



Sustainability Report 2020

Report on Shoprite Holdings Ltd's sustainability approach over the 2020 financial year running to 28 June 2020. This report is best read in conjunction with Shoprite Holdings Ltd's Integrated Annual Report 2020.

Our 2019 report can be found at:
www.shopriteholdings.co.za/shareholders-investors/reports-documents.html

Cover image: Our employees acted as essential frontline workers during the COVID-19 related lockdowns, ensuring that we were able to deliver on our purpose of being Africa's most accessible, affordable and innovative retailer.

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Shoprite Holdings Ltd

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The Group has embedded sustainability metrics into its world-class reporting system to enable us to capture and use real-time data to influence decision-making and to make our operations more efficient and responsive.

CEO's Foreword



PIETER ENGELBRECHT
CEO, SHOPRITE HOLDINGS

The Group is always on alert to respond to our customers' changing needs and desires, and has proactively responded to emerging trends to ensure that we continue delivering on our updated purpose of being Africa's most accessible, affordable and innovative retailer.

It is increasingly important that we build the resilience of our business and of the communities in which we operate to face a future characterised by uncertainty and volatility. The COVID-19 pandemic and subsequent lockdowns have highlighted the need for a stronger focus on ensuring food security at the community level and on creating job and livelihood opportunities. The Group deployed a [comprehensive response to the pandemic](#) and continued to deepen

the impact of its sustainability initiatives throughout the financial year.

Our sustainability work, aligned with the United Nations' [Sustainable Development Goals \(SDGs\)](#), focuses on core issues we have identified and used to create specific goals in our strategy: fighting hunger, providing decent work, enabling entrepreneurs and small- and medium-sized enterprises (SMEs) to enter the retail value chain, supporting quality early childhood development (ECD) services, and promoting sustainable production and consumption. In this reporting period, we have demonstrated our deep commitment in this regard and our agility as a business.

As the largest retailer on the African continent and the largest private-sector employer in South Africa, we contribute significantly to the national fiscus in 15 African countries; we are able to provide training and work opportunities for thousands of people, and direct our [corporate social investment \(CSI\)](#) funding to the most pressing challenges. This supports our social licence to operate, which is a material issue for the Group.

[Our people](#) remain a top priority. We are on a new employee engagement programme to ensure that we attract and retain the talent that we need to deliver on our strategic growth drivers, including embedding a customer-centric culture throughout our business. Our ongoing work with [our suppliers](#) is building their capacity to generate more revenue, create jobs and operate sustainably. And we continue to invest in SMEs to help them access markets and to scale up their operations. The Group is committed to delivering on our updated purpose of being Africa's most accessible, affordable and innovative retailer. We are deepening our work within our existing CSI initiatives to support the emergence of resilient communities.

Our [Sustainability Team](#) developed position statements and goals related to reducing our greenhouse gas emissions as well as water and energy usage in the reporting period. We continue to make significant progress towards the goals we set to reduce food losses and waste and to increase the use of sustainable packaging in the previous financial year.

In the next reporting period, we will intensify our sustainability efforts related to our focus areas to ensure that our work is meaningful and long-lasting. We will continue incorporating sustainability-related content into our training programmes to enable our people to actively participate in building a sustainable company, and world. The Group will continue its engagement with our supply chain to ensure that it can more easily adapt to a changing business environment. ■

Sustainability Manager's Foreword

The Shoprite Group's sustainability strategy is rooted in our purpose of being an accessible, affordable and innovative retailer. We use innovative digital monitoring and reporting systems, embed sustainability into our business operations, and work with our partners to have a bigger impact. This report provides an overview of the progress that we have made in our sustainability strategy and our related achievements in the financial year.

Our sustainability work is aligned to [our values](#), particularly that of *Saving to share*, which describes our efforts to “relentlessly keep costs low to make our customers’ money work as hard as they do”. By working hard to make our operations more efficient, we also minimise our consumption of natural resources and reduce waste. We invest in building [food security and resilience in the communities in which we operate](#) because they are home to our current and future customers, employees and suppliers. We have made significant strides in setting up the systems we need to monitor and report on our environmental indicators, enabling us to access real-time data to inform our decisions. This supports our goal of embedding sustainability thinking and frameworks into all our operational areas, including support functions such as human resources. It also allows us to communicate about social and environmental issues more effectively.

The Group is adopting sustainability goals for each of its focus areas – climate change, water security, sustainable packaging, waste management and responsible sourcing – and [aligning its work with the United Nations’ SDGs](#). We continue to strengthen our key enablers to support our sustainability strategy and programmes. And we have deepened our relationships with our partners and entered new partnerships to ensure that our sustainability interventions are meaningful, replicable and scalable.

We finalised [position statements](#) on climate change and water security in the reporting period that affirm our commitment to reducing our environmental impact. Climate change, driven by global greenhouse gas emissions, will directly and indirectly impact our business and society. Our approach focuses on mitigation, by enhancing energy efficiency and using renewable energy, and on adaptation, by building resilience throughout our operations and in the communities in which we operate. While the Group is not a significant consumer of water, we are committed to reducing our water consumption, improving our wastewater management and understanding water security issues along our supply chain. We have made significant progress in adopting sustainable packaging and reducing food losses and waste. We are proactively shifting to a circular economy model where possible. For example,



plastic waste generated in our stores is recycled back into our carrier bags. This reduces harm to the environment and helps to create jobs in the recycling sector.

We recognise and honour our people, who have remained on the frontlines of the battle with COVID-19, graciously serving our customers and communities. At all levels within the company, they continue to display their passion and enthusiasm for our environmental and social programmes and initiatives. They are our key enablers and we would not be able to make significant progress in this regard without them. We remain committed to developing their skills and creating opportunities for our employees, as well as finding ways to care for, incentivise and celebrate them.

We remain steadfast in our goal of being an efficient and sustainable company, providing food security in all the communities where we operate. ■

Executive Summary

The Shoprite Group is the largest fast-moving consumer goods retail operation on the African continent. Brand Africa ranked Shoprite as the most admired brand in the Retail category of its Top 100 Brands survey in Africa in 2020.

We trade in 15 countries and employ 141 452 people. The Group is the largest private-sector employer in South Africa.

Our resilience as a business, aligned with our values of *Doing the right thing, Saving to share and Developing local*, has been tested by the COVID-19 pandemic and related country lockdowns. We have, however, demonstrated our agility and our commitment to our customers, our people, our suppliers, our communities and our planet. We took [measures to adapt to the COVID-19 trading landscape](#) to protect our capitals (human, social and natural).

We engaged extensively with our stakeholders to affirm and refine our definitions of our material issues. These have also been updated to include the impact of COVID-19 on our business. (These issues are discussed in-depth in our Integrated Annual Report.) This report provides an overview of our approach to managing our sustainability focus areas in the reporting period, aligned with the United Nations' SDGs, and in the context of our capitals. These are [Our people](#), [Our customers](#), [Our communities](#), [Our suppliers](#) and [Our natural capital](#).

OUR SUSTAINABILITY STRATEGY

Our sustainability strategy is aligned with our purpose and values, and with our business objectives and drivers. It leverages our information and technology capacity, embeds sustainability measuring and monitoring into business operations and decision making, and focuses on building partnerships that will help scale the impact of the Group's sustainability work. The Group's management approach to its material issues is expanded on in our

Integrated Annual Report, including our understanding of each material issue, its impact on us and the extent of our impact on it.

The Group's social and environmental sustainability work is supported by our key enablers in governance and compliance, an extensive training offering, our stakeholder relationships, innovative digital reporting frameworks and systems, and our internal resources, including human resources and information technology. We have improved our relationships with strategic partners in the reporting period to maximise the impact of our collaborative work. We have also established new relationships to further our work in our focus areas.

This Sustainability Report has been prepared for the first time in accordance with the Global Reporting Initiative (GRI) Standards: Core option.

OUR PEOPLE

We employ 141 452 people across 15 African countries; 65% of our employees are women and 66% are under the age of 35. We are refining our human resources strategy to ensure that we attract and retain employees whose values align with our own and that we can offer them the training and career opportunities they need to further their own ambitions in life.

Our employee wellness programme has expanded significantly to extend mental, emotional and life skills counselling as well as screening for illness and disease to our employees' families. We have also ramped up efforts to embed a safety-first culture in the Group with a new health and safety governance programme.





We remain committed to encouraging a culture of life-long learning that supports people in reaching their potential. The COVID-19 lockdowns affected our ability to reach our training targets in some respects, but we continued to provide our employees with extensive training and upskilling opportunities.

We are also reaping the benefits of our focus on developing the artisanal skills of our deli staff, butchers and bakers. Our Assistant Chef and Cook Convenience programmes have trained 48 people in the financial year, in partnership with the International Hotel School. Three of our butchers have been awarded the status of Institute of Meat Accredited Master Butcher.

We provided tertiary education bursaries (to the value of R16.2 million in 2019 and an estimated R17.5 million in 2020) to students focused on subjects related to our business needs, including data science, logistics and food science.

Our work to position the Group as an employer of choice is bearing fruit. The South African Graduate Employers Association recognised the Shoprite Group as being one of the leading graduates' employers of choice in retail in 2020.

OUR CUSTOMERS

We remain committed to making our customers' money work as hard as they do. We do this by providing affordable and high quality food and products and world-class shopping experiences. We sell many items at lower than inflation prices, including deli meals at R5 or less, and we subsidise essential items such as bread where possible. We have expanded our private label offerings in the reporting period to respond to trends, such as plant-based healthy eating, and we continue to expand our range of vegan and vegetarian offerings.

We added multiple value-added services in the financial year. We piloted the first of MediRite's Smart Clinics that support online consultations. We established our virtual grocery voucher platform and launched our Checkers Xtra Savings card. We launched the Sixty60 and Sixty60 Boxed delivery services and extended our financial services by rolling out scan-to-pay and tap-to-pay technologies. Food safety remains a top priority, and we conducted 2 964 store hygiene audits and trained 83 962 employees in food safety and quality assurance in the financial year.

OUR COMMUNITIES

We are committed to building the resilience of the communities in which we operate. They are home to our current and future customers, employees and suppliers. We focus on core issues that negatively impact communities, including hunger and malnutrition, unemployment, and the need for quality ECD. These areas align with our material issues, notably our social licence to operate.

We invested R135.9 million through our CSI initiatives in communities in the reporting period, including R16.9 million to fight hunger and malnutrition, R2.8 million to support ECD practitioners and centres, R21.1 million for community interventions, including disaster relief, and the donation of R95.2 million of surplus food and goods. We continue to enhance our ability to monitor and evaluate the interventions we make to ensure that our contribution is meaningful and results in sustainable change.

In the reporting period, the Group engaged with more of our suppliers to partner in CSI activities. We are also working more closely with government departments. For example, we secured a letter of intent from the South African Department of Water and Sanitation to partner for a range of projects.

Our work to fight hunger continues. Our mobile soup kitchen provided 3.9 million hot meals to communities in the financial year. We established 32 new food gardens. Our investment in food gardens generates multiple benefits.



We focus on core issues that negatively impact communities, including hunger and malnutrition, unemployment, and the need for quality ECD. These areas align with our material issues, notably our social licence to operate.

It helps to support food security at the community level, generates livelihood opportunities and, through our market days, enables access to retail value chains.

The Group implemented an extensive teacher training programme for ECD practitioners in the reporting period and took on a further 24 ECD centres, bringing the total count to 109 centres since inception. We also contribute to broader sectoral training through our Retail Readiness programme and support of the Yes4Youth (YES) initiative.

We continue to provide disaster relief support and ways for our customers to donate funds to community causes. In support of South Africa's Solidarity Fund, which is being used to provide COVID-19 relief, the Group more than matched our customers' contributions of R1.7 million by donating R2 million through the Act For Change Fund.

OUR SUPPLIERS

We work with large and small suppliers from more than 40 countries to find the most affordable quality products for

our customers. We engage regularly with our fresh produce and meat suppliers by hosting farmer days in South Africa, and hosted a successful one in Botswana in March 2020 prior to COVID-19 lockdowns. We plan to extend these to the other countries where we operate when the lockdowns are lifted. We continue to work closely with suppliers to ensure that they meet both regulatory and our own high food quality standards. Our focus on this bore fruit in 2020 when our Ritebrand UHT Low Fat Milk was given a South African Dairy Championship Award.

Since 2019, the Shoprite Group has invested significantly in supporting SMEs entering the marketplace with scaling their operations to generate more income, create more jobs and contribute more significantly to the national fiscus.

Our partnership with Empowerment Capital Investment Partners has resulted in the establishment of [Thuthuka Nathi Ventures \(Pty\) Ltd](#). We invested a further R9.5 million in this venture in the financial year, bringing our total investment to R94.5 million to date. We were also able to help individuals from our community gardens and the

small-, micro- and medium-sized enterprises we support attend national business development workshops.

OUR NATURAL CAPITAL

We have made significant progress in formalising our position on climate change and water security and in our commitments to adopt sustainable packaging and reduce food losses and waste throughout our operations. We have developed better ways to track sustainability metrics in real time, which improves our ability to manage environmental performance indicators and to influence company decisions in, for example, procuring packaging, and in energy and water usage.

During the financial year, we released our [position on climate change](#) and signed an agreement with a specialist energy trader to procure 434 000 MWh of renewable energy a year – the first of its kind in Africa, dependent on the trader receiving the necessary regulatory approvals. We continued with our LED lamp replacement project – 341 426 lamps have been replaced in this reporting period, which reduced our emissions by 35 430 tCO₂e.



Our consumption of renewable energy has grown by 25% in our stores and distribution centres (DCs), and the percentage of our fleet fitted with solar PV panels grew to 52%.

The Group is committed to reducing food losses and waste generated along its value chain. We work proactively to better monitor and manage our inventory and raise awareness with our employees to reduce waste in stores. In the reporting period, we collaborated with industry stakeholders on South Africa's first Food Waste Voluntary Agreement. Shifting to sustainable packaging is one of the biggest ways in which we can make a positive impact.

[Our Planet Bag](#) has been recognised as the best performer on environmental and socioeconomic criteria by an independent analysis of 16 grocery carrier bags in South Africa. In collaboration with South Africa's other major retailers, we have adopted user-friendly on-pack recycling labels (OPRLs) to support our customers in recycling efforts – 36% of our private label packaging now has these labels.

We operationalised a circular economy model in which the plastic waste from our stores and DCs is converted into pellets that are then used to make our shopping bags. We have also specified that our trolleys and shopping baskets must be made with at least 35% locally sourced recycled plastic. We are collaborating with the packaging industry in the South African Initiative to End Plastic Waste.

In the reporting period, we set our commitments for water security and evaluated all water risks through our Enterprise Risk Management (ERM) framework. We are also working with our fresh food suppliers to determine their water risk and their ability to scale up production sustainably in a water-scarce future. The Group continues to work with WWF-SASSI as part of our commitment to buy and supply only sustainably fished products for our private label frozen fish ranges by December 2020. Similarly, we only use sustainably sourced and certified palm oil in our Simple Truth products and UTZ-certified cocoa powder in most of our fresh convenience bakery products.

CONCLUSION

We will continue focusing on ways to minimise our impact on the environment while maximising our socioeconomic contributions. This includes making our operations more efficient, and using the scale of our operations to enable both our business and the communities in which we operate to become more resilient in the face of climate change and an uncertain economic outlook. ■

Sustainability Highlights 2020

Our people

Employed
141 452
people



Invested
R491 million
and **3.5 million**
training hours

Our customers

5 awards
for most
recognisable
and trusted
brand



Our suppliers

Directed **4.4%**
of supplier spend
to black woman-
owned businesses

Invested a further
R9.5 million
in SME
investment fund

Our planet

Saved
34.2 million
kWh through
use of energy-
efficient
lighting, equaling
35 430 tCO2e



Reused and
recycled
37 312 tons
of cardboard

Trained
2 496
employees
in our
sustainable
seafood
practices

Converted
938 656
litres of used
cooking oil to
biodiesel



Our communities

Invested **R40.8 million**
in CSI projects and programmes

Donated **R95.2 million**
in surplus food and goods

Served more than
34 million meals to
communities in need

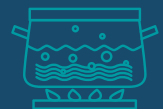
Grew the number of food
gardens supported to **119**
and trained **571** community
members to grow food gardens

Grew the number of ECDs
supported to **109**



Trained **390** ECD
practitioners benefiting
5 907 children

Provided **785 676**
nutritious meals
to ECD centres



Raised **R4.8 million**
through in-store fundraising initiatives

Provided food relief to
communities affected by disasters

Trained **4 262**
unemployed black youth
through accredited retail-related
programmes

About this Report

“Being Africa’s biggest retailer, Shoprite is a credible brand and that is why we wanted to do business with them ...”

– **Katleho Motsoasele, General Manager of MG Commodities, a supplier of rice and sugar beans to Shoprite and Usave stores in Lesotho**

in more depth. The Group has applied the principle of materiality to define the 12 material issues most relevant to its ability to create shared value. Ideally, this report should be read together with the Integrated Annual Report 2020 for a comprehensive overview of our business, strategies and financial performance.

This report aligns with the King IV Report on Corporate Governance for South Africa, 2016 (King IV™) and has been reviewed by our Social and Ethics Committee. Our Audit and Risk Committee approved the report in August 2020. The report has been prepared in accordance with the GRI Standards: Core option. A detailed GRI index can be viewed [here](#).

The 2020 financial year figures used in this report have been verified through an internal audit process. Figures included refer to all operations except for our franchised businesses. ■

The Shoprite Group is the largest retailer on the African continent and the largest private-sector employer in South Africa. As such, we recognise our responsibility to contribute to sustainable development in the countries where we operate. The United Nations has defined sustainable development as *the ability to meet the needs of the present without compromising the ability of future generations to meet their own needs*.

We are committed to operating sustainably while we make our business more resilient, providing our customers with quality, safe and affordable food, and growing job and business opportunities on the continent. We are also dedicated to supporting the communities where we operate. And we are committed to doing all of this with the least possible impact on the planet and its people.

This 2020 Sustainability Report describes the significant gains we have made in our sustainability work since we outlined our goals and activities in the 2019 Sustainability Report. The report covers the Shoprite Group’s sustainability performance for the period 1 July 2019 to 28 June 2020. It links these activities with national and international frameworks,

including the United Nations SDGs, and outlines our environmental, social and governance (ESG)-related commitments and progress.

This Sustainability Report reports on our *human, social and natural* capitals. Our Integrated Annual Report expands on these and our *financial, intellectual and manufacturing* capitals



About Us



The Group was also the 50th most recognised brand overall in Africa, and one of only three South African-based companies within the top 50 of Brand Africa's 2020 Top 100 Brands in Africa. The others are MTN (7th) and DSTV (36th). This is notable in a context where representation by all African-based companies has dropped by two thirds.

Our headquarters, known as the Home Office, is in Cape Town. While most of our stores are in South Africa, we have outlets across the continent under various brands in the following countries: Angola, Botswana, the Democratic Republic of the Congo, Ghana, the Kingdom of eSwatini, Kenya, Lesotho, Madagascar, Malawi, Mozambique, Namibia, Nigeria, Uganda and Zambia. As at 28 June 2020, we owned the following brands: Shoprite, Checkers, Checkers Hyper, OK Franchise, OK Furniture, House & Home, Usave, Shoprite LiquorShop, Checkers LiquorShop, Computicket, Computicket Travel, MediRite Pharmacy, Transpharm, Freshmark, Checkers Food Services and Money Market. Please refer to our corporate website for more information on the geographical distribution of each brand.

The Shoprite Group was the most admired brand in the Retail category of Brand Africa's 2020 Top 100 Brands in Africa.

WHO WE ARE

Shoprite Holdings Ltd is an investment holding company based in South Africa. Our combined subsidiaries make up the largest fast-moving consumer goods retail operation on the African continent. We sell food, household products, furniture and pharmaceuticals, and we offer a range of financial services, including insurance. Our customers live in 15 countries in which we trade, and they come from all income brackets. We aim to provide them with a one-stop-shop and world-class experience.

OUR PURPOSE, VALUES AND STRATEGY

We aspire to be Africa's most accessible, affordable and innovative retailer, while creating value for our stakeholders (people involved with or affected by our business). Operational efficiency is critical to our ability to retain our competitive position on affordability. We strive to maintain strong governing principles and lead our company ethically. We have become the number one retailer in Africa and the largest private-sector employer in South Africa by remaining committed to our values. Table 2 illustrates the alignment of our values, capitals – as expanded on in this report, and focus areas.

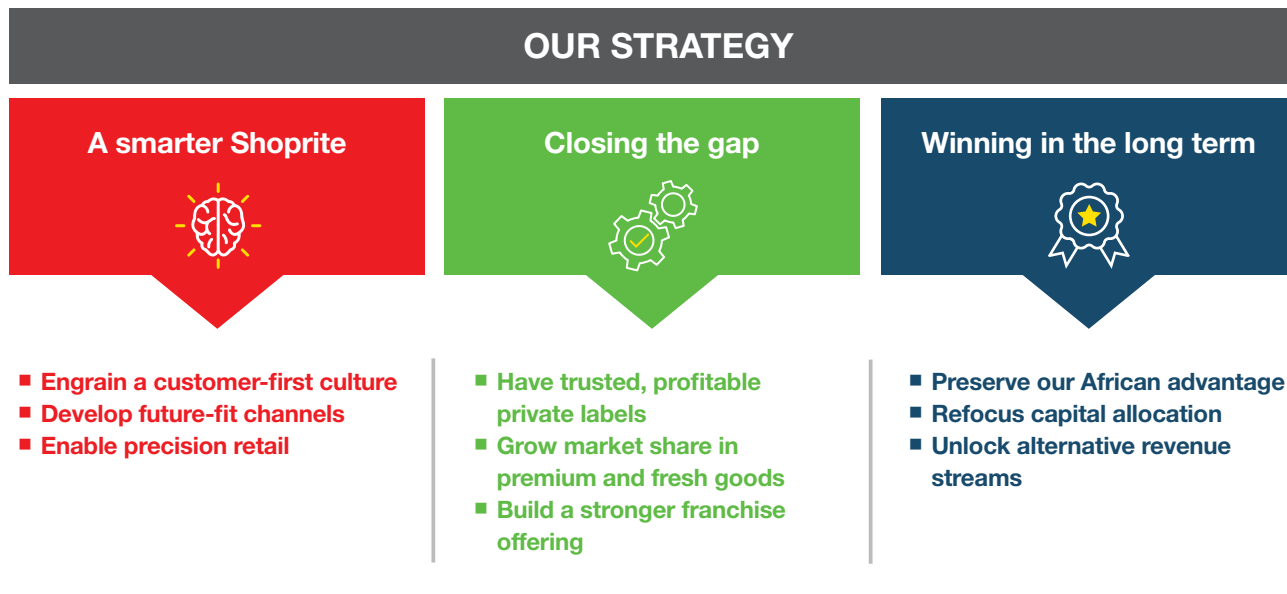
Our work is aligned to our business strategy of building a *smarter Shoprite* with a customer-first culture and precision retailing, of *closing the gap* by growing our market share, and *winning in the long term* through preserving our African advantage, using our capital wisely, focusing on environmental and social sustainability and unlocking alternative revenue streams.

Table 1 illustrates the alignment of our values, capitals as expanded on in this report, and focus areas.

Table 1: Our purpose, values, capitals and focus areas



Table 2: Our strategic drivers



GOVERNANCE

The Shoprite Group is committed to high standards of professional and ethical conduct. We strive to adhere to laws and regulatory frameworks, ethical working practices, good corporate governance, accountability and transparency. We are included in the FTSE4Good Index Series, indicating our solid performance according to independently established investor ESG criteria regarding socially responsible ESG practices.

The Group is led by a Board of Directors, Board committees and Executive Management. We have a Group Risk and Compliance Manager, Group Health and Safety Manager, Group Investor Relations Manager and dedicated sustainability team, led by a Group Sustainability Manager. More information about the role of the Board and member nominations, remuneration policies, performance evaluations and annual compensation can be found in our Integrated Annual Report. The Deputy CEO and the Social and Ethics Committee oversee our environmental and social sustainability activities. In February 2019, we appointed a Group Sustainability Manager who reports to the Deputy CEO and the Social and Ethics Committee. Since then, our sustainability team has grown, including specialists in engineering and waste management.

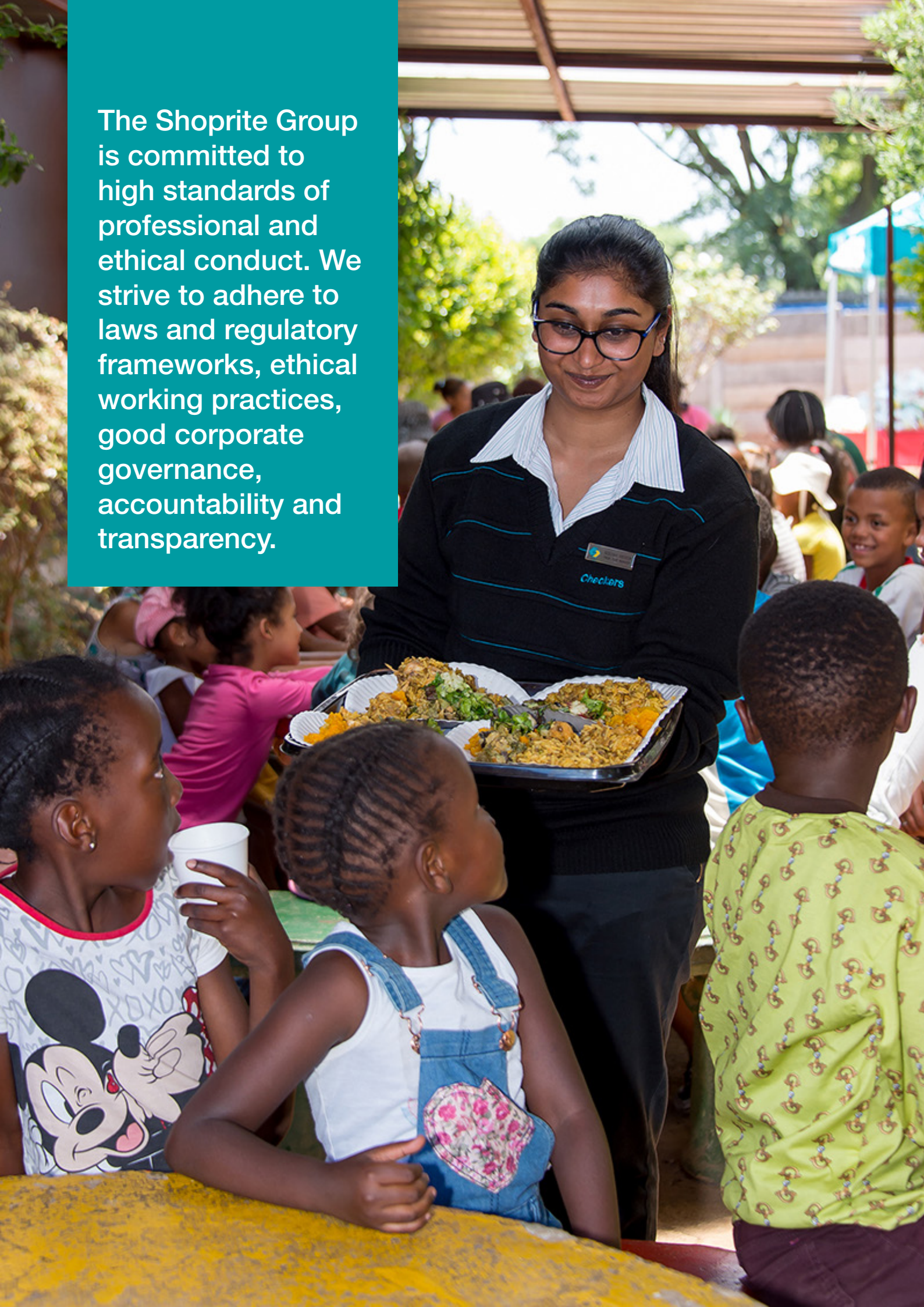
Of special relevance to this report is the Social and Ethics Committee, which is responsible for ensuring that the Group realises its values and acts as a good corporate citizen. Its Committee Charter (available on our website) was reviewed during the reporting period. It aligns with the Companies Act Regulations and the King IV™ code. The Committee reports on its work to shareholders at

the annual general meeting. [The full Social and Ethics Committee Chairperson’s Report](#) for the financial year is included as an appendix, and outlines the Group’s management approach regarding sustainability, as well as how this approach is evaluated and the results of such an evaluation.

The Shoprite Group operates in contexts of high inequality and the Committee is responsible for ensuring that we react timeously and appropriately to social and environmental issues. It does this by ensuring that the Group:

- Complies with the relevant regulatory requirements, such as the South African Employment Equity Act (1998), the Broad-Based Black Economic Empowerment (B-BBEE) Act (2003), the Ten Principles set out in the United Nations Global Compact, and the OECD’s anti-corruption guidelines, to guard against unethical activities across our operations.
- Creates shared value through our CSI initiatives and upholds ethical standards aligned with our values.
- Protects the health and safety of our employees, customers and the public.
- Minimises and mitigates any negative environmental effects from our activities, products and services.
- Ensures fair and responsible labour practices and the development of our employees through education and training.
- Ensures fair treatment of customers and delivery of high quality products.

The Shoprite Group is committed to high standards of professional and ethical conduct. We strive to adhere to laws and regulatory frameworks, ethical working practices, good corporate governance, accountability and transparency.



Our sustainability strategy is aligned with our business focus on operational efficiency, which generates measurable environmental and social results.

The sustainability team continues to find ways for departments to communicate and collaborate on sustainability aspects. Our sustainability strategy is aligned with our business focus on operational efficiency, which generates measurable environmental and social results.

MATERIALITY

Materiality means why something is significant or important. The Shoprite Group's materiality determination process aligns with the International Integrated Reporting <IR> Framework, created by the International Integrated Reporting Council (IIRC), which is a global coalition of regulators, investors, companies, standard setters, the accounting profession and non-governmental organisations.

To determine our 12 most material issues, the Group identified a range of matters that affect our stakeholders and our ability to create shared value. We prioritised the most relevant matters based on our operating context, risks and opportunities, and on the feedback we received from extensive stakeholder engagement throughout the year.

This report provides a detailed overview of our significant stakeholders. In the reporting period, we employed independent experts to interview our key stakeholders online or in-person to determine the alignment between their concerns and our material issues. This process was conducted before the COVID-19 pandemic and nationwide lockdown, which also poses a clear material risk to our business. Our top 12 material issues have been updated accordingly. (See our 2020 Integrated Annual Report, which provides an explanation of changes in material issues since the last reporting period.)

Our management approach

Our management approach to our material issues is expanded on in our Integrated Annual Report. It incorporates ensuring an accurate understanding of the topic, the impact on us and the extent of the Group's impact on it. The purpose of our management approach is to avoid, mitigate or remediate the negative impacts we may have on society and the environment, and to enhance the positive impacts we make.

Our management approach to material issues reported on in this Sustainability Report are expanded on in each section focused on our capitals: Our people, Our customers, Our communities, Our suppliers and Our natural capital. These issues, relevant to sustainability, include the impact of COVID-19, our supply chain structure and cost configuration, quality and safety issues, our people, our social licence to operate and the Group's socioeconomic contribution.

RISK MANAGEMENT AND COMPLIANCE

As with all commercial entities, our approach to risk management balances uncertainty, which presents both risk and opportunity, with our commitment to providing value for our stakeholders. Our ERM approach draws on the principles set out by the Treadway Commission's Committee of Sponsoring Organisations, the International Principles and Guidelines on Risk Management (ISO31000) and King IV™. The Board of Directors has the ultimate accountability for risk management in the Group, with oversight delegated to the Audit and Risk Committee.

The Group's ERM vision is to integrate risk management into day-to-day activities in support of its purpose and values and to help it achieve its strategic business objectives. Our ERM policy and framework incorporates a combined assurance model that enables both the Audit and Risk Committee and the Board to assess the output of the Group's internal assurance providers (the business, group risk and compliance and internal audit) with objectivity; to form their own opinions on the integrity of information and internal reports; and to determine the degree to which an effective control environment has been achieved and whether the process is sufficiently robust.

During the reporting period, we:

- Conducted an independent external review of the Group's risk management effectiveness.
- Updated our risk registers to include ESG risks and associated compliance criteria and to better align to GRI indicators. Updated risks include those related to the potential negative impact of our operations and value chain on the environment and the limitations that a degraded environment and climate change could have on our ability to create long-term shared value.

Table 3: Shoprite Group's top 12 material issues, 2020

| | | |
|---|---|---|
| <p>Impact of COVID-19</p> | <p>Trade performance and growth opportunities, in all the countries in which we operate</p> | <p>Regulatory environment</p> |
| <p>The Group was affected by restrictions on trading hours and products in its supermarket divisions and the closure of its non-essential goods divisions. Adherence to lockdown regulations presented additional costs and measures.</p> | <p>The global economy remains under pressure as are the local economies of the countries in which we operate. (See our Integrated Annual Report)</p> | <p>The Group engages in an increasingly complex regulatory and compliance environment. We invest significantly in compliance management systems.</p> |
| <p>Information and technology</p> | <p>Socioeconomic contribution</p> | <p>Social licence to operate</p> |
| <p>Our continued investment in technology and data analysis forms the basis of our ability to create new opportunities and to grow into new markets.</p> | <p>We are Africa's largest value food retailer and a significant employer in South Africa. We therefore directly impact the economy by creating jobs, paying salaries and taxes, investing in SMEs and through our CSI work in communities.</p> | <p>To maintain our social licence to operate, we must be recognised as a good corporate citizen and as a sustainable business over the long term by our shareholders, employees, suppliers, customers and communities. Our social licence to operate is dependent on how well we manage our ESG responsibilities.</p> |
| <p>Our people</p> | <p>Leadership transformation and employment equity</p> | <p>Supply chain structure and cost configuration</p> |
| <p>We invest in recruiting, training and retaining the right people for positions throughout the Group because our success depends on it.</p> | <p>The Group is reliant on strong, capable and diversified leadership to deliver on its long-term strategy. (See our Integrated Annual Report)</p> | <p>An efficient and cost-effective supply chain is critical for the Group to maintain its market position in changing trading environments.</p> |
| <p>Quality and safety</p> | <p>Governance – Board effectiveness</p> | <p>Growth and development of the Group</p> |
| <p>We are committed to supplying high quality and safe products in a safe shopping and working environment.</p> | <p>We need a robust and capable Board of Directors to ensure that the Group sustains and enhances value over the long term. (See our Integrated Annual Report)</p> | <p>To support our future-fit business strategy, we need the capability, resources and financing to adapt to changing retail and consumers markets.</p> |



We have adopted a precautionary approach, which also impacts the decisions we make regarding risks and risk management. We use best practice models and adhere to all relevant regulations related to safety, health and environmental sustainability.

Top 10 risks

The Group has identified its top 10 risks, endorsed by the Audit and Risk Committee. These are risks related to:

- Our reputation and brand, including a changing trading environment
- Health and safety risks (for employees and customers)
- Threats to business continuity
- Cyber security risks
- Food safety and constantly changing regulatory requirements
- The health, safety and retention of our employees
- Fraud and theft
- Project and change management
- Foreign exchange
- ESG risks include potential environmental impacts, climate change and investor scrutiny.

The details on these risks and how we act to mitigate them can be found in our Integrated Annual Report 2020.

We have adopted a precautionary approach, which also impacts the decisions we make regarding risks and risk management. We use best practice models and adhere to all relevant regulations related to safety, health and environmental sustainability. The Group is proactively

reducing carbon emissions to mitigate our contribution to climate change, undertaking water security assessments to help the Group and our suppliers adapt in a changing climate, and working hard to switch to more sustainable packaging options.

The Shoprite Group monitors new and amended laws and regulatory requirements in all the countries where we operate. We have systems in place to help us meet compliance criteria efficiently and to keep us updated on changes to the regulatory landscape and international communication and reporting mechanisms.

We invest significantly in training our people to comply with relevant legislative and regulatory requirements. This helps us to manage our risks. We report on compliance training and incidents to relevant internal and external bodies.

Our core compliance focus areas have been amended to the most critical areas. A full overview of our compliance training, including the number of training hours and beneficiaries for the reporting period, can be found in [Appendix 2](#).

SUSTAINABILITY POLICIES AND POSITION STATEMENTS

In the past financial year, we worked to develop real-time data capturing and reporting tools to help us understand and act on the sustainability measures most related to our focus areas. This report provides feedback on our progress against the objectives and commitments that we set. [Our full submissions to the CDP Climate Change and Water Security programmes are available on our website.](#)

■ **Position Statement on Sustainable Packaging**

The Shoprite Group recognises that packaging, while useful as a primary protector and preserver of food and non-food products, can pollute land and marine environments unless it is handled responsibly. We support a circular economy approach to packaging that supports as much re-use and recycling as possible. We promote lifecycle thinking, which means considering the economic, environmental and social impact of a product or material throughout the different phases of its existence. We made several commitments regarding sustainable packaging in 2019, including designing our packaging for sustainability and setting targets for use of sustainable packaging, especially for our own brands and in-store packaging. We have made significant progress towards these commitments in 2020.

■ **Position Statement on Food Losses and Waste**

The Shoprite Group recognises the social, environmental and economic impacts of food loss and waste. We are committed to addressing this complex issue across our value chain. In 2019, we made commitments to review our value chain to identify opportunities to reduce food losses and waste. We are aligned to the SDGs in our work in this regard, specifically with SDG Target 12.3 that aims to halve food waste at the retail and consumer levels and reduce food losses along the food chain by 2030. This includes training our employees to become champions in reducing food losses and waste, and setting targets to improve our performance in this regard. Our Surplus Food Donations Policy diverts surplus food from our DCs and stores to 401 registered beneficiary organisations. We have made good progress against our commitments in this reporting period.

■ **Position Statement on Climate Change**

We recognise that climate change, driven by global greenhouse gas (GHG) emissions, will directly and indirectly impact our business and the communities in which we operate. In turn, the Group recognises that our business operations play a role in climate change. Therefore, we developed a position statement on climate change in the reporting period. The Group supports the goal set by the United Nations Framework Convention on

Climate Change of limiting global temperature rise to well below 2°C above pre-industrial levels.

Our response to climate change has two objectives:

- To reduce our GHG emissions and continuously improve energy efficiency in our direct operations and in our supply chain by engaging with suppliers.
- To strengthen the resilience and adaptive capacity of our operations and that of the communities in which we operate.

In line with SDG 13, which calls for urgent action to combat climate change and its actions, we commit to:

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

The Board oversees climate-related issues within the Shoprite Group, using key performance indicators that link to environmental criteria for reducing energy use and improving efficiency, which directly lowers operational costs. We have robust monitoring and reporting structures in place. Shoprite's reporting on carbon emissions has evolved over time.

We have submitted annual disclosure reports to the CDP Climate Programme for the last nine years. Our CDP score is on par with other South African retailers. [This report is available on our website.](#)

■ **Position Statement on Water Security**

Recognising that the countries in which we operate face severe water security challenges, which will be further exacerbated by climate change, the Group developed its position on water security in the reporting period. Access to clean water remains a human right. It is also a necessary input for economic development and critical for ensuring the health and integrity of ecosystems.

The Shoprite Group subscribes to international and national frameworks related to human and labour rights, and aligns its sustainability work to the United Nations' SDGs and the goals of South Africa's National Development Plan.

While the Shoprite Group is not a significant user of water, it does depend on a reliable source of clean water for its direct operations. And parts of its supply chain, its customers and local communities are very dependent on water availability and accessibility.

We commit to:

- Using water, as a natural and scarce resource, responsibly and efficiently throughout our direct operations, and engaging with suppliers to do the same.
- Reducing pollution and improving the treatment of wastewater from our operations.
- Strengthening the resilience and adaptive capacity of our operations and supply chain to ensure responsible business continuity, and assisting the communities in which we operate to do the same, in the event of disruptions to water supply.
- Collaborating and partnering with key stakeholders including regulators, suppliers, non-governmental organisations, local communities and other organisations to address water security issues.
- Sharing water security information with employees, customers, suppliers and investors by reporting and disclosing our plans, efforts and performances related to water security.

The Board oversees water-related issues within the Shoprite Group. We submitted our third annual disclosure to the CDP Water Programme in 2020; the Water Security Report is available on our website.

ALIGNMENT WITH INTERNATIONAL AND NATIONAL FRAMEWORKS

The Shoprite Group subscribes to international and national frameworks related to human and labour rights, and aligns its sustainability work to the United Nations' SDGs and the goals of South Africa's National Development Plan.

Oversight of our work in this regard is through the Social and Ethics Committee, which monitors and oversees the Group's adherence to all laws and relevant codes of best practice related to sustainability.

Along with the United Nations' SDGs, this includes the following international frameworks:

- The 10 principles of the United Nations Global Compact, a pact to encourage businesses worldwide to adopt sustainable and socially responsible policies that relate to human rights, labour, the environment and the fight against corruption.
- The Organisation for Economic Co-operation and Development's recommendations regarding corruption.
- The International Labour Organization Protocol on decent work, working conditions, employment relationships and the educational development of employees.

We present a detailed overview of our sustainability work mapped against the SDGs in this report.

In South Africa, we are committed to supporting transformation of the economy as well as providing an empowering environment for our employees and a consistently high quality experience for our customers. We therefore adhere to the following legislative, policy and best practice frameworks:

- The B-BBEE Act, as amended, discussed [below](#).
- The Consumer Protection Act (2009).
- The Employment Equity Act, as amended.
- The National Development Plan, discussed below.
- The GRI Standards, the first global standards for sustainability reporting.
- King IV™, the reporting code aligned to international governance codes and best practice. A report on the application of the King IV™ Code of Corporate



Table 4: B-BBEE Scorecard for 2017, 2018 and 2019

| B-BBEE element | Weighting | 2017 | 2018 | 2019 |
|--|------------|--------------|--------------|----------------------|
| Ownership | 25 | 8.4 | 7.42 | 7.82 |
| Management control | 19 | 8.1 | 8.8 | 10.71 |
| Skills development | 20 | 15.28 | 17.82 | 17.86 |
| Enterprise and supplier development | 40 | 22.7 | 24.08 | 24.46 |
| Socioeconomic development | 5 | 5 | 5 | 5 |
| Total points | 109 | 59.48 | 63.12 | 65.85 |
| Participation in YES initiative | | No | No | One additional level |
| Final B-BBEE status (after considering the discounting principle and the YES initiative) | | Level 8 | Level 8 | Level 7 |

Governance Principles is available on the Group's website.

The B-BBEE Act and Scorecard

The B-BBEE Act is the legislative framework to drive black economic empowerment in South Africa and is supported by codes of good practice and sector scorecards. The Shoprite Group supports long-term and sustainable transformation that will unlock inclusive value creation in the country.

We act on various fronts to support transformation through an all-inclusive strategy and have formalised our B-BBEE and Enterprise and Supplier Development programmes. Our investment in the black-owned investment company Thuthuka Nathi Ventures (Pty) Ltd grew to R94.5 million in the reporting period.

We have committed to an additional R9.5 million investment in the 2021 financial year. This investment, along with other measures, has allowed us to grow our support of black-owned and black women-owned suppliers.

The outbreak of the viral COVID-19 pandemic early in 2020, and the subsequent national lockdown from March 2020 onwards, affected our planned pivotal training and recruitment projects significantly. We were unable to recruit mass groups or send learners to scheduled classroom training. We therefore were unable to complete two of our programmes: Retail Readiness and the YES initiative.

Further amendments to the B-BBEE scorecard, relating particularly to Skills Development and Preferential Procurement, will have negative impacts on the Group's 2020 scorecard; however, we have re-orientated and refined our programmes accordingly. We continue to find innovative solutions to address our transformational requirements effectively.

Our 2017, 2018 and 2019 scores are shown in Table 4. The 2020 figures will be available on the Group's website once our verification has been completed.

National Development Plan

Many of the internal and external programmes and initiatives we undertake support the goals of South Africa's National Development Plan to eradicate poverty, eliminate inequality and secure a decent standard of living for all South Africans by 2030. A decent standard of living incorporates access to skills development and quality education, adequate nutrition and employment.

The United Nations' SDGs

The SDGs set up 17 ambitious goals to support social, environmental and economic wellbeing. The Shoprite Group continues to align its ESG activities to support attainment of the SDGs because they represent the most urgent environmental, social and economic global issues.






The Group's key financial and non-financial objectives are aligned to relevant goals and targets. We seek to go further by addressing our impact on society and the environment through our operations and value chain, and by using our resources and capabilities to benefit people and the planet – see Table 5. We have a strategic approach to the SDGs and have conducted a [high-level mapping](#) of the current and potential impacts (both positive and negative) that our business activities have on the SDGs throughout our value chain – see Table 6. We have evaluated each segment of the value chain and our key enablers (competencies, technologies and systems) to determine where we can scale up positive impacts and where we can reduce or avoid negative impacts. This is aligned to our management approach.

Table 5: Our value chain and its contribution to the SDGs



Table 6: Our approach and contribution towards the SDGs

| | SDGs | Our approach | Our contribution |
|---|---|---|---|
|  <p>1 NO POVERTY</p> | <p>SDG 1: End poverty in all its forms everywhere</p> | <ul style="list-style-type: none"> Meet our obligations as a responsible corporate citizen | <ul style="list-style-type: none"> R3.9 billion supplier spend on SME businesses Provided employment for 141 452 people |
|  <p>2 ZERO HUNGER</p> | <p>SDG 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture</p> | <ul style="list-style-type: none"> Keep our promise of providing affordable food Support community-level food and nutritional security | <ul style="list-style-type: none"> Supported 119 community food gardens Donated surplus food and goods valued at R95.2 million to identified charities Invested R7.4 million in the reporting period to support 119 food gardens and establish 32 new ones Provided 3.9 million hot meals through our mobile soup kitchens Provided 785 676 nutritious meals to ECD centres |
|  <p>3 GOOD HEALTH AND WELL-BEING</p> | <p>SDG 3: Ensure healthy lives and promote well-being for all at all ages</p> | <ul style="list-style-type: none"> Support the wellbeing of our people and customers | <ul style="list-style-type: none"> Revised and expanded our employee wellness programme, and extended offerings to family members South African Hearth and Stroke Foundation endorses our Simple Truth range and Diabetes South Africa approves a range of our products Responded rapidly to the COVID-19 pandemic to ensure the safety of our people and customers Trained 83 962 employees on food safety |
|  <p>4 QUALITY EDUCATION</p> | <p>SDG 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p> | <ul style="list-style-type: none"> Provide accredited vocational and ongoing learning opportunities for our people Provide workplace experience, vocational and retail training | <ul style="list-style-type: none"> Supported 9 342 learners on accredited learning programmes Disbursed more than R16 million in the 2019 academic year and anticipate spending R17.5 million for bursaries in the 2020 academic year Trained 4 262 unemployed black youth through accredited retail-related programmes Trained 390 ECD practitioners, benefiting 5 907 children in 9 provinces Trained 571 community members to grow food gardens |
|  <p>5 GENDER EQUALITY</p> | <p>SDG 5: Achieve gender equality and empower all women and girls</p> | <ul style="list-style-type: none"> Support women to enter the economy through employment or as suppliers | <ul style="list-style-type: none"> Employed 91 334 women equivalent to 65% of our employees 4.4% of supplier spend directed towards black woman-owned businesses |
|  <p>8 DECENT WORK AND ECONOMIC GROWTH</p> | <p>SDG 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p> | <ul style="list-style-type: none"> Provide decent work Help to build an inclusive economy | <ul style="list-style-type: none"> Employed 141 452 people in the 2020 financial year R9.5 million allocated to SME investment fund |

| | SDGs | Our approach | Our contribution |
|---|--|---|--|
|  <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> | <p>SDG 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</p> | <ul style="list-style-type: none"> ■ Improve resource efficiency of existing buildings | <ul style="list-style-type: none"> ■ Signed a wheeling agreement with a South African specialist energy trader to procure 434 000 MWh of renewable energy a year in upcoming years ■ Innovated our Money Market offering to boost financial inclusion |
|  <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> | <p>SDG 12: Ensure sustainable consumption and production patterns</p> | <ul style="list-style-type: none"> ■ Reduce food waste across our value chain ■ Source sustainable packaging ■ Focus on water and energy efficiency | <ul style="list-style-type: none"> ■ Sold 837 207 of our R3 rebate bags and paid out more than R530 000 in rebates to customers that reused them ■ Initiated the conversion of plastic waste from our stores and DCs into our shopping bags ■ Our trolleys and shopping baskets are made with at least 35% locally sourced recycled plastic ■ Recycled 41 772 tons of plastic and cardboard through our DCs ■ Reused 2 684 tons of cardboard packaging through two partnerships with other South African retailers) ■ Placed friendly on-pack recycling labels on 36% of our private label range ■ Recovered and converted nearly a million litres of used cooking oil from our stores to biodiesel |
|  <p>13 CLIMATE ACTION</p> | <p>SDG 13: Take urgent action to combat climate change and its impacts</p> | <ul style="list-style-type: none"> ■ Build a climate resilient business ■ Commit to reducing our carbon emissions and making our operations more efficient | <ul style="list-style-type: none"> ■ Increased our use of reverse logistics by 14% saving 887 tons of carbon emissions ■ Replaced existing lamps with energy efficient lamps, saving 34.2 million kWh ■ Grew consumption of renewable energy by 25% ■ Generated 3 298 MWh of renewable energy through rooftop photovoltaic systems. Saved 3 421 tCO2e ■ Grew percentage of fleet with solar PV panels to 52% |
|  <p>14 LIFE BELOW WATER</p> | <p>SDG 14: Conserve and sustainably use the oceans, seas and marine resources for sustainable development</p> | <ul style="list-style-type: none"> ■ Commit to sustainable seafood procurement practices | <ul style="list-style-type: none"> ■ Trained 2 496 employees in our sustainable seafood practices ■ Diverted 9 400 tons of plastic from landfills and the environment |
|  <p>15 LIFE ON LAND</p> | <p>SDG 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation and halt biodiversity loss</p> | <ul style="list-style-type: none"> ■ Comply with all environmental legislation and regulations throughout our operations ■ Source sustainable products where we can | <ul style="list-style-type: none"> ■ Use sustainably sourced and certified palm oil in our Simple Truth products ■ Use UTZ-certified cocoa powder in most of our fresh convenience bakery products |
|  <p>17 PARTNERSHIPS FOR THE GOALS</p> | <p>SDG 17: Strengthen the means of implementation and revitalize the global partnership for sustainable development</p> | <ul style="list-style-type: none"> ■ Build on partnerships with implementation stakeholders and public and private institutions | <ul style="list-style-type: none"> ■ Extended the scope of our work with existing partners and entered into new partnerships ■ Collaborated on South Africa's first Food Waste Voluntary Agreement ■ Supported the South African Initiative to End Plastic Waste |

STAKEHOLDER ENGAGEMENT AND KEY PARTNERSHIPS

The Group has identified the following strategic stakeholder groups: our customers, shareholders and financiers, trade unions, the communities in which we operate, our employees, regulators and suppliers.

These were identified based on the extent to which:

- They benefit from or influence the Group’s financial and operational performance.
- We depend on their support to achieve our strategic goals.
- They can influence the Group’s reputation and brands.
- They present risks or opportunities through our engagement (or lack thereof) with them.

See our Integrated Annual Report for an overview of how stakeholders were identified and ranked.

We are aware that other stakeholders, especially the communities in which we operate, do not necessarily have the platforms needed to interact directly with us as a Group. We do, however, interact with these communities

through our CSI partners and programmes. We also engage with various industry, academic, technical and non-governmental organisations, as we value their input. Other supportive stakeholders include underwriters, insurance brokers and external assurance providers. Our engagement with the media is ongoing and we recognise them, along with analysts and rating agencies, as intermediary stakeholders.

We asked our stakeholders about their concerns to better understand how these aligned with our material issues. We conducted online stakeholder surveys with regulators, suppliers, non-store staff, shareholders and financiers, and in-person interviews with in-store staff and customers. These were conducted before the COVID-19 lockdown began in South Africa on 26 March 2020. Our material issues have subsequently been updated to include those identified during the pandemic. Our material issues are deemed important and relevant based on how they resonate with stakeholders.

Table 7 provides an overview of our stakeholder engagement, alignment of their concerns with our material issues and our response.

Table 7: How we engage with our primary stakeholders, the issues that concern them and our response

| Stakeholder group and our engagement | Concerns aligned with material issues | Our response |
|---|---|---|
| <p>More than 24 million customers in the countries in which we operate</p> <p>Our customers interact directly with us at stores and through online feedback channels, call centres and social media platforms. We also communicate with them via news media, electronic newsletters, and our corporate and brand websites.</p> <p>In 2019/2020 we conducted in-store interviews with our customers.</p> | <p>Access to safe, high quality and affordable food, consistent availability of products in stores and rigorous quality and safety controls over product sourcing.</p> <p>Safe and hygienic shopping environment.</p> | <ul style="list-style-type: none"> ■ We have a stringent food quality and safety assurance framework. ■ We strive to bring our customers the most affordable, safe and high quality food products. ■ Our sophisticated and efficient supply chain ensures optimum availability of products in stores. ■ Stores are cleaned and sanitised daily. |
| <p>Our broad range of shareholders and financiers</p> <p>Our shareholders and financiers ensure our ongoing success. We engage with them through our Integrated Annual Report, Stock Exchange News Service announcements, meetings, webcasts, conference calls, an online contact platform, perception studies and surveys, and national and international conferences and presentations.</p> <p>In 2019/2020 we conducted online surveys with our investors.</p> | <p>Our investors are concerned with trade performance, how and where we choose to invest our capital and our ESG performance. They want transparent and strong corporate governance.</p> | <ul style="list-style-type: none"> ■ We are focused on improving governance and transparency to help investors have a clearer understanding of what we are doing and how our business works. ■ We provide detailed strategic updates through our financial results presentations and our Integrated Annual Report. ■ See our Integrated Annual Report for an overview of our response to shareholder concerns. ■ We share information on ESG performance through our Sustainability Report and CDP disclosures. |

| Stakeholder group and our engagement | Concerns aligned with material issues | Our response |
|---|--|--|
| <p>Ten recognised trade unions</p> <p>The Group has recognised and engaged with unions for more than 30 years. Our people enjoy freedom of association and the right to join trade unions. We constantly engage with unions through meetings and correspondence, and through their representation on various committees.</p> <p>We worked closely with trade unions throughout the COVID-19-related lockdown in 2020.</p> | <p>Terms of labour: Trade unions have raised issues around wages; the work scheduling practices for full-time and part-time employees; late trading hours; and transportation. These are valid universal concerns in the retail industry.</p> | <ul style="list-style-type: none"> ■ We proactively engage with unions to negotiate one- to three-year wage settlements and to address concerns raised by members, such as those around working hours, to find equitable solutions. ■ We work to ensure that unions are given access to relevant and transparent information during negotiations. |
| <p>Our communities are home to our employees and customers</p> <p>We meet with communities, visit community projects and have undertaken research to understand community perceptions of the Group. We also interact with communities through our strategic CSI partners and the community organisations we support. We support ECD practitioners and work to improve the nutritional intake of children attending ECD centres.</p> | <p>Community upliftment: Communities want to better themselves. They want to be empowered to develop themselves and they want access to the formal economy. They want employment opportunities.</p> | <ul style="list-style-type: none"> ■ We run empowerment and community development projects to enable economic participation. ■ We support and develop community food gardens through skills transfer and training. ■ We work to improve the nutritional intake of children at the ECD centres and schools we support. ■ We host and support fundraising initiatives, including enabling our customers to donate to credible charitable causes that support our overall ActForChange objectives. ■ We offer emergency disaster relief. |
| <p>141 452 employees in 15 countries</p> <p>Our people are the basis of our success. We engage with them through team meetings, an internal newspaper (#OurShoprite), trade unions, our CEO video messages, training, surveys and incentive and recognition programmes. We are constantly seeking ways to deepen meaningful engagement, particularly with store employees, and we have launched an employee communication (SiyaRinga) to interact with all employees directly.</p> <p>In 2019/2020, we conducted online surveys and personal interviews with our employees.</p> | <p>Transformation and empowerment: Our people want rewarding work with career development paths, education and training opportunities, and a healthy and safe working environment. They are also interested in the Group's trade performance and growth, as it relates to broadening access for job opportunities and to stores.</p> | <ul style="list-style-type: none"> ■ We offer extensive in-house training. ■ We run incentive programmes and we celebrate our people. ■ We engage proactively and creatively with our employees. ■ We constantly strive to ensure a healthy and safe working environment. |
| <p>Regulators in the 15 countries in which we trade</p> <p>We interact with a range of regulatory bodies through meetings and submissions.</p> | <p>Compliance and job creation: Regulators want to ensure ongoing compliance and encourage job creation.</p> | <ul style="list-style-type: none"> ■ We monitor compliance with relevant legislation. ■ We engage directly to enhance transparency and facilitate compliance processes. ■ We run ongoing initiatives to transfer skills and provide job opportunities. |

| Stakeholder group and our engagement | Concerns aligned with material issues | Our response |
|--|---|---|
| <p>Suppliers in about 40 countries</p> <p>Our suppliers trust us. We visit their operation sites and farms, meet with them regularly, correspond frequently and, where relevant, work with them to help them comply with legislative requirements and our standards.</p> <p>In 2019/2020 we conducted online surveys with our suppliers.</p> | <p>Business growth opportunities: Our suppliers want stronger relationships with the Group, and new opportunities to enter the Group's value chain and to grow their businesses. They are also concerned with building and developing local small enterprise supply chains. Climate change is a concern related to reliability of supply.</p> | <ul style="list-style-type: none"> ■ We maintain regular contact with our suppliers. ■ We focus on building long-term relationships. ■ We find ways to ease logistical arrangements. ■ We invest directly in their businesses. ■ We support small-enterprise development initiatives. ■ We support responsible sourcing. |
| <p>The broader public</p> <p>We engage with the broader public through the same channels we use to communicate with our customers. Our Integrated Annual Report, Stock Exchange News Service announcements and other resources are freely available for download on our corporate website.</p> | <p>The government and the broader public are increasingly concerned about food safety, nutrition and environmental issues.</p> | <ul style="list-style-type: none"> ■ We disclose our carbon and water management programmes through the CDP. ■ We respond to health and nutrition concerns by sourcing targeted product lines such as Simple Truth, Oh My Goodness and Linda McCartney Foods. ■ We ensure compliance with health-related legislation. ■ We are switching to sustainable packaging where possible. ■ We are working to embed circular economy thinking in our operations. |

Our material issues have been updated to include those identified during the pandemic. Our material issues are deemed important and relevant based on how they resonate with stakeholders.



We understand the importance of partnering with experts to deepen and broaden the impact of our efforts to deliver on our sustainability commitments. Our CSI work is grounded in local community partnerships.

Our key strategic partners are:

Food & Trees for Africa (FTFA), which helps us establish and support our growing food garden programme. FTFA is a leading non-profit organisation with more than 30 years of experience in addressing food security and community development in South Africa.

Gift of the Givers, a global disaster response organisation that we work through to provide emergency relief in the form of food, water, clothing and medical supplies to communities struck by disaster.

The Lunchbox Fund, a national South African organisation that we fund to provide nutritious meals to ECDs in efforts to combat malnutrition in children.

The Early Care Foundation, which provides resources as well as practitioner training for under-skilled practitioners to help improve preschool education in South African communities.

Centre for Early Childhood Development, a national organisation that provides training and support to ECD facilities and practitioners with a focus on the care of children from disadvantaged communities.

Brownie Points Africa, a non-profit organisation that connects people, non-governmental and non-profit organisations and companies for innovative campaigns, donation drives and volunteering opportunities. Participants are rewarded with "brownie points", a type of currency that can be redeemed or donated.

South African Department of Water and Sanitation, whose mandate is to ensure that country's water resources are protected, managed, used, developed, conserved and controlled in a sustainable manner. The Group signed a letter of intent with them during the reporting period to collaborate on a range of projects. One of these is their Working on Fire Programme, which provides work opportunities to young men and women, with a strong focus on marginalised communities and people with disabilities. The Group worked with them to deliver fire awareness training at the ECD centres that we support.

South African Department of Social Development, whose mandate is to provide developmental social welfare services that reduce poverty and vulnerability. The Group partners with the department on hunger relief and ECD programmes.



Reconstructed Living Labs (RLabs), an award-winning non-profit company that uses innovative technology and digital platforms to enable access to skills, training and economic empowerment. The Group supports their Zito (“gold”) volunteering platform that provides youth with work experience.

Our work to support the transformation of the South African economy is ongoing. A key strategic partner in this regard is:

Empowerment Capital Investment Partners (Pty) Ltd, a majority black-owned asset manager in the enterprise and supplier development segment, whose purpose is to transform lives through investments.



We continue to focus on building partnerships that generate environmental and social benefits. Key partners in this regard are:

Consumer Goods Council of South Africa, which represents the interests of more than 12 000 companies from the manufacturing, retail, wholesale and distribution of consumer goods sectors. We participate in initiatives related to food safety, crime, health and safety and environmental sustainability, such as plastic packaging and food waste.

WWF-South African Sustainable Seafood Initiative, which promotes the sustainable procurement and consumption of seafood. Shoprite has committed to SASSI's voluntary compliance framework for procuring its seafood products.

Our focus on providing real value to our customers is steadfast. A new strategic partner in this regard is:

OUTsurance, an innovative South African financial services company with a reputation for value-for-money products and excellent service delivery. The Shoprite Group will be the first supermarket retailer to help bring its customers more accessible and affordable insurance products.



We continue to work closely with other government departments to facilitate more effective engagement, particularly with the Department of Trade Industry and Competition, the Department of Employment and Labour and, due to the COVID-19 lockdown regulations, the Department of Health. We also work with various sector education and training authorities (SETAs) in South Africa and Zambia and with technical and vocational education and training (TVET) colleges to offer accredited training programmes and workplace experience opportunities.



OUR RESPONSE TO COVID-19

The rapid spread of COVID-19 throughout the world resulted in countries locking down their economies and societies to prevent the spread of the virus. In all the countries where we operate, these lockdowns have had significant consequences for households and communities. The Shoprite Group has been affected financially through store closures, restricted operating hours and restricted sales on many of its products. We have, however, gone to extraordinary lengths to keep our people safe, to provide our customers with essential products and to support our communities in this time of need.

We took measures before the lockdown was announced and our response has proven the agility and resilience of our business. We were able to quickly put measures in place to keep operating. The long-term business and socioeconomic impacts are unclear. The Group has established systems to track financial and non-financial COVID-19-related measures enabling it to respond to changing circumstances. Table 8 outlines the key measures we took across our operations and to support our key stakeholders – our people, our customers, our suppliers and our communities – during this time. More detailed response measures are outlined throughout this report.



The residents of Mafikeng in the North West province made the biggest contribution to the more than R1.7 million donated to the Solidarity Fund by Shoprite, Checkers and Usave customers in South Africa in response to the COVID-19 crisis.

“We’re a small, remote town, so it is really special that our loyal customers made the biggest donation of all the supermarkets to the Solidarity Fund. I am very proud of my team for faithfully processing these transactions.”

– Peter Ntshupetsang, Shoprite Branch Manager, Mafikeng



Table 8: Our response to COVID-19

| Our people | Our supply chain | Our customers and communities |
|---|--|---|
| <p>Enabled those who could work from home to do so (about 2500 employees).</p>  | <p>Established a COVID-19 task team, chaired by the CEO, to ascertain risks and roll out measures to ensure regulatory compliance and precautionary response initiatives.</p>  | <p>Donated R2 million to the Solidarity Fund. Collected R1.7 million through our Act For Change Fund.</p> |
| <p>Supported our front-line staff to continue working safely.</p> | <p>Allocated and tracked expenditures for the response.</p> | <p>Introduced virtual vouchers and bulk vouchers to enable the transfer of money between people.</p>  |
| <p>Ensured that we kept everyone employed by shifting them to stores allowed to operate.</p> | <p>Accelerated on-line delivery channels, like Sixty60.</p>  | <p>Virtual vouchers to the value of R166 million were sent across South Africa during the lockdown between 27 March and 28 June 2020.</p> |
| <p>Provided personal protection equipment and safety protocols, mobile clinics and comprehensive support, including counselling and mental health support services.</p>  | <p>Communicated with and supported our suppliers in continued production.</p>  | <p>Donated about R27.3 million worth of food and goods.</p> <p>Implemented all safety measures across stores and DCs.</p> |
| <p>Provided information and updates on a regular basis via SiyaRinga and email.</p> | <p>Consulted with regulators and government departments on an ongoing basis.</p> | <p>Provided our community food gardens with the necessary inputs to allow them to continue producing food.</p>  |
| <p>Provided all employees with an appreciation bonus totalling R102 million.</p>  | <p>Increased security measures to ensure the safe delivery of goods to stores.</p>  | <p>Our fleet of mobile soup kitchens served more than 1 million hot meals between 27 March and 28 June 2020.</p> |
| | | <p>Expanded the number of stores providing South African Social Services Agency (SASSA) grant payments.</p>  |

Our people are our everyday heroes, and never more so than during the COVID-19 pandemic. They have been at the forefront of our efforts to ensure that our stores could stay operational and that our customers could continue to purchase essential products in a safe shopping environment.

We employ 141 452 people in 15 countries; 65% of them are women and 66% are under the age of 35. As the largest private sector employer in South Africa and a major retailer in Africa, the Shoprite Group is committed to creating jobs to help alleviate the high levels of unemployment in many of the countries in which it operates. We provide extensive retail skills development and training programmes, many of which are focused on equipping unemployed youth to enter the workplace.

See our Integrated Annual Report for a comprehensive overview of our performance in our 15 country markets. The details of our employment demographics in our largest employment regions are provided in [Appendix 1](#).

“In all my years in retail I’ve held to the belief that the customer is the most important person in the store and should be treated as such.”

– Roslyn Moodley, Cash Office Manager at Checkers Westville Mall



Attracting, recruiting and retaining the best

The Shoprite Group is refining its human resources strategy in response to a fast-changing marketplace. This move will be even more relevant in a post-COVID-19 world. In the previous financial year, we reoriented our recruitment programmes to attract job seekers looking for long-term career prospects in a company whose values aligned with their own. This year, we reviewed our employee value proposition to provide our people with more comprehensive benefits and better access to support services, including through an expanded Employee Wellness Programme.

We work hard to retain our employees. The average age of employees is 33 years. The average length of service is nine years for managers, eight years for full-time employees and three years for permanent part-time employees. Succession planning is in place for critical business positions.

Shoprite gained a spot in the top two at the 2020 South African Graduate Employers Association Employer of Choice Awards. This South African Graduate Employers Association award celebrates companies that graduates recognise as leading employers in South Africa.



This industry recognition of the positive impact we are having on the lives and futures of students will motivate us to aim for the top spot next year.

Employee wellness, health and safety

Looking after the wellness, health and safety of our people is key to our business success. We constantly look for ways to provide our employees with more value in support of our customer-centric shopping vision. Our enhanced Employee Wellness Programme is a holistic approach that aims to establish an organisational culture of health. This enhances our employee value proposition, promotes employee engagement and mitigates health and lifestyle risks.

The programme provides our employees and their immediate families with counselling and advice on issues ranging from work to personal life. Our offering includes health and wellness consultation, financial counselling, lifestyle counselling and legal advice. The enhanced programme supports our existing Shoprite HIV/Aids programmes, as well as trauma counselling. We provide screening for lifestyle diseases, including cholesterol, diabetes, high blood pressure, HIV/Aids and tuberculosis to all our employees.

We have stepped up our efforts to encourage a safety-first culture. Our managers discuss safety issues at the start of meetings to further promote this culture and, in the reporting period, the Group produced 15 Golden Rules to Stay Safe. We also launched a health and safety governance programme.

The Shoprite Group revised its health and safety policy statement within the financial year with the inclusion of principles to address COVID-19. We have undertaken comprehensive health and safety risk assessments across the Group, including all store activities, and have put systems in place to manage identified risks. A new health and safety dashboard tracks and reports on risks in real time. Daily and weekly incident reports are sent to the Chief Financial Officer, operations and sustainability teams, and to DCs. All health and safety matters are reported to the Group's Management Risk Forum, chaired by the Chief Financial Officer.

This system has been particularly useful in combating the risks posed by COVID-19. It has helped us to quickly implement enhanced health and safety protocols to comply with new government regulations. It has also allowed us to pinpoint the cause of incidents and to act quickly to resolve issues through focused training. We have extended the monitoring and reporting function for transportation incidents to the other countries in which we operate and will translate the system into French and Portuguese before year-end.

We have also worked to improve contractor safety in the reporting period by appointing dedicated external health and safety consultants to ensure adherence to safety regulations at all sites using contracted services. We have continued our programme to expand security oversight of all business operations and ensure our quick response to armed robberies. There has been a decrease in these crimes in the reporting period as a result. We stepped up efforts during South Africa's lockdown to ensure the safety of our employees and contractors, particularly those transporting goods to stores and DCs.

The rise in the reported occupational injuries and illnesses is due to enhanced reporting and increased awareness due to the introduction of Workers' Compensation Assistance. COVID-19 also played a role.

Promoting diversity and equity

We support South Africa's developmental objective of building an inclusive economy. For us, this means creating jobs and opportunities for those previously marginalised from the economic system, and contributing to local economic development. The Group's investment in its SAP ERP system and SAP software integration enables it to draw on extensive data sets and sub-sets, including those related to human resources.

We source locally where possible to create retail supply chains in the countries where we operate. And we are determinedly growing the number of black Africans and women in our management structures (see our Integrated Annual Report), workforce and supply chain. A breakdown of diversity and inclusivity in our workforce can be found in [Appendix 1](#).

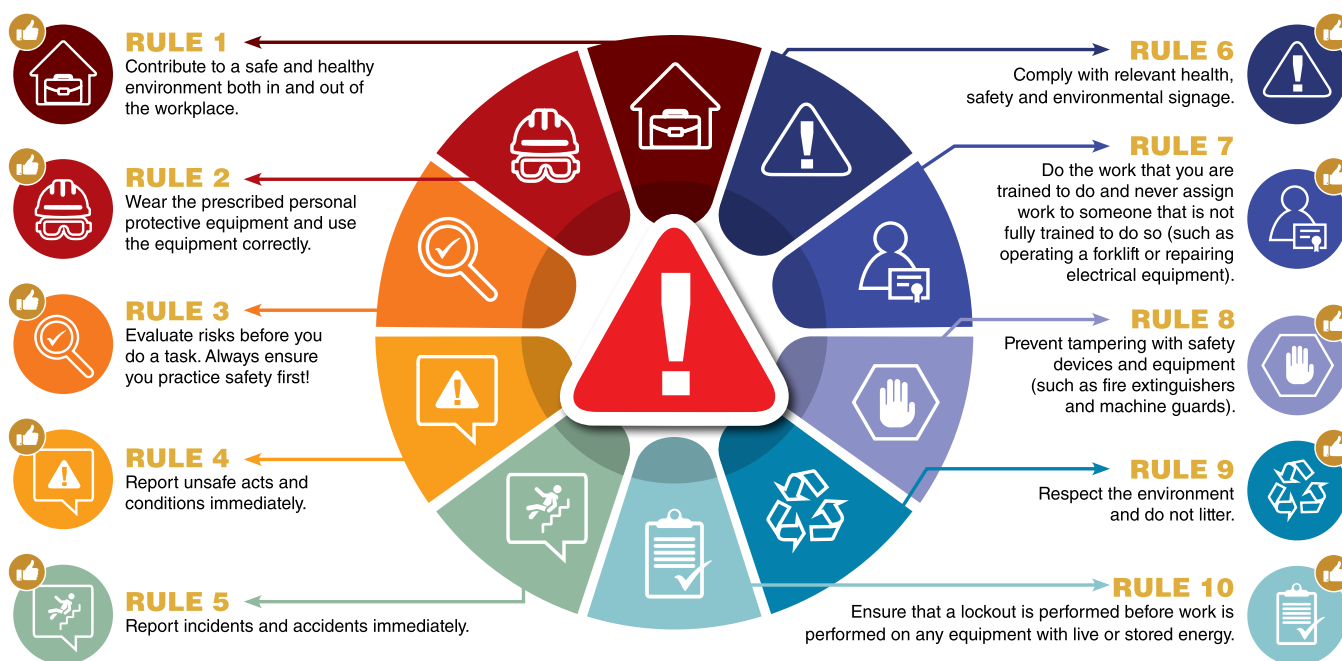
Table 9: Occupational health and safety, 2018 to 2020

| | 2018 | 2019 | 2020 |
|---------------------------------------|-------|-------|-------|
| Fatal accidents: employees | 7 | 1 | 1 |
| Fatal incidents: public/contractors | 6 | 8 | 5 |
| Total injuries recorded (RSA) | 2 037 | 1 940 | 3 572 |
| Lost time Injury frequency rate (RSA) | - | - | 12.9 |



THINK SAFE. BE SAFE, LEAD SAFE

THE 15 GOLDEN RULES



DON'T

- RULE 11** Never work under the influence of drugs and alcohol.
- RULE 12** Never work at heights if you are not authorised or trained to do so.
- RULE 13** Never walk under a suspended load.
- RULE 14** Never use a cell phone, tablet or earphones when operating any machinery or vehicles.
- RULE 15** Never exceed the speed limit when operating any machinery or vehicles.

“I make sure I’m always visible in the store. I also listen intently to our customers so that I can deliver on what they want the first time.”

– Charity Mhlaba, Branch Manager, Shoprite Cloverdene, Putfontein

We launched our SiyaRinga (“Now we’re talking”) mobile app in the reporting period to help us engage with and mobilise our employees across the continent.



SiyaRinga:
Engaging meaningfully with our people

We launched our SiyaRinga (“Now we’re talking”) mobile app in the reporting period to help us engage with and mobilise our employees across the continent. To date, more than 36 000 employees have downloaded the app or connected via a mobisite or through a USSD string. SiyaRinga delivers important “as-it-happens” company news and information and allows our employees to engage with the Group through a chat function. The app provides our people with information related to their work benefits, human resources offerings, competitions and special events, as well as volunteering opportunities. The Birthdays and Shoutouts sections are visited thousands of times.

“Wow! I think it’s a great platform for us to express our voice and to know in advance what is happening in our surroundings and also to voice our complaints and suggestions about anything that is happening in our company.”

– Cash Office Clerk, Shoprite Gauteng

“I couldn't be more proud of wearing this uniform; through this app I have learned the company loves us and wants to see us knowledgeable and happy in the environment where we spend most of our time. This app is about us. I couldn't feel more valued. Thank you Shoprite, thank you #SiyaRinga.”

– Back Admin Manager, Shoprite Northern

Our workforce is culturally and geographically diverse. SiyaRinga helps us bring our people together and drive an organisational culture of inclusion and engagement. To date:

- More than 25% of our workforce has registered on the app.
- The platform has been visited more than half a million times.
- It has so far been available to employees in Botswana, Kenya, Lesotho, Namibia, Nigeria, South Africa, eSwatini and Zambia.

The app has been especially useful as a COVID-19-related messaging tool. We were able to quickly create a COVID-19 information hub providing operational and news information. The hub was used to drive education about prevention measures, community support and lockdown regulations, and to provide motivational support to our employees. The video of our CEO announcing the COVID-19 appreciation bonus was watched more than 100 000 times.

SiyaRinga enables two-way communication between the Group and all employees – a first in the Group's history. It has also enabled employees to share their experiences and insights. The social feed feature – Let's Ringa – supports employees in sharing images and comments. We also communicate with our people through our e-learning platform, internal newspaper, in-store Retail Radio broadcast channel, in-store meetings and training sessions.

Skills development and training

The Shoprite Group believes in the value of life-long learning and enabling people to reach their full potential. The Group is an accredited training provider with the Wholesale and Retail SETA and has approval for selected programmes from the Food and Beverage SETA.

We achieved our skills development (B-BBEE, PIVOTAL and Group) pro-rata training targets up until the level 5 lockdown began on 26 March 2020. We have invested significantly over the past few years in developing and implementing e-learning programmes, among other training offerings.

This has enabled us to continue providing training and upskilling opportunities to our 141 452 employees in 15 countries.

We believe in promoting from within the company where possible; many of our current managers started with us as cashiers.

We have designed and implemented programmes focused on:

- Compliance training
- Systems training
- Job-based curricula with structured learning paths for store employees
- Upskilling opportunities through our in-house Retail Varsity
- Management and leadership development programmes
- Personal development plans for talent pools
- Artisanal training.

We continue to build skills levels within middle management, including branch and regional managers, to enable them to take up leadership positions within the Group.

“I'm in retail for the joy of serving people. I am energised by people and love working with and for them. That's what keeps me going in this fast-paced environment day after day.”

– Mymoena Doubell, Branch Manager of Shoprite Klapmuts. Doubell was one of our youngest branch managers when she took over the reins at Usave Kleinvllei at the age of 20.

Individual e-learning

The Shoprite Group delivers training through 2 879 devices at 1 374 e-learning kiosks. Retail Varsity's Time-2-Train scheduling tool supports the completion of mandatory job-based curricula in stores. More than 2.2 million hours were spent on e-learning in the reporting period. This platform also allows the Group

to communicate with our employees through CEO messages and updates relevant to their work. The Shoprite Group is one of the few retailers to successfully implement an e-learning platform in Africa.

Our courses are translated into French and Portuguese to enable learning in the Democratic Republic

of the Congo, Madagascar, Angola and Mozambique.

Our transition to e-learning helped us ensure the smooth rollout of the Checkers Xtra savings card, new funeral and financial products, and essential COVID-19 training.



“We have job security and ongoing initiatives that give people a chance to learn and advance their careers. They keep an eye out for talent here and if you’re keen, you’ll get ahead.”
 – **Kulsum Sambo, Regional Manager for Shoprite’s Western Cape division**

In this reporting period, we ran a regional manager development programme in the Checkers division to help them manage themselves, others and change within the business environment.

In 2021, Retail Varsity will start implementing a three-year strategy focused on embedding a customer-first culture in the Group in alignment with our strategic business drivers. This will incorporate focused branch- and regional-management development interventions. There are also

plans to include sustainability awareness training in on-boarding programmes.

Youth development

South Africa, as with many of our operating countries, has high levels of unemployment, particularly among the youth. General unemployment was at 29% in the second quarter of 2019, but 55% of young people in South Africa were unemployed. COVID-19-related lockdowns are likely to exacerbate this challenge.

The Shoprite Group provides training for the broader sector, with a focus on helping unemployed youth gain the skills they need to secure jobs. We do this through our Retail Readiness programme, learnerships, skills programmes, internships, bursaries for tertiary education and partnerships with TVET colleges. We offer some of these programmes in African countries that, like South Africa, collect skills levies from companies to help develop the sector through training.

Table 10: Retail Varsity achievements



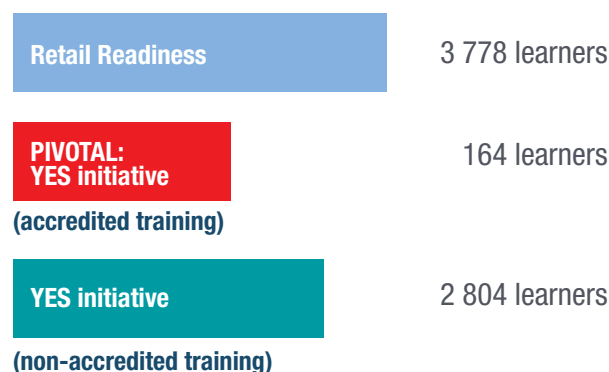
Overview of accredited programme type, delivery and target market

Accredited training by programme type


| | |
|-----------------------------------|---|
| Retail Readiness | 3 778 learners |
| Skills Programmes | 2 978 1 250 learners learners |
| Learnerships | 576 learners |
| Assistant Chef Skills Programme | 31 learners |
| Learnerships for the disabled | 491 learners |
| Cook Convenience Skills Programme | 27 learners |

■ Unemployed youth
 ■ Our People
 ■ Both

Accredited and non-accredited training for black youths in support of skills development and B-BBEE



e-learning training:
2.2 million hours
spent on e-learning training



A focus on artisanal training

We also invest in specialised training to provide our customers with quality products and service. For example, we are working with the United Kingdom’s Institute of Meat to provide training in our South Africa stores. To date, five of our butchers have been awarded the status of Institute of Meat Accredited Master Butcher. We also train about 478 people a year in butchery skills through a one-year learnership or a four-month skills programme. The Shoprite Group signed an agreement with the Department of Environment, Forestry and Fisheries to provide butchery training to the venison industry to help develop the sector. This project has been delayed due to the COVID-19 pandemic.

We have reaped the benefits of developing the artisanal skills of our deli staff, bakers and fresh food managers in the financial year.

“Checkers provides a work environment in which one can grow and flourish. I will never leave the company because here you have the opportunity to be whatever you want to be.”

– Songezo Basela started his working life as a driver of a minibus taxi before applying to train as a butcher at Checkers; today, he is a Butchery Manager at Checkers Willowbridge.

Table 11: Provision of access to tertiary education

Overview of accredited programme type, delivery and target market

Taken in
114
trainee accountants
to complete articles
since 1998

80
accountants
qualified through this
programme to date

Employed
71
of them

42
trainees this
financial year
(21 women, 15 previously
disadvantaged)

Tertiary education bursaries

Provided
R16.2 million
in bursaries for the
2019 academic year
for students studying
pharmacy, accounting, retail
business management,
hospitality management,
information and technology,
logistics and food science

Funded
286
students
for the 2019
academic year
(224 women,
203 previously
disadvantaged
students)

66
bursaries to
students from
other African
countries
in the 2019
academic year

Funded
274
students in the
2019 academic year
(135 women, 129 previously
disadvantaged, 54 from
other African countries)

Anticipate
spending
R17.5 million
for the 2020
academic year



Shoprite’s Data Science Academy

We actively look for innovative ways to solve problems. The Group provides promising young graduates who show an interest in mathematics, statistics and computer science a year-long apprenticeship at its Data Science Academy. An experienced data scientist mentors the students as they use large amounts of data to improve real-world decision making around consumer spending patterns.

“Being trained as a data scientist is beyond anything I could ever have imagined. My dream was to be a data analyst because I love to work with numbers. Words fail to express my gratitude to Shoprite for this wonderful opportunity.”

– Khaya Ngodwane, enrolled in the Data Science Academy in 2019



Our Assistant Chef and Cook Convenience programmes, offered in partnership with the International Hotel School, has trained 1 049 people since its inception in 2017, including 58 in the financial year. These programmes aim to upskill employees working in fresh foods, enabling a clearer career path for participants.

A culture of volunteerism

The Group's ethos of working with communities to improve livelihood opportunities, environmental health and community resilience is illustrated in its ongoing annual Mandela Day event as well as other employee-led initiatives throughout the year.

In July 2019, in celebration of Mandela Day, our people worked at the community food gardens we support, served hot meals from our fleet of 19 mobile soup kitchens, and helped us find practical ways to strengthen our relationships with the organisations to which we donate surplus food. They also organised community cleanups with our recycling partners.

We engage in ongoing volunteering initiatives led by our employees and encourage our customers to join us in doing good by signing up for these activities online at www.actforchange.africa.

In March 2020, 574 employees from Shoprite, Checkers and Usave stores in the Eastern Cape area removed close to 1 000 bags of waste from 104 communities in a week.

Our people regularly host cleanup events across Africa. We hosted 248 Act for Change volunteering events in this financial year. These types of volunteering activities build on the Group's hosting of Africa's Biggest Cleanup in 2018, when more than 12 000 volunteers at more than 400 events across 12 countries collected 26 000 bags of waste.

Celebrating our people

We are reviewing our employee recognition programme to ensure its relevance and impact. We continue to celebrate our people that deliver on our customer-centric vision.

“The cleanups are also an opportunity for our employees to connect with the communities they serve outside of the trading environment.”

– Lunga Schoeman, Group CSI Manager



- **Customer Care Heroes** celebrates those employees who go out of their way to provide excellent customer service. We profile them in our internal newspaper, #OurShoprite, and on our SiyaRinga app. We recognised 158 outstanding performers across the Group in the financial year.

The Shoprite Group's Portfolio Management Office (PMO) took home the 2019 PMO of the Year Award and will go on to represent South Africa at the Global PMO Awards. These awards recognise the best use of resources, practices and results in the project management field. The team will compete against contenders from 300 organisations in 110 countries this year. Our PMO was recognised for its role in the rollout of the Group's new enterprise resource planning system across operations in 15 countries and the launch of the platform that hosts the Checkers Xtra Savings card.

Labour relations and grievance management

The Group enjoys a good working relationship with the unions representing our employees. We respect the right of employees to join a trade union and engage in collective bargaining and have been engaging with trade unions in the countries in which we operate for the past 30 years.

Our divisional human resource management meets with employee representatives and trade union representatives on a quarterly basis. In South Africa, we recognise the South African Commercial, Catering and Allied Workers Union, which has more than 34 000 members and has been the main union for retail workers since the early 1990s. About 34% of our South African employees belong to this trade union.

Beyond South Africa's borders, we have recognition agreements in place with nine other trade unions. About 41% of our employees in other African countries are members of a trade union.

There have been no notable lawful industrial relations-related incidents in any of the countries in which we operate in the year under review.

The Group proactively engaged with unions about lock-down measures to ensure the health and safety of its employees, and to ensure that everyone kept their jobs. We have a well-established grievance procedure in place to ensure that employee complaints are dealt with quickly and fairly. A confidential hotline and suggestion boxes are in place to receive grievances or request work-related information. Line managers regularly receive training on how to deal equitably with grievances and disciplinary matters.

COVID-19 and our everyday heroes

We moved proactively to ensure the safety of our employees and of the shopping experience for our customers. We were able to use the SiyaRinga app, in-store meetings, in-store Retail Radio broadcast channels and e-learning platforms to quickly disseminate information about the virus and our changes to operations including new hygiene and safety protocols.

We are proud of our frontline workers and those working in DCs who helped keep essential goods moving onto our shelves to meet our customers' immediate needs during the lockdown period. The Shoprite Group paid out a once-off R102 million appreciation bonus to all employees for their service during the COVID-19 crisis.

Measures put in place to help keep our people safe included:

- The COVID-19 committee, comprising the CEO and executive management, met daily to discuss measures necessary to reduce risk.
- Provision of hand sanitiser and personal protective equipment for use at home and at work (including masks and face shields). We placed an order for 340 000 locally made fabric face masks, two for each employee. This investment should boost the local textile industry.
- Specialised training in the use of sanitisers on work surfaces and the need for social distancing.
- Daily screening of staff entering our stores, DCs and offices.
- Access to 33 mobile and 6 on-site clinics for screening and referrals to clinics. Those who tested positive were eligible for special leave.
- Flexible working hours in response to challenges around public transportation in the most stringent lockdown period.
- Providing access to a 24-hour helpline for guidance and information on health, wellbeing, legal issues and trauma for all employees and their families.
- Drafting a COVID-19 plan for each work site based on an assessment of internal and external risks. The plan was overseen by a dedicated compliance officer at each site.

We worked hard to ensure that no one lost their jobs during lockdown despite the regulated closure of some of our operations, such as liquor stores and



furniture outlets. Employees in these stores were deployed to our supermarket operations.

Even though our trading hours across all stores were reduced, we did not reduce the hours of part-time workers, recognising the critical need to ensure their livelihoods and support their communities. Where feasible, employees worked from home, connecting remotely to their teams and managers.

“Our employees are crucial players in the task ahead and the Group wants to thank and reward them for their tireless efforts to stock our shelves with food and other essentials for our 29 million shoppers.”

– Pieter Engelbrecht, CEO of the Shoprite Group

Our Customers

Our mission is to be Africa's most accessible, affordable and innovative retailer. We cater to more than 24 million customers in 15 countries. Our customers are from diverse income groups and communities and we are committed to making their money work as hard as they do when they shop at our supermarkets and stores.



Working towards attaining this mission means living our values – *Doing the right thing, Saving to share and Developing local*. It also means finding meaningful ways to help support our customers and their communities. The COVID-19-related country lockdowns have put our commitment to the test and spurred us on to become even more innovative in this regard.

Keeping our affordable food promise

We use our efficient supply chain, long-standing relationships with suppliers and bulk-buying power to bring our customers affordable and quality food and non-food products. We subsidise essential items, such as our 600-gram in-house loaf of bread – 63 million loaves sold at R4.99 in the reporting period – and personal care items, such as sanitary pads. We offer hearty meals costing R5 or less at our in-store deli counters, selling about 155.8 million of these to date. We expanded our range of Checkers,

COVID-19:

The Shoprite Group committed to keeping shelves stocked despite panic buying and stockpiling. To ensure that all customers would be able to access necessities, such as toilet paper, sanitisers, cereals, medicines and tinned food, the Group rationed the sale of specified products. All prices were kept the same during this period, pre-lockdown deals were extended, and external price increases (such as the increased Government levy on plastic bags) were not immediately passed on to customers.

Shoprite and Usave private label offerings to offer our customers choice-grade entry-level and premium products in a single store.

Food and health trends

We engage with our customers and monitor national and international trends to ensure that we meet and exceed their expectations. There is increased demand for healthier food options and our Simple Truth and Oh My Goodness ranges have grown in popularity. These ranges offer healthier meals and snacks with reduced sugar and salt content and have no added MSG or artificial colours, flavours or sweeteners. Fresh meals in these ranges are free of preservatives.

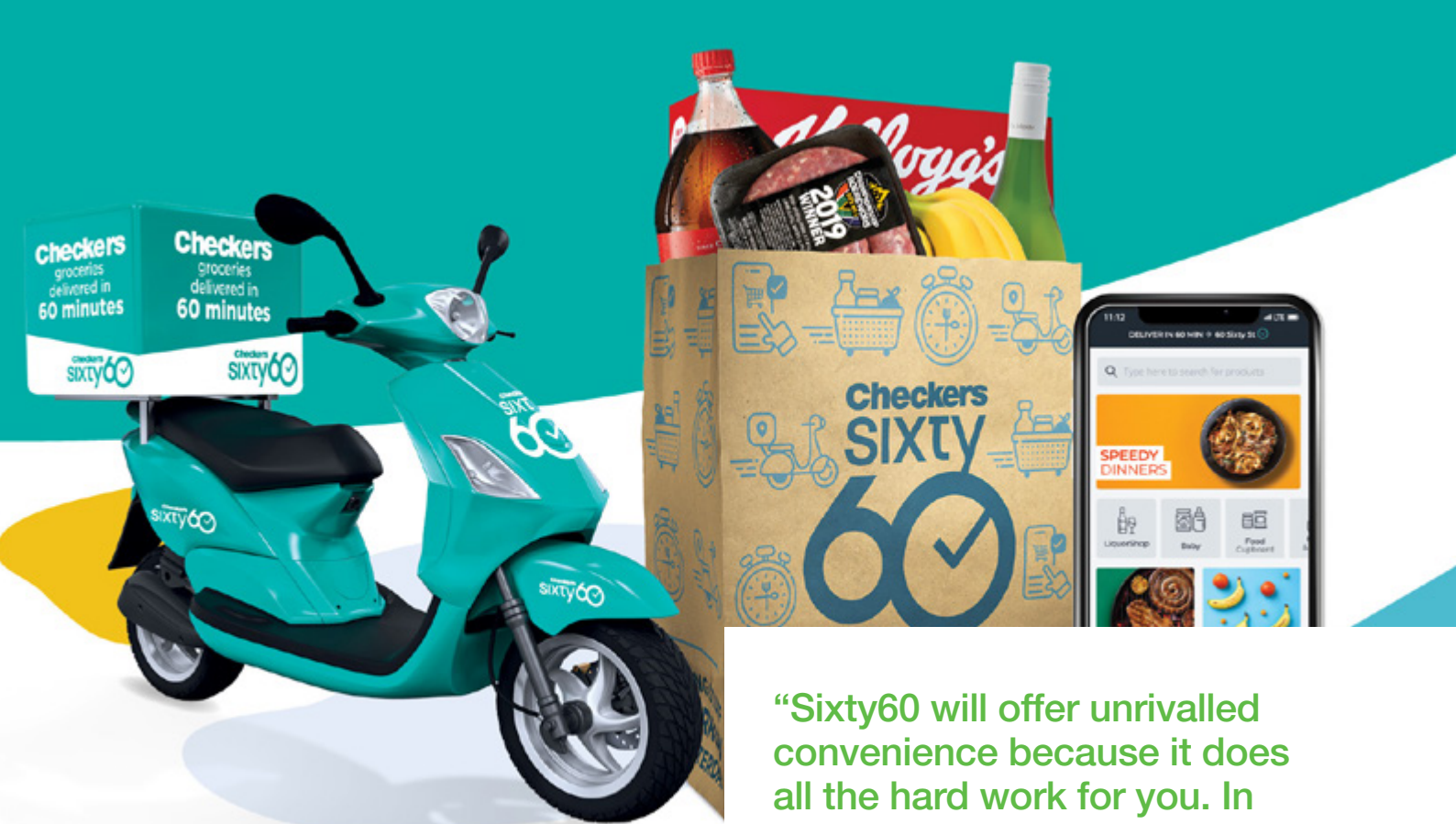
South Africa’s Heart and Stroke Foundation endorses the Simple Truth range, which is now also available in our



“Demand for vegan, plant-based, meat-free and dairy-free options continue to grow. Whether a customer is vegan or just cutting down on meat and dairy, we are making sure we meet their needs.”

– Willie Peters, General Manager: Marketing at Checkers





Zambian stores. We also carry brands that have been certified by Diabetes South Africa. The Group is working to have more of our private label products certified for health-related purposes. The trend of vegetarian and vegan diets continues to grow. In response, our Simple Truth range contains 170 product lines.

Checkers is currently the sole stockist of the popular Linda McCartney Foods range in South Africa, which includes vegetable-based meat-alternative products. We continue to supply South African free-range lamb, venison and ostrich and to import free-range beef from Namibia and Botswana, which have strict free-range production legislation.

We work with our suppliers to design and produce innovative ranges of convenience and processed foods.

Shoprite and Checkers have hosted the popular annual Championship Boerewors competition for the past 28 years to celebrate South Africa's love and talent for making quality boerewors. The winning boerewors recipe is sold in all Shoprite and Checkers stores in the run-up to Heritage Day on 24 September each year.

Our value-added services

We continue to establish and provide innovative platforms that offer real added value to our customers, including access to financial services, event and travel bookings and pharmaceutical services. These platforms will remain in place when the South African lockdown period ends. In this reporting period, we have:

- **Extended our MediRite offering:** Our partnership with Mr D. delivery service now includes delivery of medicines from our pharmacies to customers' homes.

“Sixty60 will offer unrivalled convenience because it does all the hard work for you. In our time-pressed society, providing consumers with a swift, on-demand grocery delivery service is like giving them back time: today’s most precious commodity.”

– Neil Schreuder, Chief of Innovation and Strategy at Shoprite Checkers

MediRite piloted its first Smart Clinic in Parow Centre in the reporting period. The Smart Clinic is operated by trained nurses who upload patient data and, if necessary, set up a video consultation with available network doctors who provide online diagnoses and treatment plans. This will help make healthcare more accessible and affordable.

- Established our easy-to-use **virtual grocery voucher** platform that instantly sends the voucher to the recipient’s cell phone number. The vouchers are valid for three years and can be redeemed at any Shoprite, Checkers or Usave store in South Africa. About 768 500 virtual vouchers were sent between 27 March and 28 June 2020, the extended lockdown period in South Africa.
- **Extended and updated financial services** (see feature: Enhanced Money Market offering). This includes the accelerated rollout of **scan-to-pay** and **tap-to-pay technology** to enable contactless payments, which benefits customers, banks and retailers. We were the first in South Africa to offer dynamic QR payments at our Shoprite, Usave,

Checkers and Checkers Hyper stores enabling customers to simply scan the QR code at the till with their phones and pay with Masterpass, SnapScan, Zapper, FNB Pay or Nedbank Scan to Pay.

- Launched **two new delivery services**: Sixty60 and Sixty60 Boxed. Orders are placed online or through the Sixty60 app. Sixty60 has a minimal delivery fee of R35, Sixty60 Boxed service caters for bulk orders and our existing Checkers Food Services has a minimum order of R1 000. Sixty60 is available in 87 stores.
- Launched our **Checkers Xtra Savings** card, which

offers a discount on selected purchases. One million people signed up for this loyalty card in the first week, and 4.7 million had signed up by the end of June. Our loyalty card has saved our customers R874.1 million to date on a range of products.

- We continue to **pay out SASSA grants** at our stores, thus offering a reliable venue for collecting grant payments with greater queuing safety and anonymity than many government institutions. We facilitated payments valued at more than R13 billion in the reporting period at no extra cost to the consumer.



Enhanced Money Market offering

The Shoprite Group's Money Market offering has been revamped to make it more accessible by including easy-to-read infographics and more user-friendly communication. In addition, key services such as bill payments and airtime and lotto ticket purchases are now also offered at the Money Market tills so that customers do not have to queue twice.

The Group's extensive financial service offering includes:

- **Bill payments** for municipal accounts, fines and store cards. This is the largest bill payment facility in South Africa.
- **Money transfers**: Our customers can send money between Shoprite stores in South Africa or from South Africa to Lesotho and eSwatini, using their identification cards. The beneficiary receives an SMS with a code and pin to redeem the money in store. Customers can also send to international bank accounts in 100 different countries.
- **Savings facilities**: We offer convenient savings stamps that

provide a buffer for emergencies and annual events like Christmas, Easter and back to school costs. Our customers can redeem these stamps at South African Checkers, Shoprite and Usave stores with change transferred onto a gift card. There are no usage fees.

- **Gift cards**: We offer physical and virtual gift vouchers, which can also be used as savings tools. Customers load money onto the



gift cards, making them an effective debit card for those without access to banks. We processed about R693.5 million through this system in the reporting period. There was significant uptake of these virtual vouchers during the COVID-19 lockdown as they were used to send money safely for buying essential products.

- **Money Market Account**: We are upgrading our mobile wallet solution to become a Money Market in your pocket. The Money Market Account is free and puts the customer in full control of their money matters. It can be accessed via the new Shoprite App or USSD.
- **Tickets**: Anyone can buy and collect bus, plane and sporting events tickets at our Money Market counters.
- **Mobile/cellular**: The Group provides essential cellular products such as data, airtime, SIM cards and phones through dedicated cellular sections in Shoprite and Checkers stores as well as through K'nect stores, which offer customers a high-end mobile purchasing environment.

COVID-19:

We worked with government and SASSA to facilitate alternative payment dates that would privilege the elderly and disabled. We also opened special till points for pensioners and vulnerable people to help them prevent becoming infected.

Shoprite, the first retailer to offer an OUTbonus

The Group partnered with OUTsurance to offer its customers a well-priced funeral product supported by an annual out-bonus and quick claim process. A R1 000 Shoprite or Checkers food voucher is immediately redeemable on a claim.

Focusing on customer safety, privacy and regulatory compliance

In the reporting period, the Shoprite Group developed a tailored online platform to acquire, organise and provide information related to emerging trends and issues for its suppliers, retail outlets and employees.

We place the highest emphasis on food safety and have rigorous and comprehensive food safety and quality assurance frameworks and related training programmes in place. Our dedicated Quality Assurance Team ensures compliance to food safety regulations in all the countries in which we operate. We have stringent protocols for transporting, storing and disposal of food. We undertook 2 964 store hygiene audits in the reporting period and provided 83 962 employees with 257 549 hours of training on food safety and quality assurance aspects.

COVID-19:

We were proactive in rolling out temperature screening, sanitising facilities and social distancing processes in our stores to help protect our employees and customers from the virus.

We are committed to responsible marketing practices and to ensuring that our suppliers are also compliant with national-level marketing claims and labelling, particularly for dairy, fresh chicken and seafood products.

South Africa's new OPRLs

Together with South Africa's other major retailers, the Shoprite Group has adopted user-friendly OPRLs that indicate whether packaging can be recycled. To qualify as recyclable, the material must be recycled in practice and at scale in a major centre in South Africa.

OPRLs provide other information such as the recycled content of packaging and sustainably sourced packaging material. The Shoprite Group has updated 36% of its packaging to include the new logos to date, including 2.3% in the reporting period.



The Shoprite Group adheres to the Consumer Protection Act and aligns its Group Data Privacy Statement with the requirements of the Protection of Personal Information Act, the European Union General Data Protection Regulation and the privacy legislation of the countries in which the Group operates.

Customer communication and service

We communicate with our customers in-store, through our online and social media platforms, and via our Customer Care hotline. We undertook customer surveys in our stores to better understand customer concerns with and attitudes towards our brands. This feedback helped us to refine our material issues.

Table 12: Social media followers as at end-June 2020

| Brands | Facebook | Twitter | YouTube | Instagram |
|------------------|-----------|---------|---------|-----------|
| Checkers RSA | 1 139 803 | 222 929 | 5 950 | 68 381 |
| Shoprite RSA | 1 079 945 | 175 995 | 7 820 | 22 162 |
| Shoprite Nigeria | 1 190 325 | 221 886 | 3 150 | - |
| Shoprite Zambia | 105 848 | - | - | - |

Sunday Times TOPBRANDS

Best Grocery Store title in the Sunday Times Top Brands survey 2019

Sunday Times | Sowetan Shopper Survey

OVERALL GRAND PRIX

Best Grocery Store title in the Sunday Times/Sowetan Retail survey 2019



Ask Afrika Icon Brands Shoprite recognised as an Icon brand (29th overall)



Ask Afrika Icon Brands Shoprite was the category winner for Shopping for groceries



Ask Afrika Kasi Star Brands Survey 2020/2021 Shoprite was awarded the Kasi Star Brand and winner of the Shopping for Groceries category

Our customer donations to South Africa's Solidarity Fund

Our customers donated more than R1.7 million through our Act For Change Fund, a till point donation facility, to support national measures to combat COVID-19 through the Solidarity Fund. They matched our original donation of R1 million to the Fund and, in turn, we donated a further R1 million, bringing the total donation to R3.7 million. Significant volumes of small donations were made from our stores in the poorest rural communities in the country.



“The efforts of all the Shoprite, Checkers and Usave shoppers who elected to make donations will ensure we can continue to make a difference in our communities and protect our frontline emergency workers.”

– Nomkhita Nqweni, the CEO of the Solidarity Fund

Our Communities

Communities are home to our customers and to our current and future employees. We therefore invest in programmes and projects that build long-term resilience and that create shared value.



Our investment into communities focuses on nutrition and food security, quality ECD services, and skills development and training. These areas align with our material issues, most notably our social licence to operate. The programmes and projects that we support contribute to the SDGs. The Group's Social and Ethics Committee is responsible for overseeing our CSI work.

We are guided in our work with communities by our desire to #ActForChange.

- **We fight hunger:** We work to provide short-term food relief to communities in need and focus on building long-term food security and economic access through our support for community food gardens.

- **We support early childhood development:** We partner with ECD practitioners who are making a difference in their communities and in the development of children in their care. We provide support and resources for ECD centres and practitioners and ensure adequate nutrition for children at this critical developmental stage.
- **We care for our communities:** We are committed to building resilience and responding to the various needs of communities, especially during disasters such as fires and floods.

Extending our impact

In the reporting period, we extended our investments in existing beneficiary organisations to help them grow the impact of their work. This helps to create the multiplier effect we are seeing with the community food gardens that

we support. We also implemented successful CSI initiatives in some of our non-RSA countries, hosting our first Market Day in Botswana and partnering with Run for a Cure Africa to provide more than 3 000 free screenings for breast cancer in Nigeria.

We are now able to capture more meaningful data about the contributions made by our interventions through improved monitoring tools. We are also communicating more about our CSI initiatives with our employees through various platforms and the SiyaRinga app.

The Group's work with communities extends beyond CSI. We are constantly investigating ways in which our operations, supply chain and infrastructure can generate livelihood opportunities, provide access to retail training, support entrepreneurial activities and enable SMEs to grow.

Working through partnerships and our supply chain

We recognise that our interventions can be amplified by working through partnerships and we continue to engage our suppliers in this regard. We work with 12 core CSI partners and we have strengthened our relationships with our suppliers to increase the impact of our work.

For the past 13 years, we have partnered with Mars, Tiger Brands and Pioneer Foods to provide hot meals

to vulnerable communities through our mobile soup kitchens. In this financial year, we partnered with Grow Great to share nutritional messaging on the packaging of our Shoprite Ritebrand and Usave Ubrand eggs. Kellogg's South Africa has joined us in providing food to the ECD centres that we support, and they will be partnering with us in our disaster relief efforts. We also forged a partnership with S.C. Johnson to direct a portion of funds generated from sales of their Glade brand towards food garden support.

We support the RLabs Zlto initiative, which provides a mobile volunteering platform for youth in Cape Town through which they gain work experience. An online community verifies that the work (type and duration) has been completed. Volunteers are paid by adding Zlto digital currency to their virtual wallets. Shoprite contributes towards sponsorship of this digital currency, which can be redeemed at our Shoprite stores in Cape Town. Platform users are also able to access free micro-courses related to entrepreneurship, social media and public speaking.

We continue to deepen our relationships with existing organisational partnerships and to initiate new ones. We shared content provided by the United Nations Children's Fund through our SiyaRinga app to share positive parenting messages with our employees in the reporting period.





Our community COVID-19 response

Our ability to harness not only our significant resources and footprint but also those of our customers to provide immediate relief in the face of disaster was put to the test during the stringent COVID-19-related lockdown in South Africa. We:

- Donated R3.7 million in total to South Africa’s Solidarity Fund, including R1.7 million that was donated by our customers through our Act For Change Fund at till points.
- Worked with the Red Cross to get food parcels to where they were needed most and provided more than 1 million hot meals through our mobile soup kitchens.
- Supported Cape Town’s Disaster Risk Management Centre by acting as a drop-off point for donations of food and goods.
- Donated to the Gift of the Givers’ campaign to raise funds for personal protective equipment for frontline medical staff.
- Ensured our community food gardens were supplied with enough inputs (seeds and compost) to enable them to keep planting during the lockdown period.
- Provided food vouchers to ECD practitioners from the ECD centres that the Group supports, many of whom were left without an income because ECD centres were closed during the lockdown.
- Put restrictions on the purchasing of essential items to ensure that everyone would be able to access what they needed in our stores.
- Donated care packages to COVID-19 patients and 5 000 snack packs to frontline healthcare workers.

Fighting hunger

Hunger and malnutrition are stubborn challenges in most African countries, affecting people’s abilities to

“Fighting hunger is a major focus for us as Africa’s largest food retailer and that’s why we support more than 100 community food gardens and more than 400 home gardens.”

– Lunga Schoeman, Group CSI Manager

reach their full potential and a country’s ability to reach its development goals. We fight hunger on three fronts.

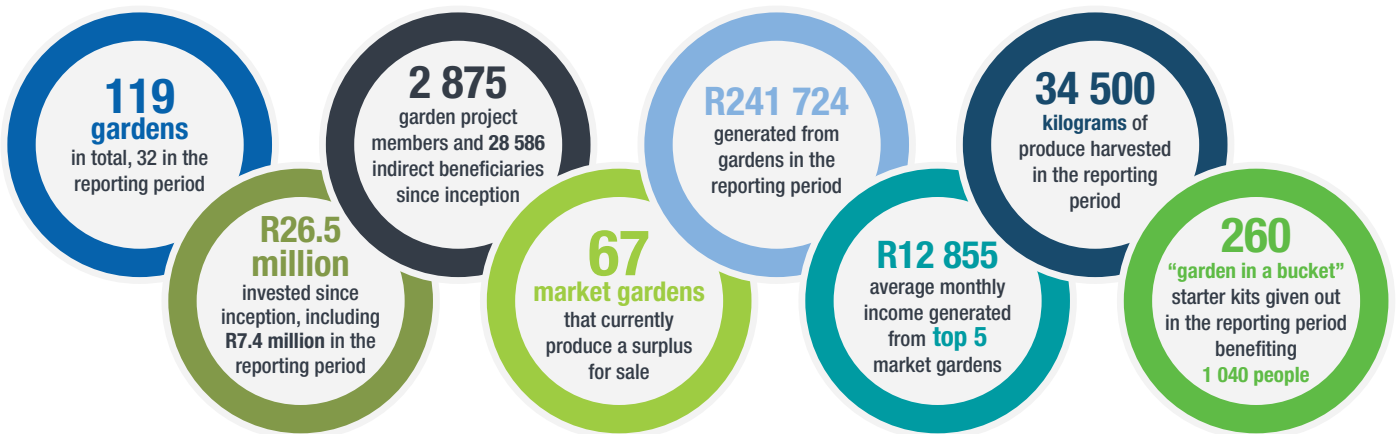
We provide immediate food relief through our mobile soup kitchens and the donation of surplus food. We invest significantly in community food gardens to support long-term food security, including R7.4 million in the reporting period. We react swiftly in the face of disasters to provide victims with food and essential goods.

Our mobile soup kitchens served 3.8 million hot meals in the reporting period. We were able to use them as an immediate and effective way to deliver nutritious meals to beneficiary organisations in the extended lockdown period.

We continue to donate surplus food and goods from our stores and DCs to local verified beneficiaries. Our Surplus Food Donations Policy complements our approach to reducing food waste. In the reporting period, we:

- Donated surplus food and goods from our South African stores and DCs to the value of R95.2 million.

Overview of our investment in food gardens



Our support for community food gardens gives thousands of people access to nutritious food in about 100 communities across South Africa and in three communities in Zambia. We support learning, production and social gardens. The primary aim is to produce nutritious food through bio-intensive production. FTFA, our implementing partner, provides our beneficiaries with practical production and business training. Since inception, this programme has inspired others in the communities around these gardens to start their own. We give these homestead gardeners a "garden in a bucket" starter kit with seedlings, hand tools, organic fertiliser and

a training manual. They can also attend monthly training workshops on organic production.

Since inception, our food gardens have produced the equivalent of about 638 736 meals and our satellite gardens have produced the equivalent of about 21 988 meals. Our investment in community food gardens does much more, however, than address food security. It is helping to create livelihood opportunities, enabling access to retail value chains, embedding a culture of agricultural learning and inspiring others to set up their own food garden initiatives.



The Iqabungelihle garden project in KwaMashu near Durban was founded by seven unemployed school graduates. The 2.5-hectare garden is set on the grounds of the local high school and acts as a living classroom for the learners. We give monthly training workshops to the farmers on organic production and have helped them acquire a shed, water drums, bird netting and tools.

“The Shoprite Group’s involvement has been most opportune ... Income from the sale of our produce has increased Iqabungehlile’s bank balance and we regularly donate vegetables to households and an old age home in our community.”

– Sabelo Mdlalosi, Iqabungelihle garden project



Paulina Ntontela from Goshen Village in South Africa’s Eastern Cape province received her garden in a bucket in 2019. Today she owns a flourishing nursery that supplies other local gardens and FTFA with seedlings and herbs.

“My herb garden is my pride and joy. Nothing makes me happier than working in it, and now this garden not only feeds my family but also provides us with an extra income. I’m very grateful to Shoprite for creating this opportunity for me.”

– Paulina Ntontela, nursery owner



“This [market day] is important because it shows that Shoprite supports local growers, and that good, quality produce can be found right here in Botswana.”

– Thato Mokgadi, Tsoo, Botswana

We are also focusing more closely on helping those informal businesses that have emerged from our CSI initiatives to grow sustainably. We offer all our community food gardens access to market through our Checkers Market Days. This allows them not only to generate additional income but also to gain the skills necessary to operate in the retail environment.

We held our first Market Day outside of South Africa in Botswana in February 2020 to show our support for local producers there and give them access to a broader market. Eight farmers were hosted at various Shoprite and Checkers stores in Gaborone, Maun and Kanye where they sold maize, herbs and vegetables.

We are investigating how to incentivise our community food garden growers to participate in Market Days with branded stall displays at these markets and by providing them with branded bicycles to deliver their produce further afield. We hosted two Market Days in the reporting period. In addition, informal produce and goods markets have started forming around our smaller Usave stores, boosting local economic activity.

We celebrated reaching a milestone of 100 community gardens in the reporting period. Nkosi Mamane Cooperative in Mpumalanga grows organic food to sell

to community members at an affordable price, while generating a livelihood for its members.

Quality ECD services

Children need quality educational experiences to develop fully. We continue to work with various partners to deliver quality training for ECD practitioners and to provide a daily nutritious meal to the children they care for.

In the reporting period, we provided support to a further 24 ECD centres, implemented an extensive teacher training programme benefiting 390 ECD practitioners, and provided 785 676 meals to 109 ECD centres.

Shirley Kalaine and her team look after 126 children at Mpelege Pre-Primary in Kathu in the Northern Cape. In 2019, the National Development Agency recognised her as the best ECD practitioner and the centre as the best in the province.

Wherever we can, we look for synergistic opportunities within our programmes to build skills. In partnership with the Department of Environment, Forestry and Fisheries' Working on Fire programme, we trained 142 ECD practitioners across eight provinces on how to reduce the risk of fire in 2019.

We celebrated reaching a milestone of 100 community gardens in the reporting period. Nkosi Mamane Cooperative in Mpumalanga grows organic food to sell to community members at an affordable price, while generating a livelihood for its members.

Skills training and development

There are high levels of unemployment in most of the countries where we work, particularly among youth. The COVID-19-related lockdown has resulted in an estimated 1.5 million people losing their jobs in South Africa alone. The Shoprite Group has consistently invested in training unemployed youth in South Africa and in supporting projects that can create jobs or entrepreneurial opportunities.

We manage the largest retail skills development initiative in South Africa through our Retail Readiness Programme.

We also make sure that young South Africans with disabilities can receive valuable retail experience through our Retail Readiness Programme or a one-year accredited learnership. We took on 491 people for this programme in the reporting period.

OUR CONTRIBUTION TO YOUTH EMPOWERMENT AND TRAINING

Overview of programme

Retail Readiness Programme




- 8 weeks of basic retail skills training.
- Participants receive an NQF-level 3 qualification.
- Permanent employment or entry into YES programmes is based on successful completion of the programme.

YES initiative



- This is a government initiative to combat youth unemployment.
- We offer a 12-month basic retail training and workplace experience programme.
- Permanent employment is based on successful completion of the programme and on staffing demands/store vacancies.

Packa-Ching



- An entrepreneur-driven project that uses mobile buy-back centres to “buy” recyclable items from communities.
- Money is paid into an e-wallet enabling community members to buy products at any Shoprite, Usave or Checkers store.

Achievements in the reporting period

- 3 778 unemployed youth received training.
- 63% completed the programme.
- 2 108 were offered jobs with the Group.
- >R358 million investment since inception, R62.1 million in the reporting period.

- 2 804 unemployed youth received training.

- We supported 4 mobile buy-back centres.
- 1.2 million kg of recyclable material have been collected since inception, including 734 648 kg in the reporting period.
- More than R590 000 was paid into mobile wallets.



“I’m very grateful for the support from Shoprite. Our school makes a difference in the community and we’re trusted because the children we used to teach are now sending their children to be cared for by us.”

– Shirley Kalaine, Mpelege Pre-Primary, Kathu

Supporting vulnerable communities

The Shoprite Group donates its own funds to help vulnerable communities. It also helps organisations raise funds through events and promotions at its stores and enables customers to contribute to causes that they care about through the Act For Change Fund.

Fundraising and community initiatives

- **In-store fundraising events:** R899 258 through Pancake Day, Entrepreneurship Day and Christmas gift-wrapping stations.
- **Customer donations through purchases or at the till:** R450 000 raised through tin collections in aid of Childline. Our customers donated more than R2.3 million through the Act For Change Fund in the reporting period.
- **Community initiatives:** 37 PlayPumps delivering safe drinking water to 13 112 people in 23 rural communities and 32 schools, including 1 ECD centre.
- **Outreach initiatives and ad hoc donations:** R2.2 million donated to various local charitable organisations.



“With every cleanup we’re seeing evidence of our ultimate goal – to create a movement of active citizens who act for change in their communities.”

– Lunga Schoeman, Group CSI Manager

Giving Tuesday

Giving Tuesday is a global movement focused on encouraging charitable giving ahead of the festive season. In early December 2019, we hosted 16 different events across South Africa. These ranged from deploying our mobile soup kitchens to a learning centre in Avian Park, Worcester to hosting a celebration with the organisations we support, such as The Thoughtful Path in Munsieville that cares for children.

Partnering to clean up waste

We focus on reducing waste throughout our operations and supporting our employees, customers and communities across Africa in cleaning up their environments.

We continue to host ActForChange.Africa web portal that supports individuals and communities conducting cleanups in Africa by registering their efforts and the volume of waste collected. Their efforts contribute to building a bigger movement against waste in the environment.

We worked with the Department of Water and Sanitation to host river cleanups on World Cleanup Day in 2019. Subsequently, we secured a letter of intent from the Department of Water and Sanitation to work together on cleanups, drought/disaster relief and environmental education.

Our employees engage in cleanups on a regular basis to remove waste from the environment.

We also support the work of the Appliance Bank by donating broken and faulty household appliances. The Appliance Bank trains unemployed people to fix items such as kettles, irons, blenders and toasters.

Since inception, our contribution to this partnership has diverted more than R6.2 million in electrical goods from landfill, while creating livelihood opportunities and providing skills training.

Table 13: Summary of Group CSI expenditure, 2018 to 2020 (R million)

| | 2018 | 2019 | 2020 |
|--|----------------------|--------------------|---------------------|
| Hunger relief | R14 649 211 | R15 813 909 | R16 907 272 |
| Early childhood development | R2 576 314 | R4 751 271 | R2 810 043 |
| Reaching out to communities | R22 386 879 | R15 035 794 | R21 119 642 |
| TOTAL CSI spend | R39 612 404 | R35 600 974 | R40 836 957 |
| Surplus donations | R99 460 751 | R60 346 931 | R95 158 009 |
| Total investment into communities | R 139 073 155 | R95 947 905 | R135 994 966 |
| % of NPAT (RSA only) | 2.8% | 2.2% | 2.8% |

*Note that the % of net profit after tax figure reflects total community investment (actual CSI spend and the total value of surplus donations calculated as a % of net profit after tax for the Group, RSA only)

Our Suppliers



“This relationship [with Shoprite] means we can begin to play a part in promoting self-love to a much wider group as Shoprite has distribution channels across Africa.”

– Thabo and Mpumi Motsabi, owners, Toys with Roots

The Shoprite Group works with suppliers across more than 40 countries to source innovative, affordable and quality products for its customers. We work with both large and small businesses, always focused on our commitment to growing the local economy and providing opportunities for emerging enterprises to enter the retail market. See our Integrated Annual Report for a detailed overview of our supply chain, including in relation to our activities, primary brands, products and services.

Our engagement with our suppliers

We choose our suppliers based on their ability to deliver quality products that meet our market demand, on time and with integrity. We prefer to build long-term relationships and help our suppliers build their businesses while we build ours. The Group works closely with the supply chain and engages with them through regular meetings, correspondence, and a Supplier Portal that enables the easy tracking of orders, claims, remittance advices and other reports and information.

We also host regular farmer days in South Africa, and we have extended these to the other African countries

in which we operate. Prior to the national lockdown, we held the first of these at our new DC in Botswana in March 2020. These personal interactions help us establish and deepen relationships with our growers while imparting important information regarding food safety and quality issues, operational demands and market trends.

We celebrate our suppliers through an annual awards ceremony to acknowledge their contributions to the Group. We also celebrate agri workers through our partnership with the Western Cape Department of Agriculture’s Western Cape Prestige Agri Awards, which we have sponsored since 2012. These awards recognise the contribution made by employees of the provinces’ agricultural workforce.

More than 1 000 people enter each year and winners are announced in 16 regions across the province. The overall winner is invited to take a seat on the Western Cape Prestige Agri Workers Forum that meets with the provincial Minister of Agriculture.

“Shoprite can certainly be proud of their sponsorship of a competition that has had such a significant impact on the lives of agri workers. Agri workers play a significant role in the Western Cape economy. Their energy, knowledge and expertise drives food security, brings foreign exchange into the country from exports, and enables them to provide for their families.”

– Western Cape Minister of Agriculture,
Dr Ivan Meyer, in 2019

Our relationship with regulatory authorities

Our relationship with regulatory authorities in the countries in which we operate is critical. We constantly work to build and maintain their trust in us as a reputable retailer that contributes to socioeconomic development. We welcome the establishment of the African Continental Free Trade Agreement, which will support enhanced intra-African trade. And we actively participate in forums, such as those held by the Southern African Development Community and the Southern African Customs Union, to contribute towards enhanced and efficient cross-border trading regulations and processes.

Some of our countries have complex customs frameworks and so we work with third-party clearing agents and logistics teams to ensure the timely delivery of products to our stores.

Food safety and quality

Our suppliers are evaluated by independent certification bodies that are accredited locally or internationally to conduct certification audits, such as Food Safety System Certification 22000 (FSSC 22000) and other related certification standards. Their Quality Management Systems helps us track product origins and monitor adherence to these standards for their products. We work with suppliers to help them improve the quality of their products and internal food safety processes.

Focusing on milk quality

We have gone the extra mile to make sure that our dairy suppliers are able to meet our strict quality and safety standards, supplying them with technical assistance where needed. For one of our suppliers, this entailed

visiting their manufacturing plant and their supply chain of dairy farmers each month to provide the technical support necessary to resolve quality issues. In July 2019, we hosted a Dairy Day, where we shared information about our quality and safety requirements, compliance criteria and vision for this product segment. We invited 32 dairies from across South Africa supplying us with private label products to attend.

Our continual focus on providing quality products was recognised in the 2020 South African Dairy Championships, in which nine of our products made it into the top three in specific categories. Our Ritebrand UHT Low Fat Milk was given a South African Dairy Championship Award. This annual competition asks 75 industry experts to evaluate the appearance, texture and flavour of 900 dairy products in 10 categories.

An overview of our suppliers

We are one of the largest buyers and distributors of fresh fruit and vegetables in Africa. We work with 1 335 fruit and vegetable growers on the continent, including 421 in South Africa, and we import from suppliers in Europe, the Middle East, South America and New Zealand.

COVID-19:

The COVID-19-related lockdown saw a significant change in buying patterns, with customers looking to buy increased volumes of vegetables and fruit, particularly longer-lasting vegetables such as carrots, onions, potatoes and cabbage, and immune-boosting product categories, including citrus fruits, garlic and ginger.

We import products from 46 different countries, and export to 14 countries. We prefer to source locally when we can get the quality and quantity we need. We also operate 890 butcheries in Africa, including 768 in South Africa.

Supporting inclusive supplier development

We are committed to doing our part to enable B-BBEE in South Africa, as well as helping SMEs enter the market and scale their businesses to generate more income, create more jobs and contribute more significantly to the national fiscus. We invested a further R9.5 million towards supplier development in the previous financial year to support this mission.

Shoprite has been a corporate sponsor of the *I am an Entrepreneur* programme since 2018. In 2019, a series of national workshops were held to equip existing and aspiring entrepreneurs with business development, management and leadership skills.

Thuthuka Nathi Ventures (Pty) Ltd

In partnership with Empowerment Capital Investment Partners (Pty) Ltd, we helped establish Thuthuka Nathi Ventures (Pty) Ltd – the name is a Nguni term meaning “develop” or “build and grow with us”.

This black-owned venture and growth capital investment company supports SMEs operating in the South African retail sector. It was established to help address the high levels of inequality in the SME investment

sector. Increased investment in viable SMEs will help to create jobs, thus enabling people to improve their standard of living. Thuthuka Nathi Ventures enables SMEs with access to capital and to markets, which are the two primary challenges faced by this sector.

The company focuses on initiatives that support sustainable development, deliver social benefits and create value for SMEs. It has made three investments to date, including:

- **LBB Foods:** Invested R16.6 million. LBB Foods is a 51% black-owned food manufacturing Cape Town-based company. The company supplies quality speciality food to retailers and importers and supports private label development for large retail clients.
- **Red Baron Agri:** Invested R10 million. Red Baron Agri is a 51% black-owned hydroponics tomato growing company, based in the Eastern Cape province, that grows, packs and markets vine-ripened and standard tomatoes.



The small-, micro- and medium-sized enterprises as well as individuals that volunteer in the community gardens that we support were able to attend these workshops at no charge.

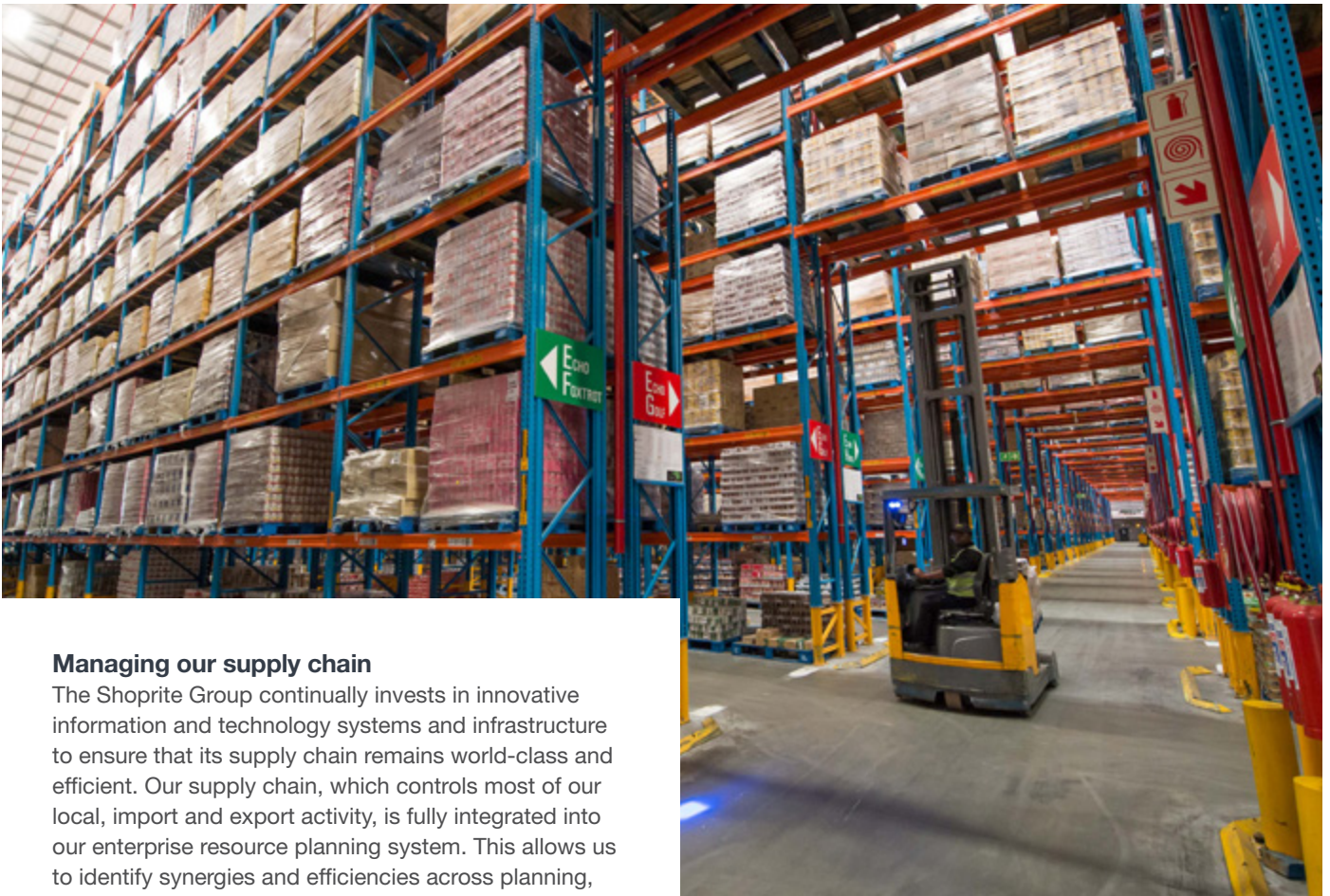
We continue to provide technical, compliance and market support for SME suppliers (those generating less than R1 million a year) to enter the retail environment, with a focus on black-owned and woman-owned companies.

We grew our spend on black-owned SME suppliers in the reporting period from R7 246 606 070 in 2019 to R8 154 940 103. And increased our support for black, woman-owned suppliers from R3 411 278 953 to R4 812 062 440 in this financial year.

We import products from 46 different countries, and export to 14 countries. We prefer to source locally when we can get the quality and quantity we need. We also operate 890 butcheries in Africa, including 768 in South Africa.

“Checkers approached me last year with the outlook of partnering with smaller producers who are driven by the right ethics and long-term goals. At Schoon our products are focused on authenticity, health, sustainability and a high quality experience. It is a great business opportunity for us. Because of Checkers, we can fulfil our ultimate goal and vision, which is to put real bread back on the table and to revive a staple.”

– Fritz Schoon from Schoon Bakery in Stellenbosch



Managing our supply chain

The Shoprite Group continually invests in innovative information and technology systems and infrastructure to ensure that its supply chain remains world-class and efficient. Our supply chain, which controls most of our local, import and export activity, is fully integrated into our enterprise resource planning system. This allows us to identify synergies and efficiencies across planning, procurement, logistics and distribution. An efficient supply chain generates cost savings for the business and our suppliers, and it lowers our environmental footprint by reducing carbon emissions and packaging and food waste. Our model aligns with international best practice. Our Integrated Annual Report provides an overview of changes in our supply chain in the financial year.

COVID-19:

Our centralised distribution model and fleet of trucks enabled us to quickly disseminate personal protection equipment, temperature scanners and sanitisers to our stores to help protect our employees and customers and to comply with South Africa’s lockdown regulations.

We now have 28 DCs in Africa and are investing in new trans-shipping DCs in South Africa that receive goods for specific stores. This will cut down on travelling time, further reducing our carbon footprint. We will open the first of these centres in Polokwane in late 2020 and are planning a second one in northern KwaZulu-Natal in the next reporting period.

We have also embedded criteria related to water security risks in our supplier assessments. This will help us and them to determine their resilience to climate shocks and their ability to increase their production in a sustainable way.

Table 14: Our supply chain management model

Fleet of trucks and trailers



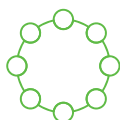
- 855 trucks and 1 247 trailers work 24 hours a day, seven days a week.
- 649 trucks are fitted with solar systems to reduce noise pollution, emissions and costs.
- Fleet has travelled more than 85 million kilometres in the reporting period.
- Delivery on demand ensures food freshness and quality.
- Uses return trips from stores to collect produce, equipment, packaging and finished goods and deliver to the DCs for future redistribution, thus:
 - Reducing supplier trucks on road
 - Cutting idling time in delivery docks
 - Reducing overall carbon emissions.
- Helps our SME suppliers who lack transport and warehousing capacity.
- Services outlets in remote, rural areas.

Driver training



- 1 369 drivers received training through 11 402 interventions.
- 23 922 hours were spent on training.
- Ensures the safety of our drivers and fellow road users, and the safe delivery of our products.

Advanced cold chain management



- Monitors temperature from source through transit to delivery to ensure food quality and safety.
- Reduces carbon emissions through use of liquid nitrogen cooling systems.

State-of-the-art DCs



- We have 28 DCs in Africa, encompassing more than 670 672 square meters of space, excluding our furniture division.
- DCs provide for seamless and on-demand distribution to our stores.
- DCs act as a central collection point for recyclable material (cardboard and plastic) through reverse logistics.

Adaptable retail storage formats



- Use of DCs reduces the need for storage space at stores.
- Maximises use of store space for products, not storage.
- Enables the small-format Usave stores in more remote areas.

Sophisticated information management system



- Sophisticated transport route planning and scheduling software, which supports reverse logistics and backhauling.
- Optimises timing and volumes of store deliveries.
- Reduces the number of our trucks on roads, reducing congestion and lowering our carbon footprint.

Our Natural Capital

The Shoprite Group recognises its responsibility and business imperative to conserve natural resources, particularly in the context of climate change, and reduce waste.



Our operations are directly reliant on reliable supplies of water, energy and fuel and, through our supply chain, indirectly reliant on access to a stable natural resource base. The effects of climate change will both directly and indirectly affect our business. We also impact on the natural resource base through our operations.

We are taking measures to tread more lightly on the planet. In doing so, we support the United Nations' Global Compact principles of adopting a precautionary approach to environmental challenges, undertaking initiatives to promote greater environmental responsibility and encouraging the development and diffusion of environmentally friendly technologies. We also provide helpful tips to help our 141 542 employees to reduce their water and electricity usage at home and to reduce food waste, and we share these tips through SiyaRinga and the #OurShoprite newsletter.

We are focused on addressing those issues that are material to our business and where we can make the most significant contribution, particularly in support of the SDGs. We are determined to ensure that our operations run efficiently, which provides multiple environmental benefits and financial savings for the Group. We also continue to promote and explore options for more sustainable consumption and production options for our products and packaging. The Group invests in innovative technologies and infrastructure to support our commitment to providing our customers with affordable and high quality products.

Improving our ability to track sustainability metrics

Our reporting frameworks and systems are key enablers. We have designed sustainability dashboards to track relevant metrics across the Group's operations. This allows us to have an informed overview of sustainability impacts and decision-making on aspects such as procurement of packaging as well as our energy and water usage. It improves our ability to manage key environmental performance indicators in to operations and to reduce our environmental impact.

Our sustainability indicators are audited by an internal assurance process. We have built capacity to determine our carbon footprint across our operations, which is verified by an external agency.

Climate change and energy

The Shoprite Group recognises that climate change impacts – rising temperatures and more extreme and frequent events such as droughts and floods – pose direct and indirect risks to our business and the communities that we serve. Shifting weather patterns will directly affect our agricultural supply chains, potentially disrupting the provision of fresh fruit, vegetables, dairy products, poultry and meat. Rising temperatures will increase the use and cost of air-conditioning and refrigeration, and water shortages (and flooding events) will impact our operations in stores and DCs.

We also recognise that our direct operations, including the transportation of goods, contribute to GHG emissions. Our ERM framework identifies climate change as one of our top 10 risks.

Our Position Statement on Climate Change sets out our commitments to reduce our GHG emissions, enhance energy efficiency in our operations, and build the resilience and adaptive capacity of our operations and communities. The Shoprite Group works to mitigate climate change by focusing on areas aligned to its material issues and in which it can make the most significant contributions. Our work in this regard is in accordance with the Paris Agreement and South Africa's National Climate Change Response Policy. Climate change-related issues are overseen by the Deputy CEO, with responsibility delegated to the Social and Ethics Committee.

An innovative energy agreement for Africa

As part of our commitment to minimising our carbon emissions, the Shoprite Group has signed an innovative agreement, the first of its kind in Africa, with a specialist energy trader. The Group will procure 434 000 MWh of

renewable energy a year from the trader in the coming years, dependent on the trader receiving the necessary regulatory approvals. This will help us to reduce our carbon emissions.

Enhancing the efficiency of our fleet

Our fleet is responsible for a portion of our direct emissions. We have invested in travelling smarter through the purchase of new-generation Scania trucks with improved fuel efficiency. We will continue to upgrade our fleet with more efficient alternatives to further reduce our carbon footprint. Our drivers undergo special training to ensure they keep within a "green band" power range to gain maximum mileage efficiency.

We continue to maintain an extensive and diverse supply chain for fresh produce and meat to reduce the risk of lower or non-production.

It is critical that communities also develop adaptive capacity to climate change. We support community initiatives that help boost local food security, provide water and create livelihood opportunities. The Shoprite Group continues to direct funds towards community disaster relief, which includes those caused by environmental factors such as droughts and floods.

Food losses and waste

The Shoprite Group recognises the social, environmental and economic impacts of food loss and waste. These impacts include the loss of edible food in a region with high levels of food insecurity and the loss of embedded resources (water, energy, land, labour and capital) used to grow food, as well as the generation of GHGs by food waste in landfills. Our Surplus Food Donations Policy diverts surplus food from our DCs and stores to 401 registered beneficiary organisations.

We converted 938 656 litres of cooking oil to biodiesel (a fuel that can power trucks and machinery) in the reporting period.

Table 15 illustrates our progress against our commitments in the reporting period.

Table 15: Shoprite Group's progress against our climate change commitments

| Commitment | Achievements |
|--|---|
| <ul style="list-style-type: none"> ■ Embracing energy efficiency throughout our operations (stores, DCs and logistics) and using more renewable energy sources to reduce GHG emissions. <p>Our Scope 1 and 2 emissions are: Scope 1: 583 000 tCO₂e Scope 2: 1 986 711 tCO₂e</p> <p>Our interim targets in this regard are:</p> <ul style="list-style-type: none"> • Generate 1% of our electricity usage from renewable resources. | <ul style="list-style-type: none"> ■ R98.3 million invested to date in our LED lamp replacement project. ■ This project has saved 83.8 million kWh to date, including 34.2 million kWh in the reporting period. ■ Increased the installed capacity of our solar PV systems by 109%, growing our consumption of renewable energy by 25%. ■ Grew our use of reverse logistics by 14%, saving 887 tons of carbon emissions in the reporting period. ■ Purchased new-generation Scania trucks with improved fuel efficiency. |
| <ul style="list-style-type: none"> ■ Setting science-based GHG emission reduction targets for the medium and long term, as well as renewable energy usage targets. | <ul style="list-style-type: none"> ■ Actively research and pilot energy efficiency and renewable energy options for the Group. ■ We have interim targets in place and are working towards setting science-based targets. |
| <ul style="list-style-type: none"> ■ Strengthening the resilience and adaptive capacity of our operations and supply chain to ensure responsible continuity of our business, and that of the local communities in which we operate. | <ul style="list-style-type: none"> ■ Our employees are indirectly incentivised to limit GHG emissions through key performance indicators linked to more resource-efficient purchasing and project decisions. ■ Diversifying procurement to limit the impact of climate change on sourcing. ■ Supporting local communities to build resilience through community food gardens. |
| <ul style="list-style-type: none"> ■ Collaborating and partnering with key stakeholders including regulators, suppliers, non-governmental organisations and other organisations to address this critical global issue. | <ul style="list-style-type: none"> ■ Signed a wheeling agreement with a South African specialist energy trader to procure 434 000 MWh of renewable energy a year in upcoming years. |
| <ul style="list-style-type: none"> ■ Sharing climate change information with employees, customers, suppliers and investors to build knowledge and capacity. | <ul style="list-style-type: none"> ■ Provided helpful tips to help our employees to reduce their water and electricity usage at home through SiyaRinga and the #OurShoprite newsletter. |
| <ul style="list-style-type: none"> ■ Reporting and disclosing our plans, efforts and performances related to climate change mitigation and adaptation. | <ul style="list-style-type: none"> ■ Submitted our ninth climate change disclosure to the CDP platform. |

Table 16: Shoprite Group's progress against our food losses and waste commitments

| Commitment | Achievements |
|---|---|
| <ul style="list-style-type: none"> Adopting a hierarchical approach in dealing with food losses and food waste, starting with waste reduction. | |
| <ul style="list-style-type: none"> Reviewing our entire value chain, from the research and development stages to consumption, to identify opportunities to reduce food losses and waste. | <ul style="list-style-type: none"> Optimised our product range to reduce wastage. Proactively used information and technology systems to better manage our inventory and provide the right mix of products for different stores. |
| <ul style="list-style-type: none"> Collaborating and partnering with other organisations that are equally committed to addressing this challenge. | <ul style="list-style-type: none"> Donated surplus food and products to the value of R95.2 million from our stores and DCs to 401 registered beneficiary organisations. Collaborated with industry stakeholders and the Consumer Goods Council of South Africa on the country's first Food Waste Voluntary Agreement. |
| <ul style="list-style-type: none"> Training and developing our employees to become champions in the reduction of food losses and waste. | <ul style="list-style-type: none"> Embarked on process to embed waste reduction principles in existing training modules. Ran an employee food waste awareness competition. |
| <ul style="list-style-type: none"> Sharing information with our customers to help them reduce losses and waste in their own lives. | <ul style="list-style-type: none"> Communicated through our Sustainability Report, press releases to media outlets and on our social media platforms. |
| <ul style="list-style-type: none"> Setting targets to continuously improve our performance. | <ul style="list-style-type: none"> Aligned our targets to the SDGs, specifically with target 12.3 to halve food waste at the retail and consumer levels and reduce food losses along the food chain by 2030. Realised a 10% reduction in waste per kilogram sold in fruit and vegetable category. |
| <ul style="list-style-type: none"> Reporting on our efforts and performance transparently. | <ul style="list-style-type: none"> Compiled the status of our progress as presented in this Sustainability Report. |



Our Waste Warriors Competition

We ran a Waste Warriors Competition for our employees in the reporting period to create awareness of the environmental and social impacts of food waste. We asked our employees how we could work together to limit food waste. They sent in many valuable ideas based on their first-hand experiences, via #OurShoprite and SiyaRinga. Their suggestions aligned with the measures we have put in place to reduce overstocking, using the first-in-first-out principle and improved handling of food.

Waste management

We recognise the impact that packaging waste has on the environment, as well as the socio-economic benefits of a circular economy. Our approach to waste management is aligned with the South African government’s guidelines and principles. We are committed to significantly reducing the volumes of waste that we send to landfills and to supporting our suppliers and customers in reducing their waste.

We have focused on reusing and recycling our packaging material, shifting to reusable packing crates all along our supply chain, and procuring more sustainable packaging options for our private label products. We also work to re-use resources where possible.

Our Home Office

We have systems in place to collect recyclable material, such as cardboard, paper, plastic and tin, among other materials at our Home Office in Brackenfell. We also have designed and distributed communication material at this site to raise awareness of the need to recycle and to reduce our electricity and water consumption.

In the reporting period, we:

- Collected and recycled 24 000 kilograms of general waste and 103 685 kilograms of paper from our Home Office.
- Sent 932 kilograms of food waste for composting in a trial project.

We are piloting new waste minimisation and management approaches and practices at our stores to reduce waste sent to landfills.

Sustainable packaging

We support a circular economy approach to packaging and we promote lifecycle thinking. We made several commitments regarding sustainable packaging in 2019, including designing our packaging for sustainability and setting targets for use of sustainable packaging, especially for our own brands and in store. We have made significant progress towards these commitments in 2020.

Table 17: Shoprite Group's achievements against its sustainable packaging commitments

| Commitment | Achievements |
|---|--|
| <ul style="list-style-type: none"> ■ Designing packaging for sustainability based on lifecycle thinking and innovation, particularly for our own brands. This includes supplying accurate and helpful recycling information. | <ul style="list-style-type: none"> ■ Implemented a Group Packaging Strategy to embed sustainability criteria in the development, re-engineering, costing and upgrading of packaging processes. ■ Exploring use of 100% post-consumer recycled content for bottles used for cleaning products. ■ Take on new paper packaging suppliers with the capacity to attain change to Forest Steward Council Chain of Custody (FSC COC) certification. ■ Adding the OPRL to our printed packaging materials. |
| <ul style="list-style-type: none"> ■ Embracing circular economy thinking in our operations, including extended producer responsibility for packaging. | <ul style="list-style-type: none"> ■ Our shopping bags in our South African Shoprite, Checkers and Usave stores are 100% recyclable and made from 100% recycled material from post-consumer waste. ■ Plastic waste from our stores and DCs is converted into pellets that are used to make our plastic carrier bags – see the feature below. ■ Sold 837 207 “Planet” rebate bags (see feature: Our “Planet” bags come out tops). ■ Sold nearly 684 million recycled and recyclable plastic carrier bags, diverting 9 400 tons of plastic waste from landfills. ■ Recycled 41 772 tons of cardboard and plastic from our DCs. ■ Specified 35% locally recycled material content in the manufacture of our trolleys and shopping baskets for all our stores. |
| <ul style="list-style-type: none"> ■ Collaborating and partnering with key stakeholders (regulators, suppliers, research and advocacy organisations) that share our concerns on this issue. | <ul style="list-style-type: none"> ■ Extended our contracts for the reuse of our cardboard packaging to two non-competitive retailers. To date, 5 465 tons of cardboard has been sold for re-use, of which 2 684 tons were in the reporting period. ■ Engaged with international and national bodies to help find solutions to packaging for items such as the large potato bags for which viable sustainable options do not yet exist. ■ Engaged with the Consumer Goods Council of South Africa and the packaging industry in the Initiative to End Plastic Waste. ■ Swapped out more supplier cardboard boxes with our returnable and reuseable crates and bins to cut down on unnecessary bulk packaging. |

Table 17: Shoprite Group's achievements against its sustainable packaging commitments (continued)

| Commitment | Achievements |
|---|--|
| <ul style="list-style-type: none"> ■ Setting targets for use of sustainable packaging, especially for our own brands and in-store packaging: <ul style="list-style-type: none"> • 100% of packaging to be reusable, recyclable or compostable by 2025. • 30% average recycled content in all packaging by 2025. | <ul style="list-style-type: none"> ■ Ensured that paper bags used at our Shoprite and Checkers Deli's and Bakeries are all FSC COC certified. ■ Ensured that all paper bags used for Sixty60 are sourced from FSC-COC certified suppliers. ■ Transitioned to recyclable polypropylene film labels for use on biaxially oriented polypropylene bags for Freshmark products, which makes the entire package recyclable. |
| <ul style="list-style-type: none"> ■ Promoting and supporting local community recycling initiatives. | <ul style="list-style-type: none"> ■ Expanded our partnership with Packa-Ching in the reporting period, supporting four mobile buyback centres. This initiative not only removes recyclable waste from the environment but also provides communities with real incentives to collect waste and creates entrepreneurial opportunities for the operators. |
| <ul style="list-style-type: none"> ■ Sharing and promoting sustainable packaging information with employees, customers, suppliers and investors by reporting on our efforts and performance transparently. | <ul style="list-style-type: none"> ■ Shared news about our initiatives related to sustainable packaging in the Sustainability Report, on our website and through press releases to the media. |

“When I heard about the Packa-Ching initiative, it dawned on me that recycling is just a small part of the solution. Our biggest challenge and solution to the waste lying everywhere in our townships, is educating consumers about the importance of separating waste at source and the best way to interest them is to reward them.”

– Tshepo Mazibuko, owner of K1 Recycling

Water and wastewater

We depend on a reliable supply of water to maintain our operations in stores and at DCs. Our suppliers are also dependent on access to water to grow and process agricultural products. And we recognise that water used in the production of food is lost when food is wasted. The Shoprite Group views water as a shared resource. We developed a Position Statement on Water Security in the reporting period. Table 18 indicates our commitments and activities in the reporting period.

Sustainable sourcing

We partnered with WWF-SASSI in 2017 and committed to supplying and buying only sustainably fished products for our Frozen Private Label fish range by December 2020.

Our Suppliers Portal, once fully implemented, will enable us to check and verify claims of sustainability. We trained 2 496 of our people in sustainable seafood practices in this reporting period, and 17 250 of our people in total. All palm oil used in our Simple Truth products 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.

Biodiversity and deforestation

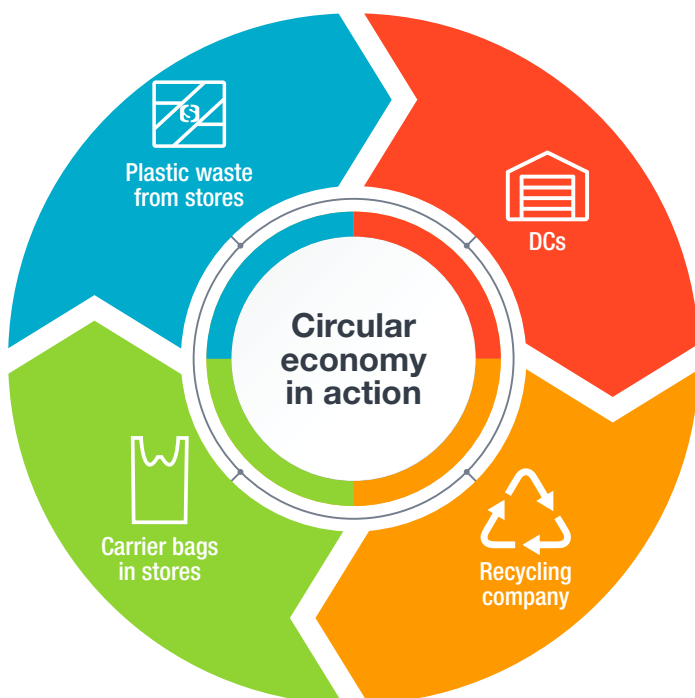
We acknowledge the critical importance of conserving the diversity of species and ecosystems on Earth. This biodiversity provides critical services, including the provision of clean air and water. We undertake all necessary environmental impact assessments prior to new builds and comply with all necessary environmental legislation. Deforestation and forest degradation contribute significantly to climate change through the release of stored carbon in the Earth. We are actively transitioning to paper bags that are FSC-certified for our own brands and packaging requirements in response.

Our “Planet” bags come out tops

The Council for Scientific and Industrial Research’s analysis of 16 grocery carrier bags in South Africa rated our durable “Planet” bags the best performer based on environmental and socioeconomic criteria. The study looked at a range of single-use and reusable plastic bags, as well as biodegradable/ compostable and paper bags. Our “Planet” reusable bags are made from thicker plastic than the standard carrier bags of other retailers. They are made from 100% recycled plastic waste and are also recyclable. They retail for R3 each in Shoprite and Checkers supermarkets in South Africa, and customers get 50c off their grocery purchase each time they reuse each bag. The Group paid out R530 065 in rebates to customers in the reporting period, encouraging customers to adopt a re-use mindset.



Our Shoprite, Checkers and Usave standard carrier bags, which are made from 100% recycled plastic waste and are also recyclable, were recognised as best in their category.



In November 2019, we started converting the plastic waste at three of our DCs into pellets that are used to make our plastic carrier bags. We will continue to look for ways to embed circular economy practices within our own operations. About 2 900 tons of plastic waste were converted into carrier bags in the reporting period.

Table 18: Shoprite Group's achievements against its water security commitments

| Commitment | Achievements |
|--|--|
| <ul style="list-style-type: none"> ■ Using water, a natural and scarce resource, responsibly and efficiently throughout our direct operations, and engaging with suppliers to do the same. <p>Our total water consumption in the reporting period was: 5 036 691 kilolitres</p> | <ul style="list-style-type: none"> ■ Evaluated all water risks through our ERM framework. ■ Did not withdraw any water from non-renewable fresh or groundwater sources in South Africa. |
| <ul style="list-style-type: none"> ■ Reducing pollution and improving the treatment of wastewater from our operations. | <ul style="list-style-type: none"> ■ Discharged all wastewater in South Africa to municipal treatment facilities. ■ At our properties in other African countries, we installed boreholes to counter the risk of disruptions to the water supply, and we treated and re-used discharged water for irrigation. |
| <ul style="list-style-type: none"> ■ Strengthening the resilience and adaptive capacity of our operations and supply chain to ensure responsible business continuity, and that of the local communities in which we operate. | <ul style="list-style-type: none"> ■ Installed back-up water tanks at our stores and DCs. ■ Maintained 37 PlayPumps in rural areas that provide water for more than 13 000 people a day. ■ Provided training at our 119 community food gardens that includes water conservation modules. |
| <ul style="list-style-type: none"> ■ Collaborating and partnering with key stakeholders including regulators, suppliers, non-governmental organisations, local communities and other organisations to address water security issues. | <ul style="list-style-type: none"> ■ Signed letter of intent with the Department of Water and Sanitation and FTFA to focus on water conservation training, among other initiatives. ■ Embedded criteria related to water security risks in our supplier assessments. |
| <ul style="list-style-type: none"> ■ Sharing water security information with employees, customers, suppliers and investors by reporting and disclosing our plans, efforts and performances related to water security. | <ul style="list-style-type: none"> ■ Submitted our annual Water Security disclosure to the CDP platform. |

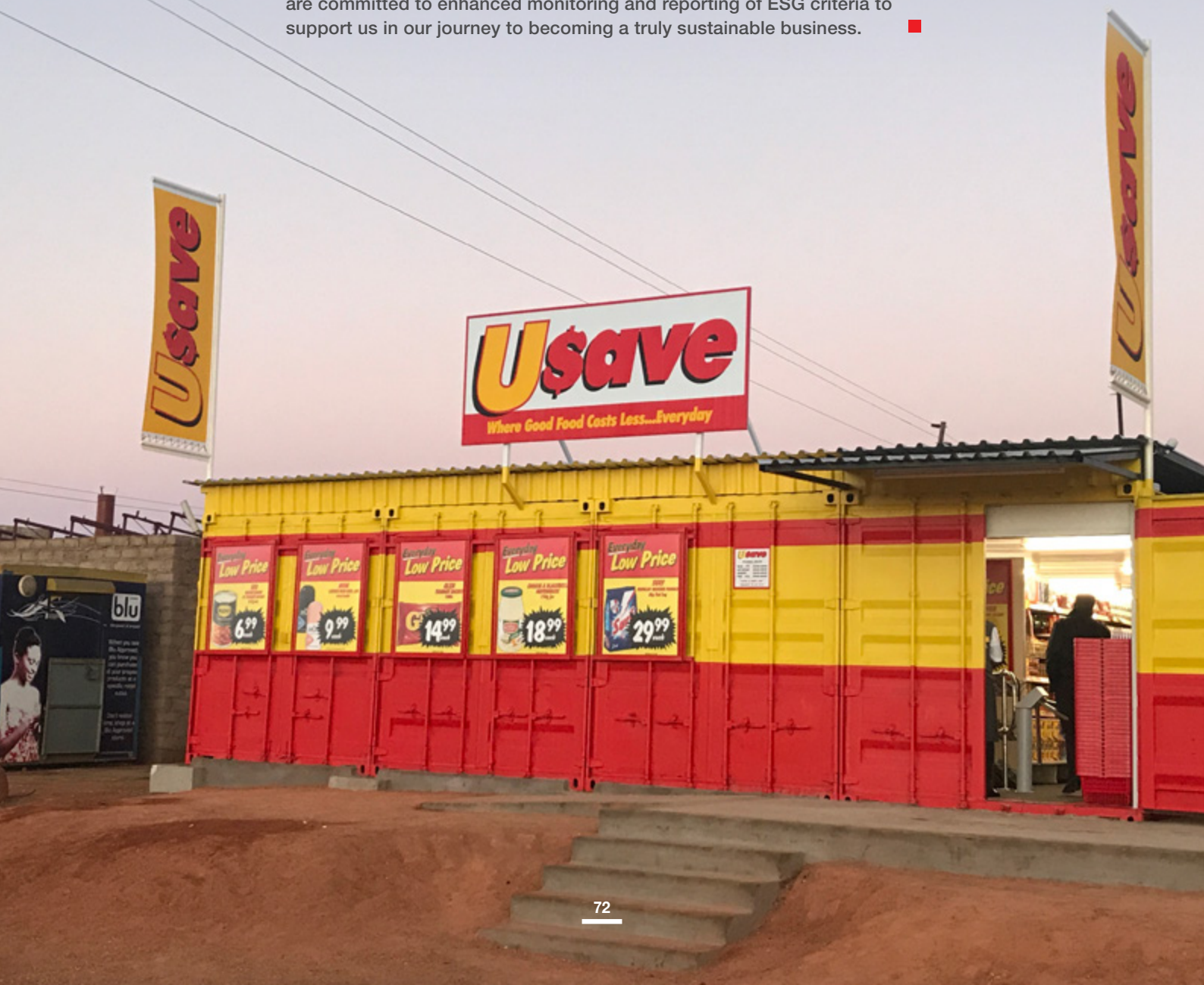
We commit to making our operations more efficient because this minimises our environmental footprint. It also directly lowers costs, which enables us to meet our promise of providing affordable high quality products to our customers.

Conclusion

We commit to making our operations more efficient because this minimises our environmental footprint. It also directly lowers costs, which enables us to meet our promise of providing affordable high quality products to our customers. We are continuing to explore ways to align our sustainability initiatives with our business drivers and material issues. And we are investing resources to improve our monitoring and reporting.

This will help us use our position as the largest retailer on the African continent to support economic transformation in the countries we work in and to build community-level resilience.

In the short and medium term, we will continue to improve sustainability-related training and to raise awareness among our employees of the need for sustainability. We will also deepen our focus on sustainability within our supply chain and consolidate our approach to climate change. We are committed to enhanced monitoring and reporting of ESG criteria to support us in our journey to becoming a truly sustainable business. ■



APPENDIX 1: Employee demographics

Table 19: Employees by contract by gender, 2020

| | Women | Men | Total |
|--------------------|---------------|---------------|----------------|
| Permanent contract | 89 469 | 48 366 | 137 835 |
| Temporary contract | 1 865 | 1 752 | 3 617 |
| Total | 91 334 | 50 118 | 141 452 |

Indefinite or permanent contract: A contract with an employee, for full-time or part-time work, for an indeterminate period.

Fixed term or temporary contract: An employment contract that ends when a specific time period expires, or when a specific task that has a time estimate attached is completed. A temporary employment contract is of limited duration, and is terminated by a specific event, including the end of a project or work phase or return of replaced employees.

Table 20: Employees by contract by significant region, 2020

| | South Africa | Namibia | Angola | Zambia | Nigeria | Mozambique | Botswana | Lesotho |
|--------------------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Permanent contract | 117 282 | 4 554 | 2 314 | 3 733 | 3 735 | 1 352 | 1 431 | 1 095 |
| Temporary contract | 1 793 | 1 | 1 739 | 2 | 6 | 67 | 4 | 0 |
| Total | 119 075 | 4 555 | 4 053 | 3 735 | 2 412 | 1 419 | 1 435 | 1 095 |

Table 21: Employees by type, 2020

| | Women | Men | Total |
|--------------|---------------|---------------|----------------|
| Full time | 30 998 | 27 042 | 58 040 |
| Part time | 60 336 | 23 076 | 83 412 |
| Total | 91 334 | 50 118 | 141 452 |

Full-time: An employee whose working hours per week, month, or year are defined according to national legislation and practice regarding working time.

Part-time: An employee whose working hours per week, month, or year are less than 'full-time' as defined above.

Table 22: Employees, management/staff ratios, 2018 to 2020

| All countries | Total employees | Management | Staff |
|---------------|-----------------|------------|---------|
| 2018 | 147 478 | 14 693 | 132 785 |
| 2019 | 147 268 | 17 473 | 129 795 |
| 2020 | 141 452 | 14 504 | 126 948 |

Table 23: Staff turnover by full-time and part-time staff, 2018 to 2020

| All countries | Management turnover | Full-time staff turnover, excluding management | Part-time staff turnover |
|---------------|---------------------|--|--------------------------|
| 2018 | 14.6% | - | 49.6% |
| 2019 | 15.0% | - | 14.8% |
| 2020 | 12.9% | 13.2% | 34.1% |

Table 24: Diversity and inclusivity in our workforce, 2018 to 2020

| All countries | Total employees | % Women | % African |
|---------------|-----------------|---------|-----------|
| 2018 | 144 093 | 65.2% | 97.1% |
| 2019 | 147 268 | 65.0% | 85.1% |
| 2020 | 141 452 | 64.6% | 85.4% |

APPENDIX 2: Compliance training

Table 25: Compliance training: number of training hours and beneficiaries in 2020

| | No. of people trained | Training hours |
|---|-----------------------|------------------|
| Anti-bribery & corruption and fraud | 75 | 75 |
| Anti-money laundering | 28 222 | 28 464 |
| B-BBEE | 265 | 265 |
| Competition law | 90 | 270 |
| Consumer protection laws | 53 644 | 53 742 |
| Corporate governance & ethics | 13 | 312 |
| Credit law | 97 | 388 |
| Data protection privacy & cyber laws | 21 063 | 22 614 |
| Environmental sustainability: WWF SASSI | 2 502 | 2 565 |
| Forex & international trade | | Planned for 2020 |
| Financial services insurance, money transfers | 24 999 | 60 265 |
| Food safety & hygiene | 83 962 | 257 549 |
| Health & safety (employees and non-employees) | 138 791 | 461 729 |
| Import & export, freight laws | 3 | 72 |
| Labour & employment law | 746 | 19 689 |
| Liquor laws | 3 583 | 3 586 |
| Skills development and training | 171 | 2 864 |



APPENDIX 3: GRI Index

| GRI Standard | Disclosure | Description | Page number/URL | Omission | | |
|--|-------------------|--|---------------------------------------|--------------|--------|-------------|
| | | | | Part omitted | Reason | Explanation |
| GRI 102: General Disclosures 2016 | | | | | | |
| Organisational profile | Disclosure 102-1 | Name of the organisation | 11 | | | |
| | Disclosure 102-2 | Activities, brands, products, and services | 11 | | | |
| | Disclosure 102-3 | Location of headquarters | 11 | | | |
| | Disclosure 102-4 | Location of operations | 11 | | | |
| | Disclosure 102-5 | Ownership and legal form | 11 | | | |
| | Disclosure 102-6 | Markets served | 11 | | | |
| | Disclosure 102-7 | Scale of the organisation | 11 | | | |
| | Disclosure 102-8 | Information on employees and other workers | 32, 73, 74 | | | |
| | Disclosure 102-9 | Supply chain | 58 | | | |
| | Disclosure 102-10 | Significant changes to the organization and its supply chain | 10 & see our Integrated Annual Report | | | |
| | Disclosure 102-11 | Precautionary Principle or approach | 17 | | | |
| | Disclosure 102-12 | External initiatives | 49 | | | |
| | Disclosure 102-13 | Membership of associations | 19 | | | |
| Strategy | Disclosure 102-14 | Statement from senior decision-maker | 1 | | | |
| Ethics and integrity | Disclosure 102-16 | Values, principles, standards, and norms of behaviour | 11 | | | |
| Governance | Disclosure 102-18 | Governance structure | 13 | | | |
| Stakeholder engagement | Disclosure 102-40 | List of stakeholder groups | 25–28 | | | |
| | Disclosure 102-41 | Collective bargaining agreements | 41 | | | |
| | Disclosure 102-42 | Identifying and selecting stakeholders | 25 | | | |
| | Disclosure 102-43 | Approach to stakeholder engagement | 25–28 | | | |
| | Disclosure 102-44 | Key topics and concerns raised | 25–28 | | | |
| Reporting practice | Disclosure 102-45 | Entities included in the consolidated financial statements | See our Integrated Annual Report | | | |
| | Disclosure 102-46 | Defining report content and topic Boundaries | See our Integrated Annual Report | | | |
| | Disclosure 102-47 | List of material topics | 15–16 | | | |
| | Disclosure 102-48 | Restatements of information | See our Integrated Annual Report | | | |
| | Disclosure 102-49 | Changes in reporting | See our Integrated Annual Report | | | |
| | Disclosure 102-50 | Reporting period | 10 | | | |

| GRI Standard | Disclosure | Description | Page number/URL | Omission | | |
|-----------------------------------|-------------------|--|---------------------------------------|--------------|--------|-------------|
| | | | | Part omitted | Reason | Explanation |
| | Disclosure 102-51 | Date of most recent report | 10 | | | |
| | Disclosure 102-52 | Reporting cycle | 10 | | | |
| | Disclosure 102-53 | Contact point for questions regarding the report | Inside front cover | | | |
| | Disclosure 102-54 | Claims of reporting in accordance with the GRI Standards | 10 | | | |
| | Disclosure 102-55 | GRI content index | 75–76 | | | |
| | Disclosure 102-56 | External assurance | See our Integrated Annual Report | | | |
| Material topics | | | | | | |
| Management approach | Disclosure 103-1 | Explanation of the material topic and its boundary | 15 & see our Integrated Annual Report | | | |
| | Disclosure 103-2 | The management approach and its components | | | | |
| | Disclosure 103-3 | Evaluation of the management approach | | | | |
| GRI 302: Energy | | | | | | |
| Topic-specific disclosures | Disclosure 302-1 | Energy consumption within the organisation | 78 | | | |
| | Disclosure 302-2 | Energy consumption outside of the organisation | Our CDP submission | | | |
| | Disclosure 302-3 | Energy intensity | 78 | | | |
| | Disclosure 302-4 | Reduction of energy consumption | 78 | | | |
| | Disclosure 302-5 | Reductions in energy requirements of products and services | Our CDP submission | | | |
| GRI 305: Emissions | | | | | | |
| Topic-specific disclosures | Disclosure 305-1 | Direct (Scope 1) GHG emissions | 77 | | | |
| | Disclosure 305-2 | Energy indirect (Scope 2) GHG emissions | 77 | | | |
| | Disclosure 305-3 | Other indirect (Scope 3) GHG emissions | 77 | | | |
| | Disclosure 305-4 | GHG emissions intensity | 77 | | | |
| | Disclosure 305-5 | Reduction of GHG emissions | 77 | | | |
| | Disclosure 305-6 | Emissions of ozone-depleting substances | Our CDP submission | | | |
| | Disclosure 305-7 | Nitrogen oxides, sulfur oxides and other significant air emissions | Our CDP submission | | | |
| GRI 303: Water | | | | | | |
| Topic-specific disclosures | Disclosure 303-1 | Water withdrawal by source | Our CDP submission | | | |
| | Disclosure 303-2 | Water sources significantly affected by withdrawal of water | | | | |
| | Disclosure 303-3 | Water recycled and reused | | | | |

APPENDIX 4: The Group's GHG emissions and energy and water usage

GHG emissions

Table 26: Shoprite Group's Scope 1 and 2 emissions, 2019-2020

| GHG Emissions | Units | 2019 | 2020 | % Change |
|---------------------------|--------------------|-----------|-----------|----------|
| GHG Emissions Scope 1 | tCO ₂ e | 594 856 | 583 000 | -2.0% |
| GHG Emissions Scope 2 | tCO ₂ e | 1 687 508 | 1 986 711 | 17.7% |
| Total Scope 1 and Scope 2 | tCO ₂ e | 2 282 364 | 2 569 711 | 12.6% |

Notes: Scope 1 and 2 emissions are provided for all assets for which Shoprite has operational control. Scope 1 emissions factors for fuels and gases use DEFRA 2019 emissions factors. Scope 2 emissions factors for electricity consumption use the relevant emissions factors provided by Eskom for South Africa and the International Energy Agency 2019 emissions factors for all other countries. CO₂e refers to carbon dioxide, methane and nitrous oxide expressed as having the equivalent global warming impact as carbon dioxide.

Table 27: Shoprite Group's market versus location-based GHG emissions, 2020

| | Units | Market-based | Location-based |
|---------------------------------|-----------------------------------|--------------|----------------|
| GHG Emissions Scope 2 | tCO ₂ e | 1 986 711 | 1 986 711 |
| GHG Emissions Intensity Scope 2 | tCO ₂ e/m ² | 0.408 | 0.408 |

Note: The market- and location-based emissions have the same value as each of the countries in which Shoprite operates has a single electricity supplier. The country emission factors are therefore the same as the local utility suppliers' emission factors.

Table 28: Shoprite Group's Scope 3 emissions, 2019-2020

| GHG Emissions | Units | 2019 | 2020 | % Change |
|-----------------------|--------------------|------|-----------|----------|
| GHG Emissions Scope 3 | tCO ₂ e | 479 | 9 240 486 | - |

Notes: Scope 3 emissions were calculated using the online Quantis Scope 3 Evaluator. We have expanded our measuring of Scope 3 emissions from one category in previous years to include all 15 categories in the reporting period. As a result, emissions reported on are significantly higher.

Table 29: Shoprite Group's energy intensity, 2019-2020

| Energy Intensity | Units | 2017 | 2018 | 2019 | 2020 | % Change |
|--------------------------|-----------------------------------|--------|--------|--------|--------|----------|
| Scope 1 & 2 per GLA | tCO ₂ e/m ² | 0.520 | 0.520 | 0.560 | 0.528 | -5.7% |
| Scope 1 & 2 per turnover | tCO ₂ e/R | 0.0175 | 0.0167 | 0.0172 | 0.0164 | -4.7% |

Notes: CO₂e refers to carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O) expressed as having the equivalent global warming impact as carbon dioxide.

Table 30: Shoprite Group's emission reduction initiatives, 2020

| Emissions Reduction Initiative Description | Units | Scope Reduced | Emissions Reduced by |
|--|--------------------|---------------|----------------------|
| LED Retrofit | tCO ₂ e | Scope 2 | 35 430 |
| Rooftop Solar PV | tCO ₂ e | Scope 1 | 2 368 |
| Reverse Logistics | tCO ₂ e | Scope 1 | 1 031 |
| Rooftop Solar PV for Trailers | tCO ₂ e | Scope 1 | 471 |

Notes: CO₂e refers to carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O) expressed as having the equivalent global warming impact as carbon dioxide.

Energy usage

Table 31: Shoprite Group's direct energy usage, 2019-2020

| Direct Energy | Units | 2019 | 2020 | % Change |
|---------------------------------|------------|------------------|------------------|--------------|
| Diesel | MWh | 467 033 | 604 319 | 29.4% |
| Petrol | MWh | 26 451 | 21 686 | -18.0% |
| Renewable Electricity Generated | MWh | 2 637 | 3 298 | 25.1% |
| Scope 1 (fuel and gas) | MWh | 496 121 | 629 303 | 26.8% |
| Purchased electricity (grid) | MWh | 1 776 324 | 2 081 902 | 17.2% |
| Renewable electricity purchased | MWh | - | - | - |
| Scope 2 (electricity) | MWh | 1 776 324 | 2 081 902 | 17.2% |
| Total Energy Consumption | MWh | 2 272 445 | 2 711 205 | 19.3% |

Notes: Shoprite does not purchase any heating, cooling or steam, hence this value is not included. Conversion factors for fuels and gases use DEFRA 2019 emissions factors. Purchased electricity is recorded by Shoprite's online electricity monitoring software and the capture of invoices from electricity suppliers. Shoprite's total energy consumption increased due to the overall reporting scope increasing significantly from Rand-based operations (i.e. South Africa, Lesotho, eSwatini and Namibia) in 2019 to company-wide operations (i.e. South Africa, Lesotho, eSwatini, Namibia, Angola, Botswana, Democratic Republic of the Congo, Ghana, Kenya, Madagascar, Malawi, Mozambique, Nigeria, Uganda and Zambia) in 2020.

Table 32: Shoprite Group's energy intensity ratios, 2019-2020

| Energy Intensity | Units | 2019 | 2020 | % Change |
|--------------------------|--------------------|--------|--------|----------|
| Scope 1 & 2 per GLA | MWh/m ² | 0.4397 | 0.4275 | -2.8% |
| Scope 1 & 2 per turnover | kWh/R | 0.0134 | 0.0133 | -0.8% |

Table 33: Shoprite Group's energy reduction initiative, 2020

| Energy Reduction Initiative Description | Units | Type of Energy | Emissions reduced by |
|---|-------|----------------|----------------------|
| LED Retrofit | MWh | Electricity | 34 156 |
| Rooftop Solar PV | MWh | Electricity | 2 283 |
| Reverse Logistics | MWh | Fuel | 3 839 |
| Rooftop Solar PV for Trailers | MWh | Fuel | 1 752 |

Water usage

Table 34: Shoprite Group's water usage, 2019-2020

| Direct Energy | Units | 2019 | 2020 | % Change |
|-----------------|-------|---------|-----------|----------|
| Groundwater | kL | 0 | 89 000 | - |
| Municipal water | kL | 600 182 | 5 036 691 | 739.2% |

Notes: Shoprite's total water withdrawn increase due to the overall reporting scope increasing significantly from 1 region (Western Cape with 269 facilities) in 1 country in 2019 to all operations over which Shoprite has operational control (i.e. 2 467 facilities) in 15 countries in 2020.

APPENDIX 5: Social and Ethics Committee Chairperson's Report

As the Committee's scope of oversight responsibility covers a broad spectrum of ethical, social and environmental matters, the Committee routinely receives a wide range of management reports from the management team and invites their attendance at Committee meetings as relevant to the Committee meeting agenda. Regular attendees include: the Head of Corporate Relations and Communications; the Group Sustainability Manager; the Chief Human Resources Officer; and the Group Manager: Risk and Compliance.

Role and responsibility

The Social and Ethics Committee's role is to assist the Board with oversight of social and ethical matters in relation to the Group aligned with the Group's corporate purpose and values. The Committee guides the CEO and executive management team's achievement of the Group's business strategy and related responsible business and good citizenship objectives, both through performance of its statutory responsibilities and its governance responsibilities as further described in its board-approved Charter.

The Committee also oversees the Group's reporting on these matters through the annual Sustainability Report, available at <https://www.shopriteholdings.co.za/reports.html>. The Sustainability Report comprehensively reports on the Group's material ethical, social and environmental issues, and the executive team's approach to management of the Group's human, social and natural capitals.

Aligned to its statutory responsibilities, the Committee reports annually to the Shoprite Holdings shareholders at the Annual General Meeting. The Committee's reporting is assisted by availability of the annual Sustainability Report that reports on the group's activities and performance for its ESG-related objectives and related risks, the compilation of which is overseen by the Committee.

The following are some of the key focus areas addressed during the year:

- Maintaining high standards of organisational ethics
- Appropriate management of consumer relationships, including through activities in relation to advertising, public relations and compliance to consumer protection laws
- Risk-informed environment, health and public safety
- Responsible sourcing through the Group's supply chain
- Fair labour and employment
- Promotion of equality and employment equity within the Group's activities, and preservation of human rights
- Actively contributing to social and economic development, including with reference to the interests of our key stakeholders.

The Committee's key areas of focus during 2020

During the year, the Committee completed its approved annual work plan aligned to its board-approved Charter.

The Committee has also guided and supported the management team's development of a group sustainability strategy comprising an expanded set of group-wide position statements including statements on sustainable packaging, water security, food losses and waste, and climate change responses. In addition, the Committee has endorsed an approach to further align with international and national frameworks focused on promoting sustainable development outcomes, including formal adoption of the Global Reporting Initiative Standards as the platform for the Group's sustainability reporting.

The COVID-19 pandemic introduced a new focus on the critical importance of the Group's corporate social investment programmes, including our contributions to hunger relief in poor communities. Our response to COVID-19, recorded on the Group's corporate website at <https://www.shopriteholdings.co.za/home/how-we-are-responding-to-the-coronavirus.html>, details the various relief initiatives that have been running during the year, not only for communities but also for our employees and our customers.

Other highlights of the year include:

- Further evolution of governance oversight of the group-wide ethics management programme through adoption and implementation of a new Conflict of Interest policy
- Partnering initiatives with 3 independent black-owned SMEs, through the Group's newly formed Thuthuka Nathi Venture (Pty) Ltd investment vehicle.

Read more: Social capital report.

Areas of future focus

- Development of a group-wide Supplier Code of Conduct as part of further evolution of the group-wide ethics management programme
- Working to achieve clear alignment between the group business strategy and the UN SDGs for more effective strategic alignment with sustainable development goals as relevant to the Shoprite Group
- Increased focus on identification and understanding of the potential impact of climate change risk on the business strategy

I am satisfied that the Committee has performed its statutory responsibilities and its governance oversight responsibilities as set out in its Charter, in the year under review.

Dr Anna Mokgokong
Chairperson

List of acronyms

| | |
|--------|---|
| B-BBEE | Broad-Based Black Economic Empowerment |
| CSI | Corporate Social Investment |
| DCs | Distribution centres |
| ECD | Early childhood development |
| ERM | Enterprise Risk Management |
| ESG | Environmental, social and governance |
| FSC | Forest Stewardship Council |
| FTFA | Food & Trees for Africa |
| GHG | Greenhouse gas |
| GRI | Global Reporting Initiative |
| IIRC | International Integrated Reporting Council |
| OPRLs | On-Pack Recycling Labels |
| PMO | Portfolio Management Office |
| RLABS | Reconstructed Living Labs |
| SASSA | South African Social Services Agency |
| SDGs | Sustainable Development Goals |
| SETAs | Sector education and training authorities |
| SMEs | Small and medium enterprises |
| TVET | Technical and Vocational Education and Training |
| YES | Youth Employment Service |

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