SHOPRITE
HOLDINGS LTD

INTEGRATED REPORT 2022

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Indicates where further information can be found online

King IV

INTEGRATED REPORTING SUITE

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available as an interactive print-friendly PDF online at www.shopriteholdings.co.za/shareholders-investors.html

Annual financial statements
available online at www.shopriteholdings.co.za/shareholders-investors.html

Sustainability Report
available as a print-friendly interactive pdf online at www.shopriteholdings.co.za/sustainability.html

Application of King IV™
available online at www.shopriteholdings.co.za/governance.html

INTRODUCTION

Shoprite Somerset Crossing, Strand, Western Cape.

Our purpose ④

Our purpose is to uplift lives every day by pioneering access to the most affordable goods and services, creating economic opportunity and protecting our planet.

Following the adoption of the United Nations Sustainable Development Goals (UN SDG) by all UN member states in 2016, the Group has identified the SDGs to which it is able to make a meaningful contribution.

These are

SDG 2: End hunger, achieve food security and improved nutrition, and promote sustainable agriculture

SDG 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

SDG 12: Ensure sustainable consumption and production patterns

①

Our values ③

Our values guide our behaviour to fulfill our purpose, and they define how we do business.

1 Doing the right thing
- Putting our customers first.
- Acting ethically and with integrity.
- Making a difference beyond our own doors.

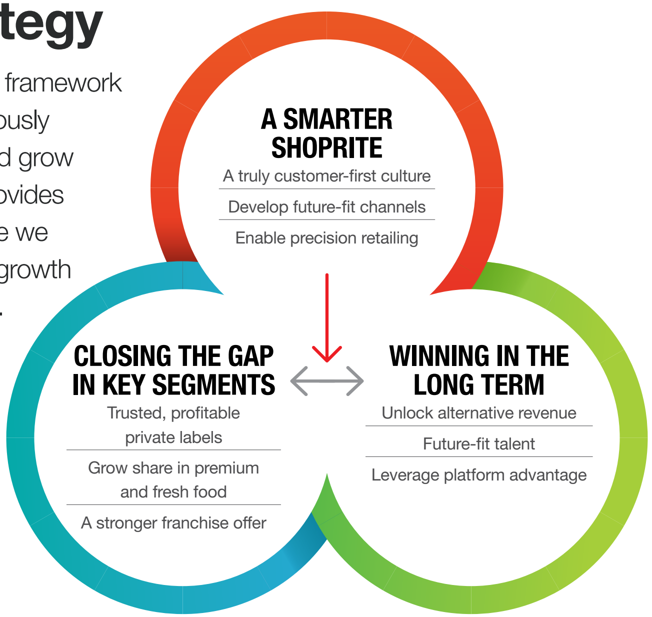
2 Saving to share
- Relentlessly focusing on improving productivity and managing costs to provide our customers with the lowest prices.
- Helping others where we can.

3 Developing local
- Investing in our people.
- Creating opportunities.
- Embracing economic transformation.
- Supporting communities where our customer needs are the biggest.

Our strategy

Our strategy is the framework we use to continuously improve, adapt and grow our business. It provides the focus for where we believe significant growth opportunities exist.

②



Our primary focus:

Growing and optimising our core corporate-owned and managed supermarket retail activities in our existing markets while unlocking and leveraging incremental growth, based on our understanding of the needs and preferences of our customers.

We continue to engineer our business to:
- become smarter and more customer centric;
- pursue growth opportunities in key segments; and
- invest in long-term initiatives that add value and ensure future sustainability.

The Group's proven operational strength and considerable infrastructure, represented by its world-class supply chain and 2 989 physical store footprint, facilitates execution at scale. With this as our base, we continue to execute our strategy to increase customer reach loyalty by building our omnichannel ecosystem of value.

1 www.shopriteholdings.co.za/sustainability.html
2 Performance against strategy, page 18
3 Social review, page 67
4 CEO review, page 11

How we create value

The Shoprite Group is the largest South African retailer by market capitalisation, sales, profit and number of employees and customers. Our core business is food retailing, complemented by adjacent value-added retail services and offerings across a range of industries. Beyond South Africa, we operate in 10 African countries.

Checkers Sitari, Somerset West, Western Cape. One of the Group's many stores that harness the power of the sun for their operations.

The Shoprite Group aims to power 25% of its operations with renewable energy over the next five years and has added 62 solar photovoltaic (PV) sites to date, which reduces our consumption of electricity generated using fossil fuels.

2 476 CORPORATE STORES
(FY 2021: 2 400)

11 country operations with 80% of sales and 91% profits generated from supermarkets RSA segment

Retail footprint, Appendix 2, page 113

OUR BRAND PORTFOLIO

CUSTOMER-FACING BRANDS

Corporate stores

- SHOPRITE: 675 stores (FY 2021: 676 stores)
- Usave: 457 stores (FY 2021: 445 stores)
- Checkers: 245 stores (FY 2021: 239 stores)
- Checkers Hyper: 36 stores (FY 2021: 38 stores)
- Checkers Foods: 3 stores (FY 2021: 0 stores)
- LiquorShop (Shoprite) / LiquorShop (Checkers): 594 stores (FY 2021: 560 stores)
- House & Home: 42 stores (FY 2021: 43 stores)
- OK Furniture / OK Power Express: 384 stores (FY 2021: 383 stores)
- Petshop science: 22 stores (FY 2021: 1 store)
- Checkers littleme: 1 store (FY 2021: 0 stores)
- Shoprite Food World Butchery+: 7 stores (FY 2021: 8 stores)
- Outdoor: 1 store (FY 2021: 0 stores)

Digital commerce

Checkers Sixty60

Cellular

K'nect Shoprite: 7 stores (FY 2021: 7 stores)

Pharmaceutical

Medirite Pharmacy

- 137 in-store Medirite pharmacies (FY 2021: 145 pharmacies)
- 2 stand-alone Medirite Plus stores (FY 2021: 0 stores)

Franchising

- OK Franchise Division: 510 stores (FY 2021: 510 stores)
- President Hyper: 3 stores (FY 2021: 3)

BRANDED VALUE-ADDED SERVICES

Financial services and customer rewards

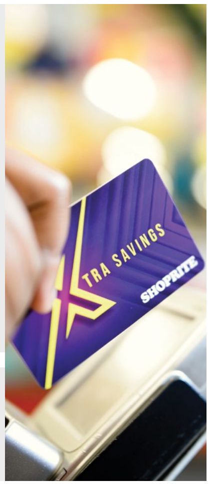
MoneyMarket
2 310 in-store counters (FY 2021: 2 334 counters)

SuperSwift Sending Money Home.

Xtra Savings Checkers | Xtra Savings Shoprite

Ticketing

Computicket



B2B AND CUSTOMER-FACING LOGISTICS SERVICES

Pharmaceutical

Transpharm

Retail Media

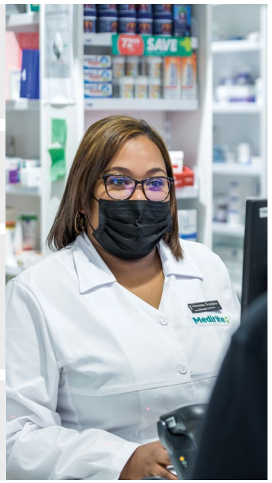
rainmaker media

Hospitality

CFS Checkers Food Services
QUALITY SUPPLIER TO THE HOSPITALITY & CATERING INDUSTRY

Last-mile Logistics

pingo Fast delivery on demand



Operational review, page 52

How we create value continued

We are immensely proud of the value we have been able to create for the business and its stakeholders during the year under review. The increase in sales and profit is testament to the dedication our capable employees and our trusted suppliers have to deliver on our purpose and achieve our strategic objectives.

These results were achieved despite a challenging economic environment, with South Africa facing unemployment at an all-time high, currency fluctuations, supply chain and raw material constraints, social unrest in July 2021 and extreme weather conditions resulting in floods in early 2022. The Russian invasion of Ukraine drove prices of key commodities higher, which in turn resulted in higher fuel prices and increased interest rates.

The value we added to our business

SALES INCREASED BY 9.6%
(FY 2021 53 week: 8.1%)

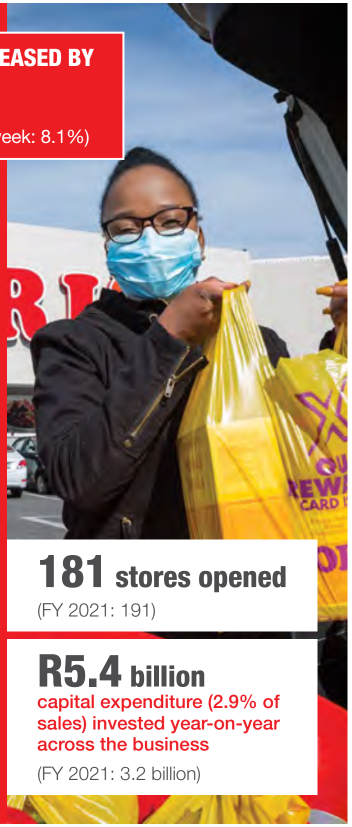
Trading profit increased by **6.8%**
(FY 2021 53 week: 24.9%)

Pre-tax profit increased by **19.1%**
(FY 2021 53 week: 23.1%)

5.4% average basket value increase
(FY 2021 53 week: 13.6%)

24.7 million Total Xtra Savings customers
(FY 2021: 20.3 million)

Formal market share of **32.1%** year-on-year
(FY 2021: 31.0%)



181 stores opened
(FY 2021: 191)

R5.4 billion capital expenditure (2.9% of sales) invested year-on-year across the business
(FY 2021: 3.2 billion)

The value we created for our customers through savings, range, increased convenience and innovation

3.9% Supermarkets RSA internal selling price inflation, versus 6.5% official food inflation
(FY 2021: 3.8%)

R9.4 billion in instant savings through Xtra Savings rewards
(FY 2021: R5.3 billion)

181 new stores opened bringing products and services closer to communities
(FY 2021: 191)

36.0% saved by the average customer on fuel and vehicle running costs by shopping via the Sixty60 app

Linked Xtra Savings Rewards to the Checkers Sixty60 delivery app, allowing customers to get their Xtra Savings promotions and personalised offers delivered in 60 minutes

CASE STUDY

Stepping up to help South Africans in need

94.3 MILLION R5 COINS HAVE BOUGHT*:

374 million
R5 loaves since April 2016 (an average of 163 000 loaves a day)

114.5 million
R5 deli meals since mid-2017

6 million
R5 packs of sanitary towels since November 2020

When last did you expect to be able to buy something to feed your family with a single R5 coin?

In April 2016, when the average price of a standard (700g) loaf of brown bread was R10*, we made our 600g loaf of brown bread available for R5. Not designed to make us money, it spoke to our need to assist our many customers who were struggling to put food on the table and buy essential items. Seven years later, our loaf is still only R5, while the average cost of a standard loaf of brown bread is R14[1].

Following the very favourable response to the R5 loaf, in mid-2017 – a time when inflation was again impacting spending power – we expanded our offer to include a range of R5 deli meals, the most popular of which were a large igwinya (vetkoek), a chicken hot dog and a fried egg and tomato sandwich. More recently, in March 2021, in support of keeping girls in school, we expanded our R5 offering to include a pack containing eight individually wrapped locally manufactured maxi sanitary pads available exclusively from Shoprite and Usave supermarkets.

Since we first introduced our R5 range, several factors have impacted the economy: the Covid-19 pandemic, an unemployment rate sitting at 34.5% in the first quarter of 2022, consumer price inflation at 6.5% in May 2022 (a five-year high) and ongoing poor economic growth. As a result, approximately 14 million people go hungry in our country every day.

To further support those struggling to put food on the table, our more fortunate customers can opt to donate R5 to the #ActForChange Fund, the proceeds of which all go directly to selected organisations involved in addressing the food crisis in South Africa.

The current economic environment and increasing inflation are impacting all South Africans. We have again worked hard to keep our selling price inflation as low as possible at 3.9% in our RSA Supermarkets business, as well as provide customers with significant savings amounting to R9.4 billion through the Xtra Savings rewards programme.

1 *Average selling price of bought-in bread, including promotions, in Shoprite.*

How we create value continued

Shareholder value

HEPS
up by
10.3%
to 1055.0 cents/share
(FY 2021: increased by 20.3%)

ROIC excluding IFRS 16
16.3%
owing to continued focus on capital allocation
(FY 2021 52 weeks: 14.8%)

Shoprite Holdings share price increased by
26.1%
(FY 2021: increased 45.1%)
compared to the JSE Food and Drug retail index growth of 5.3%

R3.2 billion
in dividends paid to shareholders
(FY 2021: R2.3 billion)

600 cents per share
dividends declared
(FY 2021: 544 cents) an increase of 10.3% on full year dividend.

R15.0 billion
cash generated from operations
(FY 2021: R16.1 billion)

R1.0 billion
spent on Shoprite Holdings share buyback programme
(FY 2021: R515 million)
equating to the purchase of 5.1 million shares
(FY 2021: 3.4 million shares)

ONGOING AND IMPROVED CAPITAL ALLOCATION

Value invested in our employees

Paid
R14.8 billion
in employee salaries and benefits, an increase of 8.8% on last year
(FY 2021: R13.6 billion)

Employed
145 595 people
and created 2 993 new jobs in an environment of retrenchments and unemployment
(FY 2021: 142 602 employees)

R560 million
invested in training and development
(FY 2021: R485 million, increase of 15.5%)

40 million SHOPRITE CHECKERS SHARES ISSUED TO ESTABLISH THE SHOPRITE EMPLOYEE TRUST

QUALIFYING EMPLOYEES WILL RECEIVE A DISTRIBUTION IN LINE WITH THE DIVIDEND DECLARED EACH YEAR

Our support of local suppliers

4.1% year-on-year
growth in SMME procurement
(FY 2021: 32.0% year-on-year)

Launched Shoprite Next, a division dedicated to SMME development and appointed a dedicated general manager: Supplier and Enterprise development

88.4% year-on-year
of private label grocery products[1] produced from local manufacturers
(FY 2021: 87.0% year-on-year)

1 *Products include ambient food, perishables, toiletries, snacks, fresh produce, meat, plant-based foods and liquor.*

The Group partnered with Red Baron, a local SMME supplier based in the Eastern Cape, providing them with a seasonal planting programme indicating our weekly demand. This certainty and support has allowed Red Baron to grow its business, expanding the size of its under-protection greenhouse operations from four to eight hectares while increasing its permanent employees from 60 to over 100. Many of these new employees are from the Group's YES Initiative, resulting in the creation of 50 permanent positions.

How we create value continued

Our contribution to government, trade unions and regulators

Supporting Government's monthly SASSA grants and Covid-19 Social Relief of Distress (SRD) grant payments, administering an average of
1.6 million pay-outs per month in our stores this year.
(FY 2021 1.5 million pay-outs per month)

R145 million
invested in the employment, training and development of unemployed youth through YES4Youth and Retail Readiness
(FY 2021: R105 million)

Supporting B-BBEE through directing 10.8% of our supplier spend to black[1] businesses (FY 2022: R18.7 billion)
(FY 2021: 9.2%/R14.3 billion)
and 7.2% to black women-owned businesses (FY 2022: R12.6 billion)
(FY 2021: 5.5%/R8.5 billion)

Established
R8.9 billion
evergreen B-BBEE employee share trust

R9.2 billion
tax contribution to government
(6.9% increase from FY 2021)

1 *Throughout this report, black is defined as in schedule 1 to the Codes of Good Practice on Broad-Based Black Economic Empowerment published in terms of section 9(1) of the B-BBEE Act, published in the Government Gazette on 9 February 2007, as amended from time to time, and/or any other persons of African, Coloured or Indian descent.*

Our contribution to communities

Donated
R157 million
in surplus food and goods
(FY 2021: R138 million)

Among the first respondents to initiate support to communities affected by disasters, serving
5.3 million hot meals
through our Mobile Soup Kitchens
(FY 2021: 4.9 million)

Served
185 732 meals
per day to vulnerable communities through our corporate social investment (CSI) programmes, including support to early childhood development (ECD) centres
(FY 2021: 152 795 per day)

INVESTED
R145 million
in the communities in which we operate in South Africa
(FY 2021: R274 million)

Collected
43 355 Tonnes
of cardboard from stores and distribution centres for recycling
(FY 2021: 40 553 tonnes)

Our environmental stewardship

54 138 Megawatt-hour (MWh)
renewable electricity was consumed, saving 57 480 tonnes of carbon emissions
(392% increase in renewable energy consumption year-on-year)

10 243 tonnes
of plastic waste diverted from landfills and the environment through our circular sustainability economy approach
(24.8% increase on prior year)

About this report

Shoprite Holdings Ltd (the Shoprite Group, or the Group or the Company) is an investment-holding company headquartered in Cape Town, South Africa. The Company's primary listing is in the Food Retailers and Wholesalers' Sector of the Johannesburg Stock Exchange (JSE). The Company has two secondary listings on the Namibian Stock Exchange (NSX) and the Lusaka Stock Exchange (LuSE).

The aim of this report is to provide our stakeholders with a concise and transparent assessment of the Group's ability to use its expertise and commitment to create sustainable enterprise value over the short, medium and long term.

Reporting scope and boundaries

The Group's integrated reporting boundary covers the Group's operations in South Africa and the 10 African countries in which it operates, the risks, opportunities and outcomes arising from our strategy, business model, operating environment, matters material to the business and stakeholder relationships.

The financial reporting boundary covers the results of the Group's operations and includes its subsidiaries.

Annual financial statements

This report is prepared with reference to the International Reporting Framework. Furthermore, the process for our reporting is based on the:

- International Financial Reporting Standards (IFRS)
- King IV Report on Corporate Governance
- JSE Listings Requirements
- Companies Act 71 of 2008, as amended (the Companies Act)

Related reporting documents adhere to the:

- Global Reporting Initiative's (GRI) Universal Standards
- UN SDGs
- Task Force on Climate-Related Financial Disclosures.

Matters material to the business

The principles of materiality have been applied to identify those matters that are material for decision-making. Each identified material matter was reviewed by the Board, and is included in the Material matters and the risks and opportunities which they create section.

Material matters and the risks and opportunities which they create on page 27.

Value creation

The Group's aim is to provide balanced disclosure by reporting on its ability to create and preserve value and wherever possible avoid eroding value. This year, we have illustrated how our strategy has developed and matured over the past six years, culminating in the outcomes we achieved in the year under review. The impact of our activities on the creation, preservation and erosion of the six capitals is demonstrated in our business model.

Combined assurance

We use a combined assurance model to ensure the information we provide, and our underlying processes, support the credibility and integrity of our reporting. The Audit and Risk Committee (ARC) reports to the Board and provides oversight and monitors the execution of our combined assurance plan and reporting.

NATURE OF INFORMATION	ASSURANCE PROVIDERS
Auditing of our annual financial statements	External auditors: PricewaterhouseCoopers
Material sustainability information	Internally approved by the Board based on the recommendations of the Social and Ethics Committee
Financial, operating, compliance and risk management controls	Internal control functions and overseen by the Audit and Risk Committee

Forward-looking information

This report contains forward-looking statements regarding the Group's operations and its performance prospects. These statements involve an inherent level of uncertainty. They do, however, reflect our best judgement and estimates informed by the Group's Board-approved business plans as at the time of publication of this report. Within this context, the Group cannot take responsibility for updating or revising any forward-looking statements except as required by applicable legislation or regulation.

Board approval

To our valued stakeholders

Welcome to our Integrated Report for the year ended 3 July 2022, which is one of our primary communications with our stakeholders. It has been prepared with the aim of providing a balanced, transparent and integrated review of the Group's financial performance and our material sustainability issues during the financial year.

The Board of Directors of Shoprite Holdings Ltd acknowledges its oversight of the integrity of the Group's reporting. The Audit and Risk Committee reviewed the 2022 Integrated Report to satisfy itself as to its veracity and balance and to provide oversight that the report is reflective of the collective mind of the Board and complies with the integrated reporting framework. The committee plays a central role in overseeing the preparation of this report and interrogated the content and process. It has recommended the 2022 Integrated Report for approval by the Board.

The Board has critically assessed the assurance obtained from the Group's combined assurance model. It is satisfied that the model enables an effective control environment, which supports the authenticity of information used for internal decision-making by management, the Board and its committees, as well as the integrity of the Integrated Report.

The Board considered materiality for the purposes of the Integrated Report and the effect that the presence or absence of an item of information might have on the accuracy or validity of a statement in the integrated report, or a decision by a stakeholder. The Board is of the view that, to the best of its knowledge and belief, our integrated reporting addresses matters material to our stakeholders' decision-making by explaining the impact of the Group's value-creation process over time. It takes into consideration the Group's impact on its stakeholders and the environment in which it operates.

The Board approved the report on 30 September 2022.

Board of Directors, page 35.

Contact Sarita van Wyk on **svwyk@shoprite.co.za** with any queries on this Integrated Report.

Wendy Lucas-Bull
Chairman

Dr Anna Mokgokong
Lead Independent Director

Pieter Engelbrecht
Chief Executive Officer

Anton de Bruyn
Chief Financial Officer

Johan Basson
Independent Non-executive Director

Peter Cooper
Independent Non-executive Director

Linda de Beer
Independent Non-executive Director

Graham Dempster
Independent Non-executive Director

Nonkululeko Gobodo
Independent Non-executive Director

Ram Harisunker
Executive Director

Dawn Marole
Independent Non-executive Director

Paul Norman
Independent Non-executive Director

Joseph Rock
Independent Non-executive Director

Dr Christo Wiese
Non-executive Director

Eileen Wilton
Independent Non-executive Director

OUR BUSINESS

Usave Riebeeck West, Riebeeck West, Western Cape

“We are first and foremost authentically customer centric, guided by low prices and range in Shoprite, which dovetails with Usave to offer our core mid-to-lower segment customers value and accessibility, and choice, extended fresh offer and value in Checkers. Coupled with this is our desire to improve our customers' experience across all our brands and, in this regard, our strategic road map is completely aligned with our purpose; to uplift lives every day by pioneering access to the most affordable goods and services, creating economic opportunity and protecting our planet.

Pieter Engelbrecht,
Chief Executive Officer

Navigate to sections by clicking on the list below

Chairman's letter

Reflecting on the Shoprite Group's 2022 year – given the context of the challenges in South Africa and the rest of the world – is both gratifying and humbling. As a business, we achieved our primary objective: to bring our customers food at the best prices possible. Given the sales growth, I think it's fair to say we not only held our position as market leaders, but we extended it. For me personally, however, the Group's ability to achieve this – as well as completing a significant employee-based empowerment transaction; continuing to innovate and invest in future projects; execute on our merger and acquisition plans while supporting our customers and their communities – is a significant achievement.

Our operating environment

2022 was probably the most challenging year the Group has ever faced from an external environment perspective. It included the ongoing impact of Covid-19, social unrest in KwaZulu-Natal and Gauteng, and climate change-related floods that resulted in a state of disaster being declared in KwaZulu-Natal. The pandemic's ongoing impact on global supply chains and Russia's war with Ukraine have conspired to constrain supply lines and increase prices in key commodities (specifically petrol and basic foods). When added to crippling challenges in South Africa's electricity supply, service delivery-related strikes and unemployment, describing the year as generally difficult for business – not just Shoprite, but more so, our customers – is an understatement.

The Group is fortunate to have established a baseline of operational resilience that exceeds most. The team is capable of adapting to adverse or onerous situations while not losing sight of our customers' needs. In fact, in times of crisis, our customer centricity increased; for example, the swift scaling of the Checkers Sixty60 app, the Usave mobile truck stores and our rapid response in re-opening stores within days of the social unrest. Similarly, with regard to global supply chain challenges, the Group was able to adjust its supply lines and was not impacted from a product supply standpoint.

In South Africa after a trying few years from a social and business perspective, the sentiment is particularly poor, underscored by the crisis state at Eskom and its failing infrastructure as well as continued municipal delivery failures and high unemployment.

> "The Group is fortunate to have established a baseline of operational resilience that exceeds most.

PEOPLE MAKE THE DIFFERENCE

The execution strength of the Group is undoubtedly a function of its leadership and the culture of commitment and teamwork demonstrated by all of our employees – without whom the Group's daily execution, prompt response to external events and continued delivery of strategic objectives would not be possible. I am pleased to report that in acknowledgement of our people and the valued role they have played in the business, the Group has finalised two significant employee milestones during 2022.

Firstly, the Board approved management's proposal of an across-the-board increase in the Group's internal minimum hourly wage to a rate higher than the prescribed sectoral minimum figure. In addition, the minimum wage for cashiers was further increased in recognition of the important role they play in serving our customers (1).

Secondly, the Group established the Shoprite Employee Trust, an evergreen B-BBEE employee benefit trust (2), paying qualifying employees a financial distribution aligned with the dividend declared to the Group's shareholders.

Our belief is that the financial benefits arising from these various initiatives will improve the lives of our employees, assist with employee retention and feed through to a continued improvement in our customer service and satisfaction levels.

Checkers Hyper Brackenfell, Cape Town, Western Cape

1 Our customers, page 71

2 B-BBEE employee benefit trust, page 68

Chairman's letter continued

Performance against strategy

As a Board, we continue to respect the capacity of the Executive to maintain and improve operational discipline while pushing the boundaries to be counted among the best retailers in the world. This is a large company with substantial plans, and it is a privilege for the Board to support and steer the Group as it continues to achieve its strategic goals each year, despite often trying circumstances. Our Chief Executive Officer will take you through the Group's progress against strategy, and how he sees the way forward, in his review.

As part of the Board's approval of the strategy (3), we performed an independent benchmarking exercise against global best practice across key retail indicators.

Our role as a responsible corporate citizen

Our Board and management recognise the responsibility that our role as the largest private sector employer in South Africa carries. Despite the many challenges the Group has faced since the Covid-19 pandemic first hit South Africa – which was already suffering from a poorly performing economy and consequently high levels of unemployment – we have prioritised keeping our people in employment during both the pandemic and the social unrest that resulted in the closure of some of our stores.

Our social investment focuses on youth unemployment, hunger relief, food security and disaster relief. During the reporting period, the Group contributed R24 million towards hunger relief, supporting 107 ECD centres and providing 381 590 meals to 7 151 children. The training and development of unemployed youth (4) through our YES and Retail Readiness initiatives have resulted in approximately 19% of these young people being employed by the Group after completing these programmes.

"Our social investment focuses on youth unemployment, hunger relief, food security and disaster relief. During the reporting period, the Group contributed R24 million towards hunger relief, supporting 107 ECD centres and providing 381 590 meals to 7 151 children.


Usave Riebeeck West, Western Cape

Petshop Science, Baywest Mall, Gqeberha

The Group is acutely aware of the hardships faced by many South Africans. To provide relief where we can, the Group continues to prioritise executing on its low-price promise (5) by containing price inflation as much as possible.

We recognise our responsibility to demonstrate leadership in addressing socio-economic issues, not only as the country's largest retailer, but as the custodian of our brands and their reputation in the communities we serve. The Group's scale and execution strength make it possible for us to be among the first to respond when community support is urgently needed, such as re-opening our supermarkets in record time following the social unrest in July 2021 and deploying our Mobile Soup Kitchens to provide immediate and much-needed aid to flood victims in April 2022.

Our focus on sustainability

Environmental and social issues are embedded in our governance oversight and risk structures and are among the Board's top agenda items. To further entrench environmental, social and governance (ESG) in how the Group is managed, the Board approved enhancements to the established ESG metrics in the key performance indicators used in determining the short-term incentives (STI) and long-term incentives (LTI) for members of the management team (6).

Details of what the Group has achieved through its focus on climate change mitigation – in terms of expanding its use of renewable energy, improving energy efficiencies, increased recycling, and our efforts to raise environmental awareness – are provided in the Environmental stewardship (7) section of this report and our Sustainability Report, which is available on our website (8).

3 Strategy, page 17
4 Training and development of unemployed youth, page 69
5 Low-price promise including R5.00 loaf, page 03
6 Remuneration, page 79
7 Environmental stewardship, page 74
8 www.shopriteholdings.co.za/sustainability.html

Chairman's letter continued

Governance

During the reporting period, we largely completed the process of reviewing the composition of the Shoprite Group's Board to introduce additional skills and to improve our succession planning and any future appointments to the Board will be considered as and when required in the normal course of business. Our current succession plan addresses the departure of four long-standing members of the Board with effect from the Company's next Annual General Meeting.

We welcomed five new Directors to our Board who bring with them a diverse range of skills. They are Eileen Wilton (information technology and digital); Peter Cooper (finance, mergers and acquisitions, and remuneration); Graham Dempster (finance and mergers and acquisitions); Dawn Marole (social and ethics, and governance) and Paul Norman (human resources and corporate affairs).

Linda de Beer, who joined our Board in FY 2021 was appointed Audit and Risk Committee (ARC) Chairman during the year under review. In addition, we have identified future new positions: Peter Cooper, who becomes Remuneration Committee (RemCo) Chairman and Nonkululeko Gobodo who will serve as Lead Independent Director and Social and Ethics Committee (SEC) Chairman.

Subsequent to my appointment as Board Chairman, we established a Finance and Investment Committee (InvestCo) to provide the specific focus required for annual budget reviews, capital allocation and investment-related (M&A) decisions. The InvestCo, chaired by Dr Christo Wiese, focused on the authorisation of a medium-term share-buyback programme; the approval of the acquisition of selected Massmart retail and wholesale businesses and the President Hyper brand; the formation of a joint-venture with RTT; and establishment of the Group's evergreen B-BBEE employee benefit trust.

The Board's focus during FY 2022 included risk management 9, that resulted in the strengthening of the Group's risk reporting and determination processes to address the increasing levels of risk in our environment; and remuneration 10, which we identified as an area requiring further attention. The RemCo engaged extensively with shareholders regarding the Group's remuneration policies, the outcome of which has guided improvements to our remuneration policy.

Looking ahead

The combined impact of Russia's invasion of Ukraine, a looming recession in the United States and with Covid-19 still a factor to varying degrees in different global geographies, the global backdrop is not supportive of growth. While much of this has been factored into the outlook, rising inflation across the world keeps risk to the downside. However, on the upside, the world has emerged from a series of traumatic years; countries and companies are, in many instances, stronger and more agile than they were in the past.

South Africa's citizens face continued increases in food, electricity and fuel prices, against a backdrop of ongoing power supply issues. This will undoubtedly continue to weigh on South Africa's economy which, while currently not tabling a recession, points to lacklustre low single-digit gross domestic product (GDP) growth. This is simply insufficient to move the dial for the millions of South Africans (both employed and unemployed) deserving the opportunities that manifest in a better life. The reality overall in the short to medium term points to increasingly pressured consumers, across the board, but specifically in the mid-to-lower segment.

In this context, the Group's focus will remain firmly on its customers, who first and foremost shop with us for value. We will continue to strive to make a meaningful positive difference to our environmental and social impact. Specifically, we will concentrate on small, medium and micro enterprises (SMME) as part of the Group's recently launched Shoprite Next Capital initiative.

In conclusion

In a year, not too dissimilar to the preceding few years defined by the complexities of operating with Covid-19, the Board was privy to the positive way this business operates day to day, as well as in challenging and unexpected circumstances, which are increasingly frequent.

I thank Pieter Engelbrecht for his leadership and his Executive and management teams for their execution and commitment. Similarly, my sincere gratitude is extended to our employees. Your loyalty to the business and service to our customers is greatly appreciated.

To our shareholders and suppliers, thank you for your continued support throughout what was a difficult year, but one in which, once again, the true fibre of this business shone through.

My appreciation goes to all our Board members for their role in guiding the company through a challenging year. As mentioned, a number of our long-standing Directors notified us of their intention to leave us with effect from our next Annual General Meeting on 14 November 2022: Dr Anna Mokgokong, who joined the Board in 2012 and has served both as the Chairman of the SEC since 2018 and Lead Independent Director since 2019; Johan Basson, who joined the Board in 2012 and was Chairman of the ARC from 2015 to 2021; Joseph Rock, who joined the Board in 2012 and has been Chairman of our RemCo since 2019; and Ram Harisunker, who was appointed to the Board in 2002 having joined the Checkers Group in 1969 at the age of 17 and has served the Group in various operational management and executive roles during a remarkable retail career of 53 years. Thank you for your commitment and for the value you have added throughout your tenure as Board members, which has covered some particularly difficult years.

And finally, to our customers who continue to support us in recognition of our efforts to be the best retailer in the markets where we operate, thank you. It is a privilege to serve you and to meet your varied needs. I have every faith that we shall continue to execute on this – and improve while doing so – for many years to come.

Wendy Lucas-Bull
Chairman

22 September 2022

Shoprite Somerset Crossing, Strand, Western Cape

9 Risk governance, page 28
10 Remuneration, page 79

Chief Executive Officer's Review

2022 was a watershed year for our Group as we experienced highs and lows like never before. The lows were a function of our external environment while the highs were made possible by the unsurpassed teamwork and execution strength that have become synonymous with this great company, Shoprite. With the recognition of our people in mind, we are pleased to have finalised the establishment of the Shoprite Employee Trust this year. It is my hope that this trust will serve, over time, to meaningfully impact the lives of our employees in recognition of their commitment and service to our customers and the Group as a whole.

Our inimitable Group culture

The year in review was a tumultuous one, beginning with the devastating social unrest that significantly impacted our store operations in KwaZulu-Natal and Gauteng. Over 200 stores were directly affected, with many more within the impacted areas closed temporarily for precautionary reasons.

As a business it is not our nature to grab the limelight, ever, and especially not during a crisis. However, with respect to this specific period, I must acknowledge the out-the-box thinking, seamless execution and teamwork demonstrated by our teams in the areas of loss prevention, risk management, health and safety, supply chain and logistics, properties, information technology (IT), human resources and store operations. Expertly led on all fronts, I cannot imagine where we would have ended up but for their dedication. The way everybody pulled together to protect our operations and, in so doing, assist the broader business to maintain food security – not only in KwaZulu-Natal and Gauteng, but throughout South Africa as a whole – was unparalleled. Across the board, from our supply chain to stores and everyone in between, my heartfelt thanks go out to the amazing people of Shoprite whose selfless commitment protected our operations and rebuilt our business, literally from the ground up, in many instances in a matter of days. This enabled us to meet the needs of our customers who, overnight, found themselves in desperate circumstances.

The impact of this social unrest on many of South Africa's industries, manufacturers and retailers was debilitating. With time, one might lose sight of how, the good people of South Africa – particularly in KwaZulu-Natal – gave of themselves and worked together to get the nation back on its feet.
As an industry, food retail has faced considerable headwinds over the past few years and all credit to the people and companies who, alongside us, pushed through and at a high standard. I am very proud of how, as a collective, we maintained access and availability in circumstances that,

> “Shoprite's core RSA Supermarkets business, generating 80.0% of sales and 91.2% of profits this year is corporate owned and operated.

some years ago, would have seemed unimaginable but today from the sidelines can easily be underestimated as commonplace.

It is true, of course, what they say about difficult years being the best teachers. We went into the pandemic a capable, resilient organisation and what more we could have learnt in terms of a step change in execution and solution-driven thinking could only have come at scale and with immediacy, from a crisis. We have carried many of our learnings into our day-to-day operations and include them in our future plans. They continue to serve us well, in an increasingly competitive market.

Our Group structure

Shoprite's core RSA Supermarkets business, generating 80.0% of sales and 91.2% of profits this year is corporate owned and operated.
As a result, our base of 1 820 stores represented by Shoprite, Usave, Checkers, Checkers Hyper, Shoprite and Checkers LiquorShop – alongside some recently established greenfield brands – are all owned and managed, end to end by the Group. They are not franchised. This is by design, so we can meet the needs of our considerable customer base, which now spans the entire South African consumer landscape.

While our supermarket banners have their focused management teams and execute on their own plans, they share a world-class support infrastructure including but not limited to supply chain, buying, HR, marketing, finance, IT, properties, health and safety, sustainability and communications and, more recently, digital and customer expertise with the establishment of our tech hub ShopriteX. These are all best-in-class specialist teams that prove their value daily but

Nwabisa Nyelenzi, Percival Phakathi, Shanay Petersen and Isabel Theron are beneficiaries of Shoprite bursaries that provide financial assistance towards tuition and on-campus accommodation, and are linked to work-back agreements, ensuring job opportunities upon graduation.

Chief Executive Officer's Review continued

House & Home Fourways Mall, Johannesburg, Gauteng

> Across the business, in all our supermarket banners, private label remains an important and exciting component of our customer offer. We aim to complement existing product ranges with unique and innovative products that facilitate category growth and not just more of the same.

notably, and more recently, in times of crisis. This allows us, even in the most difficult circumstances, to navigate the challenges while not losing sight of our customers, people, operational execution and strategic objectives.

Our customer-centric Group strategy

We are first and foremost authentically customer centric, guided by low prices and range in Shoprite and choice, extended fresh offer and value in Checkers. Coupled with this is our desire to improve our customers' experience across all our brands and, in this regard, our strategic road map is completely aligned with our purpose; to uplift lives every day by pioneering access to the most affordable goods and services, creating economic opportunity and protecting our planet.

We are four years into our strategic implementation plan, which tabled several game-changing and, for a time, disruptive initiatives. While the strategy was quite broad and far-reaching, for the most part, the position of strength we find ourselves in today is a result of two transformational decisions. These are to re-platform the business from an IT perspective and, as mentioned earlier, to restructure our Supermarkets RSA business to establish clear identities with separate growth paths for our Shoprite and Checkers supermarket chains.

Following on from the implementation of these strategies, we were able to build on our position and execute several game-changing initiatives including but not limited to our incredibly successful Xtra Savings rewards programme (to date 24.7 million members) and our market-leading on-demand one-hour delivery solution Checkers Sixty60. Significant in terms of our overall strategy was the decision we took to consolidate our African footprint. The end goal was a smaller, more manageable, self-sustaining operation that should improve its returns over time.

In line with the past few years, the Group's growth in 2022 remained underpinned by our core Supermarkets RSA segment evidenced by sales growth of 10.1% and trading profit growth of 7.0%. Our coverage of the entire South African consumer spectrum hedges our customer segment exposure. Shoprite and Usave dovetail to offer our core mid-to-lower segment customer value, range and accessibility while Checkers and Checkers Hyper continue to make inroads into the mid-to-upper segment of the market as they constantly innovate and democratise premium retail and convenience. Alleviating time and cost pressures for our customers is a priority. This underpins many business decisions, such as expanding our reach of community-based Usave stores or building on our successful on-demand grocery delivery solution Checkers Sixty60.

The richness of the transactional data from our Xtra Savings rewards programme and a modernised IT platform unlocked tremendous value. Customer data now informs and validates most of our decisions across a wide spectrum of touchpoints. We are increasingly competing for 'share of stomach' versus our retail, restaurant and home delivery peers. This year, we executed on broadening this scope to compete for more 'share of wallet' by way of organic and Greenfield initiatives that extend to premium pet, baby, and wellness – including our first stand-alone pharmacy – adding to our other recently launched adjacencies in financial services and digital media.

We use an ecosystem framework 1 to assess our pursuit of adjacent opportunities noting that they all leverage what remains our key focus, our core supermarket business. Included in these opportunities are partnerships that leverage the Group's existing business and improve our customers' experience. Through mutually beneficial product partnerships with the best-in-class brands, we are providing more choices for customers. In the process, we are developing our partnership learnings.

Across the business, in all our supermarket banners, private label remains an important and exciting component of our customer offer. We aim to complement existing product ranges with unique and innovative products that facilitate category growth and not just more of the same. As a result, it increasingly serves our customers' changing needs and contributes meaningfully to sales in many categories across our supermarket operations. We have established leadership positions by differentiating our products on value, quality

1 Our platform advantage, page 19

Chief Executive Officer's Review continued

and choice, evidenced by 1 285 new products launched this year (2). Overall private label participation measured 18.8%, up from 18.3% in 2021.

It has been a noteworthy and commendable year for our supply chain team not just from an operational and execution perspective, but in terms of long-range planning. Following an extensive review to ensure we have the necessary capacity and agility to support the business' growth for at least the next decade, we have approved an updated medium-term supply chain strategy. Although confidential to our operations, it balances factors such as growth, agility, risk management and sustainability.

Continuous development and innovation are pursuits that keep us aligned and motivated as we execute our organic growth strategy, which still incorporates significant bricks-and-mortar-based new store growth and store refurbishments. In recent years, we distilled our view that our biggest opportunity is in the market we know best and where we have scale advantage: our home market, South Africa. With our Supermarkets Non-RSA segment pared down and self-funding, we are focused on growing and refurbing stores in South Africa; continuing our investing in IT, digital and supply chain; returning cash to shareholders via dividends; pursuing acquisition opportunities where appropriate and buying back our shares.

Our merger and acquisition activities this year ticked several boxes across a number of areas, all different but all relevant. We formed a joint venture company, Pingo, with Checkers Sixty60's on-demand logistics partner RTT; we acquired the President Hyper brand for our OK Franchise division; and we devoted considerable time to the pending acquisition of certain Massmart wholesale and retail assets[1] (announced August 2021), which we expect to be approved during the first half of our 2023 financial year. These assets should contribute the equivalent of a year or two's organic growth to our Shoprite banner in a region where we are not well represented. Furthermore, our commitment to absorb the more than 6 000 employees currently employed in these operations, aligns with our pro-job creation and preservation standpoint. Overall, we have evolved in terms of getting the balance right on several fronts but especially in terms of capital allocation and returns.

Outside of these, we continue to assess acquisition opportunities in our home market South Africa given, i) we understand what we can leverage and monetise in terms of our customer and store base and, ii) we have the financial capacity as we have relatively low levels of borrowings and generate significant cash every year. That being said, we are acutely aware of the demands integrations and large-scale projects place on our people. We have learnt about the need for the business to successfully implement and mature projects to derive their full value and achieve their projected returns. We have paid the price of significant projects taken on simultaneously before and although they were necessary to get to where we are today, it was less than ideal in terms of their impact on our overall returns. As a result we now take an increasingly measured approach to balancing and planning our investment cycle. This is all part of our maturity as a business and it's pleasing that even though we are a successful and profitable organisation, we still learn as we go and can do better.

Our segmental performance

The Group's 10.0% growth in 2022 diluted headline earnings per share (HEPS) growth was a strong performance especially given we are reporting against a 2021 year that included an extra week's trade. In terms of key metrics and detail on our financials, please refer to our Financial review (3). Full year dividend per share to our shareholders increased by 10.3% to 600 cents (FY 2021: 544).

Our core Supermarkets RSA segment represents 80.0% of Group sales and 91.2% of Group trading profit. Sales growth of 10.1% from a high base and in a challenging highly promotional food retail market was commendable. The business worked tirelessly to contain food price hikes, evidenced by selling price inflation of 3.9%.

Shoprite and Usave grew sales by 7.2%, continuing to meet the needs of our primary customer base, grappling with rising living costs driven by increasing food inflation and fuel costs.

Our more premium brands, Checkers and Checkers Hyper demonstrated exponential market share gains of more affluent customers evidenced by market-leading sales growth of 9.1%. The Checkers brand's value positioning and store upgrade strategy continued to deliver superior growth relative to peers, supported by the sustained and growing contribution from our world-class on-demand one-hour grocery delivery app Checkers Sixty60.

"Our more premium brands, Checkers and Checkers Hyper demonstrated exponential market share gains of more affluent customers evidenced by market-leading sales growth of 9.1%.

Checkers Drakenstein, Paarl, Western Cape

1 *Cambridge Food, Rhino Cash and Carry, adjacent liquor stores, Fruitspot, Massfresh Meat and Masscash Cash and Carry.*

2 Performance against strategy, page 18
3 Financial review, page 45

Chief Executive Officer's Review continued

Shoprite Somerset Crossing, Strand, Western Cape


OK MiniMark, Meyerton, Gauteng

Our Shoprite and Checkers LiquorShop operations increased sales by 44.5% this year. While underlying demand in the business remains strong, sales growth was assisted by the fewer number of days it was required to close as a result of Covid-19 lockdown regulations versus the prior year as well as by our successful launch of Liquorshop.co.za during the period. LiquorShop represents a significant 7.2% of Supermarkets RSA's sales. This year, we opened 42 new stores bringing our total to 570 stores. Our store opening roadmap over the medium term is robust.

Overall, our core South African segment's sales growth has been consistently ahead of the market for the past three years, having added R16.0 billion in sales over this period and grown share, per Nielsen, by 1.3%. Customer advocacy remained strong. Our customers remain supportive of all our supermarket brands, a resounding acknowledgement of our relentless focus on affordability in a challenging context given that most experienced reduced disposable income, albeit from higher food prices as a result of rising food inflation, climbing interest rates, and soaring petrol and transport costs.

Our Xtra Savings rewards programme, spanning both Shoprite and Checkers, played an integral role in terms of sustaining market-leading sales growth thanks to its world-class execution of promotions and personalised offers. The percentage of sales linked to Xtra Savings card swipes far exceeds global best practice. Overall, the savings this programme has, both for our customers and the value it has created for our business, surpassed our expectations. This we owe to the commitment from our teams whose passion and authenticity about why we do this – to bring our customers the very best value and prices – is unmatched. In total since inception in 2019, Xtra Savings has saved our customers R15.5 billion and in this past year alone, R9.4 billion.

Our Supermarkets Non-RSA consolidation strategy is nearing completion, with the business now represented in 10 African countries outside of RSA. We reported an improved performance with sales and trading profit increasing by 10.4% and 43.0% respectively. In the years to follow, we expect our operating model will evolve to reflect our view that the region is not a unified dollar-based economy that yields premium margins, but a diverse continent with unique opportunities and challenges. We acknowledge our returns from the region are still not where they should be and we continue to apply our years of experience, knowledge of financial systems, efficient supply chain, logistics capabilities and platform advantage to the pursuit of improving them over the medium term.

> "Our Xtra Savings rewards programme, spanning both Shoprite and Checkers, played an integral role in terms of sustaining market-leading sales growth thanks to its world-class execution of promotions and personalised offers.

Our Furniture segment is made up of House and Home and OK Furniture. Following a challenging first half period where sales declined with the social unrest and reporting against a high base, sales recovered significantly in the second half of the year. The business contributed R211 million in trading profit to the Group. We assisted by improving systems and, more recently, increasing the credit participation to 13.4% of sales. Longer term, we believe appliances and furniture will fit in the Group's e-commerce road map.

Our Other operating segments consistently perform well. The OK Franchise division succeeded in navigating Covid-19 and the social unrest, drawing support from the Group where needed. The OK Franchise business is continually benefiting from greater integration with the Group allowing our franchisees insight and learning from our core business, ecosystem and supply chain while retaining their independence. In terms of our other businesses in this segment, Medirite pharmacies and our pharmaceutical wholesaler Transpharm constantly improve their profitability. We are increasingly interested in the health and wellness category and, as such, these categories are receiving attention from us. Checkers Food Services (CFS) performed better and its business-to-consumer offering has met the needs of the catering and hospitality industries, which have emerged from pandemic-related lockdowns. Computicket continues to perform; the online and call centre ticketing agent assists customers to send money and food vouchers, as well as book event tickets.

Our Group's remarkable people

The Shoprite Group is the largest employer in South Africa outside of government. We acknowledge the responsibility in this but more so the opportunity it brings to so many people with the desire to work and live a better life. South Africa's unemployment situation is chronic and must be addressed by every person and company that has the means and wherewithal to do so. Employment brings dignity and opportunity and long may we be in the business of adding to our base of employed people each year.

As part of our people strategy, we have worked to acknowledge the significant role each employee plays and, in doing so, we are pleased to have completed the establishment of an evergreen B-BBEE Shoprite Employee Trust, which will pay qualifying employees a distribution per unit allocated aligned with the dividend declared to our Group shareholders. In addition, we have authorised an increase to our internal minimum wage to above the prescribed sectoral minimum, with a focus on our cashiers.

First and foremost, we aim to improve the lives of our people and hope this financial acknowledgement translates to them being happy at work and aligned with the goals of our business as it applies to their specific area of control. Furthermore, we hope it will have a positive impact on staff retention. This is increasingly important to us given that we spend a considerable sum on training and personal development every year. Retail by its very nature has an inevitable degree of staff turnover and we strive to positively impact the consumer experience by improving our retention rates.

Our Group's commitment to communities and the environment

We strive to monitor and manage the impact our Group has on all stakeholders, including customers, employees, suppliers, regulators, unions, communities and the environment. Through our business actions and sustainability initiatives – directly and indirectly – throughout our value chain and across all our service providers, manufacturers, suppliers, merchandisers and contractors, we can meaningfully impact the circular economy the business creates and sustains.

Usave Riebeeck West, Western Cape

Africa has lagged in addressing sustainability given the social imperatives that require priority. However, it has been on my agenda for several years and as a result of now having the right people in place, the business is undertaking a significant transition in terms of ESG. We have implemented a strategy to benefit both the Group and the environment over the long term and aspects of ESG performance have been incorporated into LTIs for management to entrench our sustainability vision and commitment. We intend to further embed sustainability on a business unit level, for example, through our engagement with lenders for the issuance of sustainability-linked loans. I am proud of the step-change we have seen in our actions and the level of commitment filtering through to operational level. Our Sustainability Report provides more detail on our activities, and I invite you to engage with it for a better understanding of our journey.

As we innovated within the business, we specifically identified opportunities to improve our business practices in lieu of efficiencies, environmental impact, consumer expectation, longevity of projects and a higher order of responsibility. Our 'Better for our planet' sustainability campaign demonstrates our commitment to sustainability and our leadership on the topic.

Our corporate social investment focus is on food security and being the first to respond in times of need. We are known for our assistance, and our Mobile Soup Kitchens and eKasi truck stores were immediately deployed when the social unrest prevented people from buying food or they experienced losses during the floods. The Act for Change Fund is an important way for us to enable further contribution through customer donations and responsibly channelling funds to where it is most needed.

Small and medium enterprises (SMME) are incremental drivers of growth, job creation and innovation and their development is an important component of economic growth. In recognition of this and the role the Group can play to support SMMEs, we have established a formal division within the Group, Shoprite Next Capital, launched in June this year. As part of this initiative, Shoprite will provide dedicated buyer support with specific knowledge of our SMME supplier needs to assist them to achieve their goals including but not limited to gradual scalability.

READ MORE ABOUT OUR INITIATIVES

LAUNCH OF BETTER FOR OUR PLANET – DRIVING AWARENESS AND CREATING A DIALOGUE AROUND SUSTAINABILITY
Read more: Sustainability Report, page 30

PLANET BAG AND TARGETS ON RECYCLED MATERIALS IN STORES
Read more: Sustainability Report, page 50

IMPACT STUDY ON BIODIVERSITY
Read more: Sustainability Report, page 59

INCREASED CAPACITY OF RENEWABLE ENERGY
Read more: Sustainability Report, page 47

SCIENCE-BASED TARGET TO REDUCE CARBON FOOTPRINT
Read more: Sustainability Report, page 46

Chief Executive Officer's Review continued

In closing and with my sincere thanks

Despite the ups and downs 2022 presented us, there was consistency throughout in terms of my privilege to lead the business and its many teams that go forth and expertly execute our plans each day. Although we are a big and capable company, I believe I am right in saying we remain authentic and are singularly guided by the needs of our customers who we hold in the utmost regard. We are humbled by their choice to spend, in many instances, so much of what they have in our stores. I thank them sincerely for their custom and trust in our brands.

Our employees are undoubtedly the heroes in our story this year as has been the case for the past few years given their front-line worker responsibilities with Covid-19. My sincere thanks, again, to each of you for your service to our business and our customers.

To my loyal and capable Executive and divisional management teams, thank you for your service and dedication to the business, our customers and our people. I feel fortunate to be accompanied by the collective experience, expertise, resilience and commitment that you bring to the business.

With reference to my privilege to work with great people, my heartfelt thanks to two heads of divisions retiring this year after a lifetime of service with the Group. Gerhard Fritz began as a casual cashier at Shoprite Roodepoort during his studies. This year, he retires from the position of Chief Operating Officer (COO) of our Supermarkets Non-RSA segment, a position he has held for the past five years. Gerhard and I have travelled together more miles than I can count, since his appointment as divisional manager for Zambia in 1999 and operations manager for Non-RSA in 2002, establishing businesses in countries and regions that had never seen or heard of a supermarket. To say these were difficult years – away from families and requiring enormous resilience – is an understatement. Big G, thank you for your dedication to the business and the people in your team who, like you, work exceptionally hard in often very unforgiving circumstances. Your humour, humility and the camaraderie you established with thousands of people operating across many countries will be sorely missed. I wish you the best life possible from here. You have certainly earned it.

Similarly, my sincere thanks to the general manager of our franchise division Mauritz Alberts, who is retiring this year, too. Since joining Shoprite in 1987, Mauritz has held various positions within both Shoprite and Checkers in South Africa and played a significant role in establishing our operations in Africa. More recently, from 2014, Mauritz applied his expertise to our OK Franchise business, which is undoubtedly better for his experience and solution driven approach in assisting our franchisees and their base of more than 500 stores. Another example of a lifetime of dedication, travelling the miles and building up our operations and our people in an exemplary manner. I am indebted to you Mauritz and wish you the very best.

This year was another where we relied on our Board and our Chairman, Wendy Lucas-Bull, for the important and necessary role they play in terms of governance and oversight of our operations, execution and future direction. We are most appreciative of the Board for its commitment and expertise throughout 2022 and look forward to navigating 2023 and the opportunities it brings.

Our immediate environment and the world in which we operate are in a state of flux. The devastating war in Ukraine is causing a ripple effect that is already materialising in South Africa in the form of a cascading scenario of climbing fuel and food prices and higher interest rates. Although we have not experienced high inflation for some time, we are certainly no stranger to it. By design, our core business is positioned in defensive retail categories, to be the first choice for consumers seeking value and the lowest prices. We will remain steadfastly committed to this while executing our medium-term strategy; in our view, it is among the best practice globally and certainly market leading in South Africa. These are exciting times for Shoprite as we extend our reach on all fronts. I look forward to updating you on our progress throughout the years ahead.

I remain, proudly Shoprite.

Pieter Engelbrecht
Chief Executive Officer

22 September 2022

Our employees are undoubtedly the heroes in our story this year as has been the case for the past few years given their front-line worker responsibilities with Covid-19. My sincere thanks, again, to each of you for your service to our business and our customers.

OKFD GM Mauritz Alberts (left) and COO for Non-RSA Gerhard Fritz (right) are retiring this year after delivering 35 and 40 years of loyal service to the Group respectively. They received their Long Service certificates from CEO Pieter Engelbrecht.

The strategy driving our business

Performance review, page 44

As a result of the successful implementation of a number of key strategic decisions taken some years ago, the Group is operationally, structurally and financially much stronger today. By leveraging our leadership position in South African food retail and investing in digital transformation initiatives, we unlocked additional ecosystem opportunities and have made our business future fit.

We believe that by remaining focused on optimising our business in its core South African market and investing in ecosystem adjacencies that are of value to our customers, we will unlock significant opportunities to grow our business and carve out complementary revenue opportunities in the future.

Our three strategic pillars – A Smarter Shoprite, Closing the gap in key segments and Winning in the long term – are underpinned by nine strategic drivers that provide our framework for growth while ensuring the business remains relevant within our operating context and from a best-in-class global retail perspective[1].

Platform advantage, page 19

1 KIV: 4

A SMARTER SHOPRITE

Smarter decisions. Fewer mistakes. Optimised for customers.

A truly customer-first culture

Customer-centric decision-making is driving our leadership in retail. It keeps us focused on what our customers want in our core business activities. Customer data powers decision-making at all levels of the organisation and drives continuous improvement.

Develop future-fit channels

Our expanded store penetration and leading brand portfolio caters to a wide range of customer needs and, together with our accelerated digital commerce platforms, forms a strong foundation for more seamless omnichannel customer experiences. Our ongoing investment in digital and closer-to-home store formats ensure we win the race for space and reach.

Enable precision retailing

The Group now has a single system of record, and investments into advanced analytics through our digital transformation journey enables rapid smart action in a fast-changing environment. Customer insight is improving our business processes and helping our supplier partners improve our products and services to benefit our customers more rapidly than ever before.

Achieved 75%
share of grocery delivery market since launching from eight stores in November 2019. Deliveries are fulfilled from 300 stores and the record held for the fastest delivery is six minutes, which was achieved by our Checkers LiquorShop Virginia Circle store in Durban, KwaZulu-Natal.

CLOSING THE GAP IN KEY SEGMENTS

We focus on closing the opportunity gaps in areas where we have headroom for revenue growth.

Trusted, profitable private labels

Our scale allows us to build a meaningful private-label brand portfolio and supply chain. We develop and distribute products more efficiently, offering unrivalled choice and affordability, creating win-win partnerships with suppliers. We have established leadership positions in both our value and premium tier private-label brands. Through our product innovation capability we are able to develop new, fresh, convenience foods to serve our customers' changing needs.

Grow share in premium and fresh food

Higher-income customers are increasingly looking for value without compromising on quality and freshness. We are serving this market segment in South Africa through an accelerated offering in premium, convenience and fresh food. Meaningful gains in customers' share-of-wallet have been made and in-store food theatre is now a key differentiator for Checkers, while retaining our industry-leading value position.

A stronger franchise offering

Our franchise brands offer entrepreneurs in South Africa and neighbouring countries access to a franchise proposition, which leverages the Group's buying power and supply chain capabilities, while giving their customers a more relevant shopping experience.

Launched
1 285 new products
across all our private labels (FY 2021: 717 new products), and five new formats (store and channels) that supported the increase in our Group market share to 18.8%.

WINNING IN THE LONG TERM

Technology will amplify our ability to continue providing operational excellence and outstanding customer experiences.

Unlock alternative revenue

Our platform of 24.7 million engaged customers in South Africa (FY 2021: 20.3 million) – combined with investment in digital commerce – gives us the opportunity to unlock alternative revenue in the digital and services space. Customer data powers the design of products that customers love and allows us to make better, more affordable options available to customers through new adjacent verticals. In addition, it creates opportunities in retail media through Rainmaker and Financial Services.

Future-fit talent

Emerging retail technology trends and rapidly changing consumer expectations require talent that is skilled in new digital technologies. Experienced data and technology talent is in high demand and we have made great inroads into new and agile ways of working to ensure we achieve fit-for-the-times outcomes. Our retail teams are at the centre of a changing in-store customer environment and are equipped for the demands of new retail.

Leverage platform advantage

Our vast customer, store and digital presence enables us to offer customers access to a wide range of relevant products and services in a seamless manner at any time and from anywhere. Leveraging our platform allows us to commercialise our various physical, digital and customer assets to create more value through partnerships and new services for customers. Through this approach we aim to empower best-in-class partners to co-create value for our customers across the ecosystem on the back of our core supermarket scale advantage.

Petshop Science offers a wide range of pet products and expert advice to a growing pet owners' market, especially among the millennial generation. In 2022, we had over 25 500 individual customers shopping within Petshop Science, of which 41.0% are new pet shoppers to the Group. The average Petshop Science customer basket value is three times higher than the average supermarket pet shopper and contains only pet category items.

Performance against strategy

"Our multi-year strategic transformation journey has delivered 40 months of consecutive market share gains while closing gaps we had identified in key segments. The initiatives underpinning our commitment to unlock alternative revenue streams are beginning to reflect positively on our returns and profitability.

Pieter Engelbrecht
Chief Executive Officer

Like-for-like market growth for 40 consecutive months

2017–2018

Re-platform

The first step in implementing our strategy was to make a significant investment into an integrated enterprise resource planning system.

This resulted in a single system of record, making it possible for us to collect and analyse detailed data on each item and transaction. This depth of information has provided us with much improved data-led decision-making in key areas of the business such as managing margin, waste and shrinkage.

We focused on fresh food innovation, enhancing our customer experience with in-store theatre and launched Checkers FreshX, which targeted a more affluent customer. We expanded our private label offering by introducing customer-focused private labels in the premium, fresh and convenience categories.

WHAT WE ACHIEVED BY FY 2018:

- Invested R3 billion in the enterprise resource planning system.
- Launched the Checkers FreshX concept, and converted 13 stores to the new-look format.
- Developed 104 fresh and convenience lines and increased private label participation to 16.2%.
- Expanded our distribution capacity.
- Consolidated our franchise brands and centralised distribution.

2019–2020

Transform

During the digital transformation phase, we shifted from store expansion (2003–2013) to precision retailing.

As the importance of data became more pronounced, we invested in our digital transformation journey to ultimately deliver on an omnichannel experience for our customers.

We launched our Xtra Savings rewards programme in Checkers and pioneered the Sixty60 one-hour grocery delivery service.

In addition, we targeted growth headroom in categories like liquor, more premium private labels and an accelerated rollout of Checkers FreshX, further closing the opportunity gap in key segments.

WHAT WE ACHIEVED BY FY 2020:

- 4.7 million customers signed up by year end following the launch of the Xtra Savings rewards programme.
- Launched Checkers Sixty60, South Africa's first on-demand grocery delivery service: 1.3 million app downloads.
- Opened 523 LiquorShop stores.
- Introduced online liquor delivery through www.liquorshop.co.za.
- Launched 198 convenience food and 828 new private label lines.
- Improved fresh distribution capability.
- Unlocked supply chain efficiencies.
- Optimised inventory levels.

2020–2021

Optimise

A Smarter Shoprite emerged, showing unrivalled operational agility and resilience.

During a time of considerable turmoil through the Covid-19 pandemic, we remained committed to our price leadership and affordability obsession.

Our physical store footprint evolved into smaller, closer-to-home formats.

Xtra Savings launched into the Shoprite brand, unlocking alternative revenue opportunities, with 20 million shoppers signing up in the first year. In addition, we expanded our financial services offering, entered the retail media space with Rainmaker Media and established our Agile Digital innovation hub, Shoprite^X, to drive innovation and improve personalisation for customers.

Improving the balance sheet was a priority. We consolidated our Non-RSA operations and unlocked capital through the sale and lease-back of our distribution centres and vehicle fleet.

WHAT WE ACHIEVED BY FY 2021:

- Maintained 3.8% internal selling price inflation rate.
- 20.3 million Xtra Savings members.
- Created an employer brand relevant to future-fit digital talent.
- R1.4 billion unlocked with the sale of non-strategic properties and commercial vehicle fleet.
- Reduced debt by 6.5%.

2022–2023

Amplify

Positioned to amplify our platform advantage with unrivalled customer scale, store footprint and data.

We continue to work on creating a Smarter Shoprite and using our leadership position as a 'Force for Good'.

We are further embracing digital opportunities and enhancing our operational capabilities. While we believe we can still achieve organic growth in our core markets, we will continue to close the gap in the growth segments in which we are under-represented, especially in the premium segment and adjacent product categories, like pet, baby and wellness.

Win-win partnerships with established and loved brands will continue to enhance our offering to customers.

We have a clear capital allocation framework in place, guiding future investments and aligned to our ecosystem strategy.

WHAT WE ACHIEVED BY FY 2022 AND OUR FUTURE FOCUS:

- Launched Petshop Science, with 22 stores at year end, 19 planned for 2023.
- Launched Little Me, ended the year with one store at year end, 10 planned for 2023.
- Launched two Medirite Plus stand-alone stores, four planned for 2023.
- Launched three Checkers Foods stores, with plans for further stores underway.
- Extending our physical customer reach by adding a number of stores through the Cambridge Food and Massfresh businesses and Masscash Cash & Carry assets, on approval of the acquisition by the Competition Tribunal.
- Continued investment in support of our social and environmental programmes.
- SA's No.1 grocery delivery offering.
- SA's No.1 rewards programme.

Our platform advantage

Platform thinking is how we leverage our scale, network and data to create value for our customers and unlock new revenue for the Group.

> Using the scale of the Group's core supermarket business, we provide seamless engagement across physical and digital channels to millions of customers every day. The platform creates new business and growth opportunities.
>
> Constant product and service innovation aimed at making shopping and saving more effortless for consumers has resulted in record, multi-year market share gains.

Neil Schreuder
Chief of Strategy and Innovation

CORE GROCERY RETAIL

Our strength builds upon our core grocery brands, leading customer experience, large customer base, physical footprint, operational excellence and supply chain expertise. We are customer obsessed and utilise data to better understand what customers want. We remain steadfastly focused on affordability in tight economic times and reinvesting the benefits of our scale economies in even better value for our customers.

Performance review, page 44

Our ecosystem of value for customers

CUSTOMER REWARDS

The Group's Xtra Savings rewards programme is the largest supermarket rewards programme in South Africa with 24.7 million members (FY 2021: 20.3 million). The programme gives customers instant savings on thousands of grocery products every day. Customer data at scale unlocks many growth opportunities that allow us to lower prices and grow revenue.

OTHER ADJACENCIES

The Group is uniquely positioned to provide customers with affordable access to a wide selection of products and services, anytime and anywhere. Adjacent categories linked to the core supermarket business are complementary to our business operations and customers. Our foothold lies within offerings that are a natural extension of our in-store and online ranges, as well as stand-alone opportunities based on current customer needs and retail trends.

PRODUCT PARTNERSHIPS

Win-win product partnerships provide our customers with expanded choice. These best-in-class product partnerships are our way of moving from a purely competitive mindset to a more collaborative one in segments where we can build a distinctive offering for our customers. We create win-win relationships with our partners, where they get access to the scale of our platform and customers, while we tap into other segments in which we do not have loyalty or expertise.

RETAIL MEDIA

Rainmaker Media is a complementary, alternative revenue stream to the core business. Leveraging our existing store and online channels and powered by rich customer data through Xtra Savings consumption data, it allows our brands to connect with customers through precision targeting and innovative advertising solutions. We monetise our digital and physical media assets by offering campaign management and measurable uplift for fast-moving consumer goods (FMCG) advertisers and other third parties, creating a customer-first flywheel of alternate revenue for the Group.

DIGITAL COMMERCE

Our vast store network provides an opportunity to fulfil online orders from stores at unrivalled speed. The advantage of proximity and immediacy means a lower cost to serve delivery than other players in the market. Our digital acceleration is focused on the 'race for reach' and building profitable omnichannel customer relationships.

DATA AND ANALYTICS

Our investment in smart data, advanced analytics and cloud technology has enabled rapid data-led decision-making across the business. It feeds into planning with our FMCG suppliers and enables better customer experiences. The continuous data loop drives down costs while putting value back into the ecosystem for the benefit of our customers and partners.

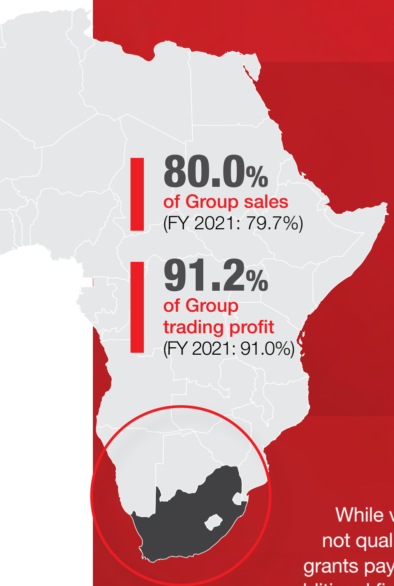
ONE-STOP-SHOP FOR VALUE-ADDED SERVICES

In-store financial and value-added services cater for all customer segments, but we are especially focused on those who have limited access to formal transactional banking or other payment platforms, or payment options. The Shoprite Group is building out access to low cost digital services to become a one-stop-shop for customers. Customers can conveniently pay bills, make money transfers, or buy cellphones, airtime and data, Lotto, concert and travel tickets, electricity and even funeral insurance both in-store and online.

Our operating environment

The impact of social unrest and natural disasters on an already challenging economic context resulted in 2022 being one of the more challenging years the Group has experienced.

SOUTH AFRICA



80.0% of Group sales (FY 2021: 79.7%)

91.2% of Group trading profit (FY 2021: 91.0%)

Structurally, the aftermath of the Covid-19 pandemic, unexpected social unrest in July 2021 and catastrophic floods in KwaZulu-Natal in April and May 2022 have all taken their toll against a backdrop of ongoing power cuts to protect the national grid.

While vulnerable unemployed consumers not qualifying for the government's social grants payments are continuing to receive additional financial relief from the Social Relief of Distress Grant, its payment in the latter part of our financial year was sporadic. Unemployment remains a significant challenge at 34.5% (Stats SA Q1 2022).

Disposable incomes are under increasing pressure owing to rising food and fuel prices and increasing interest rates.

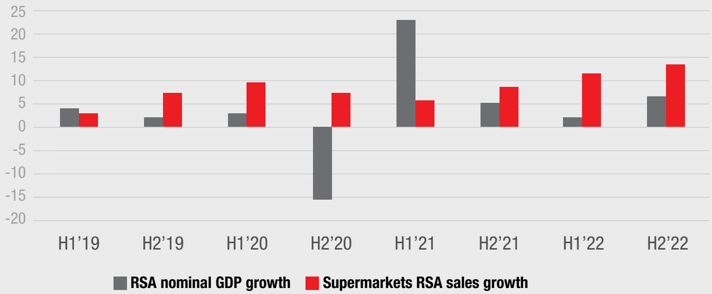
South Africa's GDP growth for 2022 is forecast to grow by 2.3% in 2022*. This follows on from 5.5% GDP growth in 2021, which was largely as a result of base effects created by Covid-19 lockdowns that resulted in GDP in 2020 declining by 6.4%.

* *Absa research forecast (28 July 2022).*

INDICATORS

RSA GDP vs Supermarkets RSA sales growth (%)

Quarterly comparative (four years)

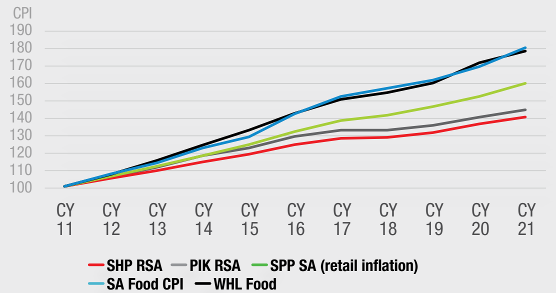


Comparing the sales growth for our two reporting periods (first half, second half) to that of nominal GDP growth, it is evident outside of the Covid-19 GDP decline and subsequent recovery that our RSA business has grown ahead of nominal GDP growth.

* *Source: Investec*

RSA retail food inflation – Shoprite versus rest of market

Based to 100*

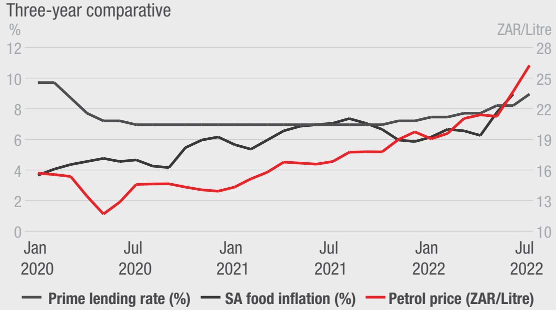


The Group is focused on keeping prices as low as possible and achieves this by buying at scale, managing promotions, operating a world-class supply chain and executing on our private label strategy.

* *Source: Citibank research*

RSA prime lending rate, petrol price and food inflation*

Three-year comparative



* *Source: Investec*

OUR RESPONSE IN FY 2022

- Continued to execute and deliver on our low-price leadership strategy across all our brands through in-store promotions, Xtra Savings and personalised offers.
- The Xtra Savings programme saved customers R9.4 billion (FY 2021: R5.3 billion).
- Introduced 1 285 new private label brands (FY 2021: 717).
- Integrated our award-winning Xtra Savings programme with our industry-leading Checkers Sixty60 on-demand grocery delivery service.
- Maintained our R5 loaf of bread (600g) in Shoprite – unchanged since April 2016.
- Extended our R5 meals range to include convenience meals.
- Maintained our R5 (pack of 8) sanitary pads, now in its second year.
- Introduced Shoprite's zero-fee Money Market account for customers transacting in our ecosystem, and a flat fee of R5 for cash withdrawals.
- Introduced virtual vouchers to help customers who wanted to support underprivileged people with food vouchers via bulk distribution or Money Market accounts.
- Served 5.3 million Mobile Soup Kitchen meals (FY 2021: 4.9 million) and donated 3 267 tonnes of surplus food to communities in which we operate (FY 2021: 3 025 tonnes).
- Created 2 993 new jobs (FY 2021: 3 897) with no retrenchments resulting from the pandemic.
- Enhanced the Group's ability to manage its own resources through an additional 31 552 MWh of electricity (FY 2021: 10 993 MWh) consumed from 62 solar PV installations and reduced our consumption of electricity generated using fossil fuels.
- Consistently built and aided communities by supporting 177 community food gardens (FY 2021: 146).
- Continued to serve 185 732 meals every day to vulnerable communities through our CSI programmes (FY 2021: 152 795 per day).
- Maintained our R35 delivery fee for Sixty60 on-demand deliveries, making it cheaper for customers to have their order delivered by Sixty60 than to drive to a store.*

LIVING OUR VALUES: DOING THE RIGHT THING

We invested

R1.9 billion

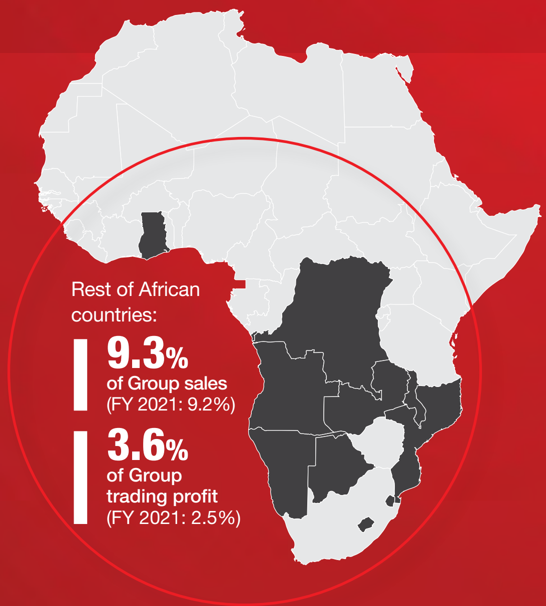
in keeping our employees and customers safe in our stores and securing our assets (FY 2021: R1.7 billion).

* *Verified by the Automobile Association of South Africa (AA).*

Our operating environment continued

NON-RSA

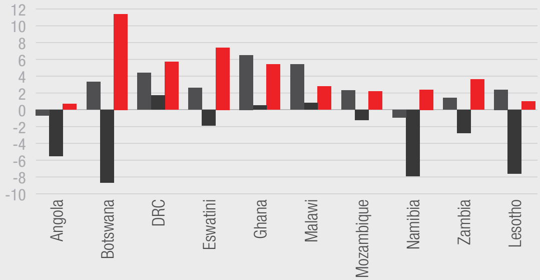
Growth remained constrained in the 10 African countries in which we operate in outside of South Africa. High inflation is a constant factor eroding customers' purchasing power.



INDICATORS

GDP growth % (year-on-year)*

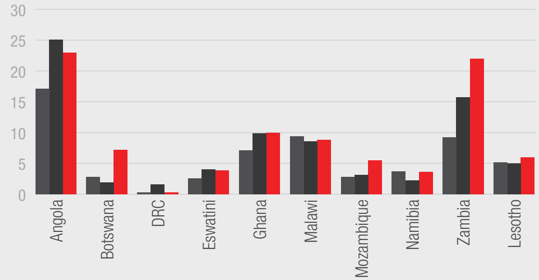
Three-year comparative



* *Source: Investec*

CPI % change (year-on-year)**

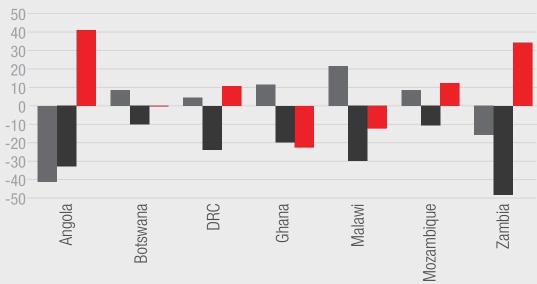
Three-year comparative



** *Source: Investec*

Currency appreciation/depreciation vs ZAR% (Shoprite year end June year-on-year.)

Three-year comparative



*** *Data sourced from the World Bank, IMF, and various central banks.*

It's the first time in the last three years we've seen currency strength in key Non-RSA operations

OUR RESPONSE IN FY 2022

- Continued to apply rigorous capital allocation in the region.
- Ongoing operational consolidation with the sale of our businesses in Madagascar and Uganda.
- Restricted new store openings to six, and confined to five regions.
- Increased our sourcing from local producers.
- Mobile Soup Kitchens introduced in Angola, Namibia and Zambia.

Shoprite Angola deployed a Mobile Soup Kitchen at a recent Mandela Day event at Home of Nazaré in Cacuaco, Luanda.

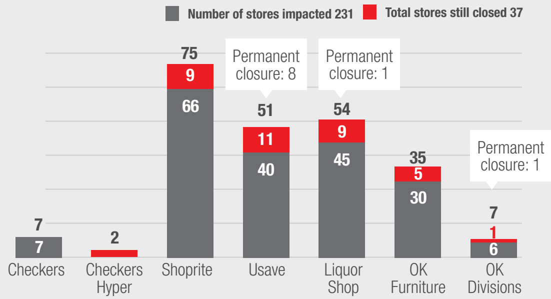
COVID-19 AND SOCIAL UNREST

The impact of Covid-19 on our employees, our customers and our operations during FY 2022 was far less marked than in FY 2021. Covid-19 regulations required the closure of our LiquorShop business for 48 days in 2022 vs 144 days in 2021. While we maintained various protocols in line with Covid-19 regulations, which persisted in varying forms for most of 2022, the impact on the business was much reduced compared to the previous two years.

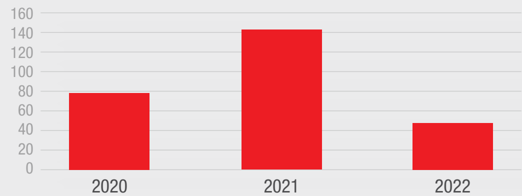
Conversely, the devastating social unrest that took place in KwaZulu-Natal and Gauteng during July 2021 significantly impacted our South African store base. The phenomenal response from the business to this most catastrophic event in the Shoprite Group's 43-year history demonstrated our resilience and innate capability. The proactive and decisive actions of our people protected our valuable assets and ensured business continuity. Furthermore, the insurance cover we had in place protected us against the losses we suffered.

Social unrest impact

231 stores impacted



Covid-19 impact on RSA LiquorShop's business lost trading days



OUR RESPONSE IN FY 2022

- To Covid-19
  - » During the height of the Covid-19 pandemic, the Group operated six static clinics and deployed 19 mobile clinics that provided testing facilities. Since February 2022, four primary healthcare and emergency response clinics – which treat distribution centre employees and suppliers – have been established at our main distribution centres in Gauteng, KwaZulu-Natal and Western Cape. Our reaction time to Covid-19 events was immediate and centrally co-ordinated, which resulted in fast and effective implementation.
  - » While South Africa and the world experienced significant cyber risk during Covid-19, Shoprite's diligence resulted in the Group not experiencing any outages, demonstrating our resilience in a high-risk environment.
- To social unrest:
  - » KwaZulu-Natal stores were supported with deliveries from the Gauteng-based distribution centre during the unrest.
  - » Our disaster relief units were deployed to affected areas to support communities.
  - » We re-opened 160 stores within seven weeks and at year end, only 37 of our stores were still closed.

Our operating environment continued

CASE STUDY

Rebuild through resilience and teamwork

Shoprite Meadowlands, in Soweto, Gauteng, was one of 89 stores that re-opened in the first three weeks after the unrest.

Across the Group, all our teams – from stores to supply chain, security and loss prevention, logistics, merchandising, installations, IT, buyers and CSI – worked around the clock to close and repair damaged stores, redeploy people, stop and reroute deliveries, calculate stock losses, reorder stock for each store from a zero base, order fixtures, fittings, IT equipment and install same.

COMMUNITY ASSISTANCE

Act For Change Fund: The Group donated R1 million to its Act For Change Fund that was earmarked for use by vetted organisations involved in relief efforts to help rebuild communities affected by the unrest. This was enhanced by additional contributions by our customers, who donated R326 000 to the fund.

Facilitated the provision of food and cleaning products from suppliers to Gift of the Givers for distribution to communities in need.

Shoprite Community Network was adapted to concentrate on rebuilding communities.

Supporting clean-ups: five cleanups in Gauteng took place over the weekend of 17 July 2021.

Mobile Soup Kitchens: Nine Mobile Soup Kitchens from across the country were deployed to affected communities when the social unrest prevented people from buying food or they experienced losses during the floods.

OPERATIONAL IMPACT

R1.9 billion
in damages

R1.6 billion
covered by insurance

231 stores
closed

194 stores
re-opened by year end and 10 were permanently closed

R7 million
in employee support spent during FY 2022

R1.9 billion
spent on security and loss prevention during FY 2022

Over 910 loads
of inventory were put on hold over the peak of the unrest (12 to 18 July 2021) to avoid hotspots and looting

To speed up the re-opening of stores we developed a distribution plan that increased our restocking capability to maximum

1 820 store distributions
were safely and successfully executed in KwaZulu-Natal between 14 and 18 July (the first week of the unrest)

64 tonnes
of technology equipment ordered and reinstalled within one month following the unrest

> Across the board, from our supply chain to stores and everyone in between, my heartfelt thanks go out to the amazing people of Shoprite whose selfless commitment protected our operations and rebuilt our business.
>
> **Pieter Engelbrecht**
> Chief Executive Officer

Mobile Soup Kitchen

We deployed disaster relief through soup kitchens and food donations.

eKasi truck store

Within 48 hours, we were able to send Usave eKasi mobile stores into affected communities to ensure food security.

Business model

Our business model and strategy are designed to ensure we can deliver on our purpose. They guide the decisions we make and determine how we behave as a business.

Our interaction with the resources and relationships on which our business model depends determines how successful we are at creating, preserving or eroding value over time. Value creation is influenced by factors both within and beyond our control and these present us with risks and opportunities that have a positive or negative effect on our ability to deliver value.

Input availability

The availability, quality and affordability of the capital inputs into our business model on which we depended on 5 July 2021 were the result of the outcomes we had achieved by 3 July 2022, as well as the financial capital available to us in the form of cash and debt facilities and our manufactured capital in the form of the extensive store base and supply chain infrastructure available to us.

Capital	KEY STAKEHOLDERS	OUR INPUTS
FINANCIAL CAPITAL Our financial capital consists of the financial resources available to the Group and funding received from the providers of capital that we use to sustain and grow our business. Financial review, page 45	Shareholders, investors, financiers, suppliers, employees	• **R25.6 billion** in equity (FY 2021: R21.2 billion) • **R37.1 billion** in debt (FY 2021: R33.0 billion) • **R26.1 billion** in retained earnings (FY 2021: R23.6 billion)
MANUFACTURED CAPITAL Our manufactured capital is made up of our physical infrastructure, encompassing our extensive store base; our supply chain, which includes our distribution centres and delivery fleet; and our IT systems, including our websites and the Sixty60 app. CEO review, page 11 · Operational review, page 52	Providers of capital, customers	• **2 989 stores** (FY 2021: 2 913) • **673 843 m²** across 29 national distribution centres (FY 2021: 29 distribution centres) • **903 trucks** and **1 360 trailers** in delivery fleet (FY 2021: 820 trucks and 1 273 trailers) • **R21.9 billion** stockholding (FY 2021: R18.4 billion)
INTELLECTUAL CAPITAL Our stock of intellectual capital includes: • The intellectual property and organisation knowledge that differentiates us from our competitors. • Our brand and reputation. • Robust governance structures and risk and opportunity management. • Company culture. • Innovative thinking regarding the application of technology. CEO review, page 11 · Operational review, page 52	Employees, suppliers	• **22 notable award-winning customer-facing brands** (FY 2021: 17 customer awards) • Three-pillar strategy and nine strategic drivers • Effective governance and ethics structures • Integrated Enterprise Risk Management system
HUMAN CAPITAL Our employees have a key role to play in creating great consumer experiences. Our investment in talent that is skilled in the demands of evolving retail will ensure the company's differentiated performance. Social review, page 67	Employees	• **145 595 employees** (FY 2021: 142 602) • Market-related reward structures • Establishment of **R8.9 billion Shoprite Employee Trust** • **R560 million** spent on training and development (FY 2021: R485 million) • Executive and Board with increasingly diverse skills • Established an internal Shoprite minimum wage per hour higher than the prescribed national minimum wage
SOCIAL AND RELATIONSHIP CAPITAL Our stock of social and relationship capital includes: • Value added through the collaborative relationships we have established through extensive engagement with our key stakeholders. • Contribution to the sustainability of the communities in which we operate through our investment in our CSI programmes, supplier development, youth unemployment and local procurement. Social review, page 67 · www.shopriteholdings.co.za/sustainability.html	Customers, communities	• **R43 million** corporate social investment in RSA (FY 2021: R44 million) • **R145 million** invested in the Retail Readiness programme and our participation in the YES Initiative (FY 2021: R105 million) • **R94 million** in supplier development (FY 2021: R94 million) • **R18.7 billion** spent on black owned suppliers (FY 2021: R14.3 billion)
NATURAL CAPITAL Our stock of natural capital includes the skills and resources we have established to reduce the Group's impact and that of our customers on the environment through increased recycling, reducing our waste to landfill, improving water use efficiencies, climate change mitigation and adaptation and sustainable sourcing. Environmental stewardship review, page 74 · www.shopriteholdings.co.za/sustainability.html	Suppliers, customers, employees, communities	• **R48 million** invested in the efficient lighting project (FY 2021: R61 million), bringing the total investment since inception to R270 million

Business model continued

OUR BUSINESS ACTIVITIES

A Smarter Shoprite is winning in the long term by making smarter decisions, fewer mistakes, being optimised for customers and unlocking alternative revenue in the digital and services space.

OUR OUTPUTS

Our outputs include the wide selection of products and services we offer our customers, both in-store at our 2 989 stores in 11 countries, online through the Checkers Food Services website and our award-winning Checkers Sixty60 delivery service.

Waste and by-products we produce while carrying out our business activities

Scope 1 Greenhouse Gas emissions:	Scope 2 Greenhouse Gas emissions:	10 243 tonnes of plastic waste diverted from landfills and the environment	Recycled 43 355 tonnes of cardboard from stores and distribution centres
0.5 million tCO_2e	**1.9 million tCO_2e**		
(FY 2021: 0.6 tCO_2e)	(FY 2021: 1.9 million tCO_2e)	(FY 2021: 8 207 tonnes)	(FY 2021: 40 553 tonnes)

FY 2022 OUTCOMES

FINANCIAL CAPITAL

- **10.3% growth** in HEPS from continuing operations to 1055.0 cents (restated FY 2021: 956.3 cents)
- **24.7% growth** in market capitalisation to R106.4 billion (FY 2021: R85.3 billion)
- **R26.1 billion** in retained earnings (FY 2021: R23.6 billion)
- **Gearing ratio**[1] of 21.5% (FY 2021: 24.9%) 10.3% dividend growth to 600 cents per share

MANUFACTURED CAPITAL

- Opened **181 stores** and closed **53 stores** (FY: 2021: opened 191 stores, closed 79 stores).
- **194 stores** re-opened subsequent to the social unrest

INTELLECTUAL CAPITAL

- Continued development of brands, services and support functions across the ecosystem.
- Organic and acquisition growth across brands expanding our core and adjacent offerings: opened 181 stores and closed 53 stores (FY 2021: opened 191 stores and closed 79 stores)
- Expanding product and service offerings to customers: 1 285 new private label products launched (FY 2021: 717)

HUMAN CAPITAL

- **11 909 employees** promoted (FY 2021: 10 496)
- **97.4% black employees** (FY 2021: 97.0%)
- **4 392 unemployed youth** participated in skills programmes, learnerships and the Retail Readiness programme (FY 2021: 2 358)
- **22.8% employee turnover** (FY 2021: 22.4%)
- 2021 Employer of Choice in the retail category of SAGEA employer awards

SOCIAL AND RELATIONSHIP CAPITAL

- **R12.6 billion** procured from black women-owned suppliers (FY 2021: R8.5 billion)
- Trained **4 116 unemployed youth** in the Retail Readiness Programme and provided **1 900 unemployed youth** with workplace experience through the YES Initiative
- **R158 million** in surplus food and goods donated to beneficiary organisations (FY 2021: R138 million)
- **R9.2 billion** contributed to tax (FY 2021: R8.6 billion)
- **Level 7 B-BBEE score**

NATURAL CAPITAL

- **772.2 million** recycled and recyclable plastic carrier bags sold (FY 2021: 706.0 million)
- **54 138 MWh** renewable electricity was used (FY 2021: 9 928 MWh)

1 *Interest-bearing borrowings divided by equity.*

Material matters and the risks and opportunities which they create

Our risks have been determined through a comprehensive Enterprise Risk Management process.

Together, risks and matters material to our business reflect the issues that have the most impact on our ability to create long-term enterprise value.

Our material matters are reviewed annually. Risks are managed through a Board-approved ERM policy and framework that is based on the requirements prescribed by ISO 31000. Both the identified material matters and risks are considered by the Board, which oversees the management and performance of enterprise-wide and compliance risks.

During the year under review, the Group's risk management function reviewed its approach to the identification, classification and reporting of its inherently critical risks. The intent of this review was to continually improve this process through increased attention on:

- a joint assessment between top management (top-down) and the various operational businesses (bottom-up) of the identification of core enterprise risks;
- a combined assurance programme to highlight the core enterprise risks; and
- an enhanced approach to the identification and management of emerging risks.

Our combined assurance and risk management approach is aligned with King IV. The Audit and Risk Committee oversees the effectiveness of the Group's combined assurance framework, together with the Group Risk Manager, Group Compliance Manager and the Internal Audit Executive, with the aim of achieving an effective combined assurance framework for the Group.

Process of risk determination

Top-down
Executive management assessment

TOTAL RISK UNIVERSE

Joint assessment: The joint assessment combines the most significant risks identified and assessed by the various operating businesses with the results of a parallel risk assessment by top management, to identify the Group's core risks. This joint assessment process creates value through a more precise identification of top impact areas within a particular risk category and provides for a more focused combined assurance approach.

SIX CORE RISKS

1. Unavailability of key systems
2. Information security including cyber risk
3. Non-compliance with laws and regulations
4. Weak internal controls over financial reporting
5. Breakdowns/interruptions in the supply chain and customer service
6. Stock losses (shrinkage and waste in particular)

Bottom-up
Operational business assessment

Material matters and the risks and opportunities which they create continued

OUR MATERIAL MATTERS

THE GROUP'S RANKING OF ITS MATERIAL MATTERS IS BASED ON IDENTIFYING THOSE MATTERS MOST LIKELY TO AFFECT OUR ABILITY TO CREATE VALUE.

Changes in social and economic conditions

Understanding and adapting to changing socio-political and economic market influences on retail trading.

Application of technology and digitisation

The ability of the Group to optimise the business and take advantage of new opportunities created by its investment in technology and data analytics.

Impact of talent war

Our ability to attract, develop, engage and retain the skills we need in a rapidly changing environment.

The impact of a responsible and sustainable value chain

The need for a value chain that supports responsible sourcing and consideration of its impact on the environment.

Continuously increasing regulatory requirements

Compliance and focus on what is required of business within a complex regulatory environment across 13 industries and 11 countries. This stretches beyond traditional legal requirements to matters such as protection of customer information, cybersecurity, environmental laws and related aspects.

Embedding an ethical culture

Implementing business policies, processes and responsible and responsive business practices to deeply embed a value-based culture in the business that protects it from unethical and corrupt behaviour and ultimately contributes to our social licence to operate.

Building brand loyalty through customer centricity

Relentlessly focusing on understanding and addressing our customers' needs goes beyond the need for products and services. It includes how and where these are sourced, brought to point of sale with an environmental consciousness, customers' needs in respect of delivery channels, speed, efficiency and tailor-made marketing. Customer centricity, brand reputation and hence brand loyalty and sustainable enterprise value can be created only through a holistic approach

Risk governance

FIRST LINE OF DEFENCE

Information technology management

Regional management

Divisional management

Distribution centre managers

Store managers

Risk management and monitoring of risks at business unit and functional level.

Achieving business objectives.

Risks are identified and monitored, and operational losses tracked, quantified and reported at business unit and functional level through risk registers, which include management and control activities.

SECOND LINE OF DEFENCE

Group risk manager

Group compliance manager

Group health and safety manager

Group insurance manager

Head of Group security and loss prevention

Group information security officer

Head of IT governance and compliance

Group sustainability manager

Monitoring and advisory function on control and action plans.

Providing an overview of risk compliance to Exco and the ARC.

THIRD LINE OF DEFENCE

Group internal audit executive

Quality assurance manager

Our **combined assurance** approach mitigates risks through a combination of internal and external assurance and independent specialist external assurance service providers that assess adequacy, effectiveness and compliance with controls in the Group, which include:

- B-BBEE audits
- Greenhouse gas emissions verification
- Food safety and hygiene audits
- Cybersecurity and IT control reviews
- Health and safety audits
- Information security assessments
- IT continuity arrangements
- Supply chain and construction audits

Internal audit

Provides independent assurance to our governance structures and confirms compliance to prescripts.

Governance

Our risk governance is part of our day-to-day operations and standard reporting practices and includes:

Oversight of all key residual risks by the Audit and Risk Committee.

The Management Risk Forum, which considers emerging matters associated with each risk using analytics to monitor loss events, near-miss events and control health.

Regular meetings including weekly management meetings chaired by the CEO where risk is reported and mitigation are discussed.

Various operational and control steering committees, special crisis and continuity control forums and Executive sessions (mostly chaired by the CEO) to control and manage unexpected events like Covid-19, the social unrest in 2021 and the KwaZulu-Natal floods in April 2022.

Work is performed by internal audit to assist with corrective and preventative action.

External auditors and regulators provide oversight and assistance to ensure continual improvement.

Material matters and the risks and opportunities which they create continued

Core risks

Unavailability of key systems

Failure to continue operating owing to lack of key systems, unavailability of the key IT systems and IT talent will result in disruption to business operations.

Our material matters

Application of technology and digitisation

Impact of talent war

Mitigation of risk

- Operating in the confines of the prescribed IT systems framework.
- Business impact analysis of systems is performed and disaster recovery and business continuity plans for critical systems are in place.
- Various disaster and business recovery technologies and procedures are in place and data is backed up off-site across multiple locations.
- Investing in talent to ensure we have the skills we need.

Opportunities these risks and material matters present

- An opportunity to use our agility and speed to react quickly and appropriately to opportunities created by customer demand.
- Opportunities for the historically disadvantaged to become skilled members of our IT team.

Information security including cyber risk

The business may be exposed to any act or omission that could result in the loss of controlled information either through internal malpractice or external cyber threats.

Our material matters

Impact of talent war

Building brand loyalty through customer centricity

Mitigation of risk

This is a key focus for the Group. We have addressed the associated risks by:

- ensuring we have the right people with the necessary skills in place;
- appointing a Group security officer; and
- aligning our controls with industry best practice.

Opportunities these risks and material matters present

- Increasing customer confidence in information security systems and protocols through our ability to keep our customers' information safe.
- Keeping abreast of information security trends and implementing best practice control enhancements.
- Attracting and retaining the necessary technical skills and using the opportunity to increase the diversity of our IT security team.

Non-compliance with laws and regulations

Breach of relevant laws and regulations resulting in financial penalties, fines and reputational damage. Failure to adhere to corporate governance practice, e.g. King IV and the JSE Listings Requirements.

Our material matters

Continuously increasing regulatory requirements

Mitigation of risk

- First line of defence managers take responsibility for the risk.
- Maintenance of the Shoprite Group regulatory universe.
- Review and advice obtained on key legal and compliance impacts from an experienced and well-established Group Legal Department.
- Appointment of a regulatory compliance manager.
- Maintenance of a regulatory alert system.
- Ongoing, daily responsible business actions where any legal matter is escalated to the legal and compliance function.
- All projects overseen by a central project management office.

Opportunities these risks and material matters present

- Use of technology to aid business understanding and verification of key regulatory compliance.
- By complying with laws and regulations, we maintain the good reputation of the Group's brands.

Material matters and the risks and opportunities which they create continued

Weak internal controls over financial reporting

Material misstatements owing to ineffective reporting control and the lack of adequate controls over financial reporting.

Our material matters

Application of technology and digitisation

Mitigation of risk

- Internal financial controls formalised, implemented, controlled and supported by a formal review and attestation programme.
- Monthly analytical reviews to ensure control activities are performed.
- A project steering committee and the Value Management Office oversee all projects and project benefits.

Opportunities these risks and material matters present

- Automation of internal financial controls through the adoption of the MetricStream solution.
- Ensure governance processes are in place to address associated risks.

Breakdowns/interruptions in the supply chain and customer service

Failure to meet service requirements of customers owing to a lack of business recovery or continuity plans.

Our material matters

Changes in social and economic conditions

Application of technology and digitisation

The impact of a responsible and sustainable value chain

Building brand loyalty through customer centricity

Mitigation of risk

- Ongoing business continuity planning, impact assessment and the implementation and maintenance of controls around supply chain security.
- Certain locations for supply chain expansion have been identified to support uninterrupted supply of goods.
- Active link to the Group's loss prevention command centre. Adherence to health and safety protocols.

Opportunities these risks and material matters present

- Diversification of the supply chain and closer collaboration with suppliers and their infrastructure networks to build resilience.
- Expansion of our centralised supply infrastructure across the country.
- Opportunity to demonstrate our commitment to responsible sourcing and product screening.
- Increased understanding of consumers and changes in their shopping behaviour using the power of data.

Stock losses (shrinkage and waste in particular)

Ineffective stock management processes and controls in place resulting in potential loss because of waste, abuse or excessive shrinkage.

Our material matters

Application of technology and digitisation

Embedding an ethical culture

Mitigation of risk

- We measure ourselves against international benchmarks to identify problem areas.
- Effective use of the central enterprise resource planning system to assist in monitoring and managing stock levels and stock losses.
- Loss control and security programmes are implemented and maintained.

Opportunities these risks and material matters present

- Explore using new technology solutions to enhance our physical, intelligence and analytics frameworks.
- Further embed an ethical corporate culture.

Engaging with our stakeholders

Stakeholder relationships are an integral part of our business.

The Group's stakeholders include the people and organisations that enable us to deliver on our purpose, which includes our customers, employees, suppliers, unions, the government, regulators, financiers and shareholders.

We determine what is material to our stakeholders through an assessment of our direct and indirect interactions with them. We test the effectiveness of our stakeholder engagement and identify any gaps biennially. The information we gain from this process guides our reporting and engagement strategies. We use it to address any areas where we have identified that there is room for improvement in our engagement. We tested the effectiveness of our engagement in 2021 and will test it again in 2023.

Material matters and the risks and opportunities which they create, page 27
Performance against strategy, page 18
Financial review, page 45
Operational review, pages 52
Sustainability Report

The value we wish to deliver for each of our stakeholders

CUSTOMERS
- Affordable products and services
- Healthy and nutritious food choices
- Rewarding customer experiences

EMPLOYEES
- Fair remuneration and benefits
- Training and development
- Engaging working environment

COMMUNITIES
- Sustainable community food gardens
- Youth employment and development
- Food security and disaster relief

SUPPLIERS
- Mutually beneficial partnerships
- Enterprise and supplier development
- Support for local and women-owned suppliers

SHAREHOLDERS, INVESTORS AND FINANCIERS
- Ability to create sustainable enterprise value
- Performance against strategy, including ESG matters
- Risk and business continuity management

REGULATORS
- Compliance and participation in public policy
- Health and safety standards
- Transformation improvements

TRADE UNIONS
- Decent conditions of employment, remuneration and benefits
- Job creation
- Engagement on relevant operational activities and changes

CUSTOMERS

Being responsible towards our customers

Customers who shop and use the Group's wide range of brands, formats, products and services are our largest stakeholder group. While they represent all socio-economic categories, an estimated 63.5% of our customers fall between Living Standards Measure (LSM) 4 to 6 (FY 2021: 57.6%) and over 52% of the South African population falls into this category. Designed to address what is material to this category of shopper, which is value, experience, convenience, trust and connection, Usave – our no-frills model – is fit-for-the-times as we pioneer closer-to-home retail in under-served communities. Our focus on providing both a premium product offering at great value at Checkers as well as the launch of our Checkers Sixty60 on-demand delivery service has contributed to our market share growth in higher LSM groups.

How we engage

- Traditional and new media channels, including television, radio, print and digital, drive mass awareness.
- Daily in-store and online interaction.
- Xtra Savings instant cash-off rewards and personalised offers.

Noted progress in FY 2022

- Cost of food: managing internal food inflation and savings through our rewards programme:
  - Over four million customers signed up with our Xtra Savings rewards programme in FY 2022 (FY 2021: 20.3 million).
  - Checkers customer satisfaction score of 8.2 (Shoprite: 7.7)
- Healthy and affordable food options: ongoing growth of private labels, fresh and premium products and product partnerships:
  - 1 285 new private label products (FY 2021: 717).
- Responsible sourcing: prioritising the inclusion of sustainably sourced commodities in our Oh my Goodness!, Forage and Feast, Simple Truth and fresh private labels, and in our in-store fresh, convenience and bakery products:
  - 74.0% of our fish products are considered sustainable as per SASSI guidelines (FY 2021: 91.0%).
- Access to products and services: continuous development of our footprint, channels and services:
  - 22 industry, brand, innovation and consumer awards.

Area of future focus

Continuously delivering on affordability, accessibility and innovation to meet evolving customer needs.

Engaging with our stakeholders continued

EMPLOYEES

Growing our talent

145 595 PERMANENT AND CONTRACT WORKERS (FY 2021: 142 602)

- **97.4% BLACK** (FY 2021: 97.0%)
- **2.6% WHITE** (FY 2021: 3.0%)

- **80.4% BLACK AS PART OF MANAGEMENT** (FY 2021: 79.8%)
- **19.6% WHITE AS PART OF MANAGEMENT** (FY 2021: 20.2%)

64.6% FEMALE (FY 2021: 64.0%)
35.4% MALE (FY 2021: 36.0%)

Most of our employees are store-based and include permanent full-time and permanent part-time workers who play an active role in the success of the Group's business.

How we engage

- SiyaRinga, our internal direct digital communications platform, showed a 40.0% increase in the number of employees who signed up, bringing the total to 81 877 (FY 2021: 58 458).
- Internal newsletters and various other direct information channels.
- Issues raised vary and are frequently linked to the particular individual's area of operational responsibility. They are addressed by operational management with the support of the Group People Team, which drives training and development across the Group.

Noted progress in FY 2022

- Training and development: 3.3 million training hours provided (FY 2021: 2.9 million) in role-related development and improving skills in a changing retail environment.
- Health and wellness: increased participation through Health24/7, an employee wellness programme. There has been significant improved contact with employees and we have seen an increase in the number of calls logged for personal one-on-one assistance within emotional, social and personal finance areas.
- Retention and remuneration: high employee turnover among store employees specifically, is receiving increased attention:
  - Cashier+ addresses recognition among cashier employees and aims, in conjunction with Group's new cashier minimum wage, to reduce above-average staff turnover.
  - Introduced the Shoprite Employee Trust to recognise the valued contribution of our employees and ensure ongoing participation in the growth and success of the Group.

Area of future focus

- Succession and transformation at senior management level.
- A toll-free contact centre for employees, where they can get answers to queries such as benefits is being rolled out Groupwide.

COMMUNITIES

Doing the right thing

The communities in which we operate are home to our employees and customers and they include communities that may need our assistance. To achieve the greatest impact from our investment, we focus on key areas of concern: hunger relief, food security, early childhood development and youth unemployment.

How we engage

- A dedicated corporate social investment (CSI) team engages with community members and organisations through our community programmes.

Noted progress in FY 2022

- Hunger relief and food security: providing nutrition to children attending ECD centres and continuous community support through CSI programmes:
  - 185 732 meals served per day to vulnerable communities (FY 2021: 152 795 meals per day).
  - 177 community food gardens and 3 437 household food gardens sponsored and supported (FY 2021: 146 community and 2 553 household food gardens).
- Youth unemployment: skills development initiatives for unemployed youth through the YES and Retail Readiness programme:
  - 31 964 learners have participated in the Retail Readiness programme since its launch in 2016 and inception of YES in 2019.
- Disaster relief: the Shoprite Group is one of the first to respond and enter disaster areas deploying Mobile Soup Kitchens and providing meals.

Area of future focus

We will continue supporting our communities in the areas of hunger relief, food security, disaster relief and youth unemployment as we seek to amplify our efforts through key partnerships.

SUPPLIERS

Ensuring business continuity

Our suppliers include all product manufacturers and suppliers across our value chain, located in 30 countries. We believe in building long-term mutually beneficial partnerships with our suppliers, based on trust.

How we engage

- One-on-one supplier/buyer relationships and a dedicated onboarding process are key differentiators for the Group.
- Our integrated ERP system provides the platform for managing our extensive contractual arrangements and transactional interactions through a supplier portal.

Noted progress in FY 2022

- Product supply and stock control: real-time integration between our business and suppliers helps both parties to manage product supply and delivery effectively:
  - 4 564 suppliers are connected to Shoprite's ERP system.
  - 54 273 B2B orders sent to vendors on average every day (FY 2021: 73 270 B2B orders per day).
- Access to market: we support small businesses and are committed to growing the local economy and providing opportunities for emerging enterprises to enter the retail market. This is facilitated through a dedicated general manager who focuses on supplier and enterprise development.
  - R350 million spent with local SMME suppliers (FY 2021: R340 million).

Area of future focus

- Creating access to markets and developing SMMEs for active participation in the value chain.
- Deepening our planning with key suppliers through further technological integration.

Engaging with our stakeholders continued

SHAREHOLDERS, INVESTORS AND FINANCIERS

Investing for the future

52 091 shareholders (FY 2021: 52 132)

In order to make informed investment decisions, our shareholders, investors and financiers require transparent and accurate strategic, financial and ESG information.

How we engage

- Segmental reporting at a sales and trading profit disclosure level: allowing investors to determine materiality and make informed decisions.
- Regular updates: sales growth updates via the JSE SENS (post-interim and year-end period close).
- Presentations: comprehensive webcast presentations and financial results published twice a year (interim and year end).
- Annual General Meeting (AGM) combined with first quarter sales update.
- Pre-close market call post the AGM aligned with first quarter sales update.
- Attendance at leading fund manager conferences: at least two South African-based fund manager conferences and one international conference each year.
- Shareholder engagement on all AGM matters, including remuneration policy and implementation ahead of AGM with the Board and RemCo Chairman.

The questions raised in these forums assist us in identifying concerns and improving communication content.

Noted progress in FY 2022

- The Group has consistently delivered on its strategy to improve return on invested capital (ROIC):
  - » Improvement from 9.7% in 2019 to 12.4% in 2022 as a result of increased focus and execution of the Group's focused capital allocation framework.

  CFO review, page 45
- Non-RSA Supermarkets improved profitability.

  CFO review, page 45
- Remuneration: engagement feedback recognised significant improvement in the policy and disclosure, but identified opportunities for future areas of development.

  Remuneration review, page 79

Area of future focus

- Addressing underperforming segments, namely Non-RSA and furniture.
- Ongoing focus on capital allocation and improving returns.
- Selected Executive remuneration polices to be reviewed for greater alignment with shareholder expectations.

REGULATORS

Complying with laws and regulations

The scale of the Group requires us to maintain a defined and risk-rated regulatory universe across legislation, regulations and international best practices that apply to the regulatory environments in which we operate.

How we engage

- Regulation and compliance are managed through a formal risk-based compliance process.
- We participate in industry forums, strive to comply with regulations and provide information to proactively contribute to policy development.

Noted progress in FY 2022

- Regulatory universe: staying abreast of key risks and legislation with an elevated focus on key regulatory risks and daily updates on changes to regulatory developments to enhance compliance:
  - » Regulations relevant to 13 industries.
  - » Appointment of a dedicated Group compliance manager.
- Changes in the Covid-19 legislation after the National State of Disaster exit: the Group reviewed its health and safety exposure risk assessments and workplace plans in line with renewed legal requirements.
- Employee health and safety: established primary healthcare and emergency response clinics at our main distribution centres to oversee compliance surrounding medical fitness assessments and immediate on-site incident management:
  - » Over one million occupational health and safety audit checklists completed (FY 2021: 795 974).
- Contractor health and safety: implementation of permit offices at our main distribution centres will address contractor health and safety compliance, verification and control for work done on our sites.

Area of future focus

Compliance: implementation of an electronic compliance survey and assessment tool for suppliers that provides a real-time view on compliance issues with immediate remedial action.

TRADE UNIONS

Finding ways of working together

We acknowledge our employees' rights to freedom of association and collective bargaining, and representation through recognised unions across our operations. Mitigating the risk of labour disputes is a focus area for the Group, and communication with unions is ongoing. 88% of our employees are in South Africa, and our largest union representation is with the South African Commercial, Catering and Allied Workers Union (SACCAWU).

How we engage

- A healthy and robust relationship with our bargaining unit is a priority.
- Continuous consultation and engagement on relevant operational activities and changes. The onset of Covid-19 provided increased opportunity to interact with union representatives on shared challenges and solutions.
- The Group is the only South African retailer that is a signatory with the UNIGlobal Union, a global union federation representing more than 20 million workers in the services sectors in 150 countries, promoting social dialogue in support of better management and trade union relationships.

Noted progress in FY 2022

- Conditions of employment and remuneration: continuous employee growth and long-term substantive agreements:
  - » 2 993 new jobs created (FY 2021: 3 897).
- Health and safety: working together to enforce and implement policies and processes highlighted by the reduction in workplace incidents and accidents – specifically during Covid-19 – improved our relationship with the unions.

OUR LEADERSHIP

In a first for retail in South Africa, we acquired over 100 of the most fuel-efficient trucks in Southern Africa. The Scania Euro V trucks have a proven fuel saving of around 10% along with lower CO_2 and NOx emissions. Operational and supply chain efficiency play a critical role in ensuring the Group remains affordable and accessible, while reducing our environmental impact. We are relentless in our efforts to improve efficiencies in our supply chain as these measures are key to extending our customers' spending abilities.

The Group's world-class supply chain – which includes 29 distribution centres covering 673 843m² – provides us with a competitive advantage in the retail industry to consistently deliver on our business promise of everyday low prices.

"Environmental and social issues are embedded in our governance oversight and risk structures and are among the Board's top agenda items. To further entrench ESG in how the Group is managed, the Board approved enhancements to the established ESG metrics in the key performance indicators used in determining the STIs and LTIs for members of the management team.

Wendy Lucas-Bull
Chairman

Navigate to sections by clicking on the list below

Our leadership

INDEPENDENT NON-EXECUTIVE DIRECTORS

Chairman: Board and NC

Member: RC FIC SC

Invitee: AC

Qualifications:
BSc

Date of appointment:
1 October 2020

Skills and experience:
Wendy has extensive banking and widespread financial sector experience, as well as expertise as Chairman and Non-executive Director on company boards across multiple industries in both the private and public sector. Her professional experience includes being an international partner at Andersen Consulting (now Accenture Plc); Executive Director of RMB Holdings Ltd and Chief Executive of FirstRand Ltd's retail businesses, including First National Bank, WesBank, OUTsurance, Firstlink and First National's African subsidiaries.

Significant directorships:
- Chairman of Absa Group and Absa Financial Services until March 2022

Lead Independent Director

Chairman: SC

Member: NC RC

Qualifications:
BSc, MBChB, DCom (hc)

Date of appointment:
6 August 2012

Skills and experience:
Anna is a well-known business figure both in South Africa and globally. She has extensive experience in healthcare, academia and commerce and has served on numerous councils of academic institutions as well as civil society commissions and was appointed Honorary Consul General of Iceland in Pretoria (2017) and Chancellor of North-West University in June 2019. She currently serves as Chairman of Seriti Coal (Pty) Ltd and Community Investment Holdings (Pty) Ltd.

Significant directorships:
- Jasco Electronics Ltd
- Afrocentric Investment Corporation Ltd

Member: AC FIC

Qualifications:
BCom (cum laude), CTA, CA(SA)

Date of appointment:
18 August 2014

Skills and experience:
Johan, who retired as a partner at PwC in December 2008, is a member of the boards of various unlisted companies. He currently consults on business valuations and mergers and acquisitions for various companies.

Member: RC FIC NC

Qualifications:
CA(SA), BCom (Hons), H Dip (Tax Law)

Date of appointment:
11 August 2021

Skills and experience:
Peter retired from his 40-year career in financial services and corporate finance as the Chief Executive Officer and Chief Financial Officer of RMB Holdings and RMI Holdings. He has gained extensive board and governance experience during the 25 years during which he has served on the boards and committees of a number of major companies including Discovery, FirstRand, OUTsurance and Imperial Logistics.

Significant directorships:
- RMI Holdings Ltd
- Momentum Metropolitan Holdings Ltd

Chairman: AC

Member: FIC

Qualifications:
Chartered Director (SA), CA(SA), MCom (Tax)

Date of appointment:
11 May 2021

Skills and experience:
Linda's background is in technical accounting, corporate governance, JSE Listings Requirements and international standard setting. She currently chairs the Public Interest Oversight Board (PIOB), based in Spain, which oversees the setting of international standards for accountants and auditors, and serves on the Board of Trustees of the International Valuations Standards Council in London. She is an honorary professor (professor in practice) at the University of Johannesburg.

Significant directorships:
- Aspen Holdings Ltd
- Momentum Metropolitan Holdings Ltd
- Tongaat Hulett Ltd

Member: AC FIC

Qualifications:
CA(SA), BCom

Date of appointment:
15 November 2021

Skills and experience:
Graham has over 35 years of experience in the banking and financial services industry both in South Africa and internationally. He previously served as the Executive Director of the Nedbank Group and as a Non-Executive Director on the boards of AECI, Imperial Logistics, Long4Life and Telkom.

Significant directorships:
- Motus Holdings Ltd
- Sun International Ltd

NC Nomination Committee | RC Remuneration Committee | FIC Finance and Investment Committee | SC Social and Ethics Committee | AC Audit and Risk Committee

INDEPENDENT NON-EXECUTIVE DIRECTORS continued

Member: AC SC NC

Qualifications:
CA(SA); Hons Bcompt

Date of appointment:
11 May 2021

Skills and experience:
Nonkululeko is a pioneer in her field, having established SizweNtsalubaGobodo (SNG), the largest black-owned accounting firm in South Africa. Recognition of her over 36 years' executive experience in accounting and business includes the Lifetime Achievement Award: Excellence in Accountancy – SA Professional Services Award (2014). Her extensive experience as a board member includes serving on the board of the Clicks Group Ltd and Mercedes Benz South Africa Ltd.

Significant directorships:
- PPC Ltd
- Lesaka Technologies Inc

Member: SC

Qualifications:
BCom (Acc), MBA, DTE

Date of appointment:
4 March 2022

Skills and experience:
Dawn, an experienced corporate executive and human resources director is currently Executive Chairman of investment holding company, Executive Magic. She has served on various boards including the MTN Group Ltd, Kumba Resources Ltd, the Development Bank of Southern Africa, JP Morgan Sub-Sahara and the Presidential Review Committee (SOE). She is a member of the Presidential State-Owned Enterprises Council and serves as Chairman of Datika Capital Investments, as well as a board member of Richards Bay Minerals (Pty) Ltd.

Significant directorships:
- Resilient REIT Ltd
- Santam Group Ltd
- Sun International Ltd

Member: SC* AC** RC

Qualifications:
MA Psych, MBA

Date of appointment:
4 March 2022

Skills and experience:
Paul has spent 20 years in the corporate affairs and human resources fields and has worked extensively in the transport and telecommunications industries. He is currently the Group Chief Human Resources Officer of the MTN Group and serves on several MTN Group subsidiary boards. He is a past board member of the Chartered Accountants Medical Aid Fund (CAMAF).

* *with effect from 1 September 2022.*
** *until 1 September 2022.*

Chairman: RC

Member: AC

Qualifications:
BA (Hons), MA ACA, AMP

Date of appointment:
15 May 2012

Skills and experience:
Joseph is currently the Group Head: People Experience and Chief Operating Officer: HR at the Absa Group Ltd. He was previously General Manager at Exxaro Services, Group Executive: Large Business Centre at SARS and an Associate Director at PwC. He has served on the boards of unlisted companies, as well as the Independent Regulatory Board for Auditors.

Member: AC SC

Qualifications:
HDE, BCom, PGDDB, CD(SA)

Date of appointment:
11 August 2021

Skills and experience:
Eileen has been the CIO of Anglo American Plc, Old Mutual Ltd and CEO at Gijima Holdings (Pty) Ltd. She has over 20 years of working experience in various industries, including financial services, mining and ICT resulting in extensive experience at both an operational and strategic level. She is an expert in enterprise ICT, outsourcing, SAP, cloud computing, digital strategies, digital marketing and innovation.

Significant directorships:
- Sasfin Holdings Ltd
- Growthpoint Properties Ltd
- Institute of Directors South Africa (IoDSA)

NC Nomination Committee | RC Remuneration Committee | FIC Finance and Investment Committee | SC Social and Ethics Committee | AC Audit and Risk Committee

Our leadership continued

EXECUTIVE DIRECTORS

Pieter Engelbrecht (53)

Chief Executive Officer

Qualifications:
BCompt (Hons), CA(SA)

Date of appointment:
Appointed to the Board and as CEO on 1 January 2017

Experience with the Group:
- Joined the Group in 1997
- Alternate Director of Shoprite Holdings Ltd and Chief Operating Officer of Shoprite Checkers (Pty) Ltd from 2005 to 31 December 2016

Anton de Bruyn (51)

Chief Financial Officer

Qualifications:
BCompt (Hons), CA(SA)

Date of appointment:
Appointed to the Board and as CFO on 2 July 2018

Experience with the Group:
- Joined the Group in 2000
- Director of Shoprite Checkers (Pty) Ltd
- Serves on the boards of various other Group subsidiaries
- Member of Social and Ethics Committee

Ram Harisunker (70)

Executive Director

Qualifications:

Date of appointment:
Appointed to the Board on 4 November 2002

Experience with the Group
- Joined Checkers in 1969
- Appointed to the Board of Shoprite Holdings Ltd in 2002
- Director of Shoprite Checkers (Pty) Ltd and various other Group subsidiaries

ATTENDANCE TABLE

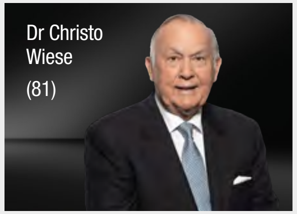
Certain members of management and advisers attend Board and relevant committee meetings by invitation, as and when they are required. The Group's Chairman and the external auditors attend Audit and Risk Committee meetings by invitation.

			Committee meetings				
	Board	AGM	ARC	NomCo	RemCo	SEC	InvestCo
Independent Non-executive Directors							
Wendy Lucas-Bull	6/6	1/1	6/6	3/3	4/4	3/3	2/2
Dr Anna Mokgokong	6/6	1/1	–	3/3	4/4	3/3	–
Johan Basson	6/6	1/1	6/6	–	–	–	2/2
Peter Cooper[1]	5/5	1/1	–	1/1	4/4	–	2/2
Linda de Beer	6/6	1/1	6/6	–	–	–	1/2
Graham Dempster[2]	4/4	1/1	1/1	–	–	–	1/1
Nonkululeko Gobodo	6/6	1/1	6/6	2/2	–	2/2	–
Dawn Marole[3]	3/3	–	–	–	–	1/1	–
Paul Norman[3]	3/3	–	1/1	–	3/3	–	–
Joseph Rock	6/6	1/1	5/6	–	4/4	–	–
Eileen Wilton[1]	5/5	1/1	4/4	–	–	2/2	–
Alice le Roux[4]	2/2	–	3/3	–	–	1/1	–
Non-executive Directors							
Dr Christo Wiese	4/6	0/1		2/3	3/4		2/2
Executive Directors							
Pieter Engelbrecht	6/6	1/1	–	–	–	–	–
Anton de Bruyn	6/6	1/1	–	–	–	3/3	–
Ram Harisunker	6/6	1/1	–	–	–	–	–

1 Appointed to Board, effective from 11 August 2021.
2 Appointed to Board, effective from 15 November 2021.
3 Appointed to Board, effective from 4 March 2022.
4 Retired from the Board, effective 15 November 2021.

NON-EXECUTIVE DIRECTORS

Dr Christo Wiese (81)



Chairman: FIC

Member: NC RC

Qualifications:
BA, LLB, DCom (hc)

Date of appointment:
30 October 1991

Skills and experience:
Christo has over 50 years of business experience, having served as the Executive Director of Pep Stores Ltd prior to practising law at the Cape Bar for some years. He has served as the Chairman of Pepkor Holdings Ltd since 1981 and the Chairman of the Shoprite Holdings Board from 1991 to 16 November 2020.

Significant directorships:
- Tradehold Ltd
- Invicta Holdings Ltd
- Brait SE Ltd

Adv. Jacob Wiese (41)

Alternate director

Qualifications:
BA, M International Economics, LLB

Date of appointment:
19 September 2005

Skills and experience:
Jacob was admitted as an Advocate of the High Court in 2009. He serves on various boards and is an alternate Director of Tradehold Ltd. He is currently involved with the management of Lourensford Wine Estate.

Significant directorships:
- Invicta Holdings Ltd
- Fairvest Ltd

Our leadership continued

OUR BOARD'S SKILLS AND EXPERIENCE

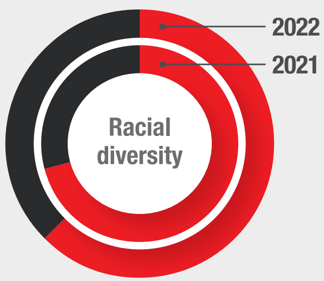
The range of skills a board requires to lead and guide an organisation and provide oversight of its long-term sustainability are broad and constantly changing. The Nomination Committee regularly reviews the possible need to strengthen and balance the skills and experience of the Board and its committees. Following the recent appointments to the Board, the process of reviewing its composition to introduce additional skills and to improve our succession planning, is largely completed. Any future appointments to the Board will be considered as and when required in the normal course of business.

Board gender and racial diversity

The Group has adopted a Promotion of Gender and Race Diversity policy at Board level that seeks to achieve a voluntary target for female and black representation. In the year under review, the NomCo proposed increased targets of 40% (from 30%) for both female and black representation, which was approved by the Board.

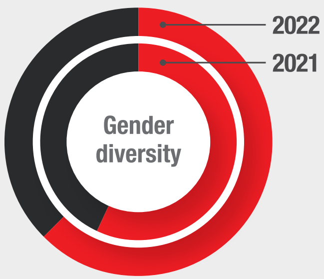
40%
BLACK
(FY 2021: 30%)

60%
WHITE
(FY 2021: 70%)

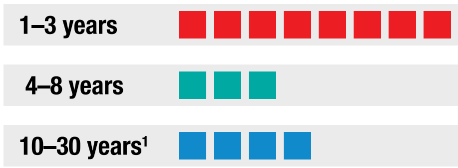


40%
FEMALE
(FY 2021: 46%)

60%
MALE
(FY 2021: 54%)



Board tenure

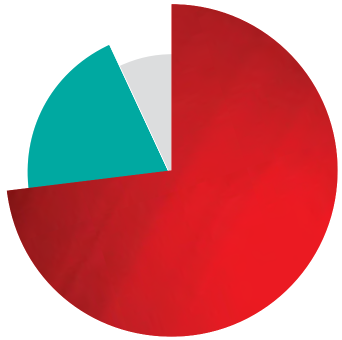


1 Four of our Directors, who have been members of the Board for nine years and more, are retiring from the Board with effect from 14 November 2022.

The average age of our 16 Board members is
62 years

The average tenure of our Board members is
6.3 years

Board independence

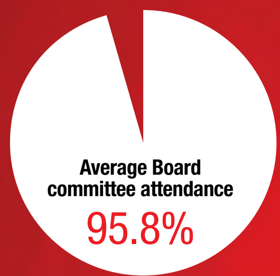


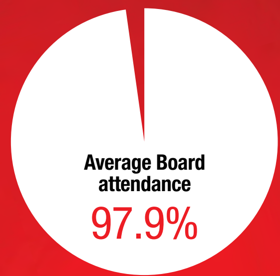
73%
Independent Non-executive Directors
(FY 2021: 64%)

20%
Executive Directors
(FY 2021: 22%)

7%
Non-executive Directors
(FY 2021: 14%)

Attendance





Value-creating governance

An approach to governance and risk management that supports the creation of enterprise value

We see our approach to governance and leadership as a business enabler. Our governance structures, policies and processes, risk and sustainability oversight, and our approach to remuneration support our overall value-creation process and make certain our Group is effectively and ethically led, well managed and controlled.

Guided by our commitment to applying the principles of the King IV Code, our governance provides oversight of the following:

- Robust risk and performance management KIV: 11
- Delivery against our strategy and the creation of sustainable value for the business and its stakeholders KIV: 4
- Ethical and effective leadership KIV: 1
- Responsible corporate citizenship that goes beyond compliance, both in terms of our role in society and our environmental stewardship as well as our approach to governance KIV: 3
- A stakeholder-inclusive approach intended to maintain trust and balance the needs, interests and expectations of our business and our material stakeholders. KIV: 16

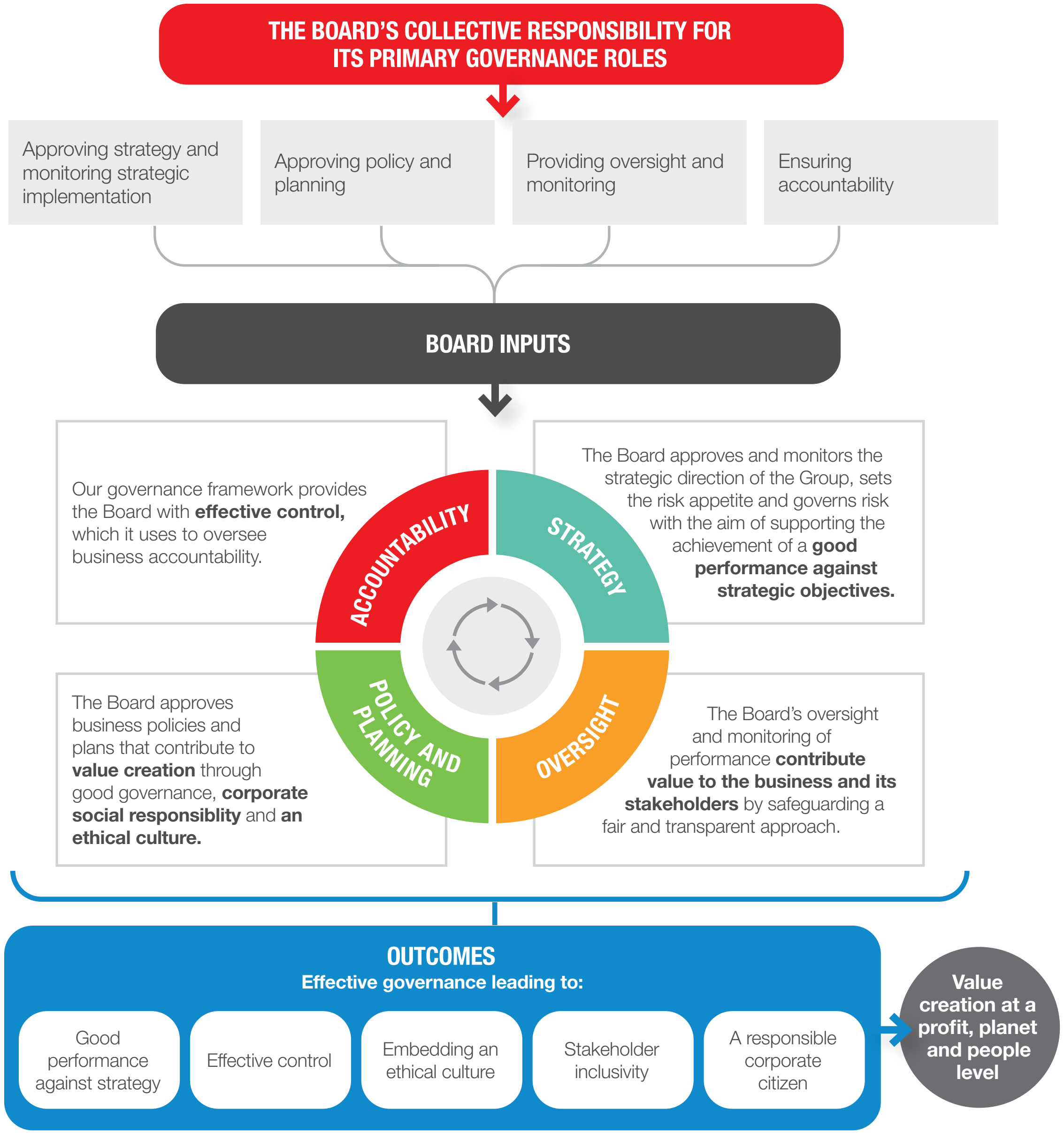
Our Board, the Group's custodians of governance, uses its quarterly meetings to discharge its duties in terms of its Charter, the Companies Act, the JSE Listings Requirements, King IV and legislation regulating our industry. The Board considers quarterly reports on operating and financial performance; risk, opportunities and compliance; our social performance including the safety, health and wellbeing of our employees and our customers; our environmental performance including climate change mitigation, and the results of our efforts. In addition, it monitors the macro environment and its potential impact on our business.

The delegation structures in place provide for the assignment of authority while retaining the Board's effective control mechanisms. This includes the Board's delegation of authority to its relevant committees and to the Chief Executive Officer with clearly defined mandates.

Defined roles and responsibilities on page 41

KIV: 1 & 8 and ★ JSE 3.84(a).

These delegations of authority are reviewed regularly. KIV: 8 & 10



Value-creating governance continued

How our Board governs

KIV: 8

Our governance framework positions the Board as the custodian of corporate governance and provides it with effective control of the business. By effectively governing the Group and taking into consideration the interests of our stakeholders, our Board and management contribute to the Group's ability to create enterprise value in the short, medium and long term. The Group comprises multiple operating platforms and subsidiaries. While encouraging alignment across our operating platforms and subsidiaries, our approach to governance recognises the separate juristic identity of our various legal entities. Our governance framework provides oversight of processes, policies and principles and verifies that these are standardised as much as possible without deviating from the legal accountability of subsidiary boards and local jurisdictional obligations and requirements.

KIV: 7 & 8

PROVIDERS OF FINANCIAL CAPITAL

BOARD OF SHOPRITE HOLDINGS

- Approves and monitors the Group's strategic direction
- Approves policy and planning
- Provides oversight and monitoring
- Safeguards accountability
- Delegates authority to its committees through clearly defined mandates

FIVE BOARD COMMITTEES

Governance

Committee charters set out their:

- Composition
- Overall roles and responsibilities
- Delegated authority and reporting responsibilities

AC — AUDIT AND RISK

Oversees appropriate assurance of the integrity of the Group's financial and integrated reporting, the quality, and reliability of its risk and compliance management, IT governance, information security and cyber risk.

See Committee details on page 43

SC — SOCIAL, ETHICS AND TRANSFORMATION

Monitors the Group's performance as a responsible corporate citizen in the workplace and the social and natural environments.

See Committee details on page 43

RC — REMUNERATION

Ascertains that the Group's approach to remuneration is fair and responsible and that it promotes positive outcomes in the short, medium and long term.

See Committee details on page 43

NC — NOMINATION

Verifies that formal succession plans are in place and identifies suitable candidates for Board and Executive Management positions.

See Committee details on page 43

FIC — FINANCE AND INVESTMENTS

Oversees investments, disposals and acquisitions in line with Group strategy and capital allocation.

See Committee details on page 43

OUTCOME

Effective governance leading to:

- LEGITIMACY
- EFFECTIVE CONTROL
- GOOD PERFORMANCE
- AN ETHICAL CULTURE

Value-creating governance continued

EFFECTIVE CONTROL

The Group's **governance and delegation structures** position our Board as the custodian of corporate governance and ensure Shoprite has adequate leadership structures in place. These provide a solid foundation for our application of King IV with a focus on achieving the four corporate governance outcomes of an ethical culture, good performance, **effective control** and legitimacy.
KIV: 1 & 4)

The role of the Board's committees

- Through its committees, the Board provides guidance, monitors the functions of Executive management and centralised Group functions and verifies that they apply its established governance policies and processes.
  KIV: 6
- The Audit and Risk Committee's mandate includes the monitoring of IT governance, information security and cyber risk. To fulfil its mandate, the committee monitors and evaluates the effectiveness of the cybersecurity strategy and critical risks facing the business with regard to technology.
- The Audit and Risk Committee has oversight of the **integrity of both the annual financial statements and the integrated report** and satisfied itself as to the expertise and experience of the Chief Financial Officer and the finance function.
- External audit quality and independence: In accordance with paragraph 3.84(g) (iii) and 22.15(h) of the JSE Listings Requirements the Audit and Risk Committee requested and received information from external auditors, PwC, which allowed it to assess PwC's credentials as a registered audit firm in good standing, including the appointed audit partner, Jacques de Villiers. The information supported and demonstrated PwC's claim of independence; the findings by the Independent Regulatory Board for Auditors in respect of PwC's independence, quality control and any corrective action by the firm; as well as any legal claims against the firm. Information was obtained and discussed in respect of the designated auditor. The committee concluded that it was satisfied with the independence and audit quality of PwC and the designated auditor. External audit fees are disclosed in the annual financial statements, within Note 29. Non-audit services provided by PwC – which are disclosed in the annual financial statements – were approved by the committee in accordance with the policy for the provision of non-audit services.
- The Social and Ethics Committee (1) advises and provides guidance to the Board on the effectiveness of management's efforts in respect of social, ethics, sustainable development-related matters and transformation. It carries out its duties in terms of the Companies Act and reports on the fulfilment of its mandate in this regard to the Board and stakeholders.
- Audit and Risk Committee (2) members are elected annually in accordance with the Companies Act, 71 of 2008 section 94 (2).
- A minimum of one-third of our Directors are elected annually by a majority vote in accordance with our MOI and the JSE Listings Requirements 3.84(d).

Compliance

- A combined assurance framework and process is in place to support an effective control environment.
  KIV: 15 and ★ JSE 3.84(g)
- Regulatory compliance is prioritised and the embedding of Board-approved policies is monitored.
- The Social and Ethics Committee confirmed there were no instances of material noncompliance requiring disclosure in the year under review.

Outcome

- Our governance practices facilitate the delegation of authority to the Board committees, which are chaired by Independent Non-executive Directors and the composition of the committees complies with applicable regulatory requirements.
  KIV: 7 & 13 and ★ JSE 3.84(c)
- Through the separation and clear definition of the roles and responsibilities of the Chairman and Chief Executive Officer, the Group has established a clear balance of power and authority at Board level. The Chief Executive Officer in turn delegates responsibilities in accordance with the Company's delegation of authority framework.
  KIV: 1 and 8 ★ JSE 3.84(a)
- In accordance with our Board policy, which is designed to protect the interests of stakeholders, the majority of our Board members (3) are independent Non-executive Directors KIV: 7 and ★ JSE 3.84(e)
- A Board-approved risk appetite framework (4) includes the Group's risk appetite statements, risk strategy and risk limits.
  KIV: 11
- Board and committee performance reviews are conducted annually. A formal Board assessment was conducted by an independent service provider in June 2022. This evaluation concluded the following:
  - » Over the past two years, the Board has been restructured and a new Chairman and seven new Independent Directors have been appointed. The transition from Dr Christo Wiese to Wendy Lucas-Bull as Chairman went smoothly and she provides effective leadership in ensuring constructive debate regarding strategic and operational issues.
  - » Overall, performance of the Board of Directors is good, it functions effectively and there is strong adherence to good corporate governance.
  - » Areas of ongoing focus included the continued enhancement of the Group's internal audit and risk assessment functions and ensuring that a succession and retention plan is developed for the Chief Executive Officer and other key Executives.
    KIV: 9

REMUNERATION THAT IS FAIR AND PROMOTES THE ACHIEVEMENT OF OUR STRATEGIC OBJECTIVES

KIV: 14

The Group understands it is essential that our strategy, risks, performance and rewards are aligned if we are to create shareholder value. Our Remuneration Policy Framework is based on the principles of fair and responsible remuneration and is designed to attract, retain, motivate and reward employees. We aim to encourage sustainable high levels of performance in line with the strategic direction, value drivers and organisational culture of the business. Our remuneration policy reflects the dynamics of the market in which the Group operates. Our remuneration review (5) – which includes our remuneration philosophy, policy, structure and their implementation – forms part of this integrated report.

During FY 2022, our retention strategies for key personnel were reviewed and included an analysis of compulsory employee benefits as well as a benchmarking exercise aimed at verifying that the Group's remuneration policies and practices are in line with market trends and best practice. The review took into account feedback received from shareholders.

Outcome

- Updates were made to the Group's remuneration policy based on shareholder recommendations, which are reflected in the remuneration review (5).
- Several updates were made to our remuneration policy (5) to safeguard fair and responsible remuneration practices and enhance the integration of environmental measures (6) in our short-term incentives.
- An evergreen B-BBEE employee benefit trust (7) was introduced.

1 Social and Ethics Committee on page 43
2 Audit and Risk Committee on page 43
3 Board members on page 35
4 Risk governance on page 28
5 Remuneration review on page 79
6 Environmental measures on page 74
7 Employee benefit trust on page 68

Value-creating governance continued

COMPLIANCE GOVERNANCE

KIV: 13

Our Board is committed to full compliance with all applicable laws and regulations, and it supports the application of certain non-binding codes and standards. To address the need for an effective control environment, a Board-approved combined assurance framework is in place. The Audit and Risk Committee is mandated to provide oversight of the internal controls to address risks and compliance with new legislation or amendments to current legislation, which include a risk, legal and compliance framework and processes.

Outcome

Our combined assurance framework enables an effective control environment, prevents gaps or duplication of assurance efforts, and supports the integrity of information for internal decision-making and external reports.

The Group complied with the JSE Listings Requirements, the Companies Act and King IV during the year under review.

Computicket (Pty) Ltd paid a fine of R11 million during June 2022 in terms of a settlement agreement concluded with the Competition Commission. The Social and Ethics Committee confirmed there were no other instances of material non-compliance requiring disclosure in the year under review.

TECHNOLOGY AND INFORMATION GOVERNANCE THAT SUPPORTS THE ACHIEVEMENT OF OUR STRATEGIC OBJECTIVES

KIV: 12

The Audit and Risk Committee's mandate includes the monitoring of IT governance, information security and cyber risk. To fulfil its mandate, the Committee monitors and evaluates the effectiveness of the cybersecurity strategy across the Group, focuses on increasing the Group's IT governance capabilities, and ascertains that they are aligned with and support the achievement of the Group's strategy.

Outcome

The Group continues to invest into appropriate systems and resources to protect digital information and we are well positioned to take advantage of our investment in technology.

RESPONSIBLE CORPORATE CITIZENSHIP

King IV Principle 3 reminds us that our Board should provide oversight of Shoprite as a **responsible corporate citizen**. This includes making certain the appropriate governance policies and processes are in place and that the mandated committees monitor and provide insight regarding the impact of their application to how we perform as a corporate citizen in the workplace; in terms of economic transformation; fraud and corruption; our role in society and our approach to the natural environment.

The Social and Ethics Committee has a key role to play in monitoring and guiding the Group as a responsible citizen.

Its terms of reference set out its mandate.

www.shopriteholdings.co.za/governance.html

The **Social and Ethics Committee's mandate** is to assist the Board in fulfilling its statutory and other oversight responsibilities regarding:

- Transformation, focusing on broad-based black economic empowerment (B-BBEE) and employment equity legislation
- Compliance with relevant social, ethics and legal requirements and best practice codes to promote an ethical culture within the Group
- Diversity and inclusion
- Environmental sustainability
- Corporate social investment
- Good corporate citizenship

The Social and Ethics Committee's report in the 2022 Sustainability Report provides information on its performance in terms of its mandate and the Group's application of King IV Principle 3.

Outcome

Governance practices designed to achieve responsible corporate citizenship.

GOVERNANCE DESIGNED TO ESTABLISH AN ETHICAL CULTURE

KIV: 2

The Social and Ethics Committee's role in promoting an ethical culture in the Group and providing oversight of the Group's efforts to embed an ethical culture is supported by our Board-approved Code of Conduct. It meets the requirements of the Companies Act and various policies intended to embed an ethical culture, address conflicts of interest and protect whistle-blowers.

All our Directors are required to declare their interests through any shareholding or contracts with the Group, as well as any personal commercial interests that may relate to Board matters. They recuse themselves from any relevant discussions and meetings, in line with the requirements of the Companies Act.

Our employees understand they are duty-bound to report any suspected breaches of our Code of Conduct.

We have a mature process, including an experienced investigation team in our Loss Prevention Department, that investigates and manages cases.

The Group's position on human rights has been formalised. We have reviewed our policy on sexual harassment to include broader aspects around good practice in the workplace, which is aligned with the South African Government's Code of Good Practice on the Prevention and Elimination of Harassment in the Workplace.

Outcome

Our anonymous whistle-blowing hotline received 201 calls in the year under review, which represents a 17.5% increase year-on-year. All the calls received are investigated and 12.4% of the calls received in the year under review resulted in action being taken to address breaches of our Code of Conduct.

The development of a Group-wide Supplier Code of Conduct further embedded an ethical culture within the Group's value chain.

See the full application of King IV Principles online and the King IV Principles reference guide in this report on page 112

Value-creating governance continued

What our Board's committees focused on in FY 2022

During the year under review, the Board formed a new sub-committee, the Finance and Investment Committee to review investment projects under consideration, oversee the capital allocation process within the Group, and review the annual budget and business/operational plans.

Audit and Risk Committee

Key focus areas in FY 2022

- Enhanced the role and risk-based approach of internal audit through an increased focus on leveraging the Group's combined assurance framework.
- Matured the committee's oversight of our risk governance responsibilities by aligning enterprise risk from the top-down with the Group's strategy and matters that were of key concern to the Executive team.
- Enhanced the committee's information and technology governance to provide oversight beyond IT risks into other areas of information, technology and innovation.

What the committee will focus on in FY 2023

In the year ahead we plan to:

- Oversee the effective operation of Group's financial systems, processes and internal financial controls.
- Provide oversight of information security and business recovery risk assessments, policies, processes and compliance in respect of governance of information and technology.

Finance and Investment Committee

Key focus areas in FY 2022

- Reviewed and approved our mandate and terms of reference.
- Reviewed investment projects under consideration, and approved or declined them as appropriate, verifying that the decisions we took were in line with the strategic objectives and priorities of the Group.

What the committee will focus on in FY 2023

- Ascertain that investments, disposals or acquisitions are in line with the Group's overall strategy.
- Confirm that all appropriate due diligence procedures are followed when acquiring or disposing of assets.
- Oversee the process of capital allocation within the Group.
- Review and recommend to the Board the annual budget and business/operational plans of the Group.

Nomination Committee

Key focus areas in FY 2022

- Reviewed the skills and experience of individual Directors and the collective Board in the context of the skills and diversity required to safeguard a future-fit Board composition.
- Provided oversight of succession planning with respect to the Board and Executive Management roles and engaged with the Executive team to gain an understanding of the talent the business will need to deliver on both its current and future strategy.

What the committee will focus on in FY 2023

- The skills, experience and composition requirements of the Board and its committees.
- Succession planning.

Remuneration Committee

Key focus areas in FY 2022

- The inclusion of ESG measures in our rewards and built on the progress made in 2021.
- Implemented environmental measures in our short-term incentives that align with the Group's strategy to reduce our carbon footprint and electricity consumption, and to drive the increased use of recycling content from in-store packaging and waste.
- Engaged with our shareholders on the issues they highlighted and endeavoured to make changes where appropriate to enhance governance and disclosure.

Chairman's report in Remuneration review on page 79

This is a process of continuous improvement over time and one on which we will regularly engage with shareholders.

- In line with the Group's existing culture of building share ownership through retention of LTI shares after vesting, Shoprite has introduced a Minimum Shareholding Requirements policy.
- Invested in our people, furthered fair and responsible remuneration and improved the livelihoods of our more vulnerable employees, particularly within the current difficult socio-economic circumstances.

Remuneration review on page 79

What the committee will focus on in FY 2023

- Continue to improve disclosure of remuneration practices.
- Oversee engagements with shareholders regarding evolving remuneration practices and policies.
- Continue to evaluate and embed fair and ethical remuneration practices and the concept of a living wage.
- Variable remuneration structure review to provide oversight of the appropriateness of its purpose to retain and incentivise talent.
- Further embed ESG and non-financial targets into performance management and key performance indicators.

Social and Ethics Committee

Key focus areas in FY 2022

- Provided oversight on mitigation strategies in response to the Covid-19 pandemic that supported a people-centric culture, and a strong focus on the health, safety and wellness of the Group's employees and its broader stakeholders.
- Provided guidance and oversight during the establishment of the Shoprite Employee Trust, which increased the effective black ownership of Shoprite Checkers from 13.5% to 19.2%.
- Developed a Group-wide Supplier Code of Conduct as part of the further evolution of the ethics management programme.
- Worked on identifying and understanding the impact of climate change on the business strategy.
- Skills development and job-creation initiatives targeting youth.
- Approved the increase in the internal minimum wage of the Group and the increased remuneration of cashiers.

What the committee will focus on in FY 2023

- Ongoing monitoring of legal and regulatory compliance.
- Strengthen our understanding of the potential impact of climate change on the business strategy.
- Monitor the Group's CSI expenditure and its progress against planned programmes.
- Review and monitor implementation of policies within the SEC's mandate.
- Provide oversight to confirm that high levels of hygiene and food safety are maintained, and that the Group effectively mitigates these risks.

OUR PERFORMANCE

Checkers Drakenstein, Paarl, Western Cape

> As a Group, we extended our lead as the largest and most profitable food retailer on the African continent in 2022 by delivering an excellent financial performance despite the base effects of the strong performance achieved in our 2021 financial year.

Anton de Bruyn
Chief Financial Officer

Navigate to sections by clicking on the list below

Financial review

The year in review

Our 2022 financial year was a stand-out year given our management of the challenging risk environment presented to us from a local African continent perspective as well as globally owing to the knock-on impact the war in Ukraine had on our business. It required a team effort and all credit to my very competent and dedicated colleagues in finance, risk management, treasury, legal and IT who came together to support the business while maintaining the high reporting standards that have become synonymous with how we go about our daily operations.

From a reporting methodology perspective, the Group follows a retail calendar that requires us to include an extra week as part of our financial year every five years; this is referred to as the 53rd week and was included as such as part of our results for the year ended 4 July 2021. For ease of comparison, where we can, we report the 2022 results against a 52-week equivalent.

As a Group, we extended our lead as the largest and most profitable food retailer on the African continent in 2022 by delivering an excellent financial performance despite the base effects of the strong performance achieved in our 2021 financial year. We increased Group revenue by 9.6% to R184.1 billion. Our gross margin remained in line with guidance of 24.5% and the cost growth of 10.7% we believe reflects our best efforts in terms of managing the balance of keeping a firm handle on cost growth while not sacrificing the pursuit and execution of our plans to sustain, improve and grow our operations. As a result, the Group's earnings before interest, tax, depreciation and amortisation (EBITDA) measured R16.6 billion (FY 2021 53 weeks: R15.1 billion).

The Group follows a strict capital allocation model and the 2022 financial year was no exception. The impact of the social unrest during July 2021 (discussed in more detail later in this report) did require additional replacement capital to the value of R490 million in the year, which increased our capital spend to R5.4 billion, 2.9% of sales. We announced further consolidation of our distribution centre network with the sale and leaseback of our centres in KwaZulu-Natal and the Eastern Cape to the Equites joint venture, which we expect to be completed in the first half of the 2023 financial year. Capital allocation remains a focus area with our return on invested capital (ROIC) excluding IFRS 16 measuring 16.3% (FY 2021 52 weeks: 14.8%). The borrowings/equity ratio of 21.5% is below the Group's 25–30% target range and cash generated from operations in the amount of R15.0 billion reflects the Group's inherent cash-generative capability.

Shoprite LiquorShop Somerset Crossing, Strand, Western Cape

> LiquorShop's sales growth of 44.5% was boosted by the launch of the Group's liquor e-commerce offering, Liquorshop.co.za, during the second half of the year.

Basic headline earnings per share from continuing operations increased by 10.3% to 1 055.0 cents while diluted headline earnings per share (DHEPS) from continuing operations improved by 10.0% to 1 048.1 cents.

With this in mind, the Board has declared a final dividend of 367 cents per share, resulting in a full-year dividend of 600 cents per share. This is in line with the Group's 1.75 times dividend cover based on DHEPS from continuing operations and represents year-on-year dividend per share growth of 10.3%. Furthermore, the Board has authorised a five-year share buy-back programme in 2021 to the value of an estimated R1 billion per year; to date, this has resulted in the repurchase of 8.4 million shares at a value of R1.5 billion including transaction cost.

The Group was actively involved with various merger and acquisition transactions and divestments during the period and included the following key transactions:

- The proposed acquisition of the Massmart assets relating to the Masscash Cash & Carry, Cambridge Food and Massfresh businesses is progressing well with the support of the Competition Commission authorities. Merging the operations of the Massmart stores as part of the Group is anticipated to be completed in the first half of the 2023 financial year.
- The acquisition of the President Hyper brand at a cost of R250 million, which will strengthen our offering in the franchise environment was concluded. The growth strategy of the offering has been agreed and two new stores are planned for the 2023 financial year, with additional opportunities identified for the 2024 financial year.
- The RTT on-demand joint venture transaction was concluded at a value of R175 million, of which the Group holds a 50% share. The joint venture has subsequently been rebranded as Pingo Delivery (Pty) Ltd. The success of Checkers Sixty60, the Group's on-demand offering, together with future e-commerce initiatives necessitated management to invest in the last-mile offering opportunity.

Financial review continued

The ongoing review of our capital invested in our Supermarkets Non-RSA segment resulted in the conclusion of agreements for the sale of assets of our Uganda subsidiary and the sale of equity in our Madagascar subsidiary. As such, our business in these regions has been classified as discontinued operations and these have been excluded from our headline earnings performance measure for continuing operations.

Areas of focus for the Group included the following.

Key driver	Measurement
Reducing capital expenditure	Capital spend amounted to 2.9% of sales and exceeded the guidance of 2.5%. The overspending related to replacement capital as a result of the July 2021 social unrest together with the merger and acquisition activity.
Disposing of selected assets to unlock balance sheet value	The Group is in the process of selling its distribution centres in KwaZulu-Natal and Eastern Cape to the Retail Logistics Fund, the Group's property joint venture of which it owes 50%. Our ROIC excluding IFRS 16 measured 16.3% (FY 2021 52 weeks: 14.8%).
Maintaining effective stockholding levels	In-stock and on-shelf availability are two key metrics for the Group and in both cases, the operational teams were successful in achieving their targets. The impact of rising inflationary risk as well as the deterioration of supplier service levels cannot be ignored. Management has taken a strategic view to increase the inventory levels of various key categories to support the growth projections in the short to medium term. Inventory as a percentage of sales of 11.9% is higher than the guidance of 11.5% communicated previously and management is of the view that a 12.0% ratio is more feasible in the future.
Maintaining our lean cost structure	Trading margin improved from 5.3% reported for the 2020 financial year to 6.1% reported for the 53-week period in 2021 and 6.0% for the 2022 financial year.

Sale of merchandise

The following table gives the sale of merchandise per segment from continuing operations.

	Change %	52 weeks 2022 Rm	53 weeks 2021 Rm
Supermarkets RSA	10.1	**147 368**	133 852
Supermarkets Non-RSA	10.4	**17 067**	15 453
Furniture	(1.4)	**6 723**	6 818
Other operating segments	8.5	**12 920**	11 907
Total continuing operating segments	9.6	184 078	168 030
Discontinued operations		**359**	3 591
Total operating segments including discontinued operations	7.5	184 437	171 621

Supermarkets RSA

The Group's core business, Supermarkets RSA – making up 80.0% of sales from continuing operations – is represented by 1 789 stores across our major trading banners Shoprite, Usave, Checkers, Checkers Hyper and LiquorShop. As a segment, Supermarkets RSA achieved 10.1% sales growth (52 weeks: sales growth of 12.6%) and, on a like-for-like basis, grew sales by 8.5%. As a result of changed behaviour since the lifting of lockdown regulations, customer visits for the year increased by 5.0% with average basket spend increasing by 4.9%. Internal selling price inflation measured 3.9% for the year as a result of an acceleration in the fourth quarter, which resulted in second-half inflation measuring close to 5.0%.

At the end of the reporting period, the number of stores still closed as a consequence of extensive damage during the July 2021 social unrest totalled 31 (including two Checkers Hypers). It is envisaged nine of these will not re-open.

The Checkers supermarket chain, inclusive of 38 larger format Checkers Hypers of which two remained closed owing to the unrest, increased sale of merchandise by 9.1% (52 weeks: 11.6%). Checkers, inclusive of Checkers Hyper, now operates from 275 stores in South Africa. Of this, the number of stores in the Checkers FreshX format has increased to 59 from 41 stores in the prior year. During the reporting period, the banners achieved market share gains of 56 basis points to 13.8%.

Checkers Sixty60, the Group's response to fulfil the need in the market for a fast and reliable on-demand grocery delivery service, has been rolled out to 300 stores, an increase of 67 stores since the previous financial year. The service continues to maintain its sales growth momentum and there has not been a drop in volumes as a result of a relaxing of the lockdown regulations.

The Shoprite and Usave brands collectively increased sales by 7.2%. Individually, Shoprite and Usave reported growth in sales for the year of 6.7% and 11.4% respectively. Our price-fighting Shoprite supermarket business ended the period with a base of 534 stores, up by a net 19 new stores excluding the impact of stores closed as a result of the social unrest. Our low-cost, no-frills, limited assortment discounter Usave opened a net 24 new stores excluding the impact of store closures owing to unrest and ended the year with 410 outlets (including 36 Usave eKasi box stores).

The segment's LiquorShop sales growth of 44.5% was mainly as a result of the fewer days the business had to close because of the Covid-19 lockdown regulations. During the year, the operations closed for 48 days compared to the 144 days in the prior year. In addition, the sales growth was boosted by the launch of the Group's liquor e-commerce offering, Liquorshop.co.za, during the second half of the year. The liquor business represents 7.2% of Supermarkets RSA's sales and opened a net 42 new stores. It ended the year with 570 stores in South Africa.

Supermarkets Non-RSA

Supermarkets Non-RSA continuing operations contributed 9.3% to Group sales. The segment's continuing operations now operating from 10 countries recorded a sales increase in constant currency of 5.9% and we estimate internal food inflation for the region averaged 7.4% for the period.

In rand terms, sales increased by 10.4% to R17.1 billion (52 weeks: increase of 12.9%) from continuing operations.

Our Angolan supermarkets business reported sales in constant currency 8.2% lower than last year. In rand terms, this translated to a 5.7% sales increase. There are signs of an improvement in the trading environment in Angola but the rampant inflation and currency devaluations in recent years have significantly eroded customer spending power and this will continue in the short term.

Our Zambian operations reported sales growth of 17.7% in constant currency for the year and sales growth of 36.8% in rand terms. The worldwide demand for commodities had a positive impact on the mining activities in various regions within Zambia and benefited the operations.

Financial review continued

Furniture

Sales in the Group's Furniture segment, representing 3.7% of sales from continuing operations, declined by 1.4% to R6.7 billion (52 weeks: sales growth of 0.7%). Like-for-like sales increased by 0.3%. Credit participation increased to 13.4% (FY 2021: 12.6%).

The overall sales decline for the year was impacted by the first half's 6.5% decline in sales attributable to two factors: the high base created in the comparative period owing to pent-up demand following lockdown closures where sales increased 15.7%, and the impact of the social unrest, which directly impacted 35 stores and closed many adjacent stores for precautionary reasons (five stores remained closed at the end of the reporting period). Second half sales reflected a marked improvement, reporting growth of 5.2%.

Outside of the social unrest closures and re-openings, the segment's store base on a net basis increased by five stores over the period to close with 426 stores (RSA: 340 stores; Non-RSA: 86 stores).

Other operating segments

The Group's other operating segments, representing 7.0% of sales from continuing operations and comprising OK Franchise, Transpharm, Medirite Pharmacies, Checkers Food Services (CFS) and Computicket, achieved sales growth of 8.5% for the year (52 weeks: 9.3%).

	Growth %
OK Franchise	7.5
Medirite Pharmacies	11.5
Checkers Food Services	4.8
Total other operating segments	8.5

Sales to our OK Franchise business increased by 7.5%. The acquisition of the President Hyper brand during the financial year was strategic in improving the franchise offering of different store formats to its members. The OK Franchise ended the year with 513 stores.

The Medirite and Transpharm operations increased sales by 11.5% (52 weeks: sales growth of 14.6%). The Group launched its standalone Medirite Plus concept store during the year, trading from a bigger store sales space and carrying a wider range of products that will appeal to a different market segment. Medirite Plus ended the year with two standalone stores. Four additional opportunities have been identified and will open during the 2023 financial year.

Summary statement of comprehensive income

	Growth %	52 weeks 2022 Rm	53 weeks 2021 Rm
Sale of merchandise	9.6	**184 078**	168 030
Cost of sales	9.6	**(139 017)**	(126 817)
Gross profit	9.3	**45 061**	41 213
Other operating income	19.2	**3 118**	2 616
Interest revenue	0.4	**544**	542
Depreciation and amortisation	1.3	**(5 406)**	(5 336)
Employee benefits	9.1	**(14 788)**	(13 553)
Credit impairment losses	(22.1)	**(173)**	(222)
Other operating expenses	16.1	**(17 326)**	(14 928)
Trading profit	6.8	**11 030**	10 332
Exchange rate losses	>100	**(260)**	(27)
Profit on lease modifications	(64.7)	**66**	187
Items of a capital nature	(96.5)	**(29)**	(828)
Operating profit	11.8	**10 807**	9 664
Interest received from bank account balances	0.7	**270**	268
Finance costs	(3.1)	**(2 999)**	(3 095)
Share of profit of equity accounted investments	73.3	**208**	120
Profit before income tax	19.1	**8 286**	6 957
Income tax expense	14.1	**(2 556)**	(2 241)
Profit from continuing operations	21.5	**5 730**	4 716
Profit from discontinued operations (attributable to owners of the parent)	(93.0)	**10**	143
Profit for the year	18.1	**5 740**	4 859
Earnings per share for profit from continuing operations attributable to owners of the parent:			
Basic earnings per share (cents)	22.9	**1 046.5**	851.6
Diluted earnings per share (cents)	22.6	**1 039.7**	848.2
Basic headline earnings per share (cents)	10.3	**1 055.0**	956.3
Diluted headline earnings per share (cents)	10.0	**1 048.1**	952.5

Gross profit

The Group managed to maintain gross profit margin levels at 24.5% (FY 2021: 24.5%) in an environment where we have seen accelerated cost inflation pressures. Key focus areas in maintaining the margin were as follows:

- Data-lead decision-making initiatives: enabling our buying department to unlock advertising recoupments, allowances and rebates in our supply chain.
- Investment in procurement capabilities: leading to improved in-stock levels across categories
- More effective pricing and promotions optimisation, facilitated by our Xtra Savings rewards programme.
- Improved in-store execution: the business continued to unlock additional benefits from improvements in the areas of waste and shrinkage.

Other operating income

Other operating income increased by 19.2%. Franchise fees received increased, with 24.8% linked to increased franchise revenue as well as additional franchise fees earned through the acquisition of the President Hyper trademark. Delivery recoveries from our Sixty60 offering increased significantly with the expansion to 300 stores. Commissions received from our Computicket business increased as a result of the demand for travelling after prior year restrictions on travelling.

	Change %	2022 Rm	2021 Rm
Commissions received	13.8	987	867
Operating lease income	3.8	439	423
Delivery recoveries	>100	421	205
Marketing	(2.1)	185	189
Premiums and other insurance income earned	(39.2)	160	263
Franchise fees received	24.8	146	117
Dividend income	>100	144	1
Sundry income	15.4	636	551
Total	19.2	3 118	2 616

Interest revenue

Interest revenue was in line with the prior year's performance. An analysis is tabled below.

	Change %	2022 Rm	2021 Rm
Finance income earned from instalment sale receivables	0.4	264	263
Interest received from government bonds and bills	(1.9)	159	162
Interest received from associates	–	56	56
Interest received other	6.6	65	61
Total	0.4	544	542

Expenses

Total expense growth for the year measured 10.7%. Expenses are attributed to the following:

- Depreciation and amortisation increased by 1.3% impacted by the sale-and-leaseback transaction of the three distribution centres to Retail Logistics Fund (RF) (Pty) Ltd, of which the Group holds a 49.9% share.
- Employee benefits expense growth of 9.1% reflects overall employee cost growth but was additionally impacted by the launch of the Shoprite Employee Trust in May 2022. For the 2022 financial year, a total cost of R128 million was included in employee benefits relating to the first distribution to eligible employees in South Africa, and equivalent bonus payment to eligible Non-RSA employees as well as an accrual for the second distribution and equivalent bonus payment.
- Other operating expense growth of 16.1% includes R145 million relating to expenditure incurred owing to the social unrest that did not form part of the insurance claim. Other cost elements that increased include 9.0% for electricity and water on the back of an increase of 15.1% from the South African power regulator and an increase of R123 million in fuel costs to run generator power as a result of the increasing power interruption in South Africa; 11.2% for security as a result of the social unrest experienced during the first half of the year; more than 100% increase in delivery expenses with the rapid growth in the Group's Sixty60 on-demand offering, 11.2% for repairs and maintenance and 12.7% for advertising.

Trading profit

Group trading profit increased by 6.8% to R11.0 billion and, as a result, the Group's trading margin measured 6.0% (FY 2021: 6.1%). On a 52-week basis, Group trading profit increased by 10.3%.

Supermarkets RSA's trading profit increased by 7.0% to measure R10.1 billion (FY 2021 53 weeks: R9.4 billion). The segment's 6.8% trading margin compares to a 7.0% trading margin in the prior 53-week year. Supermarkets Non-RSA reported a R439 million trading profit (FY 2021: R307 million profit), which is in line with the recovery trajectory target in the short to medium term. The project to rightsize the operations is near completion with the finalisation of the sale of assets for Uganda and sale of equity in Madagascar during the financial year. The strengthening of the major currencies against the rand and the US dollar across the various regions of the Group trade is a positive sign for financial stability in these regions.

The Furniture segment's 2022 trading profit of R211 million is lower than the R382 million reported during the 2021 financial year predominately as a result of high base effects in the prior year. Based on the assessment of expected credit losses for the 2022 year, the Furniture division's debtors book provision declined to 44.7% (FY 2021: 45.9%).

Financial review continued

The following table gives the relevant trading profit, per segment, for continuing operations:

	Change %	52 weeks 2022 Rm	Trading margin 52 weeks 2022 %	53 weeks 2021 Rm	Trading margin 53 weeks 2021 %
Supermarkets RSA	7.0	10 055	6.8	9 401	7.0
Supermarkets Non-RSA	43.0	439	2.6	307	2.0
Furniture	(44.8)	211	3.1	382	5.6
Other operating segments	24.7	363	2.8	291	2.4
Total operating segments	6.6	11 068	6.0	10 381	6.2
Hyperinflation effect		(38)		(49)	
Consolidated continuing operations	6.8	11 030	6.0	10 332	6.1

Foreign exchange differences

As stated in the accounting policies, the assets and liabilities of foreign subsidiaries are converted to rand at closing rates. These translation differences are recognised in equity in the foreign currency translation reserve (FCTR). In essence, most foreign exchange differences in the statement of comprehensive income are owing to US dollar-denominated short-term loans of operations outside South Africa and balances in US dollars held in offshore accounts.

Both the Angolan kwanza and the Zambian kwacha have strengthened 41.2% and 34.3% respectively against the rand during the financial year that negatively affected the hedging strategies followed by the Group. The Group designated its US dollar-denominated lease liabilities as a hedge of a proportion of the net investment in the Group's US dollar subsidiary and apply hedge accounting since.

The table below gives the approximate rand cost of a unit of the following major currencies at year end.

	Change 2021–2022	2022	2021	2020	2019
US dollar	13.0	16.372	14.486	17.141	14.175
Euro	(0.2)	17.126	17.156	19.234	16.106
Zambia kwacha	52.3	0.972	0.638	0.946	1.095
Angola kwanza	72.7	0.038	0.022	0.029	0.041
Mozambique metical	13.9	0.254	0.223	0.246	0.226
Nigeria naira	11.4	0.039	0.035	0.044	0.039

Net finance costs

Net finance costs decreased by 3.5% to R2.7 billion (FY 2021: R2.8 billion).

Interest on the Group's R31.6 billion lease liabilities was R2.6 billion (FY 2021: R2.5 billion). The reduction in finance cost on borrowings relates to the inclusion of a once-off R178 million breakage cost on early settlement of a US$250 million fixed interest rate loan in the comparative period.

	Change %	2022 Rm	2021 Rm
Interest received from bank balances and investments	0.7	270	268
Finance cost: lease liabilities	7.1	(2 646)	(2 471)
Finance cost: borrowings	(43.4)	(353)	(624)
Net finance costs	(3.5)	(2 729)	(2 827)

Equity accounted investments

Our share of post-acquisition profits from equity accounted investments is R208 million. This includes profits from Retail Logistics Fund (RF) (Pty) Ltd, in which the Group acquired a 49.9% shareholding through a sale and leaseback transaction. During the year, the RTT on-demand joint venture transaction was concluded in which the Group holds a 50% share. The business was subsequently rebranded as Pingo Delivery (Pty) Ltd.

	Change %	2022 Rm	2021 Rm
Retail Logistics Fund (RF) (Pty) Ltd share of post-acquisition profits	68.3	202	120
Pingo Delivery (Pty) Ltd share of post-acquisition profits	> 100	6	–
Net finance costs	73.3	208	120

Checkers Foods Franschhoek, Western Cape

Financial review continued

Income tax expense

The Group's effective income tax rate measured 30.8% (FY 2021: 32.2%).

The effective tax rate is higher than the nominal income tax rate of South Africa (28.0%) mainly as a result of the write-back of deferred income tax assets for Non-RSA countries with accumulated income tax losses where there is uncertainty regarding the future profitability to absorb these losses. In some of the Non-RSA countries, minimum taxes or rental income taxes are applicable in addition to the statutory tax rates being higher than 28.0% in most cases, all contributing to the higher effective tax rate.

Statement of financial position

Non-current assets

Property, plant and equipment (PPE), right-of-use assets and intangible assets

The Group's total capital spend amounted to R5.4 billion (FY 2021: R3.2 billion) and represented 2.9% (FY 2021: 2.0% of sales calculated on a 52-week basis). Included in this amount are certain once-off items such as maintenance capital in the amount of R490 million relating to the July 2021 unrest and R250 million relating to the President Hyper trademark purchased. Excluding these areas of spend, capital expenditure measured R4.6 billion and represented 2.5% of sales.

The increased spend supports the investment in expanding the store portfolio as well as the Group's commitment to digital acceleration.

	Change %	2022 Rm	2021 Rm
Trademarks	>100	250	–
Information technology	79.8	1 341	746
Machinery, equipment and fittings	56.7	3 099	1 978
Land, buildings and leasehold improvements	87.3	560	299
Supply chain	(31.6)	134	196
Total capital expenditure	67.3	5 384	3 219

The right-of-use asset class increased by R3.2 billion to R23.7 billion owing to new leases signed together with lease renewals.

The Group reviews loss-making stores and considers the need for impairment of assets under these circumstances. For the 12 months reported, impairments to the value of R146 million were accounted for, mainly in the Supermarkets Non-RSA segment as a result of the deterioration in the current and future economic outlook. Of this, R46 million related to PPE, R88 million to right-of-use assets and R12 million to intangibles. Impairments form part of items of a capital nature and net of income tax impacts EPS but not HEPS.

Intangible assets consist mainly of goodwill paid-for acquisitions, trademarks acquired and software. Goodwill represents the premium paid for certain businesses and is tested for impairment annually based on the higher of the fair value less cost to sell or the value-in-use of these businesses, calculated by using cash flow projections.

Software represents the Group's investment in certain computer software used in its daily operations and costs capitalised for software in development. Software is amortised over its useful life of three to 10 years.

Trademarks largely represent the purchased President Hyper trademark valued at R250 million and will be depreciated over 20 years.

Government bonds and bills

Local currency cash and short-term deposits in Angola are subject to onerous local exchange control regulations and limit the repatriation of surplus cash. The Group is utilising said cash for its local trade and has invested surplus cash in AOA, USD Index Linked, Angola Government bonds and AOA, Angola Government bonds as well as Treasury bills. The AOA, USD Index Linked and Angola Government bonds form part of the hedging strategy against future possible devaluation.

The investment in government bonds and treasury bills reduced by a net R157 million as a result of a combination of investments maturing as well as new investments in these instruments.

	Change %	2022 Rm	2021 Rm
AOA, USD Index Linked Angola Government bonds	(15.6)	739	876
AOA, Angola Government bonds	6.8	598	560
Angola treasury bills	(100.0)	–	58
Total government bonds and bills	(10.5)	1 337	1 494

Current assets

Inventories

Inventories increased by 18.9% to R21.9 billion. This represents an inventory to sales ratio of 11.9%. The increase in inventory levels is primarily a result of the following factors:

Supermarkets RSA inventory-to-sales ratio decreased from 11.0% to 11.7% on the back of:

- Inflationary pressures leading to strategic buy-in of various commodity-driven food categories;
- The increase in our supply chain network capacity with the addition of a temporary 55 000m^2 space to accommodate the additional safety stock levels as a result of deteriorating supplier service levels; and
- Increased general merchandise stock in response to global supply chain constraints.


Usave Riebeeck West, Western Cape

Financial review continued

Supermarkets Non-RSA stock levels increased by value as a result of strengthening currencies across the regions we trade. In local currency, stock levels declined as a result of continued focus on working capital management.

The Group accepts its responsibility to support local supplier and enterprise development in the regions we trade and launched Shoprite Next Capital in June 2022 to support these various programmes to develop and grow these enterprises.

	Change %	2022 Rm	2021 Rm
Supermarkets RSA	19.9	17 241	14 382
Supermarkets Non-RSA	28.6	2 338	1 818
Furniture	2.3	1 667	1 629
Other operating segments	11.6	633	567
Total inventory	18.9	21 879	18 396

Trade and other receivables

Trade and other receivables largely represent instalment sale debtors, franchise debtors, receivables from medical aid schemes, buy-aid societies and rental debtors. Adequate allowance is made for potential bad debts and the outstanding debtors' book is reviewed regularly. Based on the assessment of expected credit losses for the year in terms of IFRS 9: Financial Instruments, the provision against the instalment sale receivable debtor book declined to 44 .7% (FY 2021: 45.9%).

Cash and cash equivalents and bank overdrafts

Net cash and cash equivalents (including restricted cash and after deducting bank overdrafts) amounted to R6.0 billion. The decline in the Group's cash balance was a direct result of cash outflows relating to the acquisition of Pingo Delivery (Pty) Ltd (R175 million) and the President Hyper trademark (R250 million) as well as share buy-backs of R1.0 billion for the 2022 financial year including transaction cost.

	Change %	2022 Rm	2021 Rm
Cash and cash equivalents	34.2	10 665	7 950
Restricted cash	>100	300	–
Bank overdrafts	>100	(4 998)	(1 221)
Net cash	(11.3)	5 967	6 729

Non-current liabilities

Borrowings and lease liabilities

Total borrowings increased by R233 million to R5.5 billion (FY 2021: R5.3 billion). The borrowings/equity ratio improved from 24.9% to 21.5%. Most of the debt is rand denominated. The Group's lease liabilities increased by R3.9 billion owing to new leases and renewals.

	Change %	2022 Rm	2021 Rm
Borrowings	4.4	5 512	5 279
Lease liabilities	14.1	31 623	27 722
Total debt	12.5	37 135	33 001
Borrowings consist of:			
ZAR-denominated funding	22.8	4 916	4 004
USD-denominated funding	(70.3)	294	991
Other local currency funding	6.3	302	284
Total borrowings	4.4	5 512	5 279
Lease liabilities consist of:			
Long term	14.7	28 458	24 801
Short term	8.4	3 165	2 921
Total lease liability	14.1	31 623	27 722

Current liabilities

Provisions

Adequate provision is made for post-retirement medical benefits, reinstatements, long-term employee benefits and outstanding insurance claims.

	Change %	2022 Rm	2021 Rm
Post-employment medical benefits	(10.0)	18	20
Outstanding claims	(100.0)	–	3
Long-term employee benefits	(8.2)	360	392
Reinstatement provision	19.2	180	151
Total provisions	(1.4)	558	566

Looking ahead

The period aligning with our 2023 financial year is expected to remain challenging for our broad base of South African customers who, like many across the world, are facing considerable hardship as a result of elevated transport, food and borrowing costs. In addition to this, South Africa's growth remains constrained by high levels of unemployment and continued power outages.

Within this context it is gratifying to report that for July 2022, the first month of our 2023 financial year, customer momentum across all of our Supermarkets RSA businesses has continued, evidenced by sales growth increasing ahead of the reported 10.1% achieved by the segment for the 2022 financial year. This is notwithstanding the high base created during our first quarter of 2022 (Q1 2022: Supermarkets RSA sales increased by 11.6%) as a result of the segment's performance during the period of social unrest. It is noteworthy in terms of base effects that for the July 2022 period, the segment's LiquorShop business was restricted from trading during July 2021 because of the Covid-19 lockdown regulations. Selling price inflation for our Supermarkets RSA segment for the month of July 2022 measured 7.3%.

We are acutely aware of the hardships faced by our customers and remain humbled by the trust they place in our brands as we strive to bring them the best value in the market in the most accessible way. It is with this in mind that we continue to invest in the development of the business in order to support the growth of the Group's brands as they continue to execute on their respective strategies.

In terms of our retail store-based operations 2023 is expected to be a record in terms of new store openings with 275 stores scheduled to open across the Group. Within this, our Supermarkets RSA segment plans to open 220 stores of which 95 stores will serve our mid-to-lower segment customers. This expansion is outside of the stores expected to be acquired as part of the Group's proposed Cambridge Food, Massfresh as well as Masscash Cash & Carry acquisition and the stores scheduled to re-open due to social unrest closures.

On the supply chain front, the year ahead will mark the start of the first phase of a multi-year supply chain expansion which will add approximately 200 000m² to our distribution centre capacity over the next two to three years. As part of this, we plan to break ground on a new 85 000m² Johannesburg campus during this first quarter period with a go live for this facility expected towards the end of our 2024 financial year. Our supply chain infrastructure roadmap has been updated and designed to ensure our network can support the growth of the Group, provide flexibility and agility within the network, while advancing our overall centralised supply chain position by ensuring it remains agile and enables future fulfilment channel development.

Anton de Bruyn
Chief Financial Officer

OPERATIONAL REVIEW

SUPERMARKETS RSA

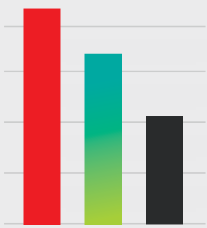
Our South African supermarket brands form the core of our Group's operations

SHOPRITE
Usave
R77.9 billion
(FY 2021: R72.6 billion)

Checkers
Checkers Hyper
R58.7 billion
(FY 2021: R53.8 billion)

LiquorShop
LiquorShop
R10.6 billion
(FY 2021: R7.4 billion)

Sales growth per brand grouping



7.2%
(against FY 2021: 8.8%)

9.1%
(against FY 2021: 10.9%)

44.5%
(against FY 2021: 4.4%)

At a glance

Both Shoprite and Checkers were ranked among the top 20 South African brands in South Africa in 2022, which is testament to their ability to leverage the scale and opportunities within the Group. Both brands offer fresh food, groceries, wines, general merchandise, personal care and a variety of other product categories as well as a range of services. Selected stores offer additional products through product partnerships, digital commerce and value-added services.

Our relentless focus on the needs of our customers, together with the resilience of our operating businesses, drove performance as we navigated two years of Covid-19 challenges, social unrest in KwaZulu-Natal and Gauteng in July 2021 and the extreme weather-related floods in KwaZulu-Natal and the Eastern Cape in 2022.

Despite the challenging market environment, our supermarket operations performed well in absolute and relative terms and we continued opening new stores and creating employment.

Over the past two years, the value of the Checkers brand has more than doubled[1] and the value of the Shoprite brand increased substantially.

1 *Brand Finance South Africa 100 2022 report.*

How we are adding value

One-stop shop experience

Customers enjoy the convenience of a one-stop customer experience with our Shoprite and Checkers brands.

Xtra Savings

Our customers enjoy instant savings through our Xtra Savings rewards programme.

Precision retailing

Data from the Xtra Savings rewards programme informs our decision-making and enables precision retailing.

Food security

We use our execution capabilities across our extensive store footprint and world-class supply chain to contribute to food security in South Africa.

Supply chain efficiencies

We are currently remodelling and optimising our centralised supply chain network to ensure it is future-fit to enable growth, deliver efficient service and mitigate risk. The project road map has been approved for roll-out over the medium term.

Innovation and food waste management

Project Luminate, the Group's pilot project for further development of machine learning and artificial intelligence to refine forecasting, address waste and on-shelf availability – particularly in the Fresh categories – is showing good results and will now be rolled out for various short shelf-life categories.

Supermarkets RSA continued

Future focus

SHORT-TO-MEDIUM TERM INCORPORATION OF ACQUISITIONS:

The pending acquisition of the Cambridge Food and Massfresh businesses and the Masscash Cash & Carry assets will be rebranded and should result in a number of stores being incorporated into the Shoprite stable over the next 12 months.

LONG-TERM FOCUS ON LEVERAGING THE GROUP'S STRATEGIC ECOSYSTEM:

For continued growth in our core supermarkets business, market share growth in adjacent categories and alternative revenue in complementary offerings.

4.5% VOLUME GROWTH

145 MILLION additional products sold

0.1% INCREASE in internal selling price inflation

4.9% BASKET SIZE GROWTH

5.0% more customer visits

R6.2 BILLION MARKET SHARE GAIN

40 months uninterrupted market share gains

Shoprite	57.8%	(72 406 head count; FY 2021: 75 895)
Usave	4.1%	(5 126 head count; FY 2021: 5 046)
Checkers	28.0%	(35 087 head count; FY 2021: 31 275)
Checkers Hyper	7.4%	(9 333 head count; FY 2021: 9 244)
LiquorShop	2.7%	(3422 head count; FY 2021: 3 168)

Shoprite	24.0%	(534 stores; FY 2021: 524)
Usave	18.4%	(410 stores; FY 2021: 397)
Checkers	10.7%	(239 stores; FY 2021: 230)
Checkers Hyper	1.6%	(36 stores; FY 2021: 38)
LiquorShop	25.6%	(570 stores; FY 2021: 537)
OK Franchise	19.7%	(439 stores; FY 2021: 444)

Supermarkets RSA continued

SHOPRITE

Ranked as
8TH MOST VALUABLE BRAND
in South Africa[1]

534 stores RSA

148 stores Non-RSA

At a glance

Shoprite, which has the largest number of stores and employees, is the Group's core brand. It's a full-service supermarket where customers can do their shopping, pay their bills, receive government grant payouts and in several select stores, they can collect their monthly prescription medication.

> Our price-fighting Shoprite supermarket business ended the period with a base of 534 stores, up by a net 19 new stores excluding the impact of stores closed as a result of the social unrest.

Shoprite remains the largest consumer retail brand and continues to meet the needs of our customers who are grappling with rising living costs driven by inflation.

How we are adding value

- We recognise that the high cost of transport limits the number of shop visits our customers can afford to make. By extending our shopping hours and providing a one-stop full service offering, we have increased the convenience of shopping in our stores.
- The introduction of Xtra Savings rewards has achieved sales coverage ahead of global benchmarks, indicating the value of the program to customers.
- Once our acquisition of certain Massmart assets is concluded we will incorporate more than 6 000 employees and a number of stores under the Shoprite banner (including Liquor), which will result in a rapid expansion of store footprint and will benefit the South African economy through our support of local manufacturing. This transaction includes 12 wholesale format stores that present us with an opportunity to enter this sector of the market.

1 *Brand Finance South Africa 2022.*

Supermarkets RSA continued

Usave

Usave eKasi stores carry **950 BASIC PRODUCT ITEMS**

410 stores RSA

47 stores Non-RSA

At a glance

Usave is a small-format brand and includes unique eKasi – my community – container-format stores. It trades largely in local communities, serving customers in the lower-income market.

“Our low-cost, no-frills, limited assortment discounter Usave opened a net 24 new stores excluding the impact of store closures owing to unrest and ended the year with 410 outlets (including 36 Usave eKasi box stores).

Usave have increased sales by 11.4%, testament to the brand providing affordable basic products, serving the lower-income consumer market.

How we are adding value

- We are rolling out cost-effective eKasi stores to more destinations, providing communities with greater access to affordable basic products and Money Market services.
- The Usave Ubrand and Savers private label ranges offer nutritional and cost-effective food to customers close to their homes.
- We aim to address training requirements through increased e-learning opportunities, which will develop our employees and enable them to build their careers and provide better customer service.

Supermarkets RSA continued

Checkers better and better

239 stores RSA

9 stores Non-RSA

CheckersHyper

36 stores RSA

Checkers and Checkers LiquorShop were named **SOUTH AFRICA'S BEST GROCERY AND LIQUOR STORE** **in the 2021/2022 Ask Afrika Orange Index Awards**

At a glance

The Checkers brand enables better living while providing best value in fresh and premium. The brand has grown its share of the mid-to-upper segment of the market through introducing the FreshX concept, adjacent offerings such as Petshop Science and Little Me, on-demand delivery through Checkers Sixty60 and unique product partnerships.

Checkers was ranked as the fastest growing brand in South Africa, with more customers in a higher LSM now shopping at a Checkers. Management has focused its attention on customer service and aims to reduce customer complaints by 20%.

How we are adding value

FreshX

Introducing the FreshX concept, a store update that provides customers with a superior retail experience and prioritises convenient, quality, fresh and prepared products. FreshX is the best example in the Group of the successful initiation and rollout of a full complement ecosystem.

Checkers Sixty60

Checkers Sixty60 is a mobile commerce 60-minute grocery delivery service. It's delivered from Checkers and Checkers Hyper stores. Starting with eight stores before the first Covid-19 lockdown, it grew to 87 stores during the first year of Covid-19 and by year end FY 2022, it had grown to include 300 stores. Sixty60 has won 20 innovation awards and is the leading grocery delivery app in South Africa.

- Sixty60 focused on removing friction from the shopping experience and built a solution around providing an on-demand service, rather than waiting for a future dated delivery slot.
- The Sixty60 mobile app leverages the Checkers store footprint and Xtra Savings deals to grow its share of wallet. It has been successful in growing spend from our existing customer base as well as attracting new customers.
- Pingo – our new on-demand delivery platform business following the joint venture with the RTT group – is focused on the continuous improvement of our award-winning last-mile delivery capabilities.

Growth through adjacent offerings

We are leveraging data from our Xtra Savings rewards programme to drive sales growth opportunities in adjacent categories:

- Newly launched Petshop and Little Me baby retail stores are adjacent to Checkers branches.
- New developments include the rollout of Checkers Foods and smaller Checkers stores.
- Checkers Outdoor opened its first store in Hermanus in April 2022, where the focus is on recreational lifestyle in holiday towns.

Unique product partnerships

Unique product partnerships with strategic and well-known brands are delivering a better in-store experience to our customers.

- Our latest partnerships include smaller local suppliers, offering a range of health options, organic products, coffee and desserts.
- We have seen an additional improvement in sales volumes where partnership products are made available for purchase on our online platforms.

Supermarkets RSA continued

ADJACENCIES AND VALUE-ADDED SERVICES

Petshop science

Checkers Little Me

Checkers Outdoor

MoneyMarket
Money Market counters

UNIQUE PARTNERSHIP BRANDS INCLUDE

International

Starbucks Coffee
Krispy Kreme Doughnuts
LIVEKINDLY

Local

KAUAI
future farm
Simply Honey Products
FARMER ANGUS Eggs

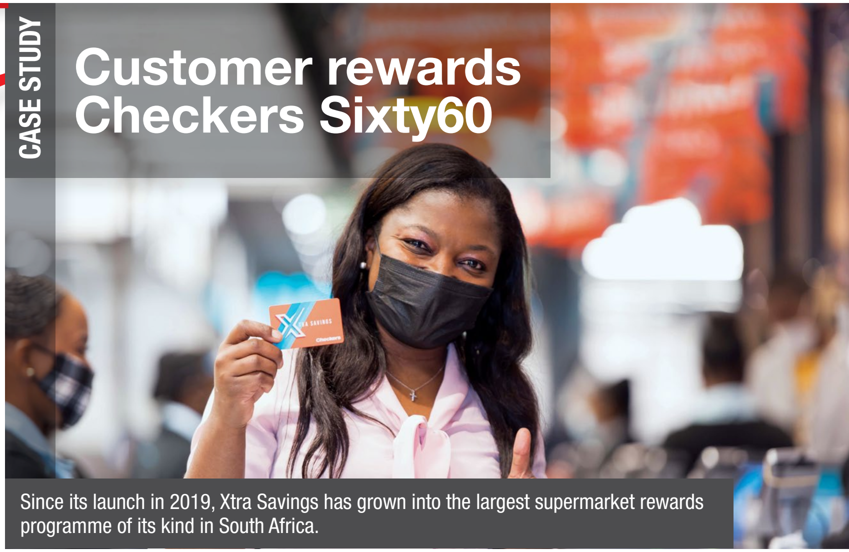
Little Me carries a range of top baby brands, accessories, food, and maternity wear exclusively designed and manufactured by local supplier, Cherry Melon. The Drakenstein Sentrum store in Paarl carries the Norwegian Stokke range.

Kauai offers customers food that is simple, seasonal and sourced for sustainability with on-the-go options and a healthy variety of choices, which aligns with Checkers' focus on alternative choices. There are 12 Kauai kiosks in various Checkers format stores.

Online orders are serviced from stores closest to customers, while the delivery service has been outsourced to Pingo, our new 50/50 joint venture with RTT On-Demand. This joint venture will enable the Group to continue advancing the technology, learnings and intellectual property created to date and ensure the continued development of both the digital and customer experience, in line with the Shoprite Group's e-commerce plans. The combined capability is a critical competitive advantage and key to the rapid growth of Checkers Sixty60.

CASE STUDY

Customer rewards Checkers Sixty60

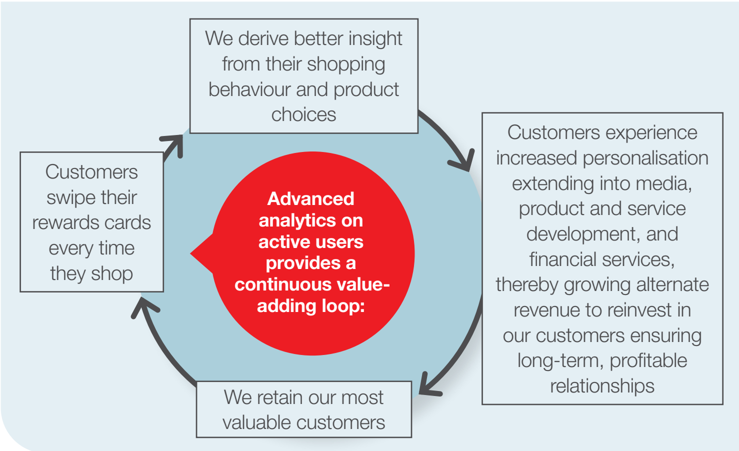


Since its launch in 2019, Xtra Savings has grown into the largest supermarket rewards programme of its kind in South Africa.

The personalised experiences of its members across channels and products help them save more on everyday groceries and household needs, while powering a Smarter Shoprite.

Xtra Savings rewards has grown into the largest supermarket rewards programme in South Africa and was recognised as the No. 1 Retail Loyalty Programme by the 2021 Truth Loyalty Awards.

Although only launched in 2019, our rewards programme could leverage a last-mover advantage to build a seamless programme focused on giving customers meaningful and instant cash savings, which differentiated the service from those offered by our competitors. The programme has formed the foundation for building our ecosystem, as we better understand our customers' shopping behaviour and preferences, and driven our precision marketing and promotions capabilities.



Supermarkets RSA continued

570 stores RSA

24 stores Non-RSA

At a glance

LiquorShops serve Shoprite and Checkers customers. They are located adjacent to or near the supermarkets and are independently run by the management teams of the adjacent retail brand. They offer a range of local and international alcoholic and non-alcoholic beverages as well as barware at supermarket prices.

How we are adding value

- Checkers LiquorShop introduced Liquor Online, offering more than 4 000 drinks and accessories at supermarket prices, with home delivery fulfilled by CFS, throughout South Africa. The service covers everyday favourite drink options, selected premium products and special deals under Checkers LiquorShop's exclusive Private Barrel range.

PRIVATE LABELS

88.4%
of private labels
in South Africa are sourced locally

In Shoprite, private labels foods contribute
18.8%
of supermarket sales and are affordable and quality alternatives to mainstream fast-moving consumer goods.

Private label sales have increased from
13.3% to 18.8%
in the past five years.

TOP BRANDED PRIVATE LABELS

Ritebrand 	Simple Truth 	Forage and Feast 
Ottimo 	Ubrand 	Lovies 
Checkers Housebrand	Championship Boerewors	Steakhouse Classic
Oh My Goodness!	Freshmark	Pot O' Gold
Ready to Cook	Padkos	Kalahari Biltong
Essentials	Jolly Tots	Medirite

At a glance

Our private-label brands offer value propositions from low prices to premium segment offerings. They have become an avenue for significant product development and innovation, providing customers with better choices and value.

How we are adding value

- Our considerable investments into private labels give our customers best value branded products in a single store.
- Owing to a lack of innovation from manufacturers, we invest in product innovation driving product growth across categories, from health through groceries and into small appliances and lifestyle.
- We are accelerating the pace of development for premium cross-category product ranges that incorporate health, wellness and environmental benefits, general merchandise and convenience/ready-made meals.

Supermarkets RSA continued

FINANCIAL AND CELLULAR SERVICES

R62 MILLION OF SAVING STAMPS, GIFT CARDS, VIRTUAL VOUCHERS AND MONEY MARKET ACCOUNT VOUCHERS were purchased during the financial year, which can only be used for goods and services.

At a glance

The Group provides customers with the ability to access services beyond our core grocery offering, via the Money Markets in our stores. These include financial and lifestyle services enabled by our technology platforms, which are available in-store or from mobile devices.

Customers can make money transfers, cash withdrawals and deposits, send parcels, book tickets, pay bills or buy airtime, handsets or insurance. Many of these services are offered via partnerships with Standard Bank, OUTsurance, Grindrod Bank, Aramex and others.

How we are adding value

- The rising cost of living impacts our customers significantly, making our one-stop-shop offering increasingly relevant.

- We are putting the convenience of our Money Market account into consumers' pockets by providing access beyond our store network. Our Money Market accounts, backed by Grindrod Bank, are:
  - free from transaction fees except for a flat R5 fee when cash is withdrawn;
  - available on USSD[1], WhatsApp and the Shoprite app with in-store or online support;
  - linked to the Xtra Savings rewards programme; and
  - available to foreign customers, who can purchase goods in our stores using the Money Market Account voucher wallet.

- We have launched a more affordable international money transfer service through SuperSwift, covering international transfers to all major corridors where a remittance can be sent to a bank account, mobile wallet or collected at a cashpoint.

1 *Unstructured Supplementary Service Data (USSD) is a digital service that allows mobile phone users to interact with a remote application, like banking or mobile data purchases, from their device in real time.*

CASE STUDY

The Group has a Money Market counter or service in all Shoprite, Checkers, Usave, House & Home and OK Furniture stores and in approximately 30% of the franchise stores. Annually, we save customers making cash withdrawals at our stores some R530 million in bank charges compared to other options like ATMs.

228
Total number of stores

OPERATIONAL REVIEW

SUPERMARKETS NON-RSA

At a glance

Supermarkets Non-RSA forms part of our core supermarket business and we remain committed to having a presence on the African continent, focusing on markets where profitability, investment size, scale and long-term value prospects are key factors. We will continue with limited organic store growth in territories where we see opportunity.

Africa is a diverse collection of different economies at varied stages of investment and development. Within this context, the Non-RSA segment is not performing at the scale we expected and our capital investments are not likely to get the returns we have achieved in the past.

In 2020, we decided to strategically disinvest from certain countries and reallocate capital towards investment opportunities that would align with our ecosystem. With our ecosystem becoming the blueprint for our strategic rollout, we adapted our growth drivers accordingly and moved away from an African advantage to a platform advantage, which is not territory based.

Since then, we have exited the retail markets in Uganda, Nigeria, Madagascar and Kenya. We retained some operational functions in Nigeria under a franchise agreement with the new owners of that business. Following these strategic disinvestments, we have shown an improved performance in rand terms, while we have – in some countries of operation – been profitable in local currencies.

Two Shoprite Select stores opened in East Park Mall and Kabulonga in Lusaka, Zambia, introducing the FreshX concept into Non-RSA locations through the Shoprite footprint.

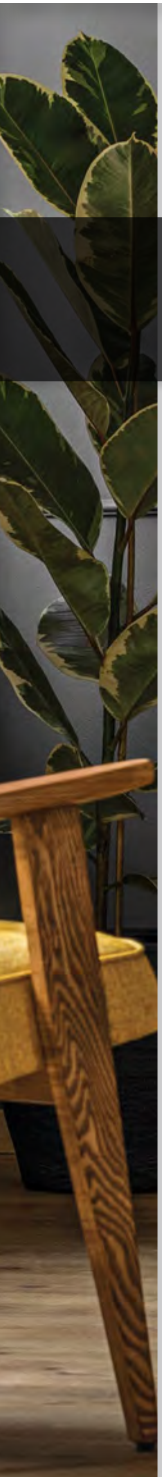
How we are adding value

- We have successfully completed corporate actions that were part our strategy for the year under review and are showing profitability in rand terms.
- During the year, we opened two FreshX concept stores, limited versions of the total offering, under the Shoprite Select banner in Zambia. In partnership with a local supplier, they offer the same basic ranges and focus on fresh and convenience food as our South African stores.
- We continually bolster our supply chain resilience by procuring from local suppliers as far as possible, with a focus on growing private labels and growers under the Freshmark brand.
- Exports from our Non-RSA operating countries to neighbouring operations facilitate intercontinental business, contributing to regional and local investment. As a Group, we have the ability to source appropriate and varied products for different countries from a wider market.
- We remain abreast of continuous changes to import regulations, transport permits, access to currency and regulatory developments to ensure compliance across our African markets.
- Experienced talent remains a challenge but we have successfully identified and grown retail and managerial expertise and experience over the years and are now seeing senior positions being held by local employees.

Future focus

Opportunity to monetise our expertise in importing products, supply chain optimisation and technology to the advantage of our customers and new suppliers entering the market.

Increase private labels with local manufacturers and liquor segment.



OPERATIONAL REVIEW
FURNITURE

House&Home

38 stores RSA

4 stores Non-RSA

OK Furniture OK Power Express

302 stores RSA

82 stores Non-RSA

House & Home offers a diverse range of quality homeware, furniture and electrical appliances to higher income group customers.

OK Furniture caters for the middle-income market providing a wider range of furniture and homeware with a focus on electrical appliances.

At a glance

Our furniture brands provide homeware, furniture, electrical appliances and more, with sales mainly derived from cash sales, although credit is available.

Despite certain market challenges, the division performed on par with FY 2021. There has been some market consolidation of more independent brands. The social unrest of July 2021 disrupted the business, which had to manage infrastructure damage and repairs, loss of income and stock shortages. Plugged items (appliances and electronics) make up 60.0% of our product offering, which came under severe pressure owing to manufacturing disruptions at factory level and the availability of raw materials and parts.

How we are adding value

- The Group provides well-priced products as a result of lower margins and the scale of our buying power and logistics infrastructure.
- House & Home introduced TechX, the Group's in-store technology and cellular department, increasing the number of private label small appliances available to our customers.
- Since entering the e-commerce market in 2020 with an extended aisle offering, the Furniture Division has increased its online sales by 67.4%.
- We contained costs and consolidated distribution centres across both brands, supplying from key central points.

Future focus

Product differentiation

Responsible credit granting, providing affordability and accessibility to customers and management of credit risk through strict credit checks.

Careful organic growth by cautiously opening stores.

OPERATIONAL REVIEW

OTHER

OK FRANCHISE DIVISION

The purchase ratio of OK Branded stores through the Group Supply Chain increased by 7.6 percentage points to 81.4% over the last five years.

OK branded stores increased from 275 to 436 over the last five years.

439 stores RSA

74 stores Non-RSA

Specific strategic focus:
Closing the gap in key segments through a stronger franchise offering;

INCREASED STORE FOOTPRINT OF OK BRANDED STORES BY 23 STORES

At a glance

The OK Franchise division offers a one-stop neighbourhood convenience destination through OK Foods, OK MiniMark, OK Express, OK Liquor and Sentra stores. These brands provide groceries, fresh foods and liquor closer to communities, while the larger President Hyper outlets and wholesale brand Megasave offer large quantity affordability.

The division has focused on partnering OK MiniMark and OK Express forecourt stores with national fuel brands.

How we are adding value

We consolidated our franchise business and are in the early stages of fully integrating franchisees into the Group. Closer integration provides benefits from the data-driven ERP system, including:

- Improved service levels to franchisees
- Streamlined processes
- Removing unnecessary duplication
- More customised data

From a centralised supply chain perspective, participation has grown to 32.7% in South Africa while OK-branded stores purchase, on average, 81.4% of their products through the Group's supply chain.

Margin protection for franchisees is provided through improved data analytics and supply chain integration as well as increased private label contribution.

Consistency and service across all franchised stores is addressed through:

- e-learning modules for store and management employees; and
- employment of key individuals to fast-track innovation; and further improve corporate support.

Future focus

Increased loyalty programme benefits for franchisees and customers.

Growing the larger format President Hyper chain.

Scaling the forecourt and OK Liquor businesses.

Increasing integration with the Group's ecosystem.

Providing alternative revenue opportunities to franchisees.

Other continued

PHARMACEUTICAL

Medirite+ Pharmacy

1 019 pharmacists and pharmacy assistants employed across all Medirite locations.

109 additional private labels are under development and due to launch in FY 2023.

| Transpharm

130 vehicles in delivering daily to 129 destinations on average.

Medirite distribution represents 27% of the Transpharm business.

Holds stock of approximately **16 000 unique products.**

Medirite has 183 private labels, which are acknowledged to be, on average, 20% less expensive than branded options and recognised by medical aid schemes.

MEDIRITE

At a glance

Medirite pharmacy counters are located inside supermarkets and are well positioned to meet the growing need for easily accessible and affordable healthcare for customers across all income levels. Between the pharmacy service, the front shop health products and other general lifestyle options – like organic and vegan products in select stores – the Group aims to encourage customers to be more health conscious.

How we are adding value

Medirite counters offer:
- additional health category products;
- assistance from a pharmacist or assistant and outsourced nursing staff; and
- basic health screening clinics.

The first stand-alone Medirite Plus pharmacy opened in December 2021, providing a more private and personalised one-stop health and wellness destination with professional advice, dedicated front shop assistance, affordable options, extended product ranges and access to specialised products including wheelchairs, walkers and crutches.

Future focus

We will support organic growth through additional stand-alone stores, and increasing the capacity of the Courier Pharmacy service.

CASE STUDY

Medirite pharmacy counters and the Medirite pharmacies offer value-added services to all customers. These include:
- Wellness screenings for blood glucose, blood pressure, cholesterol and BMI flu vaccinations.
- A central ERP system, linking patient information to allow fulfilment of prescribed medication from any participating Medirite counter or Medirite Plus pharmacy.
- Quick and easy script order and collection service, or script preparation while shopping.
- A pre-order PrepMyScript service for chronic repeat medication.
- A Medirite Courier Pharmacy Service that delivers repeat prescription medication direct to customers at no extra cost, which is a free service contracted to most medical aids.

TRANSPHARM

At a glance

Transpharm is a wholesale brand that distributes pharmaceutical products and surgical equipment across South Africa to our Medirite counters, Medirite Plus pharmacies and third-party business-to-business customers.

How we are adding value

Transpharm's unique selling proposition is its ability to deliver:
- between 2 000 and 3 000 unique deliveries daily, sometimes twice daily, to many locations;
- fine-picking warehouse expertise and efficient route optimisation; and
- a 99.0% on-time-and-in-full delivery record.

Other continued

Hospitality

48 vehicles in fleet
delivering daily to 121 destinations on average

At a glance

CFS provides a food delivery service to customers in the catering and hospitality industries and started door-to-door deliveries to consumers via its e-commerce platform in 2019. This service focuses on an expanded range (beyond the store) and larger orders than the Checkers Sixty60 on-demand delivery service. It currently covers customer locations in Gauteng and the Western Cape.

How we are adding value

- Our business-to-consumer solution services customers outside of the Checkers Sixty60 and store-based footprint, with one- to two-day delivery lead times for outlying areas.
- During the riots in July 2021, CFS played a key role in providing logistics support to the Group and its customers by getting food parcels to affected areas and communities in need.
- Orders include products from Petshop Science and fulfilment of Checkers' LiquorShop online orders.

Future focus

Incorporating TechX and lifestyle products.

Ticketing

At a glance

Computicket is the Group's online and call centre ticketing agent servicing all supermarket and corporate customers' event, travel ticketing and related solutions. Its services are available in most supermarkets and furniture stores, online and via the call centre.

How we are adding value

- During Covid-19, Computicket introduced and rolled out virtual grocery vouchers, providing customers with the ability to send food vouchers to people in need.
- Customers can get added value by sending vouchers straight to Money Market accounts or Xtra Savings cards, in which case the voucher never expires and can be used to buy additional pre-paid services.
- Entry Ninja, the preferred platform for race entries, launched a self-service event ticketing platform for event organisers. The platform gives organisers access to the Group's customer base and provides customers with the option of booking their tickets online or purchasing in-store, paying cash.
- Computicket recently launched an innovative new offering called Box Office to make its service more accessible and affordable to organisers of smaller events.

EASY-ACCESS ONLINE SERVICES INCLUDE

- Virtual grocery and top-up vouchers sent directly to the recipient's cellphone via SMS, Money Market account or Xtra Savings card
- Ticketing for concerts and events
- Travel, accommodation, holiday packages and experiences based on activities and interests
- Gaming subscriptions
- Prepaid vouchers for entertainment and learning sites
- Race entries for sport and adventure events
- Box office self-service to promote and sell smaller events

OPERATIONAL REVIEW
BUSINESS ENABLEMENT

SUPPLY CHAIN AND DISTRIBUTION

54 273 of B2B orders sent to vendors on average per day

At a glance

Our supply chain capability is a key competitive advantage, underpinned by resilience, responsibility and supplier partnerships that help us serve our customers better. As we cut costs from our supply chain, we extend our consumers' spending ability. To this end, we continue to invest in our supply chain infrastructure to support business growth, minimise waste, enhance our ability to mitigate risk, and advance our overall centralisation levels.

Our supply chain was put to the test by the unpredictability of Covid-19 restrictions and the social unrest in South Africa during the reporting period. Our long-standing supplier relationships and clear communication – internally and externally – allowed us to overcome these difficulties.

How we are adding value

- Efficiencies and continuity are achieved through our scale, competency in logistics and supply chain management, and investment in systems.
- Our lean cost structure and centralised distribution network help to maintain trading margins and provide our customers with affordable products.
- A central ERP system leverages data analytics and provides opportunities to optimise our supply chain management.
- Owing to the various challenges our suppliers face and the direct impact this could have on our operations, we work closely with them to better understand their contingency plans and how we might mitigate and manage potentially disruptive scenarios in the future.
- By measuring efficiencies across all supply chain activities, we are identifying opportunities to reduce waste:
  - Each site has an environmental management plan.
  - Reverse logistics are used to bring cardboard and plastic packaging waste back from stores to be recycled centrally.
  - Fleet and fuel management contribute to reducing carbon emissions.
- Reducing food waste is a priority that starts with forecasting, ordering and replenishing stock. A certain stock-holding level is maintained to manage the availability of products, while Project Luminate was introduced to balance product availability and minimise waste.

Future focus

Project Luminate

Our investment in forecasting and fulfilment is designed to optimise the balance between meeting customer expectations in the most efficient manner while minimising waste. Project Luminate was launched using the fresh chicken category as the pilot in 2021. Based on its success, we are now continuously rolling out various fresh categories, applying the benefits the new technology platform gives us. The platform uses the latest in artificial intelligence and machine learning capabilities to best predict demand and reduce waste on fresh, short shelf-life products.

Business enablement continued

DATA AND ANALYTICS

3.1 MILLION
till slips
processed daily (average)

Klerksdorp resident Olebogeng Letlhoyo (23) is one of the newest members of the Shoprite Group's Data Science Academy.

After finishing matric in 2016, Letlhoyo took a gap year in 2017 to consider, research and decide what he wanted to study. He worked as a shelf packer at his local Shoprite, where he gained a good understanding of the retail environment.

In 2020, Letlhoyo graduated with a BSc in Computer Science and Mathematics from North-West University. A year later he decided to pursue an Honours degree in Computer Science. This is when he learnt the Shoprite Group was offering a data science bursary, for which he applied and received.

At a glance

The power of the information and insight we are unlocking through our data is what enables us to spot trends, respond to changing customer needs and create opportunities for improvement within our ecosystem.

Data and analytics have been a key focus of the business since we started on our strategic journey in 2017. As the importance and volume of information increased throughout the Group, across channels and devices, our governance and risk management capacity expanded in line with this increase. We are heavily invested in our IT security and compliance capability and IT governance reports directly to the Board's Audit and Risk Committee.

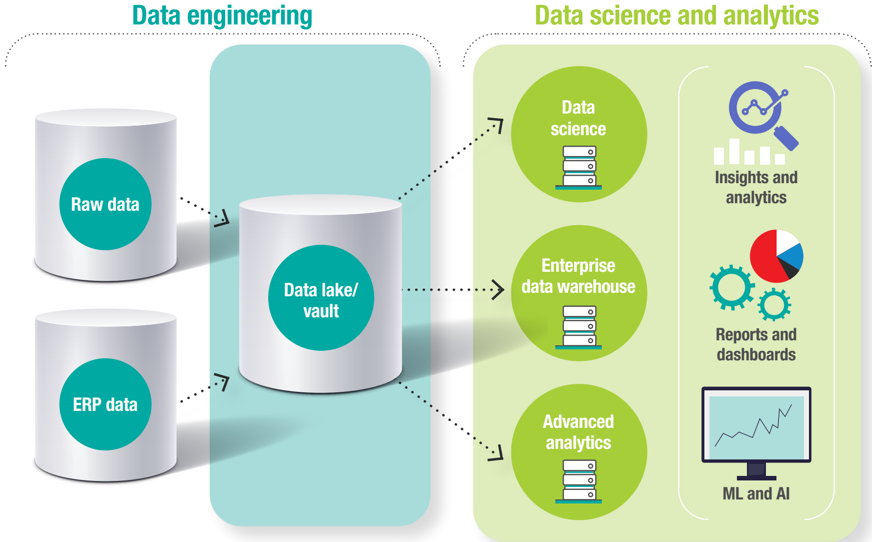
How we are adding value

- Data drives our customer-first culture, innovation and becoming a Smarter Shoprite through precision retailing.
- We established a digital innovation hub in FY 2021 to unlock significant data advantage by applying data analytics and data science; we employed specialists in their fields to enable the Group to be more affordable, accessible and responsible using data and technology.
- Data across the business – from warehousing and point of sale to human resources and sustainability – is captured through operational processes that feed into the central ERP system, where it is recorded, cleaned, validated, analysed and shared to add value to our business.

Customer and industry awards

- **SA Loyalty Awards:** Our Xtra Savings reward programmes scooped three awards at the 2021 South African Loyalty awards. Checkers won Best Programme of the Year in the retail sector and Best Strategic Use of Data Analytics and CRM Applications. Shoprite won Best Programme of the Year among newcomers.
- **2021 SAP Africa Quality Awards:** We received the Grand Winner award in the Public Cloud category for our Xtra Savings rewards programme. As a result, we were automatically entered into the Digital Pioneer category for the SAP Regional Awards, alongside other SAP customers in EMEA (Europe, Middle East, and Africa).

DATA AND ANALYTICS



Data engineering creates interfaces and mechanisms for the flow and access of information. Data engineers set up and operate the Group's data infrastructure, preparing it for further analysis by data analysts and scientists. The total data ingested into the Shoprite vault is comprised of 450 internal and external data feeds, of which 87.0% are daily feeds.

Data science involves a variety of disciplines and expert areas to produce holistic, thorough and refined insight from data. It combines scientific methods, mathematics, statistics, programming, artificial intelligence and storytelling to uncover and explain business insight.

Data analytics translates data into insight, providing information that informs the development or improvement of customer-centric products, service options and shopper experiences. The Group's data analysts are skilled in research and development, data science, machine learning, optimisation and automation. The teams apply functional expertise to improve and evolve all parts of the business, including rewards, personalisation, pricing, promotions, ranging, media, supply chain, logistics, human resourcing, risk, financial services and many more.

Xtra Savings, Rainmaker Media and Petshop Science are examples, and flagship initiatives, of how data and analysis informed measurable business outcomes. Through Rainmaker Media, our unique customer insight and access to significant digital audiences allow targeted campaigns that are personalised, cost-effective and results-driven for ourselves, customers, suppliers and third-party advertisers.

Social review

This section of our report and the environmental stewardship review that follows, provide a view of how the Shoprite Group is addressing its social responsibilities by delivering on its purpose of uplifting lives every day by pioneering access to the most affordable goods and services, creating economic opportunity and protecting our planet.

By delivering on our purpose, we are making a meaningful contribution to the achievement of UN SDG 2: Zero hunger; SDG 8: Decent work and economic growth; and SDG 12: Responsible consumption and production.

Our values define how we do business and Doing the right thing, Saving to share and Developing local drives our approach to our employees, our communities, customers and suppliers, while our strategy informs why and when we do so.

8 DECENT WORK AND ECONOMIC GROWTH

CREATING ECONOMIC OPPORTUNITY

As the largest private sector employer in South Africa and a meaningful contributor to employment in the other African countries in which we operate, we are not only providing decent work through our aim of being an employer of choice, we are contributing to economic growth through the remuneration of our employees and the taxes they pay. Addressing youth unemployment is a key element of our social investment and we have been successful in employing several of the youth we have trained. We have been able to create economic opportunities through our supplier development programme and procurement from the previously disadvantaged.

2 ZERO HUNGER

PIONEERING ACCESS TO THE MOST AFFORDABLE GOODS AND SERVICES

Our operational review provides information on our efforts to provide the right products and services at the right time, at the lowest prices, and through our Usave eKasi container-format stores, which improve access to foodstuffs for customers in the lower-income non-urban market. Our CSI programmes provide hunger and disaster relief and support for early childhood development centres.

Material matters associated to our social review on page 27

R7 million invested in support of employees and their families via Health 24/7

Employee turnover at 22.8%, which is on par with the industry norm

R18 million paid towards educational grants, interest-free educational loans, and bursaries awarded linked to work-back agreements

28 persons with disabilities trained to date on National Qualifications Framework Level 2 Wholesale and Retail Chain Store Operations

GradStar Student Choice Awards: 2021 Graduate Employer of Choice

South African Graduate Employers Association (SAGEA) Employer Awards: 2021 Employer of Choice in the retail sector

The Shoprite Group is recognised as the largest private sector employer in South Africa and 92.6% of our employees are store-based. Our training in-store has been improved through an extensive e-learning platform, which has been deployed and strengthened across all our stores.

Impact and responsibility towards our internal stakeholders

EMPLOYEES

Talented and skilled employees are critical to the sustainability of our business.

Our aim is to be an employer of choice and we pride ourselves on our ability to sustainably create jobs and develop people to build long-term careers within our Group. We are competing for world-class talent, and people who have the potential to adjust and grow to meet the Company's future needs.

We want a transformed and diverse team made up of energised, experienced and engaged employees. This is fundamental to our customer-first value.

REVIEW SUMMARY

Added value

LEARNING AND DEVELOPMENT
We are the largest private sector employer in South Africa and have been able to consistently create employment opportunities. Our focus remains on the unemployed youth, through the YES Initiative and Retail Readiness programmes. Being able to build careers over the long term and supporting youth employment actively contributes to the skills development of the next generation of South Africans.

Erode value

TALENT ATTRACTION AND RETENTION
Not being able to employ or retain the right skills/ capabilities to support the Group's growth and innovation.

Highlight

REMUNERATION AND BENEFITS
We increased the total cost of employment through the implementation of the Shoprite Employee Trust, as well as establishing an internal minimum wage higher than the prescribed sectoral minimum, in addition to further increasing cashier minimum wages.

Challenge

TRANSFORMATION, DIVERSITY AND INCLUSION
Capable and experienced senior talent to enable the transformation of business leadership.

Future focus

CREATING A CULTURE OF CARE AND CONTINUOUS ENGAGEMENT
Using data and technology to improve communication, measure engagement and improve our status as an employer of choice. We are focusing on creating a values-led leadership culture.

Social review continued

ATTRACT AND RETAIN TALENT

Talent attraction, retention and building a leadership and management team for succession and long-term growth

We respond to the challenges of attracting and retaining talent by focusing on financial and non-financial incentives in recruitment and people management.

Personal development and career growth are high on the agenda. This is especially true in areas of new technology-focused roles as we expand our markets and offerings to respond to consumer needs. Employees with expertise and experience in digital skills, data sciences and analytics are in high demand internationally, and our local talent is highly sought after. We are actively attracting new competencies, complemented by upskilling our employees to prepare them for anticipated shifts as we digitise the business.

Our development initiatives are further directed towards our transformation agenda and are relevant across the entire business. We are prioritising our efforts around management and scarce skills, which is where we are encountering the biggest war on talent.

As part of our process to enhance retention and curb attrition, we conducted an analysis in FY 2021, which showed the highest retention risk exists with our frontline store-based employees. As this is the most impactful point of contact with our customers, the Group aims to reinforce the importance of frontline employees and – among other initiatives – has launched the Year of the Cashier, which will provide additional training, recognition and incentives to enhance retention and improve the customer experience.

Leadership enables our culture. To strengthen the skills of our leadership, we are launching values-led signature leadership development programmes across all levels of leadership.

Remuneration and benefits

Our remuneration is benchmarked against the market using the third-party national and retail surveys for employees below Executive level, and the peer comparator group for Executives. Given the Group's competitive position in the market, adjustments may be done to attract and/or retain scarce or critical skills.

Benefits can enhance remuneration packages and are allocated in appropriate formats, across different levels of employment, based on responsibilities and the Group's need to retain specific skills. These include incentives that encourage desired behaviours and support the Group's business and strategic objectives, as defined in individual performance criteria.

These are:

- **All permanent employees:** Guaranteed salaries. Those with two years' service or longer and who are not benefiting from any STI or LTI scheme, participate in the Shoprite Employee Trust.
- **Managers:** Incentivised for enhanced business performance and can include STIs and LTIs.
- **Qualifying employees:** Job-specific incentives, such as sales commission and monthly incentives.
- **Managers and Executives:** Eligible for STIs and LTIs inked to Group and business unit or operational performance.
- **Non-executive Directors:** Fees paid for the time required to prepare for and attend Board and sub-committee meetings. The Chairman of the Board receives an all-inclusive fee.

Non-financial benefits include skills development opportunities, educational grants and benefits of bursaries awarded, as well as employee discounts.

Remuneration is guided by the Remuneration Policy, presented annually to our shareholders. This policy is implemented and managed by the Board through the activities of the RemCo. Stakeholder concerns regarding remuneration are addressed through this committee, and form part of its annual work plan.

- The total guaranteed package average increase for Management (including Executives) for FY 2022 was 5.8%, in line with the increase mandate approved by RemCo.
- Executive Director increases relative to other employment categories:
  - Pieter Engelbrecht – 3.7%
  - Anton de Bruyn – 46.9%
  - Management (including Executives) – 5.8%
  - Bargaining unit – 8.25%
- Despite the external adversities the Group is facing, we were able to achieve our short-term targets as set out in part 3 of the remuneration report.
- The STI outcomes for the Executive Directors:
  - Pieter Engelbrecht: R16 068 000 (34.1% increase)
  - Anton de Bruyn: R4 808 040 (78.9% increase)
- The Group achieved its performance targets for the 2019 performance share award as part of the Executive Share Plan (ESP):
  - ROIC – 12.4 compared to a target of 11.6%
  - DHEPS – 12.0 compared to a target of 7.0%

The following policy changes and initiatives were approved by the RemCo in the year under review:

- Established an internal Shoprite minimum wage higher than the prescribed national minimum wage per hour.
- In line with the Year of the Cashier programme, we further increased our cashiers' minimum wage to promote retention.
- Introduced a minimum shareholding requirements (MSR) policy.
- Restructured the LTI award share mix for CEO, CFO and rest of C Suite.
- Revised the LTI targets.
- Implementation of the Shoprite Employee Trust.

Read more: Remuneration review, page 79

Shoprite Employee Trust

In recognition of the valued contribution of our employees to the Company, Shoprite Checkers (Pty) Ltd, a subsidiary of the Group, established the Shoprite Employee Trust. The transaction is structured as a black economic empowerment transaction and effectively increases B-BBEE ownership in Shoprite Checkers from 13.5% to 19.2%. The trust will hold 40 million Shoprite Checkers shares to the value of R8.9 billion.

We believe it is necessary to improve the lives of our people, especially in the economic context of the countries in which the Group operates. Qualifying employees who are employed in South Africa will benefit directly as unit holders in the trust, while Non-RSA employees will receive equivalent cash benefits through their respective payrolls.

The dividend entitlements are aligned with Shoprite Holdings' declared dividends per share to ensure the benefits that flow to employees are transparent and employees recognise the tangible benefits of the Group's continued achievement of strong operational and financial results.

Social review continued

WORKPLACE OF CHOICE

Learning and development

The Group's goal is to attract, develop and retain talent by providing fulfilling careers for employees beyond their immediate roles. Aligned with this goal is the Group's learning and development strategy to develop future-fit talent through capability building and individual development.

The learning journey starts with early career development, aimed at the attraction and development of talented unemployed youth who undergo either a formal qualification through the Retail Readiness Programme, or a work readiness programme through the YES Initiative. As the employee journey continues, we offer role-oriented development that focuses on developing our people to their full capacity.

Combined with role-oriented development, we place a strong emphasis on developing the critical and scarce skills the Group requires. Various programmes are offered, ranging from artisan development of bakers, butchers and to more specialised roles such as data scientists, business analysts and people partners.

As we continually enhance our ability to build business and leadership capabilities, we have embarked on a digital journey to implement a new learning platform that will underpin our ability to offer on-demand career-oriented eLearning programmes that are globally recognised. This offering will enable our employees to develop in their current roles and advance themselves in the new and cutting-edge capabilities required to deliver on our strategy of building a smarter organisation that is focused on winning in the long term.

INVESTING IN UNEMPLOYED YOUTH

R145 million was invested in the training and development of unemployed youth during the year under review

59.9% of our training spend went towards YES4Youth

40.1% of training spend went towards the Retail Readiness programme

Approximately 21% of our early career candidates are employed by the Group after they have completed these programmes.

By leveraging eLearning technology, virtual learning and traditional forms of learning delivery, the Learning and Development Department was able to develop our employees across all the countries in which we operate while supporting the Group in establishing critical capabilities.

Our commitment to developing our employees is highlighted by our investment in training hours.

EMPLOYEES TRAINED

R560 million	170 339	3.3 million	2.5 million
invested in training	employees trained	hours invested in training	training interventions

Our approach reinforces the People team's commitment to attracting talent through our unemployed youth development programmes, absorbing talent within our business and further growing employees to establish long-term careers within the retail industry.

Learning offerings include:

- **Formal National Qualifications**
- **Curricula-based eLearning addressing retail capabilities such as customer service**
- **Learning academies addressing critical business capabilities**

CASE STUDY

Katleho Moeketsi (39) is from Engcobo in the Eastern Cape. He dreamt of working in retail since he was a little boy, having assisted his uncle during school holidays. Katleho obtained a national diploma in Retail Management from the University of Johannesburg and shortly after qualifying, started his journey with the Group as a trainee manager. During his 15-year career, he has held various positions – including sales manager, branch manager and regional manager – before taking up the position of deputy divisional manager for Usave Northern Division.

Transformation, diversity, equity and inclusion

The Group has made substantial progress in transforming the business across gender and race. While we favour a model that grows our talent internally, we are enhancing our capabilities with external talent, which brings new and unique skills and experience. Senior management transformation continues to be an area of attention and our Executives are incentivised to achieve against certain targets.

Shoprite Checkers is currently ahead of the retail industry benchmarks by 3% at top management, 21.2% at senior management, and by 20.8% at middle management levels[1]. We are on track to achieve our 2025 goals with respect to transformation. The focus is on improving transformation at senior and middle management levels, as this will encourage transformation at top management by way of our succession planning.

The Group has adopted a structured approach to equity planning, which has allocated targets to each operational business, to help meet our broader objectives. Our People team works proactively with business unit heads to help them reach their goals.

1 *Report reference: as per the Employment Equity Report, Minister of Employment and Labour in June 2021.*

Social review continued

ELEVATING TALENT

Creating a culture of care and continuous engagement

Communication plays a critical role in creating a culture of care. We use various channels to build an engaged culture and to include our employees in our mission towards a great customer experience.

SiyaRinga – our data-free direct digital communications platform and the main channel used to communicate with our employees – has seen increased subscriptions thanks to its popularity. In addition, Company news, employee achievements and CEO messaging is channelled through our #OurShoprite newsletter, which includes video messages and soundbites.

General communication themes include:

- Employee wellness messages
- Inspiring employees with content relating to employee success stories, innovation and awards
- CSI and employee participation and volunteerism supporting #ActForChange
- Employment benefits
- Company news
- Covid-19 information and reminders

Building a safe working environment is part of our culture. Our policies on health and safety guide our actions regarding general employee wellbeing and receive the highest attention from management.

A zero-tolerance approach towards health and safety guides our risk management in this regard. Risks to the safety of our employees (and customers) is high on the list of priorities, given the circumstances around the social unrest we experienced in July 2021. All operations are managed according to a health and safety framework based on the requirements of ISO 45001[1]. Our integrated ERP system assists in the reporting, monitoring and measuring of incidences. We have seen an improvement regarding awareness, rate of injuries and emergency response time. Our central control room plays a key role in acting on external security-related safety matters, which was highlighted during the unrest period.

1 ISO 45001 is used as our management system, although we are not accredited.

Assistance is given through the Employee Wellness Programme, which supports employees and their families, and provides a response to physical health and wellbeing including:

Mental health
Substance abuse
Trauma counselling
HIV/Aids
Dietary help
Legal and financial assistance

During the year under review, we formalised the Group's position on human rights and reviewed our policy on workplace harassment. This is aligned with the South African Government's Code of Good Practice on the Prevention and Elimination of Harassment in the Workplace, which was gazetted on 18 March 2022. These policies reflect the Group's values, and transgressions are not tolerated.

Communication intended to increase awareness of policies and good practice is ongoing and forms part of employee induction and training.

The Group's Code of conduct, policies and procedures align with the:

- United Nations Global Compact
- Chapter 2 of the Constitution of the Republic of South Africa
- United Nations' Universal Declaration of Human Rights
- International Labour Organisation's Core Conventions on Labour Standards

Future focus

Applying the same focus on innovation we have in the rest of the business to our people management, through digitising and automating some of our employee practices, providing real-time people data dashboards and offering self-service wherever possible.

Improving our ability to predict labour requirements through improved productivity tools. In our retail stores, it is becoming increasingly important that we are able to define how many and where employees are needed, in order to service our customers effectively.

Labour relations management

A framework agreement between Shoprite Checkers and UNI Global Union Alliance, in place since 2010, is an important forum that encourages global social dialogue to promote sound industrial relations.

Employees have a right to freedom of association and to join trade unions of their choice. We recognise 15 trade unions that represent the interests of our employees. Most of the Group's employees are based in South Africa and our largest union representation is the South African Commercial, Catering and Allied Workers Union (SACCAWU).

During the Covid-19 pandemic, our engagements with trade unions improved as we came together to address mutual challenges. Our aim is to proactively identify and address potential labour concerns before they reach the stage of a formal dispute.

No significant events were reported during the year and negotiations were reached where relevant.

Social review continued

Our impact on and responsibility towards our external stakeholders

CUSTOMERS, SUPPLIERS AND COMMUNITIES

Providing the right products and services at the right time and at the lowest price plays an important role in customer satisfaction and cost management.

Our brand perception is measured by how well we deliver on our purpose to our stakeholders. We are judged by the products and services we provide; the way we treat our customers and suppliers; as well as the difference we make in our communities. Our understanding of them makes a difference in the way we can provide for their needs. This has provided guidance in how we innovate to support and improve our ability to be affordable, accessible and responsible.

Our strong focus on compliance structures and processes supports effective governance and contributes to our sustainability and the protection of our stakeholders, which in turn protects our reputation.

- **29.3%** Profit taxes
- **0.4%** Property taxes
- **49.5%** Product and services taxes
- **0.0%** Planet taxes
- **20.9%** People taxes

FEEDBACK ON FOCUS AREAS FROM FY 2021

CSI programmes and partnerships were independently benchmarked with peers. The outcome and recommendations from this report will be taken under advisement for any changes or improvements in the Group's CSI strategy and implementation.

CUSTOMERS

Won 22 awards recognising customer and brand excellence

Provided more than R9.4 billion in personalised savings

Paid R1 million in rebates to our customers for using our reusable Planet bags since inception

584 lines with new on-pack recycling labels included on packaging

Customers vote with their wallets. Their participation with brands and their loyalty and trust shows through the growth in our Xtra Savings rewards programme, our market share gains, increased social media following and the number of consumer awards.

We have a diverse group of customers who are all under increased financial pressure. Although most of our customers are price sensitive, even our premium-orientated customers look for value. The Group's focus on platform advantage and the success of our Xtra Savings programme has added value through additional products, services and money-back savings.

Recognising that many customers have limited resources and disposable income, we provide them with stores in their communities with products and services available under one roof. Our buying teams focus on responsible sourcing and maintaining our targets to procure from certified sources and there is a deepening awareness on seasonality and the availability of local fresh foods.

We were again able to keep our internal food price inflation under the official inflation rate in our South African supermarket operations in the year under review. We made this possible through our focused attention on efficiencies, data-led insight, planning and limited waste.

From a responsibility perspective, we are improving our progress regarding product traceability, transparency and labelling, especially in terms of high-risk or endangered products. Through Checkers, we have launched the 'Better for our planet' sustainability campaign to drive awareness and dialogue around critical environmental issues and our sustainability journey.

We are a member of the Consumer Goods Council of South Africa's Food Safety Initiative and have implemented sector-specific quality assurance systems. Policies and procedures are in place to promote compliance with all relevant food safety regulations, while external service providers conduct annual food safety and hygiene audits throughout the business.

Social review continued

CUSTOMERS continued

Through continued engagement with suppliers, we ensure international best practice standards are met to guarantee food and product quality and safety.

Our approach to food safety is built on three pillars:

- Ensuring food safety in our stores through independent audits and mitigation measures.
- Quality assurance programmes and cold chain management.
- Following up on customer complaints to identify potential issues.

We are honest, fair and responsible in our communication with customers and adhere to all standards and regulations. We are committed to consumer protection and responsible marketing practices that include all paid and unpaid communications across multiple channels. Our data enables us to communicate with our customers on a personal level, concentrating on their needs and preferences on a granular level. While we connect with them directly via digital channels using a variety of media platforms, customer data is not used without their permission, and we have the highest levels of data security in place.

Read more: Sustainability Report for more detail on

- Customer experience
- Affordability and accessibility across brands
- Providing options to conscious consumers
- Marketing and brand management
- Customer health and safety

CUSTOMER AND INDUSTRY AWARDS

The Group's brands and services again received various awards from customer surveys. Key awards during FY 2022 include:

South Africa 100 2022

Brand Finance South Africa: Checkers was crowned 'SA's fastest growing brand' in the Brand Finance South Africa 100 2022 report. Over the two years of the pandemic, the value of the Checkers brand has more than doubled; from R4.9 billion in 2020, to its current value of R11.1 billion.

PN Pretoria News

***Pretoria News* readers** voted Checkers the best everyday grocery store and best liquor store, while *The Star* readers identified Checkers as runner-up in the best supermarket brand and best everyday grocery store categories.

Michelangelo International Wine & Spirits Awards

Michelangelo International Wine and Spirits: Checkers' popular Odd Bins range of wine won 11 awards – including two Double Gold, eight Gold and one Silver – at the 2021 Michelangelo International Wine and Spirits Awards.

Green Product Award Winner 2022

Green Product: Checkers won the Green Product Award 2022 in the Kids category for the Checkers Little Garden 2 campaign. In addition, the campaign won the International Design Awards 2021 (Sustainable Living/Environmental Preservation – Sports, Toys and Games).

PRISM AWARDS

PRISA PRISM: the 'Don't Get Swindled' campaign was Checkers Sixty60's most successful digital marketing campaign, generating more than five million views and winning Campaign of the Year at the Prism Awards 2022.

SUPPLIER DEVELOPMENT

R12.6 billion
is procured from women-owned suppliers

We prioritise supporting local suppliers wherever possible, enhancing our ability to contribute to local economies while reducing the environmental impact of imports. Suppliers are required to operate within the Group's supplier code of conduct from a responsibility perspective, which addresses social and environmental aspects.

Supplier and SMME development include:

- Shoprite Next Capital, which has been established to capacitate and grow commercially viable SMMEs to improve their access to market and assist with the scourge of unemployment in South Africa. The Group's aim is to assist them by providing them with entry to market and building sustainable long-term relationships to help them grow as businesses. Strategic investments will focus on rural supplier development, micro farmer assistance, trade assistance and investment into performing SMMEs.
- Thuthuka Nathi Investments in LBB Foods, Red Baron Agri and Zulzi on Demand.
- Trade opportunities to SMMEs and entrepreneurs giving them access to the market.
- Support to SMME members on venison meat processing in partnership with the Department of Forestry, Fisheries and the Environment.

Read more: Sustainability Report for more detail on

- Building a resilient supply chain
- Reinforcing our ability to manage scale
- Transparency and accountability

We give back to communities by supporting local suppliers, who in turn create jobs and support communities.

Social review continued

COMMUNITIES

Invested R190 million into communities in RSA in FY 2022 (FY 2021: R168 million)

R542 million invested in Retail Readiness initiative since inception.

Our programmes regarding socio-economic contribution are about creating shared value for the communities of which we are a part. Although there is a societal need for charitable giving, our intention is to make investments in long-term and sustainable community projects. Our CSI programmes aim to build resilience within communities and support transformation by empowering communities to become self-sustainable. We aim to be among the first to provide support in times of disaster.

#ActForChange is the umbrella under which we label our social investment programmes, which encourage job creation, provide affordable products, fight hunger, support early childhood development, provide unemployed youth with training and employment opportunities, and disaster relief for affected communities.

Ongoing support include:

- **Hunger relief:** The Group contributed R24 million towards hunger relief supporting 107 ECD centres by providing 381 590 meals to 7 151 children on average annually.
- **Food security:** Assisting communities to become food growers and diverting surplus food to communities through 177 community food gardens and 3 437 household food gardens. Food growers are invited to sell their produce on selected Market Days at the local Shoprite or Checkers store.
- **Disaster relief:** Food donations and our Mobile Soup Kitchens played a significant role by providing support during the social unrest in July 2021 and the extreme climate-related floods in KwaZulu-Natal in April 2022. During the year, 5.3 million soup kitchen meals were served.
- **Youth employment and development:** A total of 6 016 unemployed young people were trained through our Retail Readiness programme and our participation in the YES Initiative.

To further support our efforts in food security, we make sure surplus food that cannot be sold – either because of non-harmful damage or approaching their sell-by dates – is distributed as food donations. The Group is abundantly clear that only food still fit for human consumption is donated for immediate use.

Read more: Sustainability Report for more detail on

- Contribution to hunger relief and food security
- Early childhood development support
- Community support

Tax contribution	
Total ZAR value paid in taxes	R9.2 billion
Profit taxes	R2.7 billion
Property taxes	R38 million
Product and services taxes	R4.5 billion
Planet taxes	R74 740
People taxes	R1.9 billion
ZAR amount collected through product, services and people taxes on behalf of the government	R3.7 billion
Employment Tax Incentive scheme: ZAR amount claimed for qualifying employees	R412 million
Employment Tax Incentive scheme: Number of qualifying employees	37 483

Our social reach and contribution are determined by the salaries and taxes we pay. The salaries directly contribute to the financial wellbeing of our employees who, in turn, actively contribute to the economy. Tax makes a fundamental difference in assisting governments in their quest to provide social services.

We play a supporting/secondary role as we collect R3.7 billion through product, services and people taxes on behalf of the government (not accounted for as direct Group tax).

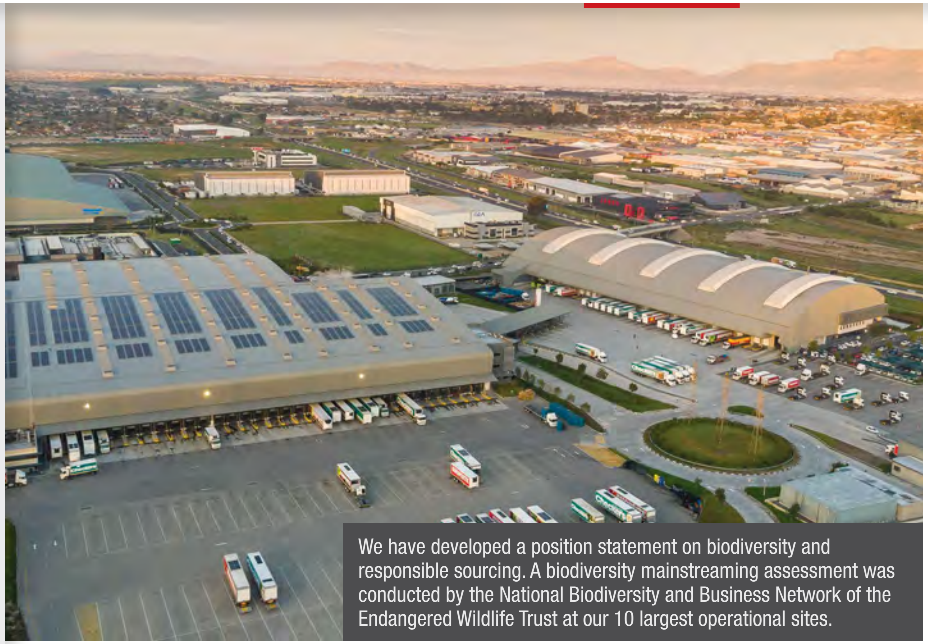
Environmental stewardship review

Introduction

As society's use of resources grows, so does its impact on the environment, which we see in our communities, supply chain and our own operations. We have restated our purpose (page 01) making the protection of the planet a key part of our aspirations. As a large economic contributor, we play an active role in addressing issues linked to our responsibility to operate sustainably in the countries where we have a presence.

We strive to continuously reduce our environmental impact by increasing our operational efficiencies. This not only reduces our environmental impact, but it also realises significant cost savings, which we share with our customers through our continuous and relentless focus on affordability. The management of our business therefore supports the management of our natural capital.

Our systems and data analytics capabilities measure our impact. Sustainability dashboards track relevant metrics across the Group's operations, allowing us to have an informed overview of sustainability and good decision-making on aspects like procurement, the use of sustainable packaging, energy, water and waste generation. Using technology in the area of sustainability gives store managers access to information that leads to improved on-the-ground reaction and accountability.



We have developed a position statement on biodiversity and responsible sourcing. A biodiversity mainstreaming assessment was conducted by the National Biodiversity and Business Network of the Endangered Wildlife Trust at our 10 largest operational sites.

Submitted science-based targets to the Science Based Targets initiative (SBTi)

Reduced our carbon emission intensity by **3.3%**

Reduced our water use intensity by **7.5%**

Recycled 43 355 tonnes of cardboard from stores and distribution centres

Diverted 10 243 tonnes of plastic waste from landfills

275 plant-based products offered to customers (FY 2021: 102)

This environmental review provides a summary of the Group's focus areas.

Read more: Sustainability Report for more detail on

- Climate change
- Sustainable packaging
- Waste management
- Water security
- Deforestation, biodiversity and sustainable land management
- GRI Index
- TCFD Index
- UNGC Index (Environment)
- CDP report

The Group has adopted the following position statements on (available on the Shoprite Holdings' website):

- Climate change
- Sustainable packaging
- Food losses and waste

REVIEW SUMMARY

Added value

INCREASED EFFICIENCIES AND CIRCULAR ECONOMIES: We drive efficiencies in our operations through our management of electricity, waste, water, and recycling of packaging. This is underpinned by circular economies which not only mitigate our negative externalities, but costs to our consumers down the line.

Erode value

SUPPLY CHAIN CONSTRAINTS The reduction of our carbon footprint might be offset by challenges related to the South African electricity supply and load shedding.

Highlight

LAUNCH OF OUR 'BETTER FOR OUR PLANET' CONSUMER ENVIRONMENTAL CAMPAIGN This campaign is the culmination of years of work, which we are proud to share with our customers as we take them along on our journey.

Challenge

AVAILABILITY OF ELECTRICITY Interrupted electricity supply impacts our ability to trade and increases our costs and GHG emissions. The limited access to renewable alternatives and the associated cost add to this challenge.

Future focus

SUSTAINABILITY GOALS

We are committed to aligning our operations with the goal of limiting global temperature rise to below 1.5°C above pre-industrial levels; thus, aligning with the United Nations Framework Convention on Climate Change (UNFCCC). We will investigate new energy efficiency solutions and look to increase our use of renewable energy. We plan to further strengthen our understanding of the potential impact of climate change on our business strategy.

In future the Group is committed to improving responsible consumption and production patterns. This is supported by increasing efficiencies throughout operations in terms of energy, emissions, waste, water and biodiversity management. Our SBTi submission supports this commitment.

Environmental stewardship review continued

FEEDBACK ON FOCUS AREAS FROM FY 2021

Training our employees to have a more holistic understanding of environmental sustainability: An Environmental Awareness course was developed for our people and deployed during the reporting period. So far, more than 2 040 people have been trained. Training platforms and internal communications channels – SiyaRinga and #OurShoprite newsletter – are used to share information and create awareness of what the Group is doing to support various sustainability-related issues and provide information.

Increasing our generation and use of renewable electricity: We have made notable progress and have exceeded our target of 2.5%, having increased the installed capacity of our solar PV systems by 82.1% (FY 2021: 350%) on 62 sites (FY 2021: 32).

Better for our planet

We are proud to share the progress we have made on our sustainability journey and are excited to be able to engage with our customers to amplify our collective impact.

In March 2022, we launched our first sustainability consumer campaign in Checkers, to drive further awareness and dialogue on sustainability-related issues, while inviting our customers to join us in making better decisions for our planet. The ‘Better for our planet’ campaign focuses on five pillars that are linked to our material matters and relevant to our own operations and the lives of our customers.

5 PILLARS

1. Reusing and recycling
2. Sourcing responsibly
3. Fighting climate change
4. Reducing food waste
5. Saving water

TCFD: WE’RE CHANGING OUR BUSINESS FOR GOOD

The Financial Stability Board’s Task Force on Climate-related Financial Disclosures (TCFD) was developed to enhance information relating to climate change for investors, lenders, and insurers, so that risks and opportunities are appropriately recognised and financially accounted for. In the Group’s second year of TCFD reporting, we have taken significant steps in aligning with the framework and its approach to climate-related disclosures. This has been bolstered through our submission of science-based targets to the Science Based Targets initiative (SBTi) this past financial year. Our TCFD reporting is built on the foundation of 12 years of Carbon Disclosure Project (CDP) submissions.

The TCFD Framework is structured around four sections: Governance, Strategy, Risk, and Metrics and Targets. We make use of a TCFD index, which provides direction to relevant information within our reporting suite and our 2022 CDP submission.

Our TCFD index can be found on page 65 of the Sustainability Report

Climate change

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

- Reducing Greenhouse Gas (GHG) emissions and continuously improving energy efficiency in our direct operations and our supply chain by engaging with suppliers.
- Strengthening the resilience and adaptive capacity of our operations and that of the communities in which we operate.

SCOPE 1 EMISSIONS are reduced through efficiencies in our logistics and distribution activities. We focus on:

- Reducing fuel usage through route and network optimisation.
- Fleet replacement with energy-efficient vehicles and driver training.
- Backhauling, which has indirectly saved 1 023 tonnes of carbon dioxide equivalent (tCO_2e) emissions.

SCOPE 2 EMISSIONS are addressed through the Group’s biggest energy initiative, our investment in renewable electricity.

- We continue to roll out solar PV systems across viable locations and have extended installations onto our truck trailers to reduce the amount of fuel used during deliveries. As a result, 57 480 tCO_2e was saved through the consumption of renewable electricity.
- Our commitment to procure 434 000 MWh of renewable energy a year from our renewable energy procurement project with a specialist energy trader is still in place and subject to licensing approvals.
- During the year, we further invested in retrofitting stores and delivery centres with energy-efficient lighting. Cumulatively, this has the capacity to save 150.4 million kWh of electricity.

SCOPE 3 EMISSION reduction is planned through initiatives that focus on reusing and recycling and managing waste to landfill.

TRADE-OFF

Increased diesel consumption as a result of load shedding adds to our GHG emissions and fuel costs, but benefits our customers, reputation and sales volumes.

Future focus

Increasing our use of renewable energy.
Driving energy efficiency across all operations in the Group.

Environmental stewardship review continued

Sustainable packaging

We acknowledge the growing stakeholder awareness and interest in packaging, particularly the use of plastic packaging, whether single use or not. The Group recognises the environmental degradation caused by packaging, be it on land or in marine environments, and its potential to become an environmental crisis if not addressed in a co-ordinated and collaborative manner.

At the same time, we are aware of the usefulness of packaging, being a primary and key protector of its contents. Plastic packaging maintains critical food safety and hygiene levels for food products, helps in the preservation of food, and ultimately minimises food waste. However, the Company does not support the current linear make-use-dispose approach for packaging, but rather a more circular and sustainable approach, incorporating all aspects of the value chain.

Initiatives to increase the use of responsible packaging include:

- **Improving the sustainability of our in-store packaging:** we aim to utilise 100% reusable, recyclable or compostable packaging.
- **Responsible sourcing:** ensuring 100% of in-store paper and board packaging is responsibly sourced, through the Forest Stewardship Council or Sustainable Forestry Initiative.
- **Private label products that have recycled content and recyclability of packaging include:** Forage and Feast, Simple Truth, Oh My Goodness!, Crystal Valley, Renew and Freshmark.
- **Recycling labels on private-label packaging:** including on-pack recycling labels on private label products.
- **Recyclable and reusable shopping bag options:** plastic bags in Shoprite, Checkers and Usave are 100% recyclable and made from 100% recycled material from post-consumer waste; the Planet shopping bags provide customers with an alternative through a rebate system.
- **Selling filtered, unpackaged water:** customers can bring their own water containers and buy filtered water from select Shoprite and Checkers stores, cutting down on the amount of plastic water bottles being consumed.

Future focus

Packaging will be 100% reusable and/or compostable by 2025.

Operational and food waste

With food security being an ever-increasing challenge, the Group is committed to addressing the complex issue of food loss and waste in our value chain. Apart from the actual food waste, we acknowledge the wastage of embedded resources (water, energy, land, labour and capital), and the generation of greenhouse gases from landfilling of food waste.

Our approach to waste management focuses on diverting waste from landfills. We do this by embracing the circular economy model and have adopted a hierarchical approach where we follow a process of designing products in a way that reduces the natural materials used, preventing, salvaging, donating, recovering and, as a last resort, landfilling.

Through this approach, our actions include:

- **Improving forecasting and ordering:** the aim is to prevent food waste and losses before they occur. Reducing food waste is a priority that starts with forecasting, ordering and replenishing of stock, using data analytics to identify food waste hotspots.
- **Behaviour change:** in-store training focus on perishable, frozen, fresh convenience categories, delivery-to-shelf time, stock rotation and careful handling practices.
- **Increasing surplus donations:** surplus food that is still fit for human consumption but is unable to be sold is donated to beneficiary organisations. Donations amounted to 3 267 tonnes in FY 2022 (FY 2021: 3 035 tonnes).
- **Recovery solutions:** some of our waste is used in composting, provided as animal feed and converted into biodiesel. We have diverted 7 375 tonnes of food waste from landfills in total, which saved 18 721 CO_2e tonnes.
- **Reducing cardboard and plastic:** we have added 503 475 additional reusable containers to our delivery process within our Freshmark operations.
- **Recycling cardboard and plastic:** we increased the recycling of cardboard and plastic from our stores and distribution centres.
- **Supporting local community recycling:** through the Packa-Ching community buy-back waste programme, more than six million kilograms of recyclable material have been collected since inception.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

SDG 12.3 that aims to halve food waste at the retail and consumer levels and reduce food losses along the food chain by 2030.

Future focus

Waste segregation in all distribution centres by end 2022, with zero waste to landfill by 2025.

Environmental stewardship review continued

Water

Doing business in South Africa and our Non-RSA countries places the Group in areas naturally challenged with water security, a situation likely to be significantly exacerbated by the effects of climate change. Access to clean water remains a human right, is a precursor to economic development and is needed to maintain the integrity of ecosystems. While the Group is not a significant user of water, it does depend on a reliable source of clean water for its direct operations. However, parts of its supply chain, its shoppers and local communities are very dependent on water availability and accessibility.

We manage responsible water usage through:

- **Monitoring water consumption in our operations:** we use the World Wide Fund for Nature (WWF) Water Risk Filter to better understand the risks we face in the diverse landscapes in which we operate.

Future focus

Improve water monitoring and management: continue with the installation of online water meters at the biggest water consumption sites.

Biodiversity and responsible sourcing

The loss of biodiversity is one of the biggest challenges of our time and the Group's business has an indirect yet high dependency on various ecosystem services, such as pollination, soil, climate and/or water-related services, including the work of various micro-organisms.

We do not believe our own operations have a significant impact on biodiversity, but that a larger impact exists within the production of the goods we sell. Natural ecological systems are an important component in our direct and indirect operations. We are, therefore, intent on reducing our impact on these vital systems through various environmental and social programmes, including responsible sourcing.

During the year under review, we engaged the Endangered Wildlife Trust to conduct a biodiversity impact study for 10 of our largest operational sites. The study is underway and expected to be completed early in the new financial year. Understanding the impact of our own operations on biodiversity loss will be our starting point. Based on these findings, we will be able to take informed action in our approach to biodiversity in our own operations and encourage increased awareness and action throughout the rest of our supply chain. Further work in this regard will be expanded to include other parts of the value chain in the medium term.

We apply responsible sourcing through:

- **Supporting sustainable agriculture:** Sustainability Initiative of South Africa (SIZA) membership and encourage suppliers to become SIZA certified. We are members of GLOBALG.A.P. and require that all suppliers obtain good agricultural practice certification through localg.a.p. or GLOBALG.A.P.
- **Responsible products:** customers have become more conscious of the impact of their consumption on their own health and that of the environment. As a result, they are seeking healthier product options, which have a lower environmental impact. We aim to support our customers by making a variety of options available in our stores.
- **Plant-based food options:** we continue to see growth in demand for plant-based products for environmental and ethical reasons. We have partnered with the LIVEKINDLY collective to ensure we provide a wider variety of products to our customers.

Future focus

We will use the outcomes of the **biodiversity impact study** to further mainstream biodiversity within our business.

ACCOUNTABILITY AND SHAREHOLDER INFORMATION

Little Me Drakenstein, Paarl, Western Cape

“During the reporting period, we largely completed the process of reviewing the composition of the Shoprite Group’s Board to introduce additional skills and to improve our succession planning and any future appointments to the Board will be considered as and when required in the normal course of business. Our current succession plan addresses the departure of four long-standing members of the Board towards the end of the year, and we welcomed five new Directors to our Board who bring with them a diverse range of skills.

Wendy Lucas-Bull,
Chairman

Navigate to sections by clicking on the list below

Remuneration review

Part 1 BACKGROUND STATEMENT

Dear stakeholder

We are pleased to present the remuneration report for FY 2022. During the year under review, we have continued to place particular focus on environmental, social and governance (ESG) matters and build on the progress made in FY 2021.

From an environmental perspective, we have successfully implemented environmental measures in our short-term incentive (STI) which align with the Group's strategy to reduce our carbon footprint, electricity consumption and drive higher utilisation of recycled content from in-store packaging and wastage.

Focus was placed on the 'S' in ESG during FY 2022; this includes investing in our people, furthering fair and responsible remuneration and bettering the livelihoods of our more vulnerable employees during the current difficult socio-economic period.

Initiatives undertaken include:

- The introduction of an evergreen Broad-Based Black Economic Empowerment (B-BBEE) employee benefit trust.
- A move away from the national prescribed minimum sectoral rates for the retail sector to an increased Shoprite minimum wage.

Further details on these initiatives can be found in part 2 of the remuneration report.

The committee adopted a formal work plan and fulfilled its responsibilities in line with its charter.

From a governance perspective, we have listened to the issues highlighted by our shareholders and have endeavoured to make changes where appropriate. This included the decision to no longer award retention shares to Executive Directors as part of their annual share awards, as well as the introduction of a minimum shareholding requirement to further foster our culture of building ownership within the Shoprite Group. This is a process of ongoing improvement to our remuneration policy. The committee will continue to engage with shareholders irrespective of voting outcomes to maintain open and transparent dialogue during this process of improvement.

Remuneration governance

In line with best practice, the committee is appointed by the Board of Directors and has delegated authority, in accordance with its Terms of Reference.

Remuneration Committee Terms of Reference

The Terms of Reference sets out an appropriate remuneration policy, which upon implementation is aligned with the principles of fair, transparent, responsible remuneration, legislative and regulatory requirements, as well as the needs of the Group. The remuneration policy includes remuneration at all levels, including Executive Directors.

The committee consists of the Non-executive Directors (NED) shown alongside on this page.

Further details on these NEDs and the committee can be viewed on pages 35 and 43 of this Integrated Report.

The committee met four times during the reporting period.

In addition to committee members, the CEO, Deputy CEO, CFO, Chief People Officer, independent external advisers and other human resources Executives are invited to attend meetings as and when required by the committee. However, none of them are present when their own remuneration is discussed nor do they participate in any voting.

The committee is satisfied it has fulfilled its responsibilities in accordance with its mandate for FY 2022 and that the remuneration policy achieved its stated objectives.

MEMBERS


Joseph Rock (53)

Chairman
Independent Non-executive Director
Appointed as a member of the committee on 28 May 2019 and Chairman on 14 November 2019
Number of meetings attended: 4


Peter Cooper (66)

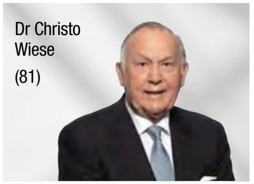
Chairman elect
Independent Non-executive Director
Appointed as a member of the committee on 2 September 2021
Number of meetings attended: 4


Dr Anna Mokgokong (65)

Independent Non-executive Director and Lead Independent Director
Appointed as a member of the committee on 14 November 2019
Number of meetings attended: 4


Wendy Lucas-Bull (69)

Independent Non-executive Chairman
Appointed as a member of the committee on 12 March 2021
Number of meetings attended: 4


Dr Christo Wiese (81)

Non-executive Director
Appointed as a member of the committee on 28 June 2013
Number of meetings attended: 4


Paul Norman (56)

Independent Non-executive Director
Appointed as a member of the committee on 4 March 2022
Number of meetings attended: 3

NUMBER OF MEETINGS ATTENDED

Remuneration review **PART 1** continued

Independent advisers

The Group uses external consultants to provide specific services on an as-needed basis. Shoprite engaged the services of DG Capital and PricewaterhouseCoopers (PwC) as remuneration consultants during the 2022 financial year.

VASDEX Associates (Pty) Ltd serves as independent advisers to the committee. The committee is satisfied the consultants were independent and objective in providing the relevant services.

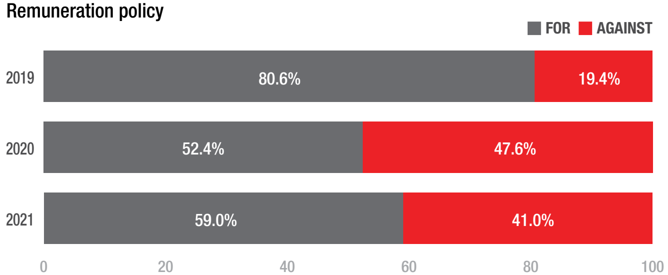
Shareholder engagement and voting outcomes

The committee held shareholder engagement sessions prior to the 2021 AGM. The engagements included one-on-one sessions with major shareholders and group sessions with other shareholders.

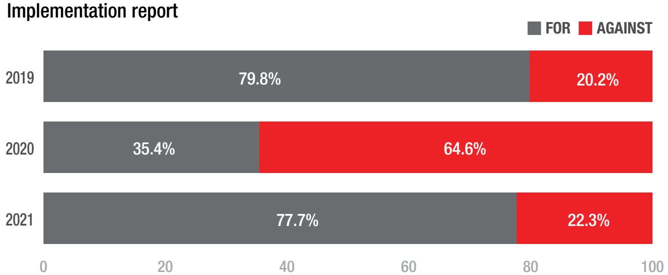
Several topics were covered during these sessions which included the RemCo composition, remuneration policy governance, performance targets, remuneration benchmarking, Executive remuneration and remuneration of Non-executive Directors.

At the AGM in November 2021, the remuneration policy and implementation report received 59.0% (FY 2020: 52.4%) and 77.7% (FY 2020: 35.4%) of total votes in favour from shareholders at the 2021 AGM, respectively.

Remuneration policy



Implementation report



Although we are pleased with the increased support of our implementation report, more than 25% of shareholders voted against the policy. In line with King IV and the JSE Listings Requirements, we invited dissenting shareholders to participate in meetings. Five shareholders participated in these discussions and provided clarity and insight into their concerns.

The specific areas of concern, together with actions taken as a result of the issues raised, are listed in more detail below.

Shareholder concerns	Action taken by the committee
Long-term incentive (LTI) share award mix included retention shares for senior Executives	• The LTI share award mix from FY 2023 onwards for CEO, CFO and other senior Executives will exclude retention shares. • The performance shares weighting of the LTI share award has been adjusted together with a re-evaluation of the overall Executive pay mix as outlined in part 2.
Co-investment shares (matching) included in the LTI share award mix	• Co-investment matching shares will continue to be included as part of the LTI share award mix for FY 2023 for the following reasons: » The co-investment (matching) promotes investment risk-sharing. » Where a participant elects not to co-invest, the participants will not receive matching shares and their LTI allocation is limited to the performance share allocation only. » The co-investment shares (matching) will be reviewed as part of a broader variable pay review during FY 2023 for implementation in FY 2024.
LTI – some shareholders felt the stretch targets are easily achievable	• After careful consideration, the LTI targets at various performance levels have been adjusted from FY 2023 onwards, in line with the organisation's strategic goals. Please refer to part 2 of the remuneration report for further details.
Implement a minimum shareholding requirement (MSR) policy	• In line with the Group's existing culture of building share ownership through the retention of LTI shares after vesting, Shoprite has introduced an MSR policy effective 1 July 2022. Please refer to part 2 of the remuneration report for further details.

In addition, there is continued focus on and improvements made in the following areas:

- Individual performance against set management and performance criteria.
- A performance management framework that addresses both individual and business performance and the link to remuneration.
- The terms and conditions of Executive Directors' employment contracts were reviewed. Adequate disclosures were made in the Remuneration review.

Remuneration is a key factor in our ability to drive employees across all levels to work towards the Group's strategic objectives and to build a sustainable business over the short, medium and long term. Therefore, we welcome constructive feedback and will always engage with our shareholders and stakeholders to ensure the Group's remuneration approach continues to support fair, transparent and responsible remuneration.

The remuneration policy and implementation report will be tabled for non-binding votes by shareholders at the AGM on 14 November 2022. If the remuneration policy or the implementation report of the Company is voted against by 25% or more of the voting rights exercised on the resolutions by shareholders present or represented by proxy at the AGM, the Company will – in its voting results announcement pursuant to paragraph 3.91 of the JSE Listings Requirements – extend an invitation to dissenting shareholders to engage with the Company to discuss their reasons for their dissenting votes.

The year under review

FY 2022 remained a difficult period in the context of the pandemic and social unrest, which continued to weigh on our customers, our people and our operations.

In spite of this, the Group has shown great resilience.

In setting and determining Executive remuneration, due consideration is given to rewarding high levels of performance and effective decision-making for the long-term sustainability of the Group. This approach aims to align the interests of top management with those of shareholders and other stakeholders.

The Group has achieved its STI and LTI targets. The Group will therefore be paying out an STI to qualifying participants in this scheme.

Remuneration review **PART 1** continued

Business performance

SHOPRITE PERFORMANCE FOR FY 2022

GROUP SALES INCREASED BY
9.6%
with trading profit having increased by 6.8% full year dividend per share by 10.3%.

10.0%
INCREASE
Diluted headline earning per share (continuing operations)
1048.1 CENTS
(FY 2021: 952.5 cents)

6.8%
INCREASE
Trading profit
R11.0 BILLION
(FY 2021: R10.3 billion)

10.3%
INCREASE
Full-year dividend declaration
600 CENTS PER SHARE
(FY 2021: 544 cents per share)

The FY 2022 STI scorecard outcome for senior Executives is set out below:

The measures applicable to the FY 2022 are as follows:

Measures	Weighting %	Threshold	Target	Stretch	FY 2022 actual
Group financial	**80**				
Trading profit	40	80% of budget	100% of budget	110% of budget	105.1%
Trading margin	12	5.3%	5.8%	6.3%	6.0%
EBITDA margin	12	8.4%	8.9%	9.4%	9.0%
Sales growth	8	5.0%	5.8%	7.0%	9.6%
Inventory to sales ratio	8	12.0%	11.5%	11.0%	11.9%
Group non-financial	**20**				
Renewable energy					
(solar photovoltaic (PV) contribution)	10	2.4%	2.5%	2.6%	2.8%
Waste recycling					
Increase in cardboard recycling	2.5	3.0%	5.0%	10.0%	7.8%
Increase in plastic recycling	2.5	3.0%	5.0%	10.0%	17.1%
Sustainable packaging					
% reusable, recyclable or compostable	2.5	80.0%	90.0%	100.0%	91.0%
% recycled content	2.5	20.0%	30.0%	40.0%	67.0%

LTI vesting outcomes for FY 2022

Prior to awards in September 2019, the long-term incentive awards were made under the virtual option bonus (VOB) scheme. Performance was measured 'on the way in' and hence did not have performance targets at vesting. There are tranches (VOB awards – 30 October 2018: tranche 2 and 30 October 2019: tranche 1) that vested under the VOB in the year under review.

With respect to the LTI scheme, the performance targets as set out below linked to the 2019 performance award were achieved, which resulted in full vesting of the 2019 performance share award.

2019 awards

The performance conditions and targets applicable to the 2019 awards are as follows:

Performance measures	Weighting %	Stretch (100% vesting)	FY 2022 actual
Return on invested capital (ROIC)	40	11.60%	12.4%
Diluted headline earnings per share (DHEPS)	40	7.00%	12.0%
Employment equity	20	100% of Department of Employment and Labour (DoEL) approved plan	100.0%

Continuing areas of focus

Remuneration report disclosure
Ensuring appropriate disclosure on annual remuneration practices.

Shareholder engagement
Engaging with shareholders regarding evolving remuneration practices and policies.

Fair pay
Evaluating and embedding fair and ethical remuneration practices. Metrics relevant to pay ratio and pay gap disclosure will be thoroughly researched and analysed.

Variable remuneration structure
Reviewing the variable remuneration structure to enhance alignment to the Shoprite strategic goals and objectives.

ESG measures in LTI and STI constructs
Further embedding ESG and non-financial targets into the STI scorecard and LTI performance measures.

The committee strives to produce a remuneration policy that achieves a positive approval from a majority of stakeholders (including shareholders) and one that covers a representative spectrum of performance metrics – both financial and non-financial – aligning the pyramid of performance from Group down to individual. It is further committed to implementing this policy in a manner that motivates employees to drive organisational performance in a balanced and responsible manner.

We seek to establish an ongoing relationship with our stakeholders – including our shareholders – whereby a process of honest and critical evaluation of all remuneration-related issues can be discussed in an open and transparent manner such that the Group continues to improve its remuneration governance through a process of ongoing revision.

In terms of succession planning, we have identified a future RemCo Chair: Peter Cooper will be the RemCo Chairman following our 2022 AGM, succeeding Joseph Rock.

Joseph Rock
Chairman

Peter Cooper
Chairman-elect

Remuneration review continued

Part 2 OVERVIEW OF THE REMUNERATION POLICY

Given the often challenging and uncertain environment in which we are operating, the committee acknowledges the need to ensure our remuneration structures achieve the objectives of attracting, motivating, retaining and rewarding employees while balancing the achievement of organisational performance and creating shareholder value.

The remuneration policy applies to all our permanent employees and in this part, in line with King IV, we have provided the remuneration elements and design principles applicable to the Executive Directors and on a high level, to other employees.

Remuneration policy

Our remuneration policy is aligned with the Group's overall strategy. It aims to:

- Improve the attraction, recruitment and retention of talent.
- Ensure fairness across the organisation, aligned with sustainable and regulatory-compliant remuneration.
- Consider the context of a globally competitive labour market.

We regularly review our remuneration policy to ensure it aligns with best practice.

Remuneration philosophy

Key principles of remuneration include:

Attracting talent

Attracting, motivating, retaining and rewarding employees at all levels, including key talent and critical skills.

Remunerating employees

Paying equally for work of equal value; and for performance and relevant experience where appropriate.

Incentivising behaviour

Encouraging and rewarding employees who create sustainable value for the Group, and all key stakeholders.

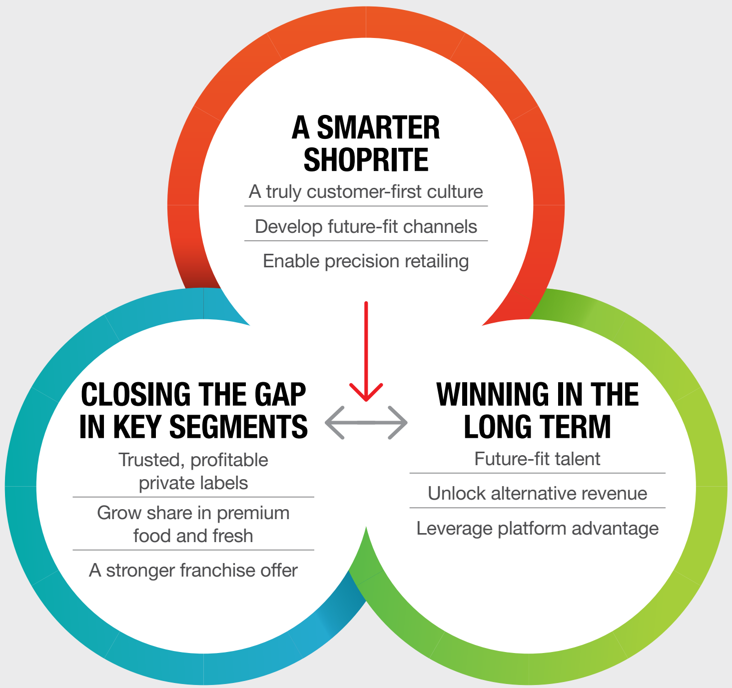
Rewarding performance

Measuring performance, in particular Executives and managers, against key business objectives.

Remuneration review **PART 2** continued

Linking remuneration to our Group strategy

All components of remuneration are linked to the Group's nine strategic objectives, which enables the creation of long-term, sustainable value for all stakeholders.



Strategy	TGP	STI	DSTI	LTI	Indiv. Perf.	Commentary on links to strategy
A SMARTER SHOPRITE	✓				✓	Employees need to be paid living and market aligned salaries with individual and team performance requiring strong customer focus.
				✓		LTI performance measures such as ROIC and HEPS are necessary to sustain improved margins and earnings.
		✓	✓			Precision retailing requires that EBITDA margins are maintained and enhanced while ensuring inventory levels relative to sales are optimised.
CLOSING THE GAP IN KEY SEGMENTS		✓	✓			Trading profit and Trading margin aligns with the segment strategy of profitable brands.
		✓	✓			Sales growth in STI scheme aligns with strategy of segment market share strategy.
		✓	✓			The business offering must meet not only customer pricing and product needs, but broader stakeholders through renewable energy, waste recycling and sustainable packaging.
WINNING IN THE LONG TERM	✓	✓	✓	✓	✓	Pay market-related salaries and benefits – while measuring and recognising talent and having EE measured in the LTI scheme – ensure the business is appropriately staffed for the future.
				✓		All forms of alternative revenue sources and platform leverage are required as traditional business margins come under pressure (ROIC) and to supplement earnings while customers are under spending pressure (HEPS).

Remuneration review **PART 2** continued

Overview: Organisation-wide elements of remuneration

	Element	Definition	Eligibility	Time period
FIXED PAY	TOTAL GUARANTEED PACKAGE (TGP)	The fixed element of remuneration includes salary and benefits. These benefits include retirement benefits of between 7.5% and 10% of pensionable salary, and risk and insurance benefits. Annual increases are determined based on the employee's role, affordability, inflation, personal and Company performance and relevant market competitiveness. The CEO annually proposes management increases to the committee for approval. Remuneration is generally positioned around the market median using the REMchannel surveys for employees below Executive level and the benchmarking comparator group for Executives, but this may be adjusted to attract scarce or critical skills given the Group's competitive position in the market.	All non-bargaining unit employees	One year
FIXED PAY	BASIC SALARY PLUS BENEFITS STRUCTURE	Employees in the bargaining unit receive a basic salary plus benefits. Collective bargaining agreements with recognised unions for specific periods of time are in place. The mandates for union-negotiated increases are approved by the committee. Wage negotiations were successfully concluded with SACCAWU (RSA employees within the bargaining unit) during May 2021 and a two-year agreement was signed.	Bargaining unit employees	Two years
VARIABLE PAY	STI	A cash STI that gives employees an incentive to achieve the Group's short- and medium-term goals linked to Group and divisional/business unit performance. STIs are paid annually.	Junior management and above	One year or quarterly (applicable to existing branch management on the quarterly option)
VARIABLE PAY	DSTI	An additional incentive based on 75% of the awarded STI amount deferred into cash or in forfeitable shares. The DSTI is a function of the STI outcome where the same achieved percentage outcome on the STI is applied to the DSTI value. The full DSTI value after the outcome has been determined, is deferred into cash or shares and vest after three years.	Middle management (*excluding* senior management and above who participate in the LTI)	Three years
VARIABLE PAY	LTI (NAMELY THE EXECUTIVE SHARE PLAN)	The LTI comprises of three instruments: 1. Performance shares 2. Retention shares (retention shares no longer awarded to CEO, CFO and other senior Executives) 3. Co-investment shares (matching)	Senior management and above	Three years
LONG-TERM SHAREHOLDER ALIGNMENT	MINIMUM SHAREHOLDING REQUIREMENT (MSR)	A minimum shareholding requirement was introduced from 1 July 2022, which is intended to encourage Executives to build or to increase their shareholding in Shoprite through the incentive plans and to become further invested in the Company. This increases Executive ownership and 'skin in the game', and encourages alignment between management and shareholders.	Executive Directors and other senior Executives	Executive Directors and other senior Executives are required to hold shares equal in value to a predetermined percentage of their TGP, which must be accumulated over five years from the later of the introduction of the MSR policy (i.e. from 1 July 2022) or the appointment of the individual.

Fair, responsible and transparent remuneration

Remuneration is one pillar in our approach to providing a holistic employee value proposition. Other pillars include performance and recognition, the work environment, career development and benefits. These encompass skills development opportunities, educational loans and bursary benefits, employee discounts and job-specific incentives for qualifying employees, such as sales commission and length of service awards.

The Group believes fair, responsible and transparent remuneration is essential to our business success and is committed to fair and competitive remuneration. The committee:

- provides the Board with appropriate recommendations, after discussion with management, independent remuneration advisers and relevant third parties;
- supports the application of the principle of equal pay for work of equal value within its recommendations; and
- supports the appropriate benchmarking of roles to balance the need for competitive and fair remuneration.

The Group strives to create an inclusive environment and to reward employees in a manner that is fair and reasonable. The principle of fair remuneration is entrenched in our remuneration policy and is based on practices free from prejudice or self-interest (and which are not inherently biased in any way).

During FY 2022, fair and responsible pay was a key focus area, with particular attention being placed on investing in and bettering the lives of our frontline employees.

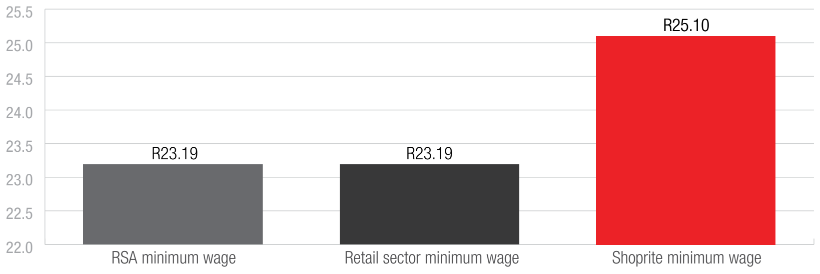
The following initiatives were implemented:

1

INTRODUCED A SHOPRITE INTERNAL WAGE ABOVE LEGISLATION

Established an internal Shoprite minimum wage per hour of R25.10 effective 1 May 2022, which is 8.2% higher than the prescribed national minimum wage of R23.19.

National minimum wage



2

FOCUS ON FRONTLINE EMPLOYEES

The Group aims to reinforce the importance of frontline employees and has launched, among others, the Year of the Cashier. This will provide additional training, recognition and incentives to enhance retention and improve the customer experience.

In line with the Year of the Cashier programme, a separate cashier minimum wage of R28.00 per hour was established, which is higher than the prescribed retail sector minimums for cashiers, by up to 20.7%; 61.6% frontline employees are female.

Minimum for cashiers

3

INTRODUCING AN EVERGREEN B-BBEE EMPLOYEE TRUST FOR SHOPRITE

Shoprite Checkers (Pty) Ltd, a subsidiary of the Group, established the Shoprite Employee Trust.

The trust holds 40 million Shoprite Checkers shares to the value of R8.9 billion. Qualifying employees, who are employed in South Africa, will benefit directly through the trust as unit holders in the trust, while non-RSA employees will receive equivalent cash benefits through their respective payroll.

Entitlements are aligned with Shoprite Holdings declared dividends per share to ensure the benefits that flow to employees are transparent and employees partake in the tangible benefits of the Group's continued achievement of strong operational and financial results.

Qualifying employees are receiving dividend payments.

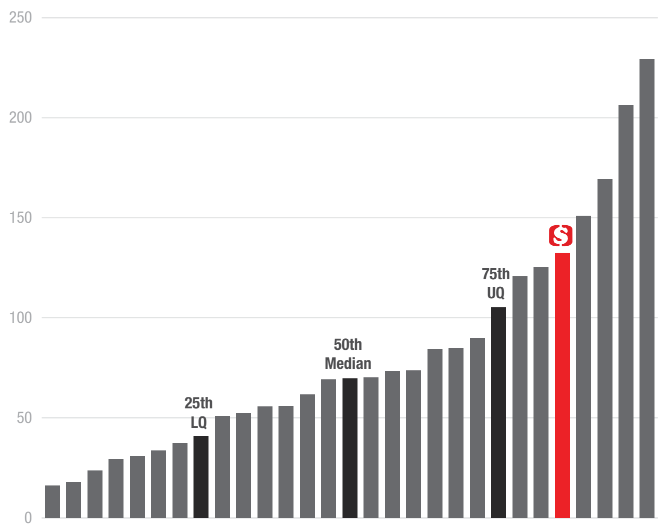
Remuneration review **PART 2** continued

Benchmarking remuneration

The Group is by far the largest retailer in South Africa in terms of market capitalisation, turnover and employees and is one of the top 20 companies by market cap in South Africa overall.

Based on a number of size comparison metrics, the Shoprite Group can be seen to be at or above the selected peer group.

Peer group size comparison
(market cap, number of employees, turnover, total assets)



Based on these metrics and in line with the committee's commitment to competitive remuneration, all employees including Executives are remunerated appropriately. Pay is aligned with the market, performance and affordability. The Group continuously monitors the competitiveness of employees' total remuneration through external benchmarking.

The peer group consists of a comparator group of JSE-listed companies; this is made up of 10 retail companies and 18 non-retail companies with similar market capitalisations to the Group.

The companies comprising the JSE-listed comparator group are as follows:

RETAIL COMPANIES

Clicks	TFG
Pepkor Holdings Limited	Pick n Pay
mr price	Dis-Chem Pharmacies
Woolworths	Truworths
Spar	Massmart

NON-RETAIL COMPANIES

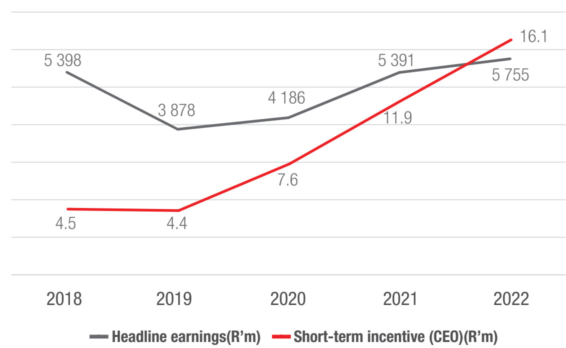
Vodacom	Bidvest
MultiChoice	Northam Platinum Holdings Limited
Capitec	Exxaro
Aspen	Discovery
Sanlam	Tiger Brands
Old Mutual	Absa
MTN	AVI
Bidcorp	RCL Foods
Sasol	Nedbank

Executive pay for performance

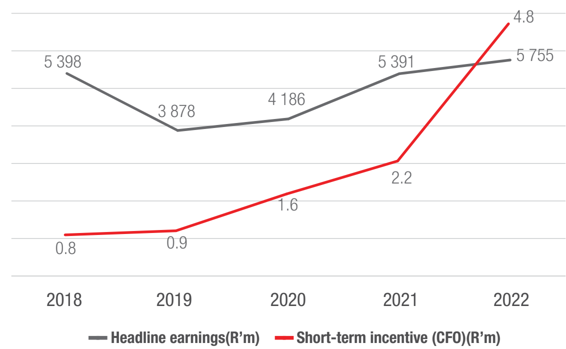
In setting and determining Executive remuneration, due consideration is given to provide for rewarding high levels of performance and effective decision-making for the long-term sustainability of the Group. This approach aims to align the interests of Executive Directors with those of shareholders and other stakeholders as well as ensuring pay competitiveness relative to the market.

The table below illustrates the actual STI remuneration for the CEO and CFO relative to actual headline earnings from FY 2018 until FY 2022.

Headline earnings versus Group CEO's STI awards



Headline earnings versus Group CFO's STI awards



Executive remuneration consists of TGP, STI and LTI participation. Given their line of sight and level of influence on the company, the STI and LTI components of an Executive Director's remuneration is more heavily weighted than that of other employees.

Remuneration review **PART 2** continued

CEO

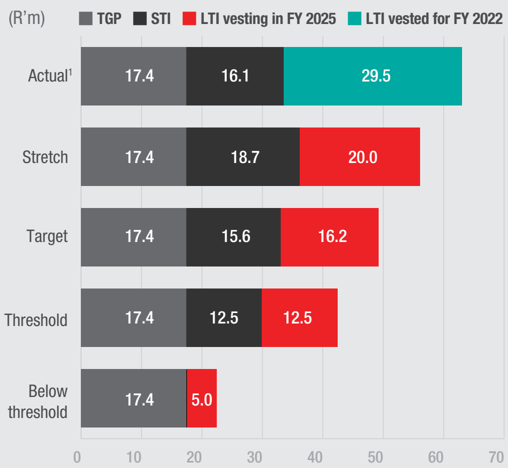
During FY 2022, the committee did a thorough analysis of the CEO's remuneration package against the peer group as well as taking note of shareholder concerns raised in interactions prior to the AGM.

This change has accelerated a part of the variable remuneration structure review planned for FY 2023. A summary of the major changes are as follows:

	FY 2021	FY 2022/ FY 2023
STI target % of TGP	69%	**90%**
LTI retention awards (% retention to total LTI award mix)	10%	**0%** (no longer applicable to CEO from FY 2023)
LTI co-investment/ matching	No change	

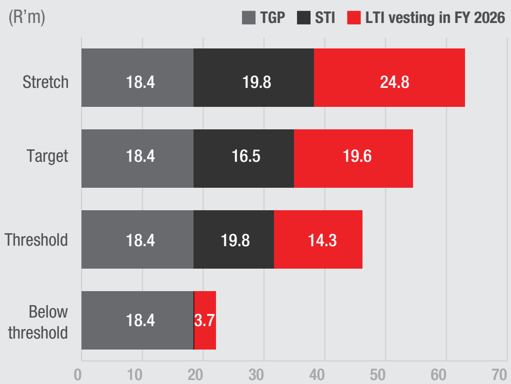
The graphs alongside indicate the remuneration mix applicable to the CEO for FY 2022 and FY 2023. The below threshold LTI represents the matching arrangement should the CEO take up the co-investment option.

CEO pay mix by performance level – FY 2022



1 *The actual LTI value vested in September 2022 includes the 2019 ESP awards, which vested at a share price of R222.16. The shares were awarded at an average price of R126.18.*

CEO pay mix by performance level – FY 2023



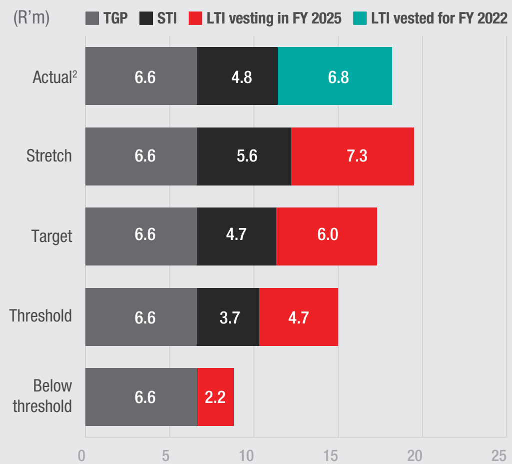
CFO

The committee undertook a similar exercise for the CFO to that explained for the CEO. A summary of the major changes are as follows:

	FY 2021	FY 2022/ FY 2023
STI target % of TGP	55%	**70%**
LTI retention awards (% retention to total LTI award mix)	15%	**0%** (no longer applicable to CFO from FY 2023)
LTI co-investment/ matching	No change	

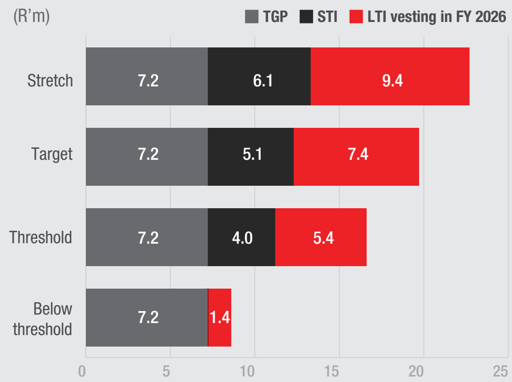
The graphs alongside indicate the remuneration mix applicable to the CFO for FY 2022 and FY 2023. The below threshold LTI represents the matching arrangement should the CFO take up the co-investment option.

CFO pay mix by performance level – FY 2022



2 *The actual LTI value vested in September 2022 includes the 2019 ESP awards and the VOB awards (tranche 1 – 2019 and tranche 2 – 2018), which vested at a share price of R222.16. The shares were awarded at an average price of R126.18.*

CFO pay mix by performance level – FY 2023



The above scenario graphs for both CEO and CFO indicate below threshold, threshold, on-target and stretch (or maximum) levels of remuneration outcomes available to Executive Directors, depending on their performance under the STI and LTI for FY 2022 compared to FY 2023 (forward-looking).

Remuneration review **PART 2** continued

Performance level	FY 2022 (including retention shares)	FY 2023 (excluding retention shares)
Below threshold	Annual TGP	Annual TGP
	0% of STI on-target value	0% of STI on-target value
	100% vesting of retention and co-investment shares (matching)	100% vesting of co-investment shares (matching)
	0% vesting of performance shares	0% vesting of performance shares
Threshold	Annual TGP	Annual TGP
	80% of STI on-target value	80% of STI on-target value
	100% vesting of retention and co-investment shares (matching)	100% vesting of co-investment shares (matching)
	50% vesting of performance shares	50% vesting of performance shares
Target	Annual TGP	Annual TGP
	100% of STI on-target value	100% of STI on-target value
	100% vesting of retention and co-investment shares (matching)	100% vesting of co-investment shares (matching)
	75% vesting of performance shares	75% vesting of performance shares
Stretch	Annual TGP	Annual TGP
	120% of STI on-target value	120% of STI on-target value
	100% vesting of retention and co-investment shares (matching)	100% vesting of co-investment shares (matching)
	100% vesting of performance shares	100% vesting of performance shares

Detailed overview of the elements of remuneration

The overall benchmarking for Executive remuneration as well as the composition of TGP, DSTI , STI and LTI are outlined in the following tables.

Total remuneration	Description
Positioning	Pay is benchmarked against the market peer group based on several size comparison factors, which include market cap, number of employees, revenue and total assets. Shoprite is at or above the upper quartile for the benchmarking peer group.

TGP	Description
Components of remuneration	The Group adopts a TGP approach to structured remuneration. The TGP includes the total benefit for the individual and the total cost to the company, consisting of a cash salary and benefits. These benefits include retirement benefits of between 7.5% and 10% of pensionable salary, a staff discount, and risk and insurance benefits.
Annual reviews	The annual review process assesses employee remuneration in relation to the market, as well as performance of the Group, so that necessary adjustments can be made in line with the remuneration policy, where warranted. The annual review commences in April and any changes become effective on 1 July.
Annual increases	Annual increases are determined based on the employee's role, affordability, inflation, personal and company performance and relevant market benchmarks. The committee annually reviews and approves Executive increases in terms of its mandate.

STI	Description
Policy changes for FY 2023	From FY 2023 onwards, the STI outcomes for Senior Executives will include linear calibration based on actual performance achieved between the threshold, target and stretch levels.
Overview	The Group operates an additive STI plan, which incorporates financial measures (i.e. trading profit threshold and the Group achieving between 80% and 120% of target) and specific operational/business unit and home office department measures as communicated to each participant. The main purpose of the Group's STI plan is to align the interests of eligible employees with those of the shareholders and other stakeholders in the short term. The STI serves to attract talent to key positions by means of appropriate and competitive remuneration.
Operation	At the beginning of the financial year, an annual bonus pool provision is provided for linked to financial performance. The provision is adjusted at year end against actual performance target levels achieved at Group and divisional level. This ensures the scheme is self-funded and within affordability limits. **The following formula is used for senior Executives:** **On-target STI (rand) value** X [(Group financial performance outcome X weighting) + (Group non-financial performance outcome X weighting)]
On-target STI (percentage of TGP)	The on-target incentives are now based on a fixed percentage of TGP, which was approved by the committee, and are set with reference to the seniority of the participant in line with market practice. **The following percentages apply to Executive Directors:**

Position	FY 2023 On-target %	FY 2022 On-target % (re-stated)	FY 2022 On-target %
CEO	90	90	69
CFO	70	70	55
Executive Director*	0	51	51

* *Ram Harisunker, Executive Director, is employed on a post-retirement contract that will come to an end on 31 December 2022.*

Remuneration review **PART 2** continued

STI	Description
Business performance measures (financial and non-financial) and score	Different measures are used depending on the seniority of the participant. Each measure has a threshold, target and stretch level that determines the final score assigned to business performance. Owing to the commercial sensitivity in disclosing prospective profit targets, we opt to disclose the targets on a retrospective basis in part 3 of this report. During the year under review, the committee reviewed the performance measures for the STI scheme. It was decided the performance measures will remain the same for FY 2023; however, the targets were adjusted upwards. The current STI metrics are directly linked to the Group's strategic goals and objectives. During FY 2023, management will embark on a review of its variable remuneration structures and will table a formal proposal for the committee's consideration for implementation in FY 2024. **The following measures and weightings will be used for senior Executives for FY 2023:**

Measures	Weighting	Threshold (80%)	Target (100%)	Stretch (120%)
Group financial	**80%**			
Trading profit	40%			
Trading margin	12%			
EBITDA margin	12%			
Sales growth	8%			
Inventory to sales ratio	8%			
Group non-financial	**20%**			
Renewable energy				
Solar PV contribution (% of electricity consumption)	10%	4.00%	5.00%	6.50%
Waste recycling				
Increase in cardboard recycling	2.5%	4.00%	5.00%	6.50%
Increase in plastic recycling	2.5%	4.00%	5.00%	6.50%
Sustainable packaging				
% reusable, recyclable or compostable	2.5%	86.00%	91.00%	96.00%
% recycled content	2.5%	62.00%	67.00%	72.00%

STI	Description
Payment	STIs are payable annually after being approved by the committee and after the release of the audited financial statements. Any annual performance-related incentive payouts received under the STI plan are paid in cash.

DSTI	Description
Overview	The DSTI is an additional incentive based on 75% of the awarded STI amount and aims to improve retention for key employees within middle management. As the value is based on the STI outcome, it reinforces the motivation for managers to achieve the STI performance criteria while encouraging them to remain with the Group.
Operation	The DSTI is a function of the STI outcome where the same achieved percentage outcome on the STI is applied to the DSTI value. The full DSTI value after the outcome has been determined, is deferred into cash or shares which vest after three years.
Quantum	75% of the awarded STI amount.
Settlement	Employees can elect to either receive the benefit in shares, or keep the incentive as cash, equal to the value of the incentive achieved. **Shares:** Where employees elect to receive the benefit in shares, these shares are purchased in the open market and cannot be traded during the three-year vesting period but carry dividend and voting rights. The value of the shares, on which participants must pay tax, is transferred to the employee after three years. Owing to tax implications and foreign exchange legislation, employees outside South Africa are not eligible to receive the award in shares. **Cash:** Following vesting, DSTIs are payable after being approved by the committee and following the release of the audited financial statements.

Remuneration review **PART 2** continued

<table>
<tr><th>LTI</th><th>Description</th></tr>
<tr><td>Policy changes for FY 2023</td><td>After careful consideration and discussions with our shareholders, the committee decided retention shares will no longer form part of the annual LTI awards made to Executives and that the retention share portion of the annual LTI allocations will be replaced with performance shares.

As a result, the committee approved an adjustment to the face value allocation percentages to take this change into account. The committee is satisfied the overall LTI allocation levels are appropriate and in line with the market for all participating employees.

Although the performance measures and weightings will remain the same, the committee approved an increase in the WACC targets for each performance level from FY 2023.</td></tr>
<tr><td>Overview</td><td>The Group operates one LTI plan, the Executive Share Plan (ESP). The ESP provides for awards of forfeitable shares to be made to participating employees; these shares are registered in the names of participants following the award date and are held in escrow until the vesting date.

Participants receive full shareholder rights over the vesting period but are not able to dispose of their shares until vesting.</td></tr>
<tr><td>Operation</td><td>Qualifying participants may receive annual awards of three types of forfeitable shares based on a defined share award mix as approved by the committee.

1 Performance shares
• Vesting is subject to continued employment and performance conditions measured over a three-year period.
2 Matching shares as a result of co-investment:
• Participants may receive matching shares by way of co-investment in the Company and the matching shares will comprise 15% of the maximum LTI face value that may be allocated to the participant.
• Participants have the choice to co-invest in the Company through the acquisition of co-investment shares in respect of which the participant then receives a matching award from the Company on a 1:1 basis.
• The underlying co-investment shares are locked up over the course of the vesting period and, while participants will not be able to forfeit these shares, the participant are not able to freely dispose of these shares until the vesting of the matching shares. If the participant’s employment is terminated during the vesting period, the holding lock on the co-investment shares will be lifted.
• Where a participant elects not to co-invest, the participant’s will not receive matching shares and his LTI allocation are limited to the performance share allocation only (see table below).
• The matching shares will be subject to continued employment and the employee retaining the underlying co-investment shares over the vesting period.
• There are four participation methods available to participants who want to join in the co-investment and receive the Company match. The participants can acquire the co-investment shares using one of the following methods:
» Purchase co-investment shares using their own cash or savings.
» Use existing Group shares that they own in their personal capacity.
» Use existing shares that will vest in September of each year.
» External financing arrangement with Investec Bank (the Group does not provide any financial assistance to the participants).
3 Retention shares (excluding senior executives):
• Vesting is subject to continued employment over a three-year period.</td></tr>
</table>

Remuneration review PART 2 continued

LTI continued	Description
Allocation percentages	Participants will receive an annual allocation of performance shares and may receive annual allocations of matching shares, provided the co-investment condition is met. A maximum face value allocation percentage based on TGP, which provides for both an allocation of performance and matching awards, has been approved by the committee. The overall maximum LTI allocation percentages expressed as a percentage of TGP are set out in the table below. As indicated, should a participant elect not to co-invest in the Company and take up his matching shares, the LTI allocation will be limited to performance and retention shares only. The CEO, CFO and Senior Executives' LTI allocation will be limited to performance shares only.

Category	Performance shares (as a % of TGP)	Retention shares (as a % of TGP)	Co-investment shares (matching) (as a % of TGP)	Maximum face value LTI allocation (as a % of TGP)
CEO	115%	0%	20%	135%
CFO	111%	0%	20%	130%
Senior Executives	89%	0%	16%	105%
General managers	42%	17%	10%	70%
Divisional managers	36%	15%	9%	60%
Senior management	7-25%	10-17%	3-7%	20-50%

Performance conditions and vesting levels

Further to the feedback received from our shareholders and as part of our journey of enhancing our disclosure practices, we have set out an overview of the performance conditions and targets for all in-flight LTI awards below. Performance against these targets will be set out in part 3 of this report as and when the different performance periods come to an end.

FY 2023
The committee decided to keep the same performance measures and vesting levels as for the FY 2021 and FY 2022 performance share awards.

However, after careful consideration of our strategic goals and taking into account the shareholder feedback, the ROIC targets have been increased for FY 2023.

Performance measures	Weighting	Below threshold (0% vesting)	Threshold (50% vesting*)	Target (75% vesting*)	Stretch** (100% vesting*)
Return on invested capital (ROIC) excluding IFRS 16	40%	ROIC (excluding IFRS 16) < WACC +2%	ROIC (excluding IFRS 16) ≥ WACC + 2%	ROIC (excluding IFRS 16) ≥ WACC +2.5%	ROIC (excluding IFRS 16) ≥ WACC + 3.0%
Adjusted diluted headline earnings per share (adjusted DHEPS)	40%	Adjusted DHEPS growth <CPI	Adjusted DHEPS growth = CPI	Adjusted DHEPS growth of CPI +1%	Adjusted DHEPS growth of CPI +2%
Employment equity (EE)	20%	<80% of DoEL approved plan	80% of DoEL approved plan	90% of DoEL approved plan	100% of DoEL approved plan

* *Linear vesting applies between performance levels*
** *Each performance measure is measured separately and capped at 100%*

ROIC excluding IFRS 16 and employment equity will be measured at the end of the final year (year three) and adjusted DHEPS is measured over a three-year period based on the compounded annual growth rate method (CAGR).

Share usage limit	The ESP rules limit the allocation of shares to 15 million in aggregate and 3.75 million shares per participant, representing approximately 2.5% and 0.6% of the current shares in issue respectively.
Committee discretion	**The committee may exercise its discretion in the following instances:** • Reduce the award in whole or in part when malus is invoked. • Under certain circumstances in the event of termination of employment. • In dealing with forfeited shares.

Remuneration review **PART 2** continued

Minimum shareholding requirement

The committee approved an MSR policy that will apply to Executive Directors and senior Executives.

The policy will require Executives to build up a specific shareholding in Shoprite Holdings Limited on a post-tax basis using direct owned shares in their personal capacity, shares vested in terms of other LTI plans as well as shares held indirectly (e.g. in a family trust).

The target minimum shareholding to be built up by Executives would be:

- CEO – 250% of TGP
- CFO and Deputy CEO – 150% of TGP
- Other senior Executives – 100% of TGP

The terms of the MSR policy are as follows:

Shareholding must be accumulated over a period of five years from the introduction of the MSR policy (1 July 2022) or the appointment of the senior Executive; whichever is the later.

The majority of the executives are on track to meet and in some instances exceed the target minimum shareholding on a voluntary basis.

Malus and clawback policy

We endeavour to build appropriate safeguards into the remuneration structures to discourage behaviour that exposes the Group or shareholders to inappropriate and excessive risk taking and that – in delivering the business strategy – the interests of the Group are at the forefront. The malus and clawback policy is an important risk mitigator and applies to all recipients of short- and long-term incentive awards made on or after 1 July 2019.

The committee – in its discretion and in terms of the malus and clawback policy – may apply malus and/or clawback mechanisms to the STI and LTI awards where a trigger event as provided for in the policy has occurred. Malus is applied to reduce awards between the start of a performance period and payment (in the case of an STI) or vesting (in the case of an LTI), whereas clawback is applicable to recoup portions of awards for a period of up to three years post-payment or post-vesting, respectively.

Trigger events are set out in the malus and clawback policy, which is available upon request, and include the following:

- Providing misleading information regarding the financial performance of the Group.
- Fraud, dishonesty, misrepresentation of management accounts.
- Error in management accounts or misstating of performance outcomes resulting in greater remuneration.
- Reputational damage.

Provisions for termination of employment and change of control

	Base salary	Benefits	STI	DSTI	LTI
Voluntary resignation	Paid over the notice period or as a lump sum.	May be provided during the notice period (as applicable) but will not be paid as a lump sum.	All cash payments will lapse and be null and void.	All cash payments or unvested shares will lapse and be null and void.	No vesting. All unvested awards will be forfeited.
Dismissal, termination for cause or early retirement or abscondment	Payment until termination.	Benefits stop when employment ends.	All cash payments will lapse and be null and void.	All cash payments or unvested shares will lapse and be null and void.	No vesting. All unvested awards will be forfeited.
Involuntary retrenchment	N/A	Benefits stop when employment ends.	No accelerated payment. Payment will occur on normal payment date subject to a pro rata adjustment for time served.	**All unvested awards made prior to termination date:** Full accelerated vesting of shares or accelerated cash payments. **Current year award:** Payment will occur on normal payment date subject to a pro rata adjustment for time served.	No vesting. All unvested awards will be forfeited.
Completion of a fixed term contract	N/A	N/A	No accelerated payment. Payment will occur on normal payment date subject to a pro rata adjustment for time served.	N/A	N/A
Normal retirement	Paid for a defined period based on cause and local policy.	Benefits stop when employment ends.	No accelerated payment. Payment will occur on normal payment date subject to a pro rata adjustment for time served.	**All unvested awards made prior to termination date:** Full accelerated vesting of shares or accelerated cash payments. **Current year award:** Payment will occur on normal payment date subject to a pro rata adjustment for time served.	**Retention and co-investment shares:** Accelerated early vesting. Unvested co-investment shares and retention shares will be pro-rated on the award date to take into account time to be served from date of award to date of retirement. Vesting of the co-investment shares is subject to the fulfilment of the additional vesting condition. **Performance shares:** Pro-rated on award date to take into account time to be served from date of award to date of retirement. No early vesting – participant will continue to participate until vesting date.

Remuneration review **PART 2** continued

Provisions for termination of employment and change of control *continued*

	Base salary	Benefits	STI	DSTI	LTI
Death	Paid for a defined period based on cause and local policy.	Benefits stop when employment ends.	No accelerated payment. Payment will occur on normal payment date subject to a pro rata adjustment for time served.	**All unvested awards made prior to termination date:** Full accelerated vesting of shares or accelerated cash payments. **Current year award:** Payment will occur on normal payment date subject to a pro rata adjustment for time served.	**Retention and co-investment shares:** Full accelerated vesting of all unvested retention shares and co-investment shares (vesting of the co-investment shares is subject to the fulfilment of the additional vesting condition). **Performance shares:** Accelerated pro rata vesting of performance shares adjusted for performance and time served during the vesting period.
Employer company ceasing to be a member of the Group	Depends on agreement.	Depends on agreement.	Depends on agreement.	N/A	**Retention and co-investment shares:** Accelerated pro rata vesting of a portion of the unvested retention shares and co-investment shares adjusted for time served during the vesting period (vesting of the co-investment shares is subject to the fulfilment of the additional vesting condition). **Performance shares:** Accelerated pro rata vesting, adjusted for performance and time served during the vesting period.
Ill-health, injury or disability	Paid for a defined period based on cause and local policy.	Benefits stop when employment ends.	No accelerated payment. Payment will occur on normal payment date subject to a pro rata adjustment for time served.	No accelerated payment. Payment or vesting will occur on normal payment date subject to a pro rata adjustment for time served.	No early vesting of the retention shares, co-investment shares or performance shares – participant will continue to participate until vesting date and award will be pro-rated on the vesting date to take into account the time served during the vesting period.
Mutual separation	Paid over the notice period or as a lump sum.	May be provided during the notice period (as applicable).	Depends on agreement.	Depends on agreement.	Forfeit all unvested awards, subject to committee discretion. Where discretion is applied, the maximum portion that will vest will be pro-rated for performance (for performance shares) and time served during the vesting period. Vesting of the co-investment shares is subject to the fulfilment of the additional vesting condition.
Change of control (other than pursuant to a transaction or internal reconstruction)	Depends on agreement.	Depends on agreement.	Depends on agreement.	Depends on agreement.	Before the vesting date pursuant to the shares ceasing to be listed, the majority of the operations being merged with another company or the ESP being terminated. **Retention and co-investment shares:** Accelerated pro rata vesting adjusted for time served. Vesting of the co-investment shares is subject to the fulfilment of the additional vesting condition. **Performance shares:** Accelerated pro rata vesting adjusted for performance and time served. The portion of the award that does not vest on the change of control date will lapse.

Remuneration review **PART 2** continued

Executive Directors' service agreements

	Notice period	Restraint of trade
CEO	6 months	24 months
CFO	6 months	12 months

SIGN-ON AWARDS

In certain instances, the Group may grant sign-on awards to an Executive Director or employee upon joining the Company in respect of the awards the employee forfeited upon joining the Group. Sign-on awards are subject to repayment terms and conditions if the Executive Director or employee leaves within a pre-defined period.

PAYMENTS ON TERMINATION OF EMPLOYMENT

The service agreements of Executive Directors do not compel the Group to make any payments in the event of termination of employment. Upon termination of employment, any payments to that Executive Director will be made in terms of legislation. The consequences of unvested variable remuneration will be governed by the rules of the incentive plans, and the basis for the termination of employment.

Remuneration for Non-executive Directors

Non-executive Directors' (NED) fees reflect the Directors' roles and membership of the Board and its committees. NEDs receive a retainer fee for serving on the Board and the subcommittees; this retainer fee is reflective of the time required to prepare for and attend meetings.

The Chairperson of the Board receives an all-inclusive fee. The NEDs do not take part in either the STI or the LTI. The Group pays for travel and accommodation expenses incurred to attend meetings.

NED fees are benchmarked against a JSE-listed comparator group comprising of both retail and non-retail companies. The comparator group has been selected to represent both market sector as well as size and geography comparators.

The same list of companies applies to the Executive benchmarking less seven companies (Absa, Northern Platinum, Nedbank, Old Mutual, Sasol, Discovery and RCL Foods), which are deemed 'outliers'.

The following 21 companies represent the NED comparator group:

RETAIL COMPANIES

CLICKS	TFG
PEPKOR Holdings Limited	Pick n Pay
mr price	Dis-Chem PHARMACIES
WOOLWORTHS	TRUWORTHS
SPAR	Massmart We're dedicated to adding value

NON-RETAIL COMPANIES

vodacom	Bidvest
MULTICHOICE ENRICHING LIVES	MTN
CAPITEC	exxaro POWERING POSSIBILITY
aspen HOLDINGS	Bidcorp
Sanlam	TIGER BRANDS
AVI	

The Group's policy is to position fees against the upper quartile of the comparator group. This is justified since the Group's size metrics are at or above the upper quartile of the comparator group across several size comparison factors including market cap, number of employees, revenue and total assets.

Fees are paid to relevant NEDs quarterly in arrears. The proposed NED remuneration fees (excluding VAT) from 1 November 2022 onwards are summarised as follows:

Category	2023 proposed R	2022 current R	% change
Board of Directors			
Chairperson	**3 618 000**	3 445 500	5.0%
Lead Independent Director	**908 000**	865 000	5.0%
Non-executive Director	**526 000**	501 000	5.0%
Audit and Risk Committee			
Chairperson	**441 000**	416 000	6.0%
Member	**228 000**	215 000	6.0%
Remuneration Committee			
Chairperson	**300 000**	281 000	6.8%
Member	**145 000**	135 000	7.4%
Nominations Committee			
Chairperson	**234 000**	220 000	6.4%
Member	**122 000**	115 000	6.1%
Social and Ethics Committee			
Chairperson	**257 000**	245 000	4.9%
Member	**132 000**	123 000	7.3%
Finance and Investment Committee			
Chairperson	**300 000**	281 000	6.8%
Member	**145 000**	135 000	7.4%

The fees paid to NEDs during the reporting period are included in the implementation report of the remuneration review that follows and the proposed fees for the 2023 financial year as set out in the table above are also included for approval by way of special resolution in the Notice of the AGM on page 105.

Remuneration review continued

Part 3

IMPLEMENTATION REPORT

Compliance with the remuneration policy

The committee has oversight of the remuneration policy and its implementation. This implementation report outlines how the remuneration policy was applied to prescribed officers including Executive and Non-executive Directors.

The committee and the Board are satisfied with the implementation of the policy during FY 2022 without deviation, details of which are provided below. No discretionary payments under the STI or ESP were made. There were no circumstances that warranted the application of any malus or clawback provisions.

All disclosures were interdependently verified by PwC.

TGP adjustments

The Group comprises of many subsidiaries operating in various countries. The overall salary increase in each country is aligned with company affordability, inflation, business performance and market trends.

The following increases were approved by the committee during the year for FY 2022:

- Management (including Executives) across the Group received an average increase of 5.8%
- Employees in the bargaining unit in South Africa received an average annual bargaining unit increase of 8.3%.

STI outcomes for FY 2022

The following targets, together with the actual outcomes of the targets applied to the Executive Directors during FY 2022:

Targets	Weighting (%)	Threshold (80% achieved)	Target (100% achieved)	Stretch (120% achieved)	Actual outcome	Weighted vesting % achievement[1]
Group financial						
Sales growth	**8.0%**	5.0%	5.8%	7.0%	9.6%	9.6%
Trading margin	**12.0%**	5.3%	5.8%	6.3%	6.0%	12.0%
Trading profit	**40.0%**	80.0%	100.0%	110.0%	105.1%	40.0%
EBITDA margin	**12.0%**	8.4%	8.9%	9.4%	9.0%	12.0%
Inventory to sales ratio	**8.0%**	12.0%	11.5%	11.0%	11.9%	6.4%
Total Financial	**80.0%**					**80.0%**
Group non-financial						
Renewable Energy Solar PV contribution (% of electricity consumption)	**10.0%**	2.4%	2.5%	2.6%	2.8%	12.0%
Waste recycling Increase in cardboard recycling Increase in plastic recycling	**2.5%** **2.5%**	3.0% 3.0%	5.0% 5.0%	10.0% 10.0%	7.8% 17.1%	2.5% 3.0%
Sustainable packaging (instore packaging) % reusable, recyclable or compostable % recycled content	**2.5%** **2.5%**	80.0% 20.0%	90.0% 30.0%	100.0% 40.0%	91.0% 67.0%	2.5% 3.0%
Total Non-financial	**20.0%**					**23.0%**
Total STI outcome	**100.0%**					**103.0%**

1 No linear interpolation is applied between performance levels.

Remuneration review **PART 3** continued

The final STIs payable to the Executive Directors were calculated as follows:

Name	On-target STI (rand) value (A)	Group financial performance outcomes (B)	Outcome (A x B)
Pieter Engelbrecht	15 600 000	103%	16 068 000
Anton de Bruyn	4 668 000	103%	4 808 040
Ram Harisunker*	1 182 500	105%	1 241 270

* *Ram Harisunker's STI payment is based on the Home Office criteria where 60% is linked to Group financial measures and 40% linked to business unit/ operational measures.*

LTI vesting outcomes for FY 2022

Prior to awards made in September 2019, long-term incentive awards were made under the virtual option bonus (VOB) scheme. In terms of this scheme, awards were not subject to prospective performance conditions as performance was measured 'on the way in'; as such, the vesting of the VOB award was subject to continued employment only. The awards vesting in terms of the VOB scheme are set out in the table of outstanding and settled LTIs.

From September 2019, performance share awards in terms of the ESP are made subject to prospective performance conditions, with the performance period for the September 2019 award ending on 30 June 2022.

To qualify for the vesting of performance shares, the total weighted percentage achieved measured against the targets – across all three performance conditions – must be at least 80%. The performance measures are separately weighted; however, lower achievement in one measure can be compensated by a higher achievement in another measure.

Below is the incremental vesting table used to determine vesting of the performance shares.

Total weighted percentage achieved	Vesting %*
<80%	0.0%
80%	50.0%
85%	62.5%
90%	75.0%
95%	87.5%
100%	100%
105%	100%

* *LTI vesting is capped at 100% notwithstanding whether the total weighted performance achieved is more than 100%.*

The LTI outcomes were as follows:

Performance shares were awarded to Executive Directors during 2019 with a performance period that commenced on 1 July 2019 and expired on 30 June 2022.

ROIC and employment equity is measured at the end of the final year and DHEPS is measured over a three-year period based on the compounded annual growth rate method (CAGR).

It should be noted that the 2019 performance measures, vesting profile and structure was replaced with a different vesting profile as noted in part 2 of the remuneration report from 2020 onwards. Full details of the quantum and number of awards that vested are disclosed under the single figure of remuneration and the table of unvested LTIs.

Performance measures	Weighting (%)	Stretch (100% vesting)	FY 2022 actual	Actual Vesting Outcome	Weighted Vesting Outcome
Return on invested capital (ROIC)	40	11.60%	12.4%	106.9%	42.8%
Diluted earnings per share (DHEPS)	40	7.00%	12.0%	171.4%	68.6%
Employment equity	20	100% of Department of Employment and Labour (DoEL) approved plan	100.0%	100%	20.0%
Total weighted score					**131.4%**
Total LTI vesting					**100.0%**

Executive Director	Award	Number of shares under award	Performance factor	Performance adjusted number of shares	Share price R	Value of shares vesting R
Pieter Engelbrecht	2019 performance shares	97 846	100%	97 846	222.16	21 737 467
	2019 retention shares	13 047	–	–	222.16	2 898 522
	2019 matching co-investment shares	21 859	–	–	222.16	4 856 195
Total						**29 492 184**
Anton de Bruyn	2019 performance shares	16 225	100%	16 225	222.16	3 604 546
	2019 retention shares	3 474	–	–	222.16	771 784
	2019 matching co-investment shares	3 880	–	–	222.16	861 981
Total						**5 238 311**

Remuneration review **PART 3** continued

LTI awarded for FY 2023

Executive Directors will receive a combination of performance and co-investment matching awards for FY 2023, with these awards being made in September 2022.

The overall quantum allocated at face value are as follows:

	% of TGP		
Name	**Performance shares**	**Matching (co-investment) shares**	**Total LTI quantum**
Pieter Engelbrecht	114.8%	20.3%	**135%**
Anton de Bruyn	110.5%	19.5%	**130%**

Total single figure of remuneration

	P Engelbrecht		
In R'000	FY 2021	FY 2022	% change
Salary	16 121	16 671	
Benefits	463	470	
Other[1]	231	301	
Guaranteed package	**16 815**	**17 443**	**3.7%**
Short-term incentive[2]	11 984	16 068	34.1%
Long-term incentive reflected[3,4]	–	27 797	–
Qualifying dividends[5]	1 083	2 150	98,6%
Total single figure of remuneration	**29 882**	**63 458**	**112.4%**

	A de Bruyn		
In R'000	FY 2021	FY 2022	% change
Salary	3 955	5 988	
Benefits	317	403	
Other[1]	264	274	
Guaranteed package	**4 536**	**6 665**	**46.9%**
Short-term incentive[2]	2 688	4 808	78.9%
Long-term incentive reflected[3,4]	355	6 393	1 699.7%
Qualifying dividends[5]	312	654	109.6%
Total single figure of remuneration	**7 891**	**18 520**	**134.7%**

	R Harisunker		
In R'000	FY 2021	FY 2022	% change
Salary	4 246	2 976	
Benefits	–	–	
Other[1]	583	544	
Guaranteed package	**4 829**	**3 520**	**(27.1%)**
Short-term incentive[2]	2 414	1 241	(48.6%)
Long-term incentive reflected[3,4]	–	–	
Qualifying dividends[5]	–	–	
Total single figure of remuneration	**7 243**	**4 761[6]**	**(34.3%)**

1 *Other – includes car allowance, subsistence allowance and the staff discount benefit.*

2 *The FY 2021 and FY 2022 short-term incentive is linked to performance in the 2021 and 2022 financial years respectively.*

3 *The 'long-term incentive reflected is calculated as follows:*
- *Awards without prospective performance conditions (virtual option bonus, ESP: retention shares and co-investment shares) that are due to vest within 12 months after year end are included at the 30-day VWAP at year end.*
- *Awards with prospective performance conditions (ESP: performance shares) with a performance period ending in the current financial year are included at the 30-day VWAP at year end x actual vesting outcome.*

4 *The FY 2021 and FY 2022 long-term incentive reflected includes the virtual option plan awards made on 30 October 2018: tranche 2 and 30 October 2019: tranche 1 (FY 2021: 30 October 2018: tranche 1) as well as the 2019 ESP awards that will vest within 12 months after the financial year end. The value is based on the 30-day year end VWAP of R209.39 (FY 2021: R155.12) x number of awards granted.*

5 *Dividends relating to each executive's shares received during the FY 2021 and FY 2022 financial year were included in qualifying dividends for FY 2021 and FY 2022 respectively to the extent that the underlying shares have not been reflected in the single figure table.*

6 *Ram Harisunker is on a post-retirement fixed term contract and the FY 2022 remuneration is pro-rated based on a two-day week working arrangement from 1 January 2022 until year end.*

Remuneration review **PART 3** continued

Outstanding and settled LTIs

P Engelbrecht	FY 2021							FY 2022						
	Opening balance (number)	Granted during 2021 (number)	Forfeited during 2021 (number)	Vested during 2021 (number)	Closing balance (number)	Value of receipts during 2021 ZAR[1]	Estimated closing fair value ZAR[2]	Opening balance (number)	Granted during 2022 (number)	Forfeited during 2022 (number)	Vested during 2022 (number)	Closing balance (number)	Value of receipts during 2022 ZAR[1]	Estimated closing fair value ZAR[2]
VOB														
24 October 2017														
Tranche 3	16 963			(16 963)	–	2 355 047	–							
ESP[1] (performance shares)														
5 September 2019	97 846				97 846	408 996	15 177 872	97 846				97 846	573 378	20 487 974
11 September 2020		94 757			94 757	396 084	7 349 353	94 757				94 757	555 276	14 880 876
10 September 2021									80 894			80 894	474 039	12 703 796
ESP (retention shares)														
5 September 2019	13 047				13 047	54 536	2 023 851	13 047				13 047	76 455	2 731 911
11 September 2020		12 635			12 635	52 814	1 959 941	12 635				12 635	74 041	2 645 643
10 September 2021									10 786			10 786	63 206	2 258 481
ESP (co-investment shares)														
5 September 2019	21 859				21 859	91 371	3 390 768	21 859				21 859	128 094	4 577 056
11 September 2020		18 956			18 956	79 236	2 940 455	18 956				18 956	111 082	3 969 197
10 September 2021									16 179			16 179	94 809	3 387 721
Total	**149 715**	**126 348**	**–**	**(16 963)**	**259 100**	**3 438 085**	**32 842 239**	**259 100**	**107 859**	**–**	**–**	**366 959**	**2 150 380**	**67 642 654**

Remuneration review **PART 3** continued

Outstanding and settled LTIs *continued*

A de Bruyn	FY 2021							FY 2022						
	Opening balance (number)	Granted during 2021 (number)	Forfeited during 2021 (number)	Vested during 2021 (number)	Closing balance (number)	Value of receipts during 2021 ZAR[1]	Estimated closing fair value ZAR[2]	Opening balance (number)	Granted during 2022 (number)	Forfeited during 2022 (number)	Vested during 2022 (number)	Closing balance (number)	Value of receipts during 2022 ZAR[1]	Estimated closing fair value ZAR[2]
VOB														
24 October 2017														
Tranche 3	2 329			(2 329)	–	323 421	–							
30 October 2018														
Tranche 1	2 290				2 290	9 572	355 225	2 290			(2 290)	–	430 879	–
Tranche 2	2 290				2 290	9 572	355 225	2 290				2 290	13 419	479 503
Tranche 3	2 291				2 291	9 576	355 380	2 291				2 291	13 425	479 712
30 October 2019														
Tranche 1	4 662				4 662	19 487	723 169	4 662				4 662	27 319	976 176
Tranche 2	4 662				4 662	19 487	723 169	4 662				4 662	27 319	976 176
Tranche 3	4 666				4 666	19 504	723 790	4 666				4 666	27 343	977 014
ESP (performance shares)														
5 September 2019	16 225				16 225	67 821	2 516 822	16 225				16 225	95 079	3 397 353
11 September 2020		21 121			21 121	88 286	1 638 145	21 121				21 121	123 769	3 316 895
10 September 2021									27 476			27 476	161 009	4 314 900
ESP (retention shares)														
5 September 2019	3 474				3 474	14 521	538 887	3 474				3 474	20 358	727 421
11 September 2020		4 526			4 526	18 919	702 073	4 526				4 526	26 522	947 699
10 September 2021									5 888			5 888	34 504	1 232 888
ESP (co-investment shares)														
5 September 2019	3 880				3 880	16 218	601 866	3 880				3 880	22 737	812 433
11 September 2020		4 526			4 526	18 919	702 073	4 526				4 526	26 522	947 699
10 September 2021									5 888			5 888	34 504	1 232 888
Total	**46 769**	**30 173**	**–**	**(2 329)**	**74 613**	**635 304**	**9 935 824**	**74 613**	**39 252**	**–**	**(2 290)**	**111 575**	**1 084 709**	**20 818 758**

1 *Value received reflects the dividends received during the year on unvested shares and the cash value earned on the settlement of shares.*

2 *Unvested shares are valued at the 30-day year end VWAP of R209.39 (FY 2021: R155.12). The performance share awards were adjusted for the expected vesting as follows:*

- *5 September 2019 – 100% in FY 2021and FY 2022*
- *11 September 2020 – 50% in FY 2021 and 75% in FY 2022*
- *10 September 2021 – 75% in FY 2022*

Non-executive Director remuneration and composition

The table below sets out the fees paid to NEDs, excluding VAT, for the year under review:

	FY 2022					FY 2021		
Name	Board fees paid for 2021 R'000	Committee fees paid for 2021 R'000	Board fees paid for 2022 R'000	Committee fees paid for 2022 R'000	Total R'000	Board fees paid R'000	Committee fees paid R'000	Total R'000
Wendy Lucas-Bull	3 313		2 297	–	5 610	39	–	39
Dr Anna Mokgokong	832	444	577	330	2 183	1 065	398	1 463
Joseph Rock	482	432	334	331	1 579	470	373	843
Dr Christo Wiese	482	224	334	354	1 394	1 535	301	1 836
Johan Basson	482	348	334	233	1 397	470	431	901
Peter Cooper	121	19	334	218	692	–	–	–
Linda de Beer	241	127	334	367	1 069	–	–	–
Graham Dempster	–	–	334	117	451	–	–	–
Nonkululeko Gobodo	241	131	334	302	1 008	–	–	–
Alice le Roux	482	299	–	–	781	470	266	736
Dawn Marole	–	–	167	41	208	–	–	–
Paul Norman	–	–	167	117	284	–	–	–
Eileen Wilton	121	50	334	225	730	–	–	–
Edward Kieswetter	–	–	–	–	–	321	392	713
	6 797	**2 074**	**5 880**	**2 635**	**17 386**	**4 370**	**2 161**	**6 531**

The NED fees disclosed in FY 2022 relate to the Board and committee meetings held in the prior and current financial year. This is owing to the revision of the timing of payments of NEDs from a retrospective annual payment to quarterly payment in arrears. FY 2021 reflects actual fees paid to NEDs.

Shareholders analysis

Company: Shoprite Holdings Limited
Register date: 1 July 2022
Issued Share Capital: 591 338 502

Shareholder spread	No. of Shareholdings	%	No. of Shares	%
1-1,000 shares	44 535	85.50	9 838 532	1.66
1,001-10,000 shares	5 955	11.43	16 267 566	2.75
10,001-100,000 shares	1 177	2.26	39 306 490	6.65
100,001-1000,000 shares	349	0.67	101 953 369	17.24
Over 1,000,001 shares	75	0.14	423 972 545	71.70
Totals	**52 091**	**100.00**	**591 338 502**	**100.00**

Distribution of shareholders	No. of Shareholdings	%	No. of Shares	%
Banks/brokers	290	0.56	172 708 356	29.20
Close corporations	285	0.55	1 070 770	0.18
Endowment funds	312	0.60	3 250 343	0.55
Individuals	42 351	81.30	29 048 194	4.91
Insurance companies	245	0.47	15 983 306	2.70
Investment companies	11	0.02	941 468	0.16
Medical schemes	50	0.10	1 134 425	0.19
Mutual funds	631	1.21	82 002 426	13.87
Other corporations	303	0.58	269 351	0.05
Private companies	1 207	2.32	73 548 811	12.44
Public companies	13	0.02	162 509	0.03
Retirement funds	810	1.55	143 975 952	24.35
Sovereign wealth funds	19	0.04	11 001 810	1.86
Treasury shares	7	0.01	43 858 001	7.42
Trusts	5 557	10.67	12 382 780	2.09
Totals	**52 091**	**100.00**	**591 338 502**	**100.00**

Public/non-public shareholders	No. of Shareholdings	%	No. of Shares	%
Non-Public Shareholders	**29**	**0.06**	**189 612 240**	**32.06**
Directors of the Company	21	0.05	64 985 267	10.99
Shares held for benefit of participants to equity settled share based payments arrangements*	1	0.00	4 798 527	0.80
Strategic holding more than 10%	1	0.00	75 970 445	12.85
Treasury shares	6	0.01	43 858 001	7.42
Public shareholders	**52 062**	**99.94**	**401 726 262**	**67.94**
Totals	**52 091**	**100.00**	**591 338 502**	**100.00**

* *Excludes shares held by Directors in Shoprite Holdings Ltd Executive Share Plan.*

Beneficial shareholders holding 1% or more	No. of Shares	%
Government Employees Pension Fund	92 772 330	15.69
Wiese, CH	63 110 920	10.67
Shoprite Checkers (Pty) Ltd	43 858 001	7.42
GIC Private Limited	22 745 497	3.85
Vanguard	19 237 950	3.25
Old Mutual	15 388 284	2.60
BlackRock	13 759 984	2.33
Namibian Government Institutions Pension Fund	9 767 265	1.65
Le Roux, JF	8 451 737	1.43
Ninety One	7 303 539	1.24
People's Bank of China	7 125 692	1.21
Alexforbes	6 897 542	1.17
Sanlam	6 832 838	1.16
Federated Hermes	6 790 829	1.15
Totals	**324 042 408**	**54.82**

Institutional shareholders holding 1% or more	No. of Shares	%
Public Investment Corporation	78 858 382	13.34
Ninety One	25 020 515	4.23
BlackRock	23 032 472	3.89
GIC Asset Management	22 445 178	3.80
Vanguard	19 294 709	3.26
Old Mutual Investment Group	18 042 026	3.05
Schroder Investment Management	16 965 620	2.87
Coronation Fund Managers	16 311 540	2.76
Sanlam Investment Management	12 510 375	2.12
Federated Hermes	11 862 243	2.01
State Street Global Advisors	7 892 689	1.33
Wells Fargo Asset Management	6 592 699	1.11
Mazi Asset Management	6 036 128	1.02
Totals	**264 864 576**	**44.79**

Shareholders' country classification

- 52.8% South Africa
- 24.5% USA
- 6.1% UK
- 5.4% Singapore
- 11.2% Other*

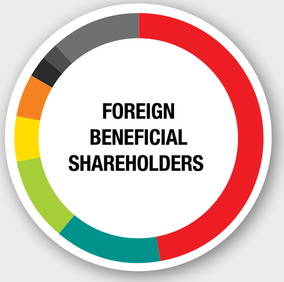
* *Other: Luxembourg, Netherlands, Namibia, China, Japan, UAE, Switzerland, Australia, Canada, Sweden, Denmark, France, Germany, Ireland, Norway, Slovenia, Hong Kong, South Korea, Belgium, Austria*

- 51.9% USA
- 13.0% UK
- 11.5% Singapore
- 3.4% Luxembourg
- 2.8% Netherlands
- 2.6% Namibia
- 2.3% China
- 12.5% Other*

* *Other: Japan, UAE, Switzerland, Australia, Canada, Sweden, Denmark, France, Germany, Ireland, Norway, Slovenia, Hong Kong, South Korea, Belgium, Austria*

- 62.8% South Africa
- 17.6% USA
- 5.2% UK
- 4.0% Hong Kong
- 10.4% Other*

* *Other: Luxembourg, Namibia, Belgium, Saudi Arabia, Japan, UAE, Netherlands, Switzerland, Singapore, Ireland, France, Taiwan, Germany, Sweden, Eswatini, Canada, Australia, Zambia, Cayman Islands, Denmark, Norway, Lesotho*



- 47.4% USA
- 13.9% UK
- 10.8% Hong Kong
- 5.9% Luxembourg
- 5.6% Namibia
- 2.6% Belgium
- 2.2% Saudi Arabia
- 11.6% Other*

* *Other: Japan, UAE, Netherlands, Switzerland, Singapore, Ireland, France, Taiwan, Germany, Sweden, Eswatini, Canada, Australia, Zambia, Cayman Islands, Denmark, Norway, Lesotho*

SHOPRITE HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1936/007721/06)
JSE share code: SHP
NSX share code: SRH
LUSE share code: SHOPRITE
ISIN: ZAE000012084
("Shoprite Holdings" or "the Company")

Notice to Shoprite Holdings shareholders: annual general meeting ("AGM")

1. Notice of meeting

Shoprite Holdings will conduct its AGM entirely by way of electronic participation, in accordance with the provisions of section 63(2) of the Companies Act and the Listings Requirements of the JSE as read with the Company's memorandum of incorporation.

Notice is hereby given in terms of sections 61 and 62 of the Companies Act, of the AGM of the Shareholders of Shoprite Holdings to be held on Monday, 14 November 2022 at 09:15, by way of electronic participation only.

2. Definitions

In the Notice, unless otherwise stated or the context otherwise indicates, the words in the first column below shall have the meaning stated opposite them, respectively, in the second column below, reference to the singular shall include the plural and vice versa, words denoting one gender shall include the other gender, and an expression denoting natural persons shall include juristic persons and associations of persons:

"2021 AGM"	the Annual General Meeting of Shoprite Holdings held on 15 November 2021;
"Annual General Meeting of Shoprite Holdings Shareholders" or "AGM"	the Annual General Meeting of Shoprite Holdings Shareholders to be held on Monday, 14 November 2022 at 09:15 (South African time) by way of electronic participation, to consider and, if deemed appropriate, approve the ordinary and special resolutions as set out in the Notice of AGM;
"Board" or "Directors"	the Directors of Shoprite Holdings;
"Business Day"	a day other than a Saturday, Sunday or official public holiday in South Africa;
"Certificated Share(s)"	Shoprite Holdings Share(s) represented by a Share certificate(s) or other physical Document(s) of Title, which have not been surrendered for dematerialisation in terms of the requirements of Strate;
"Companies Act"	the South African Companies Act, 71 of 2008, as amended;
"Companies Regulations"	the Companies Regulations, 2011 in terms of the Companies Act, to regulate matters relating to companies;
"CSDP"	a participant as defined in section 1 of the Financial Markets Act, No. 19 of 2012, as amended from time to time, authorised by a licensed central securities depository as a participant in that central securities depository in terms of the depository rules as contemplated in section 31 of the Financial Markets Act;
"Deferred Share"	a Deferred Share as defined in the MOI;
"Dematerialised Shareholder(s)"	Shoprite Holdings Shareholder(s) that have dematerialised their Shoprite Holdings Share(s) through a CSDP and have instructed the CSDP to hold their Shoprite Holdings Share(s) on the sub-register maintained by the CSDP and forming part of the Shoprite Holdings Share register;
"Dematerialised Share(s)"	Shoprite Holdings Share(s) that have been dematerialised through a CSDP or broker and are held on the sub-register of Shareholders administered by CSDPs in electronic form;
"Dematerialised Ordinary Shares"	Ordinary Share(s) that have been dematerialised through a CSDP or broker and are held on the sub-register of Shareholders administered by CSDPs in electronic form;
"Group"	the Company and all its subsidiaries;
"Integrated Report"	the Integrated Report referred to in clause 5 below;
"JSE"	JSE Limited (Registration number 2005/022939/06), a public Company registered and incorporated in South Africa and licensed under the Financial Markets Act, 19 of 2012, as amended, to operate as an exchange;
"MOI" or "Memorandum of Incorporation"	the memorandum of incorporation of Shoprite Holdings;
"Notice of Annual General Meeting of Shoprite Holdings Shareholders" or "Notice of AGM" or "Notice"	this notice convening the Annual General Meeting of Shoprite Holdings Shareholders
"Ordinary Shares"	Ordinary Shares having no par value issued by the Company;
"Ordinary Shareholders"	the holders of Ordinary Shares;
"Shareholder(s)" or "Shoprite Holdings Shareholder(s)"	registered holder(s) of Shoprite Holdings Shares;
"Shoprite Holdings Shares"	issued Ordinary Shares and Deferred Shares;
"Special Resolution(s)"	a Special Resolution as defined in the Companies Act;
"Strate"	Strate (Proprietary) Limited (Registration number 1998/022242/06), a private Company registered and incorporated in South Africa, and the electronic settlement system for transactions that take place on the JSE and off-market transactions; and
"Transfer Secretaries" or "Computershare"	Computershare Investor Services (Proprietary) Limited (Registration number 2004/003647/07), a private company registered and incorporated in South Africa and the transfer secretaries of Shoprite Holdings.

3. Electronic participation

3.1 Shoprite Holdings has retained the services of the Transfer Secretaries, being Computershare to host the AGM on an interactive platform, in order to facilitate electronic participation and voting by Shareholders. The online shareholder meeting guide contains detailed information in this regard and is attached to this Notice.

3.2 Any Shareholder (or a representative or proxy for a Shareholder) who wishes to participate in and/or vote at the AGM by way of electronic participation, must either:

- register online using the online registration portal at www.meetnow.global/za, prior to the commencement of the AGM; or
- contact Computershare by sending an email to proxy@computershare.co.za by no later than 09:15 on Thursday, 10 November 2022, in order for the Transfer Secretaries to arrange such participation for the Shareholder and for the Transfer Secretaries to provide the Shareholder with the details as to how to access the AGM by means of electronic participation. Shareholders may still register/apply to participate in and/or vote electronically at the AGM after this date, provided, however, that those Shareholders are verified (as required in terms of section 63(1) of the Companies Act) and are registered at the commencement of the AGM.

All Shareholders are entitled to attend and participate via the use of the electronic platform.

3.3 The cost of electronic participation in the AGM is for the expense of the Shareholder so participating and will be billed separately by the Shareholder's own service provider.

3.4 Each Shareholder by its participation in the AGM acknowledges that the electronic communication services are provided by third parties and indemnifies the Company against any loss, injury, damage, penalty or claim arising in any way from the use or possession of the electronic services, whether or not the problem is caused by any act or omission on the part of the Shareholder or anyone else. In particular, but not exclusively, each Shareholder that participates in the AGM acknowledges that he/she/it will have no claim against the Company, the Directors or any employees or representatives of the Company for any direct or indirect damages or for consequential damages or otherwise, arising from the use of the electronic services or any defect in it or from total or partial failure of the electronic services and connections linking the Shareholder who participates or wishes to participate via the electronic services to the AGM.

The Company does not and cannot guarantee there will not be a break in electronic communication.

4. Who may attend and vote?

4.1 If you hold Dematerialised Shares, which are registered in your own name or if you are the registered holder of Certificated Shares:

- you may participate in and/or vote at the AGM by way of electronic participation in the manner described in this Notice;
- alternatively, you may appoint a proxy to represent you and, on your behalf, participate in, speak and vote at the AGM by way of electronic participation in the manner described in this Notice by completing the **attached form of proxy** in accordance with the instructions it contains. It is recommended that the form of proxy is returned to the Company Secretary or Transfer Secretaries at their addresses set out below to be received not later than 9:15 (South African time) on Friday, 11 November 2022. However, Shareholders are entitled to submit voting proxies to the Chairman of the AGM at any time prior to the vote. A proxy need not be a Shareholder of the Company.

4.2 Forms of proxy to be delivered to one of these addresses:

TRANSFER SECRETARIES
Computershare Investor Services (Pty) Ltd
Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196
Private Bag X9000, Saxonwold, 2132
Facsimile: +27 (0) 11 688 5248
E-mail: proxy@computershare.co.za

THE COMPANY SECRETARY
Cnr William Dabbs Street and Old Paarl Road
P O Box 215, Brackenfell, 7560 South Africa
E-mail address: cosec@shoprite.co.za

4.3 If you are a beneficial Shareholder, but not a registered Shareholder as at the record date and:

- wish to participate in the AGM, you must obtain the necessary letter of representation from your CSDP or broker to represent the registered Shareholder; or
- do not wish to attend the AGM, but would like your vote to be recorded at the AGM, you should contact your CSDP or broker and furnish them with your voting instructions,

and you must not complete the attached form of proxy.

4.4 In terms of section 63(1) of the Companies Act, any person participating in the AGM must present reasonably satisfactory identification and the person presiding at the AGM must be reasonably satisfied that the right of any person to participate in and vote (whether as a Shareholder or as a representative or proxy for a Shareholder) has been reasonably verified. Shareholders of the Company who wish to participate in the AGM electronically should provide such identification when making application to so participate.

4.5 The record date for purposes of determining which Shareholders are entitled to receive this Notice is determined in terms of section 59(1)(a) of the Companies Act being Friday, 7 October 2022. The Notice will be distributed to Shareholders on Friday, 14 October 2022.

4.6 The date on which Shareholders must be recorded as such in the register maintained by the Transfer Secretaries for purposes of being entitled to attend and vote at the AGM is determined in terms of section 59(1)(b) of the Companies Act being Friday, 4 November 2022 ("Voting Record Date"). The last day to trade for purposes of being entitled to attend and vote at this AGM being Tuesday, 1 November 2022.

4.7 Votes at the AGM on all resolutions will be conducted by way of a poll. Every Shareholder present or represented by proxy shall have one (1) vote for every Shoprite Holdings Share held in the Company.

4.8 If you are in any doubt as to what action you should take arising from the following resolutions, please consult your stockbroker, banker, attorney, accountant or other professional adviser immediately.

5. Integrated report

A copy of the Company's Integrated Report for the year ended 3 July 2022 and the reports of the Directors and independent auditors are delivered herewith.

6. Purpose of the AGM

The purpose of the AGM is to:

- present the audited financial statements for the year ended 3 July 2022, the report of the Directors and the report of the independent registered auditors thereon;
- present the reports of the Audit and Risk as well as the Social and Ethics committees;
- consider any matters raised by Shareholders; and
- consider and, if deemed fit, to pass, with or without modification, the resolutions set out overleaf.

Notice to Shoprite Holdings shareholders: annual general meeting continued

7. The following resolutions will be considered at the AGM, and, if deemed fit, passed with or without modification:

ORDINARY RESOLUTION NUMBER 1: APPROVAL OF ANNUAL FINANCIAL STATEMENTS

"Resolved that the summarised annual financial statements of the Company and the Group for the year ended 3 July 2022, including the reports of the Directors and independent auditors be and are hereby approved."

For ordinary resolution number 1 to be approved by Shareholders it must be supported by more than 50% of the voting rights exercised on the resolution by Shareholders present or represented by proxy at the AGM.

ORDINARY RESOLUTION NUMBER 2: RE-APPOINTMENT OF AUDITORS

"Resolved that PricewaterhouseCoopers Inc. (PwC) be re-appointed as the independent registered auditors of the Company for the period until the next Annual General Meeting of the Company (noting that Mr J de Villiers is the individual registered auditor of PwC who will undertake the audit in respect of the financial year ending 30 June 2023) as recommended by the Company's Audit and Risk Committee."

NOTE:

Ernst & Young Inc. was nominated by the Company to be appointed with effect from the financial year ending 30 June 2024 following a comprehensive tender process managed by the Audit and Risk Committee. PwC will continue to act as external auditors for the financial year ending 30 June 2023 to allow for a smooth transition.

For ordinary resolution number 2 to be approved by Shareholders, it must be supported by more than 50% of the voting rights exercised on the resolution by Shareholders present or represented by proxy at the AGM.

ORDINARY RESOLUTION NUMBER 3: ELECTION OF DIRECTORS

"Resolved through separate ordinary resolutions that each of the Directors in 3.1 – 3.3 below, who have been appointed by the Board after the 2021 AGM on the dates set out below and who are required to retire as Directors of the Company at this AGM and who are eligible and available for re-election, are hereby elected with immediate effect:

3.1 Graham Dempster appointed on 15 November 2021;
3.2 Paul Norman appointed on 4 March 2022; and
3.3 Dawn Marole appointed on 4 March 2022."

Brief profiles of these Directors standing for election are set out in Annexure "A" to this Notice.

For ordinary resolutions number 3.1 – 3.3 to be approved by Shareholders they must be supported by more than 50% of the voting rights exercised on the resolution by Shareholders present or represented by proxy at the AGM.

ORDINARY RESOLUTION NUMBER 4: APPOINTMENT AS MEMBERS OF THE SHOPRITE HOLDINGS AUDIT AND RISK COMMITTEE

"It is resolved through separate ordinary resolutions that the following members are elected as members of the Shoprite Holdings Audit and Risk Committee with immediate effect in terms of section 94(2) of the Companies Act:

4.1 Linda de Beer;
4.2 Nonkululeko Gobodo;
4.3 Eileen Wilton; and
4.4 Graham Dempster (subject to his election as Director)."

Brief profiles of the members of the Shoprite Holdings Audit and Risk Committee standing for election are set out in Annexure "A" to this Notice.

For ordinary resolutions number 4.1 – 4.4 to be approved by Shareholders, they must be supported by more than 50% of the voting rights exercised on the resolution by Shareholders present or represented by proxy at the AGM.

ORDINARY RESOLUTION NUMBER 5: GENERAL AUTHORITY OVER UNISSUED ORDINARY SHARES

"Resolved that 30 million (approximately 5% of the issued Ordinary Shares that includes treasury shares) of the authorised but unissued Ordinary Shares in the capital of the Company be and are hereby placed under the control and authority of the Directors of the Company until the next Annual General Meeting and that the Directors of the Company be and are hereby authorised and empowered to –, without first offering those shares to Shareholders pro rata to their shareholding, – allot, issue and otherwise dispose of such Ordinary Shares or Ordinary Shares having no par value to a person or persons on such terms and conditions and at such times as the Directors of the Company may from time to time and in their discretion deem fit, subject to the provisions and requirements of the Companies Act, the MOI of the Company and JSE Listings Requirements, when applicable, and any other exchange on which the Ordinary Shares of the Company may be quoted or listed from time to time, when applicable."

For ordinary resolution number 5 to be approved by Shareholders it must be supported by more than 50% of the voting rights exercised on the resolution by Shareholders present or represented by proxy at the AGM.

ORDINARY RESOLUTION NUMBER 6: GENERAL AUTHORITY TO ISSUE ORDINARY SHARES FOR CASH

"Resolved that the Directors of the Company be and are hereby authorised by way of a general authority, to issue all or any of the authorised, but unissued Ordinary Shares in the capital of the Company, for cash, as and when they in their discretion deem fit, subject to the provisions and requirements of the Companies Act, the MOI of the Company, the JSE Listings Requirements and any other exchange on which the Ordinary Shares of the Company may be quoted from time to time, when applicable, subject to the following limitations, namely that:

- the equity securities, which are the subject of the issue for cash, must be of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
- any such issue will only be made to "public Shareholders" as defined in the JSE Listings Requirements and not to related parties, subject to related parties being able to participate in a general issue of Ordinary Shares for cash through a bookbuild process where the related parties will participate at a maximum bid price at which they are prepared to take-up Ordinary Shares or at the book close price. In the event of a maximum bid price and the book closing at a higher prices, the relevant related party will be "out of the book" and not be allocated shares;

Notice to Shoprite Holdings shareholders: annual general meeting continued

7. The following resolutions will be considered at the AGM, and, if deemed fit, passed with or without modification: *continued*

ORDINARY RESOLUTION NUMBER 6: GENERAL AUTHORITY TO ISSUE ORDINARY SHARES FOR CASH *CONTINUED*

- the number of Ordinary Shares issued for cash shall not in the aggregate in any one (1) financial year, exceed 5% (five percent) of the Company's issued Ordinary Shares, being 27 374 025 Ordinary Shares, (excluding 43 858 001 treasury shares). The number of Ordinary Shares, which may be issued, shall be based on the number of Ordinary Shares in issue at the date of this notice of AGM, less any Ordinary Shares issued in terms of this authority by the Company;
- in the event of a sub-division or consolidation of issued Ordinary Shares, during the period of this authority, the authority will be adjusted accordingly to represent the same allocation ratio;
- this authority be valid until the Company's next Annual General Meeting, provided that it shall not extend beyond fifteen (15) months from the date that this authority is given;
- an announcement will be published giving full details, at the time of any issue representing on a cumulative basis within one (1) financial year, 5% (five percent) or more of the number of Ordinary Shares in issue prior to the issue in terms of this authority;
- in determining the price at which an issue of Ordinary Shares may be made in terms of this authority, the maximum discount permitted will be 10% (ten percent) of the weighted average traded price on the JSE of those Ordinary Shares measured over the thirty 30 (thirty) business days prior to the date that the price of the issue is determined or agreed by the Directors of the Company."

For ordinary resolution number 6 to be approved by Shareholders it must in terms of the JSE Listings Requirements be supported by more than 75% of the voting rights exercised on the resolution by Shareholders present or represented by proxy at the AGM.

ORDINARY RESOLUTION NUMBER 7: GENERAL AUTHORITY TO DIRECTORS AND/ OR COMPANY SECRETARY

"Resolved that any one of the Directors of Shoprite Holdings or the Company Secretary be and is hereby authorised to do all things, perform all acts and to sign and execute all documentation necessary to implement the ordinary and Special Resolutions adopted at the AGM."

For ordinary resolution number 7 to be approved by Shareholders it must be supported by more than 50% of the voting rights exercised on the resolution by Shareholders present or represented by proxy at the AGM.

NON-BINDING ADVISORY VOTES ON THE REMUNERATION POLICY OF SHOPRITE HOLDINGS AND THE IMPLEMENTATION REPORT OF THE REMUNERATION POLICY

"Resolved to endorse, through separate non-binding advisory votes, the Company's:

Vote 1 remuneration policy (excluding the remuneration of the Non-executive Directors and members of Board committees for their services as Directors) as set out in the remuneration review in the Integrated Report from pages 82 to 94 is approved"; and

Vote 2 implementation report as set out in the remuneration review in the Integrated Report from pages 95 to 100 is approved."

If the remuneration policy or the implementation report of the Company is voted against by 25% or more of the voting rights exercised on the resolutions by Shareholders present or represented by proxy at the AGM, the Company will, in its voting results announcement pursuant to paragraph 3.91 of the JSE Listings Requirements, extend an invitation to dissenting Shareholders to engage with the Company to discuss their reasons for their dissenting votes. The manner and timing of such engagement will be specified in the voting results announcement following the AGM.

SPECIAL RESOLUTION NUMBER 1: REMUNERATION PAYABLE TO NON-EXECUTIVE DIRECTORS

"Resolved by separate Special Resolutions in terms of section 66(9) of the Companies Act, that the annual remuneration of the Non-executive Directors be approved as follows:

Shoprite Holdings Board and committee fees

Category	2023 proposed R	2022 current R
Board of Directors		
Chairperson	**3 618 000**	3 445 500
Lead Independent Director	**908 000**	865 000
Non-executive Director	**526 000**	501 000
Audit and Risk Committee		
Chairperson	**441 000**	416 000
Member	**228 000**	215 000
Remuneration Committee		
Chairperson	**300 000**	281 000
Member	**145 000**	135 000
Nominations Committee		
Chairperson	**234 000**	220 000
Member	**122 000**	115 000
Social and Ethics Committee		
Chairperson	**257 000**	245 000
Member	**132 000**	123 000
Finance and Investment Committee		
Chairperson	**300 000**	281 000
Member	**145 000**	135 000

For Special Resolution number 1 to be approved by Shareholders, it must be supported by at least 75% of the voting rights exercised on the resolution by Shareholders present or represented by proxy at the AGM.

Reason for and effect of Special Resolution number 1

The reason for and effect of Special Resolution number 1 is to grant the Company the authority to pay remuneration to its Non-executive Directors for their services as Directors.

Notice to Shoprite Holdings shareholders: annual general meeting continued

7. The following resolutions will be considered at the AGM, and, if deemed fit, passed with or without modification: *continued*

SPECIAL RESOLUTION NUMBER 2: FINANCIAL ASSISTANCE TO SUBSIDIARIES, RELATED AND INTER-RELATED ENTITIES

Resolved as a Special Resolution in terms of section 45(3)(a)(ii) of the Companies Act, subject to compliance with the requirements of the Company's MOI and the JSE Listings Requirements as presently constituted and amended from time to time as a general approval, that the Board be authorised during a period of two (2) years from the date of this Special Resolution to authorise the Company to provide direct or indirect financial assistance to any related or inter-related company or corporation ("any related or inter-related company or corporation" has herein the same meaning as in section 45 of the Companies Act and which meaning includes all the subsidiaries of the Company) to the Company, in any form, including one or more of the following forms:

- loan to;
- the provision of credit to or the deferment of any payment due by;
- guarantee of any obligation of;
- suretyship in respect any obligation of;
- indemnity undertakings in respect of obligations of;
- the securing (in any form) of any debt or obligations of; or
- payments to or for the benefit of;

such a company or corporation which the Board may deem fit on the terms and conditions and for amounts that the Board may determine.

For Special Resolution number 2 to be approved by Shareholders, it must be supported by at least 75% of the voting rights exercised on the resolution by Shareholders present or represented by proxy at the AGM.

Reason for and effect of Special Resolution number 2

This Special Resolution will grant the Company's Directors the authority to authorise financial assistance in any form to a related or inter-related company or corporation, ("any related or inter-related company or corporation" has herein the same meaning as in section 45 of the Companies Act and which meaning includes all the subsidiaries of the Company) to the Company as contemplated in section 45 of the Companies Act.

Notice to the Shareholders of the Company in terms of section 45(5) of the Companies Act, of a resolution adopted by the Board authorising the Company to provide such direct or indirect financial assistance:

- By the time that this notice of AGM is delivered to Shareholders, the Board would have adopted a written Board resolution ("the Section 45 Board Resolution") authorising the Company to provide at any time during the period of two (2) years from the date the above Special Resolution number 2 is adopted, any direct or indirect financial assistance as contemplated in section 45 of the Companies Act to any one or more related or inter-related companies or corporations of the Company;
- The Section 45 Board Resolution will only be subject to and only effective only to the extent that Special Resolution number 2 is adopted by Shareholders and the provision of any such direct or indirect financial assistance by the Company, pursuant to such resolution, will always be subject to the Board being satisfied that immediately after providing such financial assistance, the Company will satisfy the solvency and liquidity test as referred to in section 45(3)(b)(i) of the Companies Act and that the terms under which the financial assistance will be given are fair and reasonable to the Company as required in section 45(3)(b)(ii) of the Companies Act; and
- The Company hereby provides notice of the Section 45 Board Resolution to Shareholders of the Company.

SPECIAL RESOLUTION NUMBER 3: GENERAL AUTHORITY TO REPURCHASE ORDINARY SHARES

"Resolved as a Special Resolution that the Company and/or any subsidiary of the Company be and are hereby authorised by way of a general authority to acquire the issued Ordinary Shares of the Company upon such terms and conditions and in such amounts as the Directors of the Company may from time to time determine, but subject to the MOI of the Company, the provisions of the Companies Act, the JSE Listings Requirements and any other exchange on which the shares of the Company may be quoted or listed from time to time, where applicable, and provided that:

- the repurchase of Ordinary Shares will be effected through the main order book operated by the JSE trading system without any prior understanding or arrangement between the Company and the counterparty, or other manner approved by the JSE;
- this general authority shall be valid until the Company's next Annual General Meeting, provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this Special Resolution;
- in determining the price at which the Company's Ordinary Shares are acquired by the Company or its subsidiaries in terms of this general authority, the maximum premium at which such Ordinary Shares may be acquired will be 10% (ten percent) of the weighted average of the market price at which such Ordinary Shares are traded on the JSE, as determined over the five (5) trading days immediately preceding the date of the repurchase of such Ordinary Shares by the Company;
- the number of Ordinary Shares acquired in the aggregate in any one (1) financial year do not exceed 5% (five percent) of the number of the Company's issued Ordinary Shares on the date that this Special Resolution is adopted;
- prior to entering the market to repurchase the Company's Ordinary Shares, a Board resolution to authorise the repurchase will have been passed in accordance with the requirements of section 46 of the Companies Act, and stating that the Board has acknowledged that it has applied the solvency and liquidity test as set out in section 4 of the Companies Act and has reasonably concluded that the Company will satisfy the solvency and liquidity test immediately after completing the proposed repurchase;
- the Company or its subsidiaries will not repurchase Ordinary Shares during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements, unless there is a repurchase programme in place where the dates and quantities of Ordinary Shares to be traded during the relevant period are fixed (not subject to any variation). The Company must instruct only one independent third party, which makes its investment decisions in relation to the Company's securities independently of, and uninfluenced by, the Company and full details of the programme must be disclosed to the JSE prior to the commencement of the prohibited period;
- when the Company has cumulatively repurchased 3% (three percent) of the initial number of the relevant class of securities, and for each 3% (three percent) in aggregate of the initial number of that class acquired thereafter, an announcement will be published; and
- the Company only appoints only one agent to effect any repurchase(s) on its behalf."

For Special Resolution number 3 to be approved by Shareholders it must be supported by at least 75% of the voting rights exercised on the resolution by Shareholders present or represented by proxy at the AGM.

7. The following resolutions will be considered at the AGM, and, if deemed fit, passed with or without modification: *continued*

SPECIAL RESOLUTION NUMBER 3: GENERAL AUTHORITY TO REPURCHASE ORDINARY SHARES *CONTINUED*

Statement by the Board

The Directors have no specific intention to effect the resolution, but will continually review the Company's position, having regard to prevailing circumstances and market conditions, in considering whether to repurchase its own Ordinary Shares.

After having considered the effect of the repurchase of Ordinary Shares pursuant to this general authority, the Directors in terms of the relevant provisions of the Companies Act and the JSE Listings Requirements confirm that they will not undertake such repurchase unless:

- the Company and the Group are in a position to repay their debt in the ordinary course of business for the 12- (twelve) month period after the date of the Notice of the AGM;
- the assets of the Company and the Group, being fairly valued in accordance with the accounting policies used in the latest annual financial statements are, after the repurchase, in excess of the liabilities of the Company and the Group for the 12 (twelve) month period after the date of the Notice of the AGM;
- the ordinary capital and reserves of the Company and the Group are adequate for the 12 (twelve) month period after the date of the Notice of the AGM; and
- the available working capital is adequate to continue the operations of the Company and the Group for a period of 12 (twelve) months after the date of the Notice of the AGM.

Reason for and effect of Special Resolution number 3

Paragraphs 5.72(c) and 5.76 of the JSE Listings Requirements require that the Company or any subsidiary of the Company may only repurchase or purchase Ordinary Shares issued by the Company if approved by its Shareholders by way of a Special Resolution. The existing general authority granted by the Shareholders of the Company at the 2021 AGM, is due to expire, unless renewed.

The Directors are of the opinion that it would be in the best interest of the Company to extend such general authority.

The proposed general authority would enable the Company or any subsidiary of the Company to repurchase up to a maximum of 29 566 925 (twenty-nine million, five hundred and sixty-six thousand, nine hundred and twenty-five) Ordinary Shares of the Company, representing 5% (five percent) of the issued Ordinary Share capital of Company as at 3 July 2022.

The reason for the passing of Special Resolution number 3 is to authorise the Company and/or its subsidiaries by way of a general authority from Shareholders to repurchase Ordinary Shares issued by the Company.

Once adopted, this Special Resolution will permit the Company or any of its subsidiaries to repurchase such Ordinary Shares in terms of the Companies Act, its MOI and the JSE Listings Requirements.

DISCLOSURES IN TERMS OF PARAGRAPH 11.26 OF THE JSE LISTINGS REQUIREMENTS

The JSE Listings Requirements require the following disclosures in respect of Special Resolution number 3, some of which are disclosed in the Integrated Report of which this Notice forms part:

- Major Shareholders of the Company page 101
- Share capital of Company page 101

Material Change

Other than the facts and developments as referred to on page 06 of the Integrated Report, there have been no material changes in the affairs or financial position of the Company and its subsidiaries since the date of signature of the audit report and the date of this notice.

Directors' Responsibility Statement

The Directors, whose names are given on pages 35 to 37 of the Integrated Report, collectively and individually accept full responsibility for the accuracy of the information and certify that to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made.

8. Documents available for inspection

The amended MOI will be available for inspection during normal business hours at the registered address of Shoprite Holdings from the date of this Notice of AGM up to an including 14 November 2022.

9. Transaction of other business

FOR SHOPRITE HOLDINGS LIMITED

PG DU PREEZ
Company secretary
17 October 2022

THE COMPANY SECRETARY
Cnr William Dabbs Street and Old Paarl Road
P O Box 215, Brackenfell, 7560 South Africa
E-mail Address: cosec@shoprite.co.za

SOUTH AFRICAN TRANSFER SECRETARIES
Computershare Investor Services (Pty) Ltd
15 Biermann Avenue, Rosebank, 2196
Private Bag X9000, Saxonwold, 2132, South Africa
Facsimile: +27 (0) 11 688 5238
E-mail: proxy@computershare.co.za

ANNEXURE A

DIRECTORS' PROFILES

Board committees:

ARC	Audit and Risk Committee
InvestCo	Finance and Investment Committee (established 2 September 2021)
NomCo	Nominations Committee
RemCo	Remuneration Committee
SEC	Social and Ethics Committee

DIRECTORS STANDING FOR ELECTION/RE-ELECTION TO THE BOARD AND/OR RE-APPOINTMENT TO THE ARC

Graham Dempster, Independent Non-executive (67)
Qualifications: CA(SA), BCom
Appointed: 15 November 2021
Board committees: ARC and InvestCo

Graham joined the Board as an Independent Non-executive Director on 15 November 2021 and was appointed as member of ARC and InvestCo on 4 March 2022. He is a member of the boards of Motus Holdings Ltd and Sun International Ltd.

Dawn Marole, Independent Non-executive (61)
Qualifications: BCom (Acc), MBA, DTE
Appointed: 4 March 2022
Board committees: SEC

Dawn joined the Board as an Independent Non-executive Director and was appointed as member of the SEC on 4 March 2022. She is a member of the boards of Resilient (REIT) Ltd, Richards Bay Minerals (Pty) Ltd, Santam Group Ltd and Sun International Ltd.

Paul Norman, Independent Non-executive (56)
Qualifications: MA Psych, MBA
Appointed: 4 March 2022
Board committees: ARC and RemCo

Paul joined the Board as an Independent Non-executive Director and was appointed as member of the ARC and RemCo on 4 March 2022. He is the Chief Human Resources Officer at the MTN Group.

Linda de Beer, Independent Non-executive (53)
Qualifications: Chartered Director (SA), CA(SA), MCom (Tax)
Appointed: 11 May 2021
Board committees: ARC and InvestCo

Linda joined the Board as an Independent Non-executive Director and was appointed as member of the ARC on 11 May 2021 and member of the InvestCo on 2 September 2021. She is a member of the boards of Aspen Holdings Ltd, Momentum Metropolitan and Tongaat Hulett Ltd and was appointed Chairman of the Public Interest Oversight Board (PIOB) based in Spain, in April 2020. She was a previous member of the King Committee on Corporate Governance and Chairman of the Financial Reporting Investigations Panel of the JSE. She is an honorary professor (professor in practice) at the University of Johannesburg.

Nonkululeko Gobodo, Independent Non-executive (62)
Qualifications: CA(SA); Hons Bcompt
Appointed: 11 May 2021
Board committees: ARC and SEC

Nonkululeko joined the Board as an Independent Non-executive Director and was appointed as member of the ARC on 11 May 2021 and member of the NomCo on 2 September 2021. She is a member of the boards of PPC Ltd, Lesaka Technologies, Inc., a company listed on the Nasdaq stock exchange and has served on the boards of the Clicks Group Ltd, Mercedes- Benz SA and many other companies.

Eileen Wilton, Independent Non-executive (62)
Qualifications: HDE, BCom, PGDDB, CD(SA)
Appointed: 11 August 2021
Board committees: ARC and SEC

Eileen joined the Board as an Independent Non-executive Director and was appointed as member of the ARC and the SEC on 2 September 2021. She is a member of the boards of Sasfin Holdings Ltd, Growthpoint Properties Ltd and the Institute of Directors of South Africa (IoDSA).

Attendance for the reporting period to 3 July 2022

	BOARD	ARC	NomCo	RemCo	SEC	InvestCo	Total	Total %
No. of meetings	6	6	3	4	3	2	24	
Graham Dempster[1]	4/4[1]	1/1[1]		–	–	1/1[1]	6/6	100
Dawn Marole[2]	3/3[2]	–	–	–	1/1[2]	–	4/4	100
Paul Norman[3]	3/3[3]	1/1[3]	–	3/3[3]	–	–	7/7	100
Linda de Beer[4]	6/6	6/6	–	–	–	1/2[4]	13/14	93
Nonkululeko Gobodo[5]	6/6	6/6	2/2[5]	–	2/2[5]	–	16/16	100
Eileen Wilton[6]	5/5	4/4[6]	–	–	2/2[6]	–	11/11	100

1 *Date of appointment to Board: 15 November 2021 and ARC and InvestCo: 4 March 2022.*
2 *Date of appointment to Board and SEC: 4 March 2022.*
3 *Date of appointment to Board, ARC and Remco: 4 March 2022.*
4 *Date of appointment to InvestCo: 2 September 2021.*
5 *Date of appointment to SEC and NomCo: 2 September 2021.*
6 *Date of appointment to ARC and SEC: 2 September 2021.*

Form of proxy

SHOPRITE HOLDINGS LTD

Shoprite Holdings Ltd (Incorporated in the Republic of South Africa)
(Registration number 1936/007721/06)
JSE share code: SHP NSX share code: SRH
LUSE share code: SHOPRITE ISIN: ZAE000012084
("Shoprite Holdings" or "the Company")

For use only by:

- certificated ordinary Shareholders
- dematerialised ordinary Shareholders with "own-name" registrations

at the Annual General Meeting of Shareholders of Shoprite Holdings to be held by way of electronic participation only at 9.15 am (South African time) on Monday, 14 November 2022 and any adjournment thereof (the AGM).

Dematerialised Shareholders holding shares other than with "own-name" registration, must inform their CSDP or broker of their intention to participate in the AGM by way of electronic participation in the manner described in the Notice to Shareholders and request their CSDP or broker to issue them with the necessary letter of representation to participate in the AGM.

If you do not wish to participate in the AGM, provide your CSDP or broker with your voting instruction in terms of your custody agreement.

I/We (name/s in block letters) ______________________ of ______________________

being a Shareholder/Shareholders of Shoprite Holdings and holding ______________________ ordinary shares in the Company, hereby appoint

1. ______________________ of ______________________ or, failing him/her,

2. ______________________ of ______________________ or, failing him/her,

3. the Chairman of the Annual General Meeting, as my/our proxy to attend, speak and vote on my/our behalf at the AGM of the Shareholders of the Company to be held at 9.15 am on Monday, 14 November 2022, and at any adjournment thereof.

	Number of shares*		
	In favour of	Against	Abstain
Ordinary resolution number 1 – Approval of annual financial statements			
Ordinary resolution number 2 – Re-appointment of auditors			
Ordinary resolution number 3 – Election of Directors:			
3.1 Graham Dempster			
3.2 Paul Norman			
3.3 Dawn Marole			
Ordinary resolution number 4 – Appointment as members of the Shoprite Holdings Audit and Risk Committee			
4.1 Linda de Beer			
4.2 Nonkululeko Gobodo			
4.3 Eileen Wilton			
4.4 Graham Dempster (subject to his election as Director)			
Ordinary resolution number 5 – General authority over unissued ordinary shares			
Ordinary resolution number 6 – General authority to issue ordinary shares for cash			
Ordinary resolution number 7 – General authority to Directors and/or Company Secretary			
Non-binding advisory vote on the:			
Vote 1: Remuneration policy of Shoprite Holdings; and			
Vote 2: Implementation report of the Remuneration policy			
Special resolution number 1 – Remuneration payable to Non-executive Directors (1 November 2022 – 31 October 2023)			
a) Remuneration payable to Chairman of the Board			
b) Remuneration payable to Lead Independent Director			
c) Remuneration payable to Non-executive Directors			
d) Remuneration payable to Chairman of the Audit and Risk Committee			
e) Remuneration payable to members of the Audit and Risk Committee			
f) Remuneration Payable to Chairman of the Remuneration Committee			
g) Remuneration payable to members of the Remuneration Committee			
h) Remuneration payable to Chairman of the Nomination Committee			
i) Remuneration payable to members of the Nomination Committee			
j) Remuneration payable to Chairman of the Social and Ethics Committee			
k) Remuneration payable to members of the Social and Ethics Committee			
l) Remuneration payable to Chairman of the Investment and Finance Committee			
m) Remuneration payable to members of the Investment and Finance Committee			
Special resolution number 2 – Financial assistance to subsidiaries, related and inter-related entities			
Special resolution number 3 – General authority to repurchase ordinary shares			

* *Please indicate with an X in the appropriate spaces above how you wish your votes to be cast.*

Unless otherwise instructed, my/our proxy may vote as he/she thinks fit.

Signed at (place) ______________________ on (date) ______________________ 2022

____

Shareholder's signature

Please read the notes and instructions overleaf.

NOTES TO FORM OF PROXY

1. This form of proxy must be used only by certificated ordinary Shareholders or dematerialised ordinary Shareholders who hold dematerialised ordinary shares with "own-name" registration.

2. Dematerialised ordinary Shareholders are reminded that the onus is on them to communicate with their CSDP or broker.

3. Each Shareholder is entitled to appoint one or more proxies (who need not be a Shareholder(s) of the Company) to attend, speak and vote in place of that Shareholder at the Annual General Meeting.

4. A Shareholder may insert the name of a proxy or the names of two alternative proxies of the Shareholder's choice in the space provided, with or without deleting "the chairman of the Annual General Meeting". The person whose name stands first on the form of proxy and who is present at the Annual General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.

5. A Shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that Shareholder in the appropriate box(es) provided or to mark the relevant box(es). If a box is marked without inserting a number of votes, it is deemed the proxy may exercise all the votes of the Shareholder. Failure to comply with the above will be deemed to authorise the Chairman of the Annual General Meeting to vote in favour of the ordinary and special resolutions at the Annual General Meeting, or any other proxy to vote or to abstain from voting at the Annual General Meeting as he/she deems fit, in respect of the Shareholder's total holding.

6. Summary of rights established by section 58 of the Companies Act, 21 of 2008

   At any time, a Shareholder of a company may appoint any individual, including an individual who is not a Shareholder of that company, as a proxy to:

   - participate in, speak and vote at, a Shareholders' meeting on behalf of the Shareholder; or
   - give or withhold written consent on behalf of the Shareholder to a decision contemplated in section 60.

   A proxy appointment:

   - must be in writing, dated and signed by the Shareholder; and
   - remains valid for
     - one year after the date on which it was signed; or
     - any longer or shorter period expressly set out in the appointment, unless it is revoked in a manner contemplated in subsection (4) (c) or expires earlier as contemplated in subsection (8) (d).

   Except to the extent that the Memorandum of Incorporation of a company provides otherwise:

   - a Shareholder of that company may appoint two or more persons concurrently (please note that the Memorandum of Incorporation of the Company prohibits such an appointment) as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by the Shareholder (please note that the Memorandum of Incorporation of the Company prohibits such an appointment);
   - a proxy may delegate the proxy's authority to act on behalf of the Shareholder to another person, subject to any restriction set out in the instrument appointing the proxy and provided that right is granted in the proxy instrument and the delegation takes place by way of a further proxy instrument); and
   - a copy of the instrument appointing a proxy must be delivered to the company or to any other person on behalf of the company before the proxy exercises any rights of the Shareholder at a Shareholders' meeting.

   Irrespective of the form of instrument used to appoint a proxy:

   - the appointment is suspended at any time and to the extent that the Shareholder chooses to act directly and in person in the exercise of any rights as a Shareholder;
   - the appointment is revocable unless the proxy appointment expressly states otherwise; and
   - if the appointment is revocable, a Shareholder may revoke the proxy appointment by
     - cancelling it in writing or making a later inconsistent appointment of a proxy; and
     - delivering a copy of the revocation instrument to the proxy, and to the company.

   The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the Shareholder as of the later of:

   - the date stated in the revocation instrument, if any; or
   - the date on which the revocation instrument was delivered as required in subsection (4) (c) (ii).

   If the instrument appointing a proxy or proxies has been delivered to a company, as long as that appointment remains in effect, any notice that is required by this Act or the company's Memorandum of Incorporation to be delivered by the company to the Shareholder must be delivered by the company to:

   - the Shareholder; or
   - the proxy or proxies if the Shareholder has
     - directed the company to do so, in writing; and
     - paid any reasonable fee charged by the company for doing so.

   A proxy is entitled to exercise, or abstain from exercising, any voting right of the Shareholder without direction, except to the extent that the Memorandum of Incorporation or the instrument appointing the proxy provides otherwise.

   If a company issues an invitation to Shareholders to appoint one or more persons named by the company as a proxy, or supplies a form of instrument for appointing a proxy

   - the invitation must be sent to every Shareholder who is entitled to notice of the meeting at which the proxy is intended to be exercised;
   - the invitation, or form of instrument supplied by the company for the purpose of appointing a proxy, must
     - bear a reasonably prominent summary of the rights established by this section;
     - contain adequate blank space, immediately preceding the name or names of any person or persons named in it, to enable a Shareholder to write in the name and, if so desired, an alternative name of a proxy chosen by the Shareholder; and
     - provide adequate space for the Shareholder to indicate whether the appointed proxy is to vote in favour of or against any resolution or resolutions to be put at the meeting, or is to abstain from voting;
   - the company must not require that the proxy appointment be made irrevocable; and
   - the proxy appointment remains valid only until the end of the meeting at which it was intended to be used, subject to subsection (5).

   Subsection (8) (b) and (d) do not apply if the company merely supplies a generally available standard form of proxy appointment on request by a Shareholder.

7. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the Company's transfer office or waived by the Chairman of the Annual General Meeting.

8. The Chairman of the Annual General Meeting may reject or accept any form of proxy which is completed and/or received other than in accordance with these instructions, provided he is satisfied as to the manner in which a Shareholder wishes to vote.

9. Any alterations or corrections to this form of proxy must be initialled by the signatory(ies).

10. The completion and lodging of this form of proxy will not preclude the relevant Shareholder from attending the Annual General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such Shareholder wish to do so.

11. A minor must be assisted by his/her parent guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the Company.

12. Where there are joint holders of any shares:

    - any one holder may sign this form of proxy;
    - the vote(s) of the senior Shareholders (for that purpose seniority will be determined by the order in which the names of Shareholders appear in the Company's register of Shareholders) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint Shareholder(s).

13. The proxy may not delegate any of the rights or powers granted to it.

Computershare

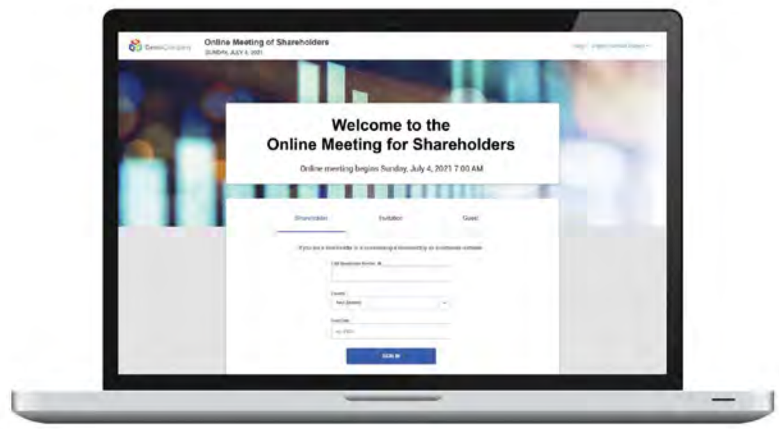
HOW TO PARTICIPATE IN VIRTUAL MEETINGS

Attending the meeting online

Our online meetings provide you with the opportunity to participate online using your smartphone, tablet or computer.

You will be able to view a live webcast of the meeting, ask questions and submit your votes in real time.

You will need the latest version of Chrome, Safari, Edge or Firefox. Please ensure your browser is compatible.



Visit https://meetnow.global/za

Access

Access the online meeting at https://meetnow.global/za, select the applicable meeting from the drop down option. Click 'JOIN MEETING NOW'.

If you are a shareholder:
Select 'Invitation' on the login screen and enter the applicable information as per your invitation. Accept the Terms and Conditions and click Continue.

If you are a guest:
Select 'Guest' on the login screen. As a guest, you will be prompted to complete all the relevant fields, including title, first name, last name and email address.

Please note, guests will not be able to ask questions or vote at the meeting.

If you are a proxy holder:
You will receive an email invitation the day before the meeting to access the online meeting. Click on the link in the invitation to access the meeting.

Navigation

Broadcast | Vote | Q&A | Documents

When successfully authenticated, the home screen will be displayed. You can watch the webcast, vote, ask questions, and view meeting materials in the documents folder. The image highlighted blue indicates the page you have active.

The webcast will appear and begin automatically once the meeting has started.

Voting

Resolutions will be put forward once voting is declared open by the Chair. Once the voting has opened, the resolution and voting options will appear.

To vote, simply select your voting direction from the options shown on screen. You can vote for all resolutions at once or by each resolution.

Your vote has been cast when the green tick appears. To change your vote, select 'Change Your Vote'.

Q&A

Any eligible shareholder/proxy attending the meeting remotely is eligible to ask a question.

Select the Q&A tab and type your question into the box at the bottom of the screen and press 'Send'.

Contact

If you have any issues accessing the website please email proxy@computershare.co.za.

Appendix 1: Application of King IV Principles reference guide

See the full Application of King IV Principles **online** and additional disclosures in the Integrated Report 2022. The below index highlights where these disclosures are in this report:

1 Leadership

The governing body should lead ethically and effectively.

Governance designed to establish an ethical culture, page 42

2 Organisational ethics

The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.

Governance designed to establish an ethical culture, page 42

3 Responsible corporate citizenship

The governing body should ensure the organisation is and is seen to be a responsible corporate citizen.

Responsible corporate citizenship, page 42

4 Strategy and performance

The governing body should appreciate the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value-creation process.

Value creating governance, page 39

5 Reporting

The governing body should ensure reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short-, medium- and long-term prospects.

About this report, page 6

6 Primary role and responsibilities of the Board

The governing body should serve as the focal point and custodian of corporate governance in the organisation.

How our Board governs, page 40

7 Composition of the Board

The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to objectively and effectively discharge its governance role and responsibilities.

Our Board's skills and experience, page 35

8 Committees of the Board

The governing body should ensure its arrangements for delegation within its own structures promote independent judgement and assist with balance of power and the effective discharge of its duties.

Effective control, page 41

9 Evaluations of the Board

The governing body should ensure the evaluation of its own performance and that of its committees, its Chairman and its individual members, support continued improvement in its performance and effectiveness.

Effective control, page 41

10 Appointment and delegation to management

The governing body should ensure the appointment of, and the delegation to, management contributes to role clarity and responsibilities.

Effective control, page 41

11 Risk governance

The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.

Risk governance, page 28

12 Technology and information governance

The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.

Technology and information governance, page 42

13 Compliance governance

The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.

Compliance governance, page 42

14 Remuneration governance

The governing body should ensure the organisation remunerates fairly, responsibly and transparently to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.

Remuneration governance, page 41

15 Assurance

The governing body should ensure assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.

Effective control, page 41

16 Stakeholder relationships

In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.

Engaging with our stakeholders, page 31

Appendix 2: Retail footprint

4 318 887m² ACROSS OUR TOTAL RETAIL FOOTPRINT[1]

Country	Employees	Shoprite	Checkers	Checkers Hyper	Usave	LiquorShop	K'nect	Petshop Science	LittleMe	Outdoor	OK Furniture	House & Home	Medirite[1] and Medirite Plus	OK Franchise
Angola	3 123	23	0	0	1	0	0	0	0	0	11	0	0	0
Botswana	1 385	12	1	0	2	1	0	0	0	0	15	1	0	0
DRC	15	3	0	0	0	0	0	0	0	0	0	0	0	0
Eswatini	992	14	0	0	6	0	0	0	0	0	8	0	0	13
Ghana	650	7	0	0	0	0	0	0	0	0	0	0	0	0
Lesotho	1 173	7	0	0	8	4	0	0	0	0	9	0	0	0
Malawi	455	4	0	0	2	0	0	0	0	0	0	0	0	0
Mozambique	1 293	15	0	0	1	1	0	0	0	0	10	0	0	0
Namibia	4 543	22	8	0	27	18	0	0	0	0	18	3	0	61
South Africa	128 076	534	239	36	410	570	7	22	1	1	302	38	139	439
Zambia	3 890	41	0	0	0	0	0	0	0	0	11	0	0	0
Total	145 595	682	248	36	457	594	7	22	1	1	384	42	139	513

1 137 Medirite pharmacies are located within supermarkets.

Appendix 3: Abbreviations and acronyms

AGM	Annual General Meeting
ARC	Audit and Risk Committee
ATM	Automatic Teller Machine
B2B	Business to Business
B-BBEE	Broad-Based Black Economic Empowerment
CEO	Chief Executive Officer
CDP	Carbon Disclosure Project
CFO	Chief Financial Officer
CFS	Checkers Food Services
Covid-19	Corona Virus Disease 2019
CSI	Corporate social investment
ECD	Early Childhood Development
ERP	Enterprise Resource Planning
ESG	Environmental, Social and Governance
Exco	Executive Committee
FMCG	Fast-moving Consumer Goods
FY	Financial Year
GDP	Gross Domestic Produce
GRI	Global Reporting Initiative
HEPS	Headline earnings per share
HR	Human Resources
IFRS	International Financial Reporting Standards
InvestCo	Finance and Investment Committee
IT	Information Technology
JSE	Johannesburg Stock Exchange
King IV™	King IV Code on Corporate Governance 2016, published as part of the King IV Report™
LSM	Living Standards Measure
LTI	Long-term Incentive
LuSE	Lusaka Stock Exchange
MOI	Memorandum of Incorporation
MWh	Megawatt-hour
NomCo	Nomination Committee
NOx	Nitrogen oxide pollutants
NSX	Namibian Stock Exchange
(Pty) Ltd	Proprietary Limited
PwC	PricewaterhouseCoopers
RemCo	Remuneration Committee
ROIC	Return on invested capital
RSA	Republic of South Africa
SAGEA	South African Graduate Employers Association
SASSA	South African Social Security Agency
SDG	Sustainable Development Goal
SEC	Social and Ethics Committee
SENS	Stock Exchange News Service
SMME	Small, medium and micro enterprise
STI	Short-term Incentive
TCFD	Task Force on Climate-related Financial Disclosures
tCO_2e	Tons of carbon dioxide equivalent
TGP	Total guaranteed package
UN SDG	United Nations Sustainable Development Goals
UNFCCC	United Nations Framework Convention on Climate Change
USSD	Unstructured Supplementary Service Data
YES initiative	Youth Employment Services

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1936/007721/06

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PG du Preez

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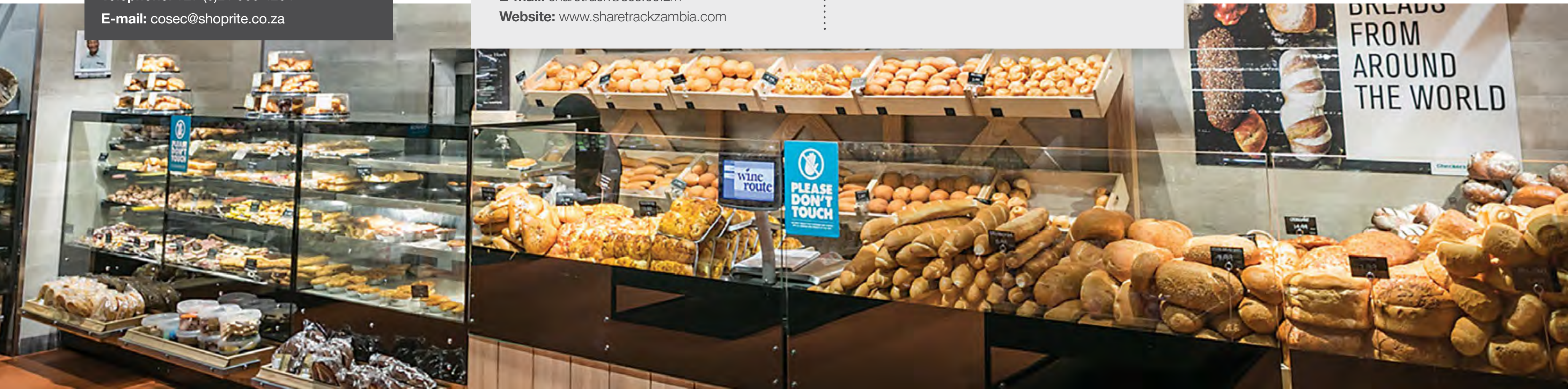
- Absa Bank Ltd
- Citibank N.A.
- FirstRand Ltd
- Investec Bank Ltd
- Nedbank Ltd
- The Standard Bank of South Africa Ltd
- Standard Chartered Bank PLC



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