple Truth and Forage & Feast private label range and products.</p> <p>All other ranges and products are not included in this year's disclosure.</p>	Potential for forests-related risk but not evaluated	<p>This is Shoprite's second Forests disclosure. The reporting boundary has been restricted but we have increased our scope from only palm oil in the previous reporting period to also include cocoa in this reporting period. Furthermore, two premier private label product ranges are included in this reporting period compared to only one premium private label product range in the previous reporting period.</p> <p>Shoprite is planning on conducting a full risk assessment with regards to other commodities and other product ranges and will report on them in future disclosures.</p>
Supply chain	Business activity	All branded products from suppliers that contain palm oil or cocoa are excluded.	Potential for forests-related risk but not evaluated	In this disclosure, our efforts are focussed on where we have the most leverage with our supply chain, i.e., the suppliers of our private label products, which represent 10% of all items in our stores.

F1. Current state

F1.1

(F1.1) How does your organization produce, use or sell your disclosed commodity(ies)?

Palm oil

Activity

Buying manufactured products

Retailing/onward sale of commodity or product containing commodity

Form of commodity

Refined palm oil

Palm oil derivatives

Source

Contracted suppliers (manufacturers)

Country/Area of origin

Indonesia

Malaysia

% of procurement spend

<1%

Comment

Our Simple Truth and Forage & Feast private label ranges contain refined palm oil and its derivatives as an ingredient. The majority of the palm oil (99.99%) in these product ranges is sourced directly by our suppliers (contracted manufacturers) from suppliers in Malaysia. These private label ranges represent less than 1% of Shoprite's procurement spend.

Other - Cocoa

Activity

Buying manufactured products

Retailing/onward sale of commodity or product containing commodity

Form of commodity

Other, please specify

Beans and ground

Source

Contracted suppliers (manufacturers)

Country/Area of origin

Côte d'Ivoire

% of procurement spend

<1%

Comment

Our Simple Truth and Forage & Feast private label products contain cocoa. All our cocoa (100%) is sourced directly from suppliers in Belgium and makes up less than 1% of Shoprite's procurement spend.

F1.2

(F1.2) Indicate the percentage of your organization's revenue that was dependent on your disclosed forest risk commodity(ies) in the reporting year.

	% of revenue dependent on commodity	Comment
Palm oil	<1%	We have focused on our private label ranges of Simple Truth and Forage and Feast. There are 14 products that contain palm oil and/or palm oil derivatives. Revenue from these products represent less than 1% of Shoprite's total revenue.
Other - Cocoa	<1%	We have focused on our private label ranges of Simple Truth and Forage and Feast. There are eight products that contain cocoa. Revenue from these products represent less than 1% of Shoprite's total revenue.

F1.5

(F1.5) Does your organization collect production and/or consumption data for your disclosed commodity(ies)?

	Data availability/Disclosure
Palm oil	Consumption data available, disclosing
Other - Cocoa	Consumption data available, disclosing

F1.5a

(F1.5a) Disclose your production and/or consumption data.

Forest risk commodity

Palm oil

Data type

Consumption data

Volume

3,102.39

Metric

Metric tons

Data coverage

Partial commodity production/consumption

Please explain

This consumption is limited to Shoprite's Simple Truth and Forage & Feast private label ranges. 14 Simple Truth and Forage & Feast products contain palm oil which is manufactured by contract suppliers.

Forest risk commodity

Other - Cocoa

Data type

Consumption data

Volume

40.2

Metric

Metric tons

Data coverage

Partial commodity production/consumption

Please explain

This consumption is limited to Shoprite's Simple Truth and Forage & Feast private label ranges. Eight Simple Truth and Forage & Feast products contain cocoa which is manufactured by contract suppliers.

F1.5b

(F1.5b) For your disclosed commodity(ies), indicate the percentage of the production/consumption volume sourced by national and/or sub-national jurisdiction of origin.

Forest risk commodity

Palm oil

Country/Area of origin

Malaysia

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Sabah

% of total production/consumption volume

99.99

Please explain

Shoprite's contract suppliers source a total of 3 102 tons of palm oil from Malaysia. This information is sourced from suppliers. The contribution from other countries is 0.01% and therefore considered negligible and hence not material.

Forest risk commodity

Other - Cocoa

Country/Area of origin

Côte d'Ivoire

State or equivalent jurisdiction

Specify state/equivalent jurisdiction

Centre-West/Daloa and South-West/Soubré

% of total production/consumption volume

100

Please explain

Shoprite's contract suppliers source a total of 40.2 tons of cocoa from Belgium. This information is sourced from suppliers.

F1.5d

(F1.5d) Why is production and/or consumption data not available for your disclosed commodity(ies)?

	Primary reason	Please explain
Timber products		

F1.5e

(F1.5e) How does your organization produce or consume biofuel derived from palm oil?

Does your organization produce or consume biofuel derived from palm oil?

No

Data type

Volume produced/consumed

Metric

Country/Area of origin

State or equivalent jurisdiction

% of total production/consumption volume

Does the source of your organization's biofuel material come from smallholders?

Comment

Shoprite does not produce or consume biofuel derived from palm oil.

F1.6

(F1.6) Has your organization experienced any detrimental forests-related impacts?

No

F2. Procedures

F2.1

(F2.1) Does your organization undertake a forests-related risk assessment?

Yes, forests-related risks are assessed

F2.1a

(F2.1a) Select the options that best describe your procedures for identifying and assessing forests-related risks.

Palm oil

Value chain stage

Direct operations

Supply chain

Coverage

Partial

Risk assessment procedure

Assessed as part of an established enterprise risk management framework

Frequency of assessment

More than once a year

How far into the future are risks considered?

> 6 years

Tools and methods used

Internal company methods

Please explain

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").

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.

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

1. 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

2. 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.

Partial coverage is due to the current focus on palm oil using in the Simple Truth and Forage & Feast private label ranges.

In this reporting period a biodiversity mainstreaming assessment was conducted for Shoprite's direct operations by the National Biodiversity & Business Network at the Endangered Wildlife Trust.

Other - Cocoa

Value chain stage

Direct operations

Supply chain

Coverage

Partial

Risk assessment procedure

Assessed as part of an established enterprise risk management framework

Frequency of assessment

More than once a year

How far into the future are risks considered?

> 6 years

Tools and methods used

Internal company methods

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Partial coverage is due to the current focus on cocoa using in the Simple Truth and Forage & Feast private label ranges.

In this reporting period a biodiversity mainstreaming assessment was conducted for Shoprite's direct operations by the National Biodiversity & Business Network at the Endangered Wildlife Trust.

F2.1b

(F2.1b) Which of the following issues are considered in your organization's forests-related risk assessment(s)?

Availability of forest risk commodities

Relevance & inclusion

Relevant, always included

Please explain

Shoprite is not a significant user of palm oil and cocoa in its direct operations or indirectly through contractor manufacturing suppliers. Palm oil and cocoa are used in a limited number of "Simple Truth" and "Forage & Feast" private label products. Nevertheless, some segments of shoppers are becoming increasingly aware and concerned about the origins and sourcing of the food and ingredients that they consume, particularly social and environmental related aspects. Shoprite is intent on addressing these concerns by customers. Recent 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/>

Responsible sourcing of palm oil and cocoa is a current and emerging issue, as more customers adopt environmentally and socially responsible consumption.

During the product development and formulation stages of products, the ingredients are selected based on the brand's criteria and guidelines. In the Simple Truth and Forage & Feast ranges, natural, healthy, wholesome and responsibly sourced ingredients are selected. Therefore, availability of responsible sourced palm oil and cocoa is relevant.

Quality of forest risk commodities

Relevance & inclusion

Relevant, sometimes included

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Impact of activity on the status of ecosystems and habitats

Relevance & inclusion

Relevant, sometimes included

Please explain

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Regulation

Relevance & inclusion

Relevant, always included

Please explain

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During the product development and formulation stages of products, the ingredients are selected based on the brand's criteria and guidelines. In the Simple Truth and Forage & Feast ranges natural, healthy, wholesome and responsibly sourced ingredients are selected. Shoprite is also intent on being compliant with legislation, therefore regulation is relevant.

Climate change

Relevance & inclusion

Relevant, always included

Please explain

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Impact on water security

Relevance & inclusion

Relevant, sometimes included

Please explain

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Tariffs or price increases

Relevance & inclusion

Relevant, always included

Please explain

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During the product development and formulation stages of products, the ingredients are selected based on the brand's criteria and guidelines. In the Simple Truth and Forage & Feast ranges natural, healthy, wholesome and responsibly sourced ingredients are selected. Shoprite's purpose is to be the most accessible, affordable and innovative retailer in Africa; therefore, tariffs and pricing are relevant.

Loss of markets

Relevance & inclusion

Relevant, always included

Please explain

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During the product development and formulation stages of products, the ingredients are selected based on the brand's criteria and guidelines. In the Simple Truth and Forage & Feast ranges natural, healthy, wholesome and responsibly sourced ingredients are selected. Growing the premium segment of its business is a strategic growth driver for Shoprite, therefore loss of markets is relevant.

Leakage markets

Relevance & inclusion

Not considered

Please explain

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During the product development and formulation stages of products, the ingredients are selected based on the brand's criteria and guidelines. In the Simple Truth and Forage & Feast ranges natural, healthy, wholesome and responsibly sourced ingredients are selected. Leakage markets are not actively considered.

Brand damage related to forest risk commodities

Relevance & inclusion

Relevant, always included

Please explain

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During the product development and formulation stages of products, the ingredients are selected based on the brand's criteria and guidelines. In the Simple Truth and Forage & Feast ranges natural, healthy, wholesome and responsibly sourced ingredients are selected. Brand building is very important for Shoprite, particularly for its premium ranges, therefore brand damage related responsible sourced palm oil and cocoa is relevant.

Corruption

Relevance & inclusion

Relevant, always included

Please explain

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During the product development and formulation stages of products, the ingredients are selected based on the brand's criteria and guidelines. In the Simple Truth and Forage & Feast ranges natural, healthy, wholesome and responsibly sourced ingredients are selected. Shoprite subscribes to an anti-bribery and corruption policy, therefore corruption is always included.

Social impacts

Relevance & inclusion

Relevant, always included

Please explain

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During the product development and formulation stages of products, the ingredients are selected based on the brand's criteria and guidelines. In the Simple Truth and Forage & Feast ranges natural, healthy, wholesome and responsibly sourced ingredients are selected. Shoprite's communities and suppliers are key stakeholders in its business, therefore social impacts in its supply chain are always relevant.

Other, please specify

Relevance & inclusion

Please explain

F2.1c

(F2.1c) Which of the following stakeholders are considered in your organization's forests-related risk assessments?

Customers

Relevance & inclusion

Relevant, sometimes included

Please explain

Shoprite's has an overarching enterprise risk management policy and framework, and customers as a stakeholder are sometimes considered.

Currently the customer risks that are documented on the company's risk register are:

1. C3 - Inadequate understanding of customer preferences and changing trends: Shoprite may not provide a full range of products that are desired by consumers which could impact brand loyalty.
2. RG4 - Inadequate offering of new products / services: Shoprite may not provide a full range of products that are desired by the consumer.

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Responsible sourcing of palm oil and cocoa is a current and emerging issue, as more customers adopt environmentally and socially responsible consumption.

At the core of Shoprite's business strategy is a customer-first culture. Shoprite interacts with customers every single day when they visit its stores and Shoprite engages them by conducting and monitoring surveys, and by requesting and encouraging their feedback on products and services. Shoprite also connects via social media channels, call centres and suggestion boxes. Interactions include direct interviews to desk-top analyses and tracking of social media perceptions.

Future engagement with customers includes a responsible sourcing awareness campaign.

Employees

Relevance & inclusion

Relevant, always included

Please explain

Employees are an important stakeholder in Shoprite's environmental stewardship programmes; therefore, they need to be aware of the company's programmes related to responsible sourcing, and the products that contain responsibly sourced ingredients like palm oil and cocoa.

Employees are identified as strategic stakeholders for Shoprite as part of its materiality assessment. Shoprite has an overarching enterprise risk management policy and framework, and employees as a stakeholder are always considered.

Shoprite interacts and communicates with employees on a daily basis in ways that are relevant and focused. Interventions include CEO videos, the #OurShoprite internal newspaper, incentive programmes, regular store meetings, training and suggestion boxes and a mobile app, SiyaRinga, which enables Shoprite to engage with all employees directly.

Future engagement with employees related to responsible sourcing includes company-wide training on environmental stewardship which includes responsible sourcing.

Investors

Relevance & inclusion

Relevant, sometimes included

Please explain

Investor interest in environmental stewardship programmes, including responsible sourcing by companies is increasing. Therefore, Shoprite shares its environmental stewardship programmes and mitigation measures with investors in its Annual Integrated Report, Sustainability Report and Forests Disclosure on the CDP platform.

Investors are identified as strategic stakeholders for Shoprite as part of its materiality assessment.

Shoprite's has an overarching enterprise risk management policy and framework, and investors as a stakeholder in environmental risks are sometimes considered.

Currently the investor water-related risk that is documented on the company's risk register is:

1. CG12 - Company as investment opportunity: Failure to:
 - proactive market the group to investment community;
 - take account of and incorporate the Environmental, Social and Governance (ESG) considerations used to measure its sustainability and ethics; and
 - generate returns and creation of long-term value for stakeholders.

Shoprite engage with Investors through its Integrated Annual Report, Stock Exchange News Service announcements, meetings, webcasts, conference calls, an online contact platform, perception studies and surveys, and national and international investor conferences and presentations.

Local communities

Relevance & inclusion

Relevant, always included

Please explain

Local communities are home to Shoprite's employees and customers and they are using the same resources as Shoprite's facilities, therefore the company has to be an environmentally responsible and a good corporate citizen. Communities are identified as strategic stakeholders for Shoprite as part of its materiality assessment.

Shoprite's has an overarching enterprise risk management policy and framework, and local communities as a stakeholder in environmental risks are always included.

Local communities are home to Shoprite's employees and customers. Shoprite meets with communities, visits community projects and have undertaken research to understand community perceptions of the company. Shoprite actively engage with many communities through various community projects, including community food gardens (140 across South Africa). Shoprite interacts with communities through its strategic CSI partners and the community organisations it supports.

During disasters such as droughts, floods and fires, Shoprite is quick to respond to supporting local communities through its fleet of mobile soup kitchens and food and non-food product donations.

NGOs

Relevance & inclusion

Relevant, sometimes included

Please explain

Shoprite actively engages with NGOs based in local communities through its CSI initiatives. The company has supported the creation of food gardens in local communities to address issues of food security.

Shoprite's has an overarching enterprise risk management policy and framework, and NGOs as a stakeholder in environmental risks are sometimes included. The NGOs generally represent the local communities where Shoprite has its facilities.

Forestry and food related NGOs such as Food and Trees for Africa have been identified as key strategic partners by Shoprite.

Other forest risk commodity users/producers at a local level

Relevance & inclusion

Relevant, sometimes included

Please explain

Shoprite does not directly engage with other forest risk commodity users or producers at a local level. Its direct engagement is with local communities, NGOs, suppliers, customers and staff. This already represents a significant component of the basin water users.

However, the responsible sourcing of paper and cardboard products and packaging is gaining momentum within Shoprite, and many of these products will be FSC certified in future.

Regulators

Relevance & inclusion

Relevant, always included

Please explain

Water related regulatory frameworks and regulators are always considered in water risk assessments. Shoprite will continue engaging with regulators at national and local levels.

Regulatory and compliance are assessed in Shoprite's as part of an overarching enterprise risk management policy and regulators are always included.

In the previous reporting period, Shoprite signed a Letter of Intent with the South African national Department of Water and Sanitation to collaborate on a range of projects, including

- supporting and where possible working with the Department of Water and Sanitation on drought and/or disaster relief efforts in communities
- supporting efforts around water education for early childhood development centres and children
- partnering in programmes aimed at waterwise gardening for food gardens, and water use in the food value chain.

Suppliers

Relevance & inclusion

Relevant, always included

Please explain

Shoprite has a broad range of suppliers providing products and services ranging from large to small enterprises. Shoprite's focus is to source as much from local suppliers as possible, but it does import from have international for certain product ranges. Shoprite aims to promote access to the market for small and medium enterprises (SMEs), although it diversifies supplier options to mitigate risks from climate change and high demand.

Suppliers are identified as strategic stakeholders for Shoprite as part of its materiality assessment.

Supplier risks are assessed in Shoprite's value chain as part of an overarching enterprise risk management policy and framework and suppliers are always included.

Currently the water-related risks concerning suppliers that are documented on the company's risk register are:

1. 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.
2. RG10 - Unavailability of goods on shelf: Shoprite may have a shortage of products due to various reasons: e.g., supplier inability to deliver, supply chain and system issues, resulting in goods not being available in store.

During the product development and formulation stages of products, the ingredients are selected based on the brand's criteria and guidelines. In the Simple Truth and Forage & Feast ranges natural, healthy, wholesome and responsibly sourced ingredients are selected. This is done collaboratively with suppliers.

Shoprite engages with suppliers through direct correspondence, farm and factory visits, market days and an electronic supplier platform.

Other stakeholders, please specify

Relevance & inclusion

Not considered

Please explain

Other stakeholders are not considered

F3. Risks and opportunities

F3.1

(F3.1) Have you identified any inherent forests-related risks with the potential to have a substantive financial or strategic impact on your business?

	Risk identified?
Palm oil	Yes
Other - Cocoa	Yes

F3.1a

(F3.1a) How does your organization define substantive financial or strategic impact on your business?

The potential financial impact figure is estimated, based on the definition of substantive financial or strategic impacts as defined in Shoprite's Group's Enterprise Risk Management ("ERM") Policy & Framework:

- 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.

F3.1b

(F3.1b) For your disclosed forest risk commodity(ies), provide details of risks identified with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

Forest risk commodity

Palm oil

Type of risk

Reputational and markets

Geographical scale

Global

Where in your value chain does the risk driver occur?

Direct operation

Supply chain

Primary risk driver

Increased stakeholder concern or negative stakeholder feedback

Primary potential impact

Brand damage

Company-specific description

There is increase stakeholder (i.e., customer and NGO) concern regarding the use of responsibly sourced palm oil in products therefore Shoprite has decided to use 100% responsibly sourced palm oil in its Simple Truth and Forage & Feast private label product ranges to appeal to the requirements of customers and protect the brand image. Negative stakeholder feedback can result in customers avoiding this product range if its raw materials are not sourced responsibly.

Timeframe

Current - up to 1 year

Magnitude of potential impact

Medium-high

Likelihood

Likely

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact (currency)

Potential financial impact figure - minimum (currency)

0

Potential financial impact figure - maximum (currency)

250,000,000

Explanation of financial

The potential financial impact figure is estimated, based on the sales of premium private label brands.

While the financial impact may not be substantive, the reputational impact may be substantive based on public or media outcry, which can impact on Shoprite's social and environmental license to operate.

Primary response to risk

Increased use of sustainably sourced materials

Description of response

Shoprite has decided to use 100% responsibly sourced palm oil and cocoa in its Simple Truth and Forage & Feast private label ranges to appeal to the requirements of customers and protect the brand image.

Cost of response

0

Explanation of cost of response

Shoprite has decided to use 100% responsibly sourced palm oil and cocoa in its Simple Truth and Forage & Feast private label ranges to appeal to the requirements of customers and protect the brand image.

F3.1c

(F3.1c) Why does your organization not consider itself to be exposed to forests-related risks with the potential to have a substantive financial or strategic impact?

	Primary reason	Please explain
Timber products		
Cattle products		
Soy		
Other - Rubber		
Other - Coffee		

F3.2

(F3.2) Have you identified any forests-related opportunities with the potential to have a substantive financial or strategic impact on your business?

	Have you identified opportunities?
Palm oil	Yes
Other - Cocoa	Yes

F3.2a

(F3.2a) For your selected forest risk commodity(ies), provide details of the identified opportunities with the potential to have a substantive financial or strategic impact on your business.

Forest risk commodity

Palm oil

Type of opportunity

Markets

Where in your value chain does the opportunity occur?

Direct operation

Supply chain

Primary forests-related opportunity

Expansion into new markets

Company-specific description & strategy to realize opportunity

Two of the Shoprite's strategic drivers are "grow share in premium food and fresh" and "trusted, profitable private labels". In this regard Shoprite is using responsibly sourced palm oil in this premium private label brand (Simple Truth).

Shoprite is not a significant user of palm oil and cocoa in its direct operations or indirectly through contractor manufacturing suppliers. Palm oil and cocoa are used in a limited number of "Simple Truth" and "Forage & Feast" private label products. Nevertheless, some segments of shoppers are becoming increasingly aware and concerned about the origins and sourcing of the food and ingredients that they consume, particularly social and environmental related aspects. Shoprite is intent on addressing this concern by customers. Recent

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/emea/press-releases/98-of-adults-in-south-africa-willing-to-take-personal-action-on-sustainability-issues/>

Responsible sourcing of palm oil and cocoa is a current and emerging issue, as more customers adopt environmentally and socially responsible consumption.

During the product development and formulation stages of products, the ingredients are selected based on the brand's criteria and guidelines. In the Simple Truth and Forage & Feast ranges, natural, healthy, wholesome and responsibly sourced ingredients are selected.

Estimated timeframe for realization

Current - up to 1 year

Magnitude of potential impact

Medium

Likelihood

Likely

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

0

Potential financial impact figure – maximum (currency)

250,000,000

Explanation of financial impact figure

Shoprite would like to grow the premium private label range as per its strategic driver to a level where it can be considered to be substantive.

F4. Governance

F4.1

(F4.1) Is there board-level oversight of forests-related issues within your organization?

Yes

F4.1a

(F4.1a) Identify the position(s) of the individual(s) (do not include any names) on the board with responsibility for forests-related issues.

Position of individual	Please explain
Chief Procurement Officer (CPO)	The CPO is responsible for the sourcing of private label ranges and products. Under his oversight, the procurement team develops product criteria, guidelines and specifications for private label products and packaging.
Director on board	<p>Chairman of the Social and Ethics Board Committee:</p> <p>The SEC is made up of two non-executive Board members, CFO, Company Secretary, Group Corporate Relations and Communications Manager, Group Risk and Compliance Manager and Group Sustainability Manager. This committee provides oversight on the Group's activities within communities, its environmental aspects and impacts, public health and safety, and customer complaints amongst others.</p> <p>An environmental sustainability update is presented to this Committee (3 times per year), for its deliberation, feedback and oversight.</p> <p>Position statements for Climate Change and Water Security were presented to the Social and Ethics Committee. A new position statement on biodiversity and responsible sourcing will be presented to the SEC for consideration and approval.</p>

F4.1b

(F4.1b) Provide further details on the board's oversight of forests-related issues.

	Frequency that forests-related issues are a scheduled agenda item	Governance mechanisms into which forests-related issues are integrated	Please explain
Row 1	Scheduled - all meetings	<p>Monitoring implementation and performance</p> <p>Overseeing major capital expenditures</p> <p>Reviewing and guiding annual budgets</p> <p>Reviewing and guiding business plans</p>	The Social and Ethics Committee, tasked by the Board to perform an oversight role on its behalf, addresses environmental issues including responsible sourcing, as an agenda item during its meetings. This committee meets three times per year. Any relevant and material issues are brought to the attention of the Board by means of the Social and Ethics Committee Chairman Report. A report detailing compliance with United Nations 10 Global Compact Principles is a standing Agenda point at this meeting. The environmental principles of the Compact include supporting a precautionary approach to

	<p>Reviewing and guiding corporate responsibility strategy</p> <p>Reviewing and guiding major plans of action</p> <p>Reviewing and guiding risk management policies</p> <p>Reviewing and guiding strategy</p> <p>Reviewing innovation / R&D priorities</p>	<p>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 presented to the Board which were approved. A new position statement on biodiversity and responsible sourcing will be presented to the SEC for consideration and approval.</p> <p>An environmental sustainability update is presented to this Committee (3 times per year), for its deliberation and feedback.</p>
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F4.2

(F4.2) Provide the highest management-level position(s) or committee(s) with responsibility for forests-related issues (do not include the names of individuals).

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on forests-related issues	Please explain
Other C-Suite Officer, please specify Deputy CEO	Both assessing and managing forests-related risks and opportunities	More frequently than quarterly	The Deputy CEO reports directly to the Chief Executive Officer (CEO) and is responsible for key business functions across the entire business, including environmental sustainability and Engineering. The Deputy CEO is responsible for managing environmental issues, including responsible sourcing, 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 environmental risks and opportunities. A Group Sustainability Manager was appointed in Feb 2019, reports to the Deputy CEO. The Sustainability Manager provides feedback to the Deputy CEO at a weekly meeting where environmental KPIs are presented and discussed (e.g., water consumption).

F4.3

(F4.3) Do you provide incentives to C-suite employees or board members for the management of forests-related issues?

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

F4.3a


(F4.3a) What incentives are provided to C-Suite employees or board members for the management of forests-related issues (do not include the names of individuals)?

	Role(s) entitled to incentive?	Performance indicator	Please explain
Monetary reward	<p>Chief Executive Officer (CEO)</p> <p>Chief Financial Officer (CFO)</p> <p>Chief Operating Officer (COO)</p> <p>Chief Purchasing Officer (CPO)</p> <p>Other C-suite Officer</p>	<p>Achievement of commitments and targets</p> <p>Supply chain engagement</p>	<p>CEO and Deputy CEO:</p> <p>The CEO and Deputy CEO is incentivised to ensure a good corporate global reputation (behaviour change indicator) comprising, among others, ESG issues as a result of his shareholding for the period under review, because of its potential effect on the share price. The CEO served on the Board as an executive director during the period under review.</p> <p>COO:</p> <p>The COOs are incentivised to ensure a good corporate global reputation (behaviour change indicator) comprising, among others, water-related issues as a result of their participation in an executive share scheme and shareholding, because of its potential effect on the share price.</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) and water reduction projects (which impact controllable expenses).</p> <p>The COOs served on the Board as executive directors during the period under review.</p> <p>CFO:</p> <p>The CFO is incentivised to ensure a good corporate global reputation (behaviour change indicator) comprising, among others, water-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. The CFO served on the Board as an executive director during the period under review.</p> <p>CPO:</p> <p>Engages with the supply chain. The CPO is responsible for the sourcing of private label ranges and products. Under his oversight, the procurement team develops product criteria, guidelines and specifications for private label products and packaging.</p>
Non-monetary reward	No one is entitled to these incentives	No indicator for incentivized performance	No non-monetary rewards or incentives are provided.

F4.4

(F4.4) Did your organization include information about its response to forests-related risks in its most recent mainstream financial report?

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

 shoprite_ir_2020_ia.pdf

 Annual Integrated Report

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

Pages 43 and 59

F4.5

(F4.5) Does your organization have a policy that includes forests-related issues?

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

F4.5a

(F4.5a) Select the options to describe the scope and content of your policy.

	Scope	Content	Please explain
Row 1	Company-wide	<p>Commitment to eliminate conversion of natural ecosystems</p> <p>Commitment to remediation, restoration and/or compensation of past harms</p> <p>Commitment to transparency</p> <p>Commitment to stakeholder awareness and engagement</p> <p>Description of business dependency on forests</p> <p>Recognition of potential business impact on forests and other natural habitats</p>	<p>The following position statement has been developed. It will be presented to the Social and Ethics Committee and made public in the next Sustainability Report.</p> <p>Shoprite Position Statement on biodiversity and responsible sourcing</p> <p>At the heart of its purpose the Shoprite Group aspires to be Africa's most accessible, affordable, innovative and responsible retailer, by being relentless in its efforts to keep its business efficient and sustain its price leadership. The loss of biodiversity is one of the biggest challenges of our time and the Group's business has an indirect yet high dependency on various ecosystem services, such as pollination, soil, climate and / or water-related services, including the work of various micro-organisms.</p> <p>The Group recognises the importance of natural ecological systems in its direct and indirect operations; therefore, we are intent on reducing our impact on these vital systems through various environmental and social programmes, including responsible sourcing. As a responsible retailer, the Shoprite Group is aligned to the UN Sustainable Development Goals (SDGs), where many goals highlight the importance of biodiversity and healthy ecosystems, particularly SDG 14 (life below water), and SDG 15 (life on land).</p> <p>To this end, the Shoprite Group commits to:</p> <ol style="list-style-type: none"> 1. Increasing the mainstreaming of biodiversity into the Group's direct operations to articulate key biodiversity

			<p>dependencies and identify opportunities to reduce biodiversity harm.</p> <ol style="list-style-type: none"> 2. Adopting the biodiversity loss mitigation hierarchy of avoidance, minimisation, restoration or rehabilitation and offsetting; and applying a “no net loss” approach for its own operations; or a “net gain” approach where appropriate. 3. Collaborating and partnering with suppliers and other organisations to promote responsible sourcing of key agricultural, aquatic and forestry products. 4. Sharing information related to responsible sourcing with employees and customers to build knowledge and create awareness. 5. Setting plans and targets to continuously to reduce biodiversity loss and improve responsible sourcing. 6. Reporting and being transparent on our efforts and performance.
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F4.5b

(F4.5b) Do you have commodity specific sustainability policy(ies)? If yes, select the options that best describe their scope and content.

	Do you have a commodity specific sustainability policy?	Please explain
Palm oil	No	<p>The Shoprite Position Statement on biodiversity and responsible sourcing has been developed. It will be presented to the Social and Ethics Committee and made public in the next Sustainability Report.</p> <p>This position statement is an overarching policy statement, and a palm oil specific policy will be considered in future.</p>
Other - Cocoa	No	<p>The Shoprite Position Statement on biodiversity and responsible sourcing has been developed. It will be presented to the Social and Ethics Committee and made public in the next Sustainability Report.</p> <p>This position statement is an overarching policy statement, and a cocoa specific policy will be considered in future.</p>

F4.6

(F4.6) Has your organization made a public commitment to reduce or remove deforestation and/or forest degradation from its direct operations and/or supply chain?

No

F5. Business strategy

F5.1

(F5.1) Are forests-related issues integrated into any aspects of your long-term strategic business plan, and if so how?

	Are forests-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, forests-related issues are integrated	11-15	<p>At the heart of Shoprite's purpose, is its aspiration to be Africa's most accessible, affordable and innovative retailer, by being relentless in its efforts to keep its business efficient and sustain its price leadership.</p> <p>At the same time, the company has to be environmentally and socially responsible and a good corporate citizen. Currently the customer related risks that are documented on the company's risk register are:</p> <ol style="list-style-type: none"> 1. C3 - Inadequate understanding of customer preferences and changing trends: Shoprite may not provide a full range of products that are desired by consumers which could impact brand loyalty. 2. RG4 - Inadequate offering of new products / services: Shoprite may not provide a full range of products that are desired by the consumer. <p>While these risks are not explicitly related to forests-related issues, the resulting long-term mitigation measures includes addressing forests-related risks like responsible sourcing of palm oil and cocoa.</p> <p>In this reporting period a biodiversity mainstreaming assessment was conducted for Shoprite's direct operations by the National Biodiversity & Business Network at the Endangered Wildlife Trust. The company will build on this assessment in the medium to long term.</p>
Strategy for long-term objectives	Yes, forests-related issues are integrated	11-15	<p>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."</p> <p>This suggests that Consumer awareness of environmental and forests-related issues is increasing, and consumers also making purchasing choices based on this awareness. As a consequence, there is an increased demand for Shoprite to stock environmentally and socially 'friendly' products, so much so that customers base their choice of preferred retailer accordingly. Shoprite can grow market share, by</p>

			<p>successfully catering for this demand, which, in turn, will result in an increase in sales.</p> <p>Two of the Shoprite's strategic drivers are "grow share in premium food and fresh" and "trusted, profitable private labels". In this regard Shoprite is using responsibly sourced palm oil and cocoa in this premium private label brand. This trend will continue in the medium to long term.</p>
Financial planning	Yes, forests-related issues are integrated	11-15	<p>At the heart of Shoprite's purpose, is its aspiration to be Africa's most accessible, affordable and innovative retailer, by being relentless in its efforts to keep its business efficient and sustain its price leadership.</p> <p>The cost of responsibly sourced commodities is generally higher, and this will impact on cost of goods sold, thereby impacting on the company's purpose to be the most affordable retailer.</p> <p>Reduced costs of certified commodities will promote the use of these commodities by Shoprite in the medium to long term.</p>

F6. Implementation

F6.1

(F6.1) Did you have any timebound and quantifiable targets for increasing sustainable production and/or consumption of your disclosed commodity(ies) that were active during the reporting year?

Yes

F6.1a

(F6.1a) Provide details of your timebound and quantifiable target(s) for increasing sustainable production and/or consumption of the disclosed commodity(ies), and progress made.

Target reference number

Target 1

Forest risk commodity

Palm oil

Type of target

Assess and/or verify compliance

Description of target

Source Simple Truth products with 100% responsibly sourced palm oil.

Linked commitment

Other environmental commitments

Traceability point**Third-party certification scheme****Start year**

2018

Target year

2018

Quantitative metric**Target (number)****Target (%)**

100

% of target achieved

100

Please explain

Shoprite has sourced all Simple Truth products with 100% responsibly sourced palm oil since the inception of the range.

Target reference number

Target 2

Forest risk commodity

Other - Cocoa

Type of target

Assess and/or verify compliance

Description of target

Source all Forage & Feast products with 100% responsibly sourced cocoa.

Linked commitment

Other environmental commitments

Traceability point**Third-party certification scheme****Start year**

2021

Target year

2021

Quantitative metric**Target (number)****Target (%)**

100

% of target achieved

100

Please explain

Shoprite has sourced all Forage & Feast products with 100% responsibly sourced cocoa since the inception of the range.

F6.2

(F6.2) Do you have traceability system(s) in place to track and monitor the origin of your disclosed commodity(ies)?

	Do you have system(s) in place?	Description of traceability system	Exclusions	Description of exclusion
Palm oil	Yes	Shoprite Quality Management System	Not applicable	
Other - Cocoa	Yes	Shoprite Quality Management System	Not applicable	

F6.2a

(F6.2a) Provide details on the level of traceability your organization has for its disclosed commodity(ies).

Forest risk commodity	Point to which commodity is traceable	% of total production/consumption volume traceable
Palm oil	Country	100
Other - Cocoa	Country	100

F6.2b

(F6.2b) Why do you not have system(s) in place to track and monitor the origin of your disclosed commodity(ies) and what are your plans to develop these in the future?

Forest risk commodity

Primary reason

We are planning to track and monitor the origin of forest risk commodities within the next two years.

Please explain

The Shoprite Quality Management System will be implemented in the 2020/2021 financial year.

F6.3

(F6.3) Have you adopted any third-party certification scheme(s) for your disclosed commodity(ies)?

	Third-party certification scheme adopted?	% of total production and/or consumption volume certified
Palm oil	Yes	100
Other - Cocoa	Yes	36

F6.3a

(F6.3a) Provide a detailed breakdown of the volume and percentage of your production and/or consumption by certification scheme.

Forest risk commodity

Palm oil

Third-party certification scheme

RSPO producer/grower certification

Chain-of-custody model used

% of total production/consumption volume certified

100

Form of commodity

Refined palm oil

Palm oil derivatives

Volume of production/ consumption certified

3,102.39

Metric for volume

Metric tons

Is this certified by more than one scheme?

No

Please explain

RSPO certificates are sourced from Shoprite's contract suppliers (manufactures).

Forest risk commodity

Other - Cocoa

Third-party certification scheme

Other, please specify

UTZ and other responsibly sourced cocoa schemes

Chain-of-custody model used

Mass balance

% of total production/consumption volume certified

36

Form of commodity

Other, please specify

Beans and ground

Volume of production/ consumption certified

14.6

Metric for volume

Metric tons

Is this certified by more than one scheme?

Yes

Please explain

The suppliers use differing schemes for responsibly sourced cocoa, based on price and availability.

F6.4

(F6.4) For your disclosed commodity(ies), do you have a system to control, monitor, or verify compliance with no conversion and/or no deforestation commitments?

	A system to control, monitor or verify compliance	Comment
Palm oil	No, but we plan to develop one within the next two years	The Shoprite Position Statement on biodiversity and responsible sourcing has been developed. It will be presented to the Social and Ethics Committee and made public in the next Sustainability Report. This position statement is an overarching policy statement, and a palm oil specific policy, including verification will be considered in future.
Other - Cocoa	No, but we plan to develop one within the next two years	The Shoprite Position Statement on biodiversity and responsible sourcing has been developed. It will be presented to the Social and Ethics Committee and made public in the next Sustainability Report. This position statement is an overarching policy statement, and a cocoa specific policy, including verification will be considered in future.

F6.6

(F6.6) For your disclosed commodity(ies), indicate if you assess your own compliance and/or the compliance of your suppliers with forest regulations and/or mandatory standards.

	Assess legal compliance with forest regulations	Comment
Palm oil	No, we do not assess legal compliance	We plan to have a system in place within the next two years.
Other - Cocoa	No, we do not assess legal compliance	We plan to have a system in place within the next two years.

F6.7

(F6.7) Are you working with smallholders to support good agricultural practices and reduce deforestation and/or conversion of natural ecosystems?

	Are you working with smallholders?	Please explain
Palm oil	Not applicable	Shoprite purchases completed products from contracted manufactures.
Other - Cocoa	Not applicable	Shoprite purchases completed products from contracted manufactures.

F6.8

(F6.8) Are you working with your direct suppliers to support and improve their capacity to comply with your forests-related policies, commitments, and other requirements?

	Are you working with direct suppliers?	Type of direct supplier engagement approach	Direct supplier engagement approach	% of suppliers engaged	Please explain
Palm oil	Yes, working with direct suppliers	Supply chain mapping	Supplier questionnaires on environmental and social indicators	100%	Collaboration on new product development. Shoprite requests certificates and information on responsibly sourced palm oil from contract suppliers annually.
Other - Cocoa	Yes, working with direct suppliers	Supply chain mapping	Supplier questionnaires on environmental and social indicators	100%	Collaboration on new product development. Shoprite requests certificates and information on responsibly sourced cocoa from contract suppliers annually.

F6.9

(F6.9) Are you working beyond your first-tier supplier(s) to manage and mitigate deforestation risks?

	Are you working beyond first tier?	Please explain
Palm oil	No, not working beyond the first tier	Shoprite does not work beyond first-tier suppliers to manage and mitigate deforestation risks
Other - Cocoa	No, not working beyond the first tier	Shoprite does not work beyond first-tier suppliers to manage and mitigate deforestation risks

F6.10

(F6.10) Do you participate in external activities and/or initiatives to promote the implementation of your forests-related policies and commitments?

Forest risk commodity

Palm oil

Do you participate in activities/initiatives?

Yes

Activities

Involved in industry platforms

Initiatives

Jurisdictional approaches

Please explain

Shoprite has attended industry platforms related to biodiversity and forest related risks, and Shoprite's annual Sustainability Report refers to its responsibly sourced palm oil commitments.

In this reporting period a biodiversity mainstreaming assessment was conducted for Shoprite's direct operations by the National Biodiversity & Business Network at the Endangered Wildlife Trust.

Forest risk commodity

Other - Cocoa

Do you participate in activities/initiatives?

Yes

Activities

Involved in industry platforms

Initiatives

Jurisdictional approaches

Please explain

Shoprite has attended industry platforms related to biodiversity and forest related risks.

In this reporting period a biodiversity mainstreaming assessment was conducted for Shoprite's direct operations by the National Biodiversity & Business Network at the Endangered Wildlife Trust.

F6.11

(F6.11) Is your organization supporting or implementing project(s) focused on ecosystem restoration and protection?

Yes

F6.11a

(F6.11a) Provide details on your project(s), including the extent, duration, and monitoring frequency. Please specify any measured outcome(s).

Project reference

Project 1

Project type

Other ecosystem restoration

Primary motivation

Required by regulation

Description of project

Construction of a new Mall was approved on the basis that a one-hectare area, which is the habitat of the Western Leopard Toad, be rehabilitated and thereafter kept in good condition. An environmental agreement was put in place between Shoprite, the municipality and the local environmental committee.

This agreement started in 2017 and states that the wetlands must be rehabilitated by 2018 and thereafter kept in a good condition. The environmental committee meets twice annually (as a minimum) to discuss the condition of the wetland.

Start year

2017

Target year

Indefinitely

Project area to date (Hectares)

1

Project area in the target year (Hectares)

1

Country/Area

South Africa

Latitude

-34.119553

Longitude

18.38979

Monitoring frequency

Six-monthly or more frequently

Measured outcomes to date

Biodiversity

Please explain

The rehabilitation project was started in 2017 and the wetland was successfully rehabilitated in 2018. The wetland is being maintained and litter, weeds, etc. are removed twice weekly in order to keep the wetlands in good condition. This maintenance of the wetland will continue indefinitely.

F7. Verification

F7.1

(F7.1) Do you verify any forests information reported in your CDP disclosure?

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

F8. Barriers and challenges

F8.1

(F8.1) Describe the key barriers or challenges to eliminating deforestation and/or conversion of other natural ecosystems from your direct operations or from other parts of your value chain.

Forest risk commodity

Palm oil

Coverage

Direct operations

Primary barrier/challenge type

Limited public awareness and/or market demand

Comment

Currently there is limited public awareness and/or market demand however there appears to be an increase in the demand for responsibly sourced palm oil in certain customer segments.

Forest risk commodity

Palm oil

Coverage

Direct operations

Supply chain

Primary barrier/challenge type

Cost of sustainably produced/certified products

Comment

Shoprite's purpose is to be the most affordable and accessible retailer in Africa hence it drives efficient and cost-effective operations to offer low prices. The cost of responsibly sourced commodities is generally higher and will impact on cost of goods sold.

Forest risk commodity

Palm oil

Coverage

Supply chain

Primary barrier/challenge type

Lack of regulatory control and enforcement from local governments

Comment

Given that there is no local regulation, there is only limited pressure on suppliers/manufacturers to ensure that all Palm Oil is responsibly sourced.

Forest risk commodity

Other - Cocoa

Coverage

Direct operations

Supply chain

Primary barrier/challenge type

Cost of sustainably produced/certified products

Comment

Shoprite's purpose is to be the most affordable and accessible retailer in Africa hence it drives efficient and cost-effective operations to offer low prices. The cost of responsibly sourced commodities is generally higher and will impact on cost of goods sold.

F8.2

(F8.2) Describe the main measures that would improve your organization's ability to manage its exposure to deforestation and/or conversion of other natural ecosystems.

Forest risk commodity

Palm oil

Coverage

Direct operations

Supply chain

Main measure

Increased demand for certified products

Comment

Shoprite is a customer-centric retailer and increased demand for certified products by customers will drive Shoprite to source more responsibly sourced products.

Forest risk commodity

Other - Cocoa

Coverage

Direct operations

Supply chain

Main measure

Increased demand for certified products

Comment

Shoprite is a customer-centric retailer and increased demand for certified products by customers will drive Shoprite to source more responsibly sourced products.

Forest risk commodity

Palm oil

Coverage

Direct operations

Supply chain

Main measure

Reduced cost of certification/certified products

Comment

Shoprite's purpose is to be the most affordable and accessible retailer in Africa hence it drives efficient and cost-effective operations to offer low prices. Reduced costs of certified commodities will promote the use of these commodities by Shoprite.

Forest risk commodity

Other - Cocoa

Coverage

Direct operations

Supply chain

Main measure

Reduced cost of certification/certified products

Comment

Shoprite's purpose is to be the most affordable and accessible retailer in Africa hence it drives efficient and cost-effective operations to offer low prices. Reduced costs of certified commodities will promote the use of these commodities by Shoprite.

Forest risk commodity

Palm oil

Coverage

Supply chain

Main measure

Improved data collection and quality

Comment

An industry platform for sharing data that is captured alongside monitoring data would encourage transparency in the industry. With the combination of improved/increased regulatory procedures, such transparency would encourage an increase for responsible sourcing from contract suppliers (manufacturers).

Forest risk commodity

Other - Cocoa

Coverage

Supply chain

Main measure

Improved data collection and quality

Comment

An industry platform for sharing data that is captured alongside monitoring data would encourage transparency in the industry. With the combination of improved/increased regulatory procedures, such transparency would encourage an increase for responsible sourcing from contract suppliers (manufacturers).

F17 Signoff

F-FI

(F-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 biodiversity and responsible sourcing

At the heart of its purpose the Shoprite Group aspires to be Africa's most accessible, affordable, innovative and responsible retailer, by being relentless in its efforts to keep its business efficient and sustain its price leadership. The loss of biodiversity is one of the biggest challenges of our time and the Group's business has an indirect yet high dependency on various ecosystem services, such as pollination, soil, climate and / or water-related services, including the work of various micro-organisms.

The Group recognises the importance of natural ecological systems in its direct and indirect operations; therefore, we are intent on reducing our impact on these vital systems through various environmental and social programmes, including responsible sourcing. As a responsible retailer, the Shoprite Group is aligned to the UN Sustainable Development Goals (SDGs), where many goals highlight the importance of biodiversity and healthy ecosystems, particularly SDG 14 (life below water), and SDG 15 (life on land).

To this end, the Shoprite Group commits to:

1. Increasing the mainstreaming of biodiversity into the Group's direct operations to articulate key biodiversity dependencies and identify opportunities to reduce biodiversity harm.
2. Adopting the biodiversity loss mitigation hierarchy of avoidance, minimisation, restoration or rehabilitation and offsetting; and applying a "no net loss" approach for its own operations; or a "net gain" approach where appropriate.
3. Collaborating and partnering with suppliers and other organisations to promote responsible sourcing of key agricultural, aquatic and forestry products.
4. Sharing information related to responsible sourcing with employees and customers to build knowledge and create awareness.
5. Setting plans and targets to continuously to reduce biodiversity loss and improve responsible sourcing.
6. Reporting and being transparent on our efforts and performance.

F17.1

(F17.1) Provide the following information for the person that has signed off (approved) your CDP forests response.

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