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Report on Shoprite Holdings Ltd's sustainability approach over the 2021 financial year running to 4 July 2021. This report is best read in conjunction with Shoprite Holdings Ltd's Integrated Annual Report 2021. For further information on this Sustainability Report, please contact the Sustainability team on +27 (0)21 980 4000.

Website: https://www.shopriteholdings.co.za/sustainability.html

ABOUT THIS REPORT

The Shoprite Group's 2021 Sustainability Report details the progress made in our sustainability journey in the past financial year, for the 53 weeks from 29 June 2020 to 4 July 2021. Q GRI 102-50

The Group has applied the principle of materiality in the identification of material issues, which influences our ability to create shared value. While our Integrated Annual Report is our main report to shareholders and reports on value creation, our Sustainability Report complements our Integrated Annual Report by providing further details on environmental, social and governance (ESG)-related material issues, to a broader range of stakeholders. To obtain a comprehensive overview of our business, strategies and performance, this report should be read with the 2021 Integrated Annual Report (IAR) and the 2021 Corporate Governance Report.

We report on sustainability-related issues annually through our Sustainability Report. No material restatements have been made to the Shoprite Group's previous Sustainability Report published in October 2020. If you have any questions relating to this report or its contents, please contact our Sustainability team on +27 (0)21 980 4000 or

https://www.shopriteholdings.co.za/contactus.html

To access more information on our sustainability efforts throughout the year, refer to our corporate website:

https://www.shopriteholdings.co.za/sustainability.html

Q GRI 102-48, 102-51, 102-52, 102-53

Our progress on our sustainability journey is measured against various goals set out in our past Sustainability Reports. The report outlines our ESG-related commitments and progress, in line with national and international frameworks, standards and goals, including:

- The King IV Report on Corporate Governance for South Africa, 2016 (King IV™)
- The GRI Standards. This Sustainability Report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option.
 - GRI Index, page 75 Q GRI 102-54
- The United Nations (UN) Global Compact (UNGC) and the UN Sustainable Development Goals (SDG)
- Carbon Disclosure Project (CDP) and Task Force on Climaterelated Financial Disclosure (TCFD) frameworks
 - Frameworks, standards and goals, page 80

The report has been reviewed and approved by our Social and Ethics Committee and our Audit and Risk Committee in August 2021. The 2021 financial year figures used in this report have been verified through an internal audit process. Figures included refer to all operations except for our franchised businesses.



CEO'S FOREWORD

The year under review once again posed challenges, especially as the impact of COVID-19 continued to affect our operations as well as our stakeholders. We did not let these challenges stand in the way of delivering on our affordability promise or in making progress against our sustainability commitments. Being an affordable and sustainable retailer is not an obstacle to success; it is an opportunity to live our purpose and align our strategy with the needs of our stakeholders. Over four decades of retail industry experience has proven this,

while our performance has demonstrated that the approach makes business sense.

Our people are at the core of our operations and through teamwork they enable our sustainability plans and ambitions. As such, their wellbeing and development are our top priority. Through our training programmes, we equip them with the knowledge and skills to support their career development, as well as enabling them to make our Group more sustainable. During these challenging times we are extremely proud to have secured our employees' jobs within the Group, even when some of our stores were closed for parts of the year. By making these kinds of decisions we showed our commitment towards our employees, who have

remained loyal to us in turn. We know that we can do

our best when we are supported by the best.

We cannot make a meaningful difference without the collaboration and support of our various stakeholders. Increasingly, our investors are aware of the importance of environmental, social and governance issues in our ability to create shared value. In our stores, our customers embrace the plant-based and waste reduction initiatives we offer to them. In our supply chain, our suppliers support the job opportunities and sustainable initiatives we introduce, as we welcome the new opportunities they bring to the table.

The communities we work in value our continued presence and assistance. We support food security through surplus food donations and community food gardens. We are the first responders when a crisis hits, and support children in the crucial early childhood development (ECD) phase of their lives. Our involvement with these diverse stakeholder groups is critical to our own success, as it is undeniably linked to theirs.

The impact of unemployment – now at 32.6% as of 1 June 2021 – has been highlighted as the country struggles within a depressed economic environment. With the youth unemployment rate higher at 46.3%, we continued our focus on youth skills development through our Retail Readiness and Yes For Youth programmes. We have also increased our investment in key small and medium enterprises (SME) through our investment in Thuthuka Nathi Ventures and continue to provide market access opportunities to SMEs through our supply chain. This holistic approach to

transformation in our operations supports our industry-leading employment equity and internal promotion practices in South Africa.

Sadly, many people in our countries of operation are forced to focus on survival, especially in these challenging times. While we support them through the affordability and accessibility of our products and by building community-level resilience through our various corporate social investment (CSI) programmes, our ambition extends beyond helping them to survive. We want our business to enable people to thrive. While we cannot address systemic issues such as unemployment and food security alone, we know we must play our part in elevating individuals and communities beyond a focus on survival through shared value creation for all our stakeholders.

Many of the challenges that communities face are linked to climate change. We now know how sudden and intense the impact of a global crisis can be, as we have experienced through the COVID-19 pandemic and remain resolute in playing our role to address climate change. This year we advanced our sustainability-related commitments by setting science-based targets in response to climate change and by articulating our position on biodiversity. Our Sustainability team also improved our disclosure of sustainability-related information through better GRI alignment and reporting disclosures.

I thank every employee who has played a part in developing and supporting the programmes detailed in this report. Without their passion and commitment, the Group would neither succeed nor navigate the complexity of maximising the positive impact we have on the lives of people while minimising our impact on the environment.

I would also like to express my sincere condolences to every employee who has lost a colleague, a loved one or a friend to the COVID-19 pandemic. Our employees' commitment in the face of loss and fear brought on by the pandemic has touched me deeply. As the pandemic hits close to home, we support one another in this time of grief and hope that we may all find the strength to keep going and remain grateful for the blessings that endure.

As we continue our sustainability journey, we have our eye on the future and remain focused on innovative and new opportunities to make a difference in the lives of our employees, customers, suppliers and in the communities in which we operate. We can amplify our impact by leveraging our scale and the customer knowledge we have. We will persist in driving efficiencies in our operations to ensure we remain Africa's most accessible, innovative and affordable retailer, while reducing our impact on the environment. What we do on a day-to-day basis makes a tangible difference in the lives of millions of people, and we must ensure that this impact is positive and sustainable in the long term.

Pieter Engelbrecht CEO

Q GRI 102-14

SOCIAL AND ETHICS COMMITTEE **CHAIRPERSON'S REPORT**

Role and responsibility

The SEC's role is to assist the Board with oversight of social and ethical matters in relation to the Group, aligned with the Group's purpose and values. The committee's responsibility covers a broad spectrum of ESG matters as set out in the Company's Act and its Terms of Reference. Fairly new to global reporting standards are the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) which the Group has embraced. The committee plays an important oversight role in terms of the Group's climate change strategy and climate-related risks and opportunities, and reports directly to the Board on these matters. Q GRI 102-29

The Committee guides the CEO and Executive Management team's achievement of the Group's business strategy and related responsible business and good citizenship objectives and continues to entrench and build a strong ethical culture within the Group.

It oversees and approves the Group's reporting on these matters through the annual Sustainability Report. The Sustainability Report comprehensively reports on ESG issues as it relates to the Group's material matters, and the Executive team's approach to managing the Group's human, social and natural capitals.

GRI 102-32

Aligned with its statutory responsibilities, the committee reports annually to the Shoprite Holdings shareholders at the AGM.

In addition to its responsibilities as mentioned above, the SEC also assumes oversight with regard to the following as the responsible constituted committee on behalf of the Board of Directors.

Composition

The SEC complies with all requirements as set out in its Terms of Reference and the Companies Act and includes the following members who have the appropriate experience and qualifications for their position:



Dr Anna Mokgokong Chairman

Independent Non-executive Director and Lead Independent

Appointed as Chairman of the SEC on 30 November 2018 With the Group since 2012



Nonkululeko Gobodo

Independent Non-executive Director

With the Group since 2021



Alice le Roux

Independent Non-executive Director

With the Group since 2018 To retire from the Board with effect

from 15 November 2021



Wendy Lucas-Bull Independent Non-executive

Appointed as Chairman on 16 November 2020

With the Group since her appointment as Director in October 2020



Eileen Wilton

Independent Non-executive Director

With the Group since 2021



Anton de Bruyn Executive Director, CFO With the Group since 2000

Responsible citizenship



King IV Principle:

The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.

The Board ensures, through the SEC, that the Group is, and is viewed to be, a responsible corporate citizen.

The SEC has provided oversight of the various programmes that the Group has implemented to ensure we promote and protect the environment and maintain the health and safety of our people, suppliers and customers. These are set out below in the year under review.

Stakeholder relationships



King IV Principle:

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.

The Group's reputation is of utmost importance to the Board. The Board strives to achieve the appropriate balance between the various stakeholder groups, in the best interest of the Group. Every effort is made to ensure transparent and effective communication with stakeholders that is essential for building and maintaining confidence.

The SEC governs stakeholder relationships, communication and reporting, and delegates responsibility for execution to management.

During the year under review the SEC reviewed the Group's stakeholder engagement. There has been a notable increase in engagement through social media channels that can be attributed to the COVID-19 pandemic and the lockdown regulations. Effective and efficient dispute resolution forms part of the Group's legal and regulatory processes.

Our stakeholders, Integrated Annual Report, pages 52 to 55

The committee routinely receives a wide range of management reports and regular attendees to meetings include the Head of Corporate Relations and Communications, the Group Sustainability Manager, the Chief Human Resources Officer, the Group Health and Safety Manager, and the Group Manager: Risk and Compliance.

The year under review

During FY 2021 we took the following actions to enhance our position as a responsible corporate citizen, including but not limited to the following:

General

- Monitored the implementation of our learning and development plans, corporate social investment (CSI), occupational health and safety (OHS), and environmental programmes. In the wake of COVID-19, health and safety-related aspects achieved specific attention.
- Conducted the committee's annual review of its Terms of Reference, which was approved with no amendments required.
- Reviewed the Code of Conduct to ensure it aligned with all the new policies that have been approved. It was also translated into Portuguese and French to cater for employees within relevant territories.
- Reviewed the outcomes reported with regard to the Group's Ethics Hotline.

Policies and frameworks

- Reviewed and approved the Group's Sexual Harassment Policy that was shared with all employees in December 2020.
- Reviewed and approved the Group's Anti-bribery and Corruption Policy.
- Considered a number of conflict of interest declarations since the implementation of the Conflict of Interest Policy in 2019. During the year under review the Committee referred 46% of the declarations to the Executive Committee for consideration and resolution. A revised policy was tabled and approved by the committee
- The current standing on the United Nations (UN) Global Compact principles
- HR completed a self-assessment with reference to the International Labour Organisation's (ILO) Protocol on decent work and working conditions in respect of RSA operations. No incidents of non-compliance were reported or came to the attention of management during the reporting period.

- Reviewed the five-year Employment Equity (EE) Plan for the period 1 July 2020 to 30 June 2025 for the three reportable business units: Shoprite, Transpharm and
- Monitored broad-based black economic empowerment (B-BBEE) compliance, projections and planning to continue the journey to improve the Group's B-BBEE recognition level. To date we have invested R94.0 million into Thuthuka Nathi Ventures (Pty) Ltd, of which R64.1 million has been successfully deployed in three supplier development initiatives. A further R50.5 million has been committed towards future initiatives.
- Considered the impact of new or proposed environmental legislation with specific reference to the Climate Change Bill as well as the National Environmental Management Waste Act No. 59 of 2008 and feedback on actions taken or planned by business units, where required, to comply with legislation.
- No significant fines, non-monetary sanctions or identification of non-compliance with environmental laws and/or regulations were reported during the period

Q GRI 307-1

Planned areas of future focus

- Directors of Shoprite Holdings and Shoprite Checkers will be requested to submit annual declarations of interest to the Company Secretary that notes other directorships including:
- direct or indirect interests in contracts with the Group; and
- direct or indirect interests in Shoprite Holdings.
- An ILO decent work and working conditions selfassessment will be conducted.
- The Group's position, operations and programmes will be aligned with the UN Sustainable Development Goals.
- The Group's CSI programmes and partnerships are being 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.

I am satisfied the committee has performed its responsibilities in accordance with its Terms of Reference and look forward to reaching the goals we have set for ourselves.



The SEC held three scheduled meetings as determined by its Terms of Reference during the year under review.

^{*} Alignment to King Code on Corporate Governance.

SUSTAINABILITY HIGHLIGHTS

Employees

Employed 142 602 people

Invested R485 million in training, through 2 890 833 training hours

Customer centricity

Won 17 awards recognising customer and brand excellence

Sold 72.8 million loaves of our 600 g in-house bread at R4.99

Launched a R5 pack of sanitary pads to keep young girls in school

Provided more than R5 billion in personalised savings to more than 20 million Xtra Savings members

Launched K'nect, our new virtual mobile network

Supply chain resilience and sustainability

Committed R50 million to future SME development initiatives

Directed 9.16% of supplier spend to black businesses and **5.54%** to black woman-owned businesses





Supported 149 community food gardens

to build community-level food security since inception of the programme

> Served 4 873 133 hot meals through our Mobile Soup Kitchens

> Supported 103 ECD centres, benefiting 5 062 children

Served 152 795 meals per day to vulnerable communities through our CSI programmes

Environmental stewardship

Committed to science-based targets

Reduced our carbon emission intensity by 5.2%

Reduced our water use intensity by 6.1%

Increase the installed capacity of our solar photovoltaic (PV) systems by 350%

Electricity consumption reduced by **126 million kWh** through our light-emitting diode (LED) lamp replacement project since inception

Recycled 40 327 tons of cardboard from stores and DCs

Diverted 8 207 tons of plastic waste from landfills

45% of our private-label products have on-pack recycling labels (OPRL)

Paid R1.37 million in rebates to our customers for using our reusable Planet bags since inception



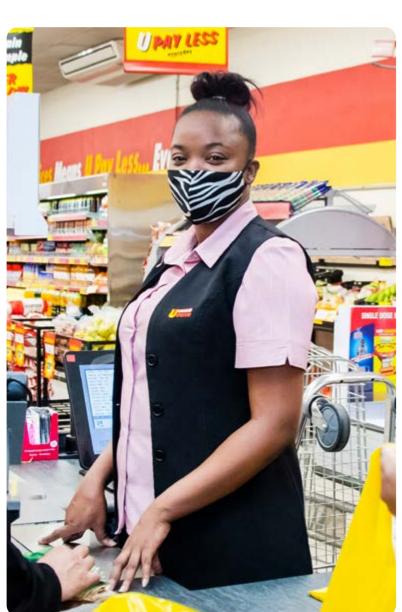


WHO WE ARE

Shoprite Holdings Ltd (The Shoprite Group) is a South African investment holding company, listed on the Johannesburg Stock Exchange, with a 42-year history in the retail industry (§ GRI 102-1). Our combined subsidiaries make us the largest fast-moving consumer goods retailer on the African continent and we are the largest private-sector employer in South Africa. As such, we recognise our responsibility to operate responsibly in the countries where we operate.

We are committed to providing our customers with quality products, safe and affordable food, and providing job and business opportunities on the continent. At the same time, we remain dedicated to supporting the communities where we operate and to minimising our negative impact on the planet and its people.

We sell food, household products, furniture and pharmaceuticals, and offer a range of financial services. Our customers live in 13 countries in which we trade and come from all walks of life. We aim to provide them with a one-stop-shop and world-class experience.





Our geographic location

Our headquarters, known as the Home Office, is located in Cape Town @ GRI 102-3. While most of our stores are in South Africa, we have stores across the continent under various brands in Angola, Botswana, the Democratic Republic of the Congo, Ghana, the Kingdom of Eswatini, Lesotho, Madagascar, Malawi, Mozambique, Namibia, Uganda and Zambia.

Our brands

We own the following brands, excluding our privatelabel brands:

Shoprite, Shoprite Hyper, Usave, Foodworld, Checkers, Checkers Hyper, OK Furniture, House and Home, Shoprite LiquorShop, Checkers LiquorShop, Petshop Science, K'nect, MediRite, TechX, Money Market, Xtra Savings, Computicket, Computicket Travel, CFS, Transpharm and Sixty60.

filtering Integrated Annual Report, page 12

Shoprite Holdings corporate website

PURPOSE AND VALUES

Shoprite is Africa's largest fast-moving consumer goods retailer. Our purpose is to be Africa's most affordable, accessible and innovative retailer and our customers are at the heart of what we do – the reason for our business.

To achieve what we set out to do, we stay focused on:

recognising that managing our capital, resources and relationships is important to our success

creating shared value for all our stakeholders

being a responsible and innovative business

Our values are deeply rooted in our long history and come to life in our actions and the way we do business.

Doing the right thing

excellence, integrity and care



- Put our customers first. We do this through excellent service.
 Our employees are empowered to make sure our customers leave our stores happy.
- Act with integrity. We strive to treat everyone with respect. We are accountable for our actions and we behave in an ethical way to build trust with our stakeholders.
- Make a difference beyond our own doors. Through job creation, affordable products, hunger relief and other programmes, we work to create shared value for our communities.

Saving to share

efficiency and commitment



- Relentlessly focus on keeping costs low and aim to become more efficient. We know where and how every rand is spent. Our business and operational processes are set up to manage the use of resources by reducing waste and minimising harm
- Help where we can. We have a specific focus on food security.
 When we have surplus food or resources, we distribute them to people in need.

to the natural environment.

Developing local

growth, opportunity and transformation



- transform our business, develop our people's careers and promote from within. We believe if we invest in our people, they will invest in us.

 Create opportunities. We support
- Create opportunities. We support local and small suppliers through our scale and effective supply chains, giving them access to our markets where we can, helping them to grow and thrive.
- Embrace economic transformation.
 We continue to create jobs, develop skills and careers, source locally and contribute to social upliftment through our tax contributions and local community development.





OUR STRATEGY



A Smarter Shoprite

A truly customer-first culture

Develop future-fit channels

Enable precision retailing

Closing the gap in key segments

Trusted, profitable private labels

Grow share in premium food and fresh

A stronger franchise offer

Winning in the long term

Future-fit talent

Unlock alternative revenue

Leverage platform advantage

Integrated Annual Report, page 40

OUR APPROACH TO GOVERNANCE

The Group is committed to high standards of corporate governance and applies principles of fairness, transparency and integrity across the business. Operational responsibility resides with the Executive Management while the Board holds oversight at a strategic and compliance level. Strategy, risk, performance, compliance and long-term sustainability are integrated throughout the business and against these our material matters are monitored by the Board.

The Group comprises several operating subsidiaries, which align with Group governance principles, processes and practices to achieve common governance performance objectives. These include clearly demonstrating our performance as a responsible business and good corporate citizen across the business and taking into account the needs of our stakeholders.

The Board of Directors reviews performance and provides guidance on strategic implementation, aligning stakeholder expectations with long-term value creation and applying the principles of good corporate governance. The Board therefore ensures the Group is, and is viewed to be, a responsible corporate citizen. The Social and Ethics Committee provides oversight of various sustainability matters and reports on these matters to the Board.

(https://www.nee.com/mail/seport/least-18) Integrated Annual Report, page 18

♠ Shoprite Holdings corporate website

GRI Management Approach disclosures per material matter listed in the (1) GRI index, page 75



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MATERIALITY

Through our Integrated Annual Report, we report on issues that materially affect our ability to create, preserve and erode value over time. The Shoprite Group's materiality determination process aligns with the International Integrated Reporting Council's (IIRC) Integrated Reporting <IR> Framework. Our Sustainability Report aligns with the identified matters and elaborates on selected ESG-related matters.

Materiality determination process Our material matters have been determined

through an industry gap assessment and a detailed stakeholder engagement process which identified material matters relevant and important to the Group and our stakeholders. After this process, Group Management rated the material matters and sub-themes based on their influence on the Group's ability to create value. For further information on the process of determination and an overview of changes to our material matters in the year under review, refer to our Integrated Annual Report.

⊕ Integrated Annual Report, page 56

Information and technology management

Continued investment in technology and data analytics remains a priority as the Group strategically positions itself to optimise the business and take advantage of new opportunities. We have access to a significant amount of operational and customer data that we analyse to improve our offerings and increase efficiencies. It is critically important we protect our information and technology assets (including our data) and use them responsibly.



En

To be a sustainable and future-fit business we need the right people in the right positions. To attract and retain people as an employer of choice, we must strive to be one step ahead of a rapidly changing working environment and ensure we have engaged employees who understand and actively participate in the Group's objectives. A key priority for the Group is transformation that reaches into a wider scope of diversity and inclusivity than merely broad-based black economic empowerment (B-BBEE)/equity numbers.

material matters

Our



#3 Supply chain resilience and sustainability

Efficiencies and continuity achieved through scale, competency in logistics and supply chain management, and investment in systems have contributed significantly towards operational efficiencies. A lean cost structure and a centralised distribution network are important to maintain trading margins and provide our customers with affordable products. The importance of our ability to maintain business continuity was also highlighted during the COVID-19 pandemic.



(#4

Governance and ethics

Good governance and ethics throughout an organisation are driven by our Board and Executives. It is therefore important for the Group to have a robust and capable Board of Directors, attuned to Shoprite's business strategy, material risks and opportunities, and a fully accountable and handson leadership team. Governance is closely linked to the Group's risk management approach and oversight. Although governance and ethics is a Board responsibility, management is accountable to fully adhere to the directives set at Board level.



(#7

Customer centricity

We are relentlessly focused on satisfying our customers' needs and concerns. We measure our success against our ability to give customers what they expect from our brands and our promise of affordability. All stakeholders in our supply chain form part of our effort to continuously improve ways in which we can enhance their experience.



(#5)

Regulatory environment

Our operations across 13 industries and 13 countries deliver quality and affordable products and services to our customers through our store network and digital platforms. Our business exists within a complex regulatory environment and requires high levels of compliance. Compliance requires focus, resources and continuous engagement with regulators and external verification authorities.





(#8)

Environmental stewardship

We are responsible for our impact on the environment in which we operate. As a food retailer with a dependency on agriculture, we are directly and indirectly influenced by the impacts of climate change. We are accountable to ourselves and our stakeholders to reduce our impact on our immediate environment through managing efficiencies and to our indirect environment by encouraging and supporting responsible sourcing throughout our supply chain.



#6

Strategy, trade environment and growth

Although Shoprite's success has been built on its traditional brick-and-mortar business, its strategy is focused on adapting to the ever-changing retail, consumer and economic environments. The Group's nine strategic growth levers drive operational results and incentive schemes are aligned with the strategy.





Socio-economic contribution

Our extensive footprint places us in a unique position of influence. We have a social responsibility to positively impact the communities in the areas where we have a presence. Our employees form part of many of these communities and gives us even more reason to participate in ways to support lives and provide opportunities.





MATERIALITY | continued

Our stakeholders

Our stakeholders play an essential role in our value-creation process. They are, however, unique and require a tailored engagement approach. Stakeholder groups also have distinct interests and concerns which we respond to. For a comprehensive overview of our stakeholders, refer to
Integrated Annual Report, page 52

		Our focus	Channels of engagement
	Customers	Being responsible towards our 24 million customers	 In person, in store 24-hour call centres Online – including websites and social media
	Employees	Looking after our 142 602 people	 Team meetings Internal newspaper (#OurShoprite) CEO video messages Training Incentive and recognition programmes Direct digital channel to all employees with known mobile numbers (SiyaRinga) Surveys Personal in-store interviews Trade unions
\bigcirc	Communities	Doing the right thing	 Meetings with community and CSI partners Visit to community projects
	Suppliers	Ensuring business continuity	 Meetings Operational sites and farm visits Continuous in-person and other communication Supplier portal Farmer days Supplier awards
	Shareholders, investors and financiers	Investing for the future	 Integrated reporting suite Company website Stock Exchange News Service announcements Investor meetings and conferences Results and other investor presentations Personal meetings and interviews
	Regulators	Complying with laws and regulations	MeetingsAuditsIndustry forumsPolicy consultations
	Trade unions	Finding ways of working together	MeetingsAuditsIndustry forumsPolicy consultations

For more information on stakeholder concerns and our response, refer to 😝 Integrated Annual Report, pages 52 to 55



We understand the importance of partnering with experts to deepen and broaden the impact of our efforts to deliver on our sustainability commitments. Our key strategic partners are:







Food & Trees for Africa (FTFA)



The Lunchbox Fund



The Early Care Foundation



Meals on Wheels



Reel Gardening



Brownie Points Africa



Reconstructed Living Labs



Empowerment Capital Investment Partners



Polyco/Packa-Ching



World Wide Fund for Nature (WWF)

South African Government*

We also work with various sector education and training authorities (SETA) in South Africa and Zambia, and with technical and vocational education and training (TVET) colleges to offer accredited training programmes and workplace experience opportunities.



RISK MANAGEMENT AND COMPLIANCE

The Group's Board oversees the management and performance of enterprise-wide and compliance risks that are managed through a Board-approved Enterprise Risk Management (ERM) Policy and Framework. The risk landscape is reviewed monthly against the ERM Policy and within the current operational context. This ensures the Group remains fully aware of the relevant risks, its risk appetite and tolerance levels for each risk. @ GRI 102-15

Risk management

should be implemented.

Corporate strategy and objectives are aligned with the

(across business units) throughout the Group. The Group's

risk appetite is generally low, except for certain strategic

frameworks setting out what actions should be taken,

and procedures providing instruction on how actions

the Group maintains comprehensive risk registers in

An annual self-assessment, relative to Gartner's best-

compliance with the ERM Policy and Framework.

Through various committees and functional appointments,

practice research, is used to determine and track our level

The Group rated itself at a level 3 out of 5, with 12 internal

Overall functional maturity is the average level of maturity across all activities assessed and included the rating

of risk management maturity. The assessment assisted

with gaining a maturity view from high to low priorities.

business units having participated in the assessment.

Group's risk appetite and tolerances and are linked

vertically (in reporting structures) and horizontally

business development areas. Risks are managed

across the business at all levels through policies,

Combined assurance

The Group has adopted a combined assurance approach closely aligned with the recommended practices set out in King IV. The Board has delegated responsibility for governance oversight of the Group's combined assurance framework to the Audit and Risk Committee, which is required to ensure implementation of the combined assurance model results in fully integrated internal and external assurance activities across the business.

King IV Principle 15

The Audit and Risk Committee has oversight over the effectiveness of the Group's combined assurance framework, in conjunction with the Group Risk and Compliance Manager and the Group Internal Audit Executive, to achieve the objectives of an effective combined assurance framework for the Group. More information on assurance is provided in the Audit and Risk Committee Report in the annual financial statements and in the Corporate Governance Report.

During the year under review we enhanced our combined assurance capability and strengthened our governance oversight of risks. Three new Board members with extensive risk experience were also appointed.

Combined assurance model in the Corporate Governance Report, page 17

Annual Financial Statements: Audit and Risk Committee Report

of operational risk-related activities such as strategy, appetite, resilience, processes, governance and reporting structures, and compliance. Our focus for FY 2022 will be to further mature our risk management capability in line with specific industry standards. 3 The Group's Home Office in Brackenfell, Cape Town, was built in 1997 and since 2021 features the Checkers FreshX Hyper and ShopriteX campus on its doorstep

Ongoing mitigation Health and safety risk Stakeholders () () () MATERIAL MATTERS 2 5 7 Food safety risk MATERIAL MATTERS 3 7 **Business disruption risk** Stakeholders () MATERIAL MATTERS 1 3 8 9 IT and cyber risk MATERIAL MATTERS 1 2 3 4 5 6 8 People risk Stakeholders () () () MATERIAL MATTER 2 **Changing trading environment** MATERIAL MATTERS 4 5 6 7 8 9 Fraud risk Stakeholders () () () MATERIAL MATTERS 1 2 3 4 5 8 Environmental, social and governance risks Stakeholders 🔘 🔘 📳 🗓 MATERIAL MATTERS 2 3 4 5 7 8 Risk description Policies and procedures are set up to manage compliance through a clearly defined combined assurance framework. Non-compliance to adhere to environmental, social and corporate governance

regulation and best practice can lead to financial risk and reputational damage. Unsustainable consumption of natural resources, uncontrolled release of emissions and waste – coupled with social and ethical practices across the Group and our supply chain – can have an adverse environmental, social, financial, regulatory and reputational impact on the business.

Related opportunity

Improving the efficiency of our operations makes us more affordable. Efficient operations use less resources and produce less waste. This makes us more environmentally responsible. The growing awareness of environmental issues and the impact of COVID-19 fast-tracked some supply chain re-engineering activities to further reduce food waste. We use natural resources more efficiently, reduce waste, and embrace more efficient and cost-effective practices. The Group publicly discloses our climate change and water-security risks, opportunities and performances via the CDP platform.

Using a risk-rated regulatory universe ensures the business focuses on all applicable laws, regulations and international best practices that fall within critical, high and medium risk categories. Operationally, the Group receives alerts across jurisdiction on new and amended legislation; engages with regulators and industry forums; focuses on compliance training that addresses critical and high-risk impact legislation; and embeds sustainability principles and practices to address social and environmental issues with a focus on food waste. sustainable packaging, responsible sourcing, water security and

Project and change management risk

MATERIAL MATTERS 6 8

Foreign exchange risk

Stakeholders ()





For further information on the Group's top 10 risks, refer to our Integrated Annual Report, page 46

OUR POSITION ON KEY SUSTAINABILITY ISSUES

As we mature in our approach to specific sustainability-related issues, we have developed position statements. Our position statements summarise and share our stance on these issues with external stakeholders and detail our commitments. This report provides feedback on our progress against our commitments and shows how we are taking action through various programmes. In the year under review, we expanded our position statements to include a position statement on biodiversity. In addition to these position statements, we provide detailed information on our climate change and water security disclosures submitted to the CDP platform. These reports are available on our website.

Position Statement on Climate Change

The Shoprite Group recognises that climate change, driven by global greenhouse gas (GHG) emissions, will directly and indirectly impact our business and the communities in which we operate. The Group therefore supports the United Nations Framework Convention on Climate Change (UNFCCC) goal of limiting global temperature rise to below 1.5°C above pre-industrial levels.

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

- · Reducing 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 **Q** GRI 302-MA and 305-MA
- Climate change energy and emissions, page 62

Position Statement on Food Losses and Waste

The Shoprite Group remains committed to its values of Doing the right thing and doing it right; Saving to share; and Developing local. We recognise and acknowledge the social, environmental and economic impacts of food loss and food waste in all the regions and communities where we operate, hence we remain committed to addressing this complex issue across

Apart from the social issues related to food losses and waste in a region where significant numbers of people go to sleep hungry, the Shoprite Group also acknowledges the wastage of embedded resources (water, energy, land, labour and capital) and the generation of GHGs from landfilling of food waste.

Being a business with heart, the Shoprite Group is aligned to the UN SDGs, and specifically with SDG Target 12.3 that intrinsically aims to halve food waste at the retail and consumer levels and reduce food losses along the food chain by 2030.

Food waste, page 66

Position Statement on Sustainable Packaging

The Shoprite Group takes a customer-first approach in everything we do and acknowledges the growing awareness and interest in packaging - particularly the use of plastic packaging – whether single use or not. We recognise 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.

The Shoprite Group acknowledges the usefulness of packaging, being a primary and key protector of its contents. In the case of food, plastic packaging maintains critical food safety and hygiene levels, helps in the preservation of food, and ultimately in the reduction of food waste. However, we do not support the current linear make-usedispose approach for packaging, but rather a more sustainable circular approach, incorporating all aspects of the value chain.

Sustainable packaging, page 68

Position Statement on Water Security

The Shoprite Group acknowledges that the countries where we operate on the African continent are faced with severe water security challenges, a situation that is likely to be significantly exacerbated by the effects of climate change. The Group recognises that access to clean water remains a human right and a precursor to economic development, notwithstanding the availability of water to maintain the

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

Water security, page 71

Position Statement on Biodiversity

The loss of biodiversity is one of the biggest challenges of our time and the Group's business has an indirect yet high dependency on various ecosystem services, such as pollination, soil, climate and/or water-related services, including the work of various micro-organisms.

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

- Deforestation, biodiversity loss and sustainable land management, page 72
- **Q** GRI 304-MA

OUR ALIGNMENT WITH LEGISLATION AND BEST PRACTICE

The Shoprite Group operates in an interconnected and interdependent environment, nationally and internationally. Within this environment we firstly comply with various legislative requirements in the countries in which we operate. Beyond what is required of us from a legislative perspective, we also support international best practice through alignment with multiple external initiatives. Where relevant, we become a member of industry associations as well as national and international organisations to support sustainability-related issues through collaboration.

Compliance

The Shoprite Group adheres to an extensive list of legislation and regulations. Although this list is by no means comprehensive, it contains the key acts we comply with within South Africa, where we are listed.

- The Companies Act (2008)
- The Consumer Protection Act (2009)
- The B-BBEE Act, as amended (2013)
- The Employment Equity Act, as amended (1998)

External initiatives we support

As a world-class retailer, we endorse and subscribe to several externally developed economic, environmental and social codes, standards, principles and initiatives Q GRI 102-12

- King IV. A report on the application of the King IV Code of Corporate Governance Principles is available on the Group's website.
- The GRI Standards: Core option.
- GRI Index, page 75
- The UN SDGs.
 - Sustainability work mapped against the SDGs, page 22
- The CDP, a global disclosure platform on environmental impacts. Refer to our website https://www.shopriteholdings. co.za/search-results/sustainability-documents.html for our response to climate change and water security.
- The TCFD recommendations on climate-related financial
- Climate-related financial disclosures, page 80
- The 10 principles of the UNGC.
- The Organisation for Economic Co-operation and Development's recommendations regarding corruption.
- The International Labour Organisation's (ILO) Protocol on decent work, working conditions, employment relationships and the educational development of employees.

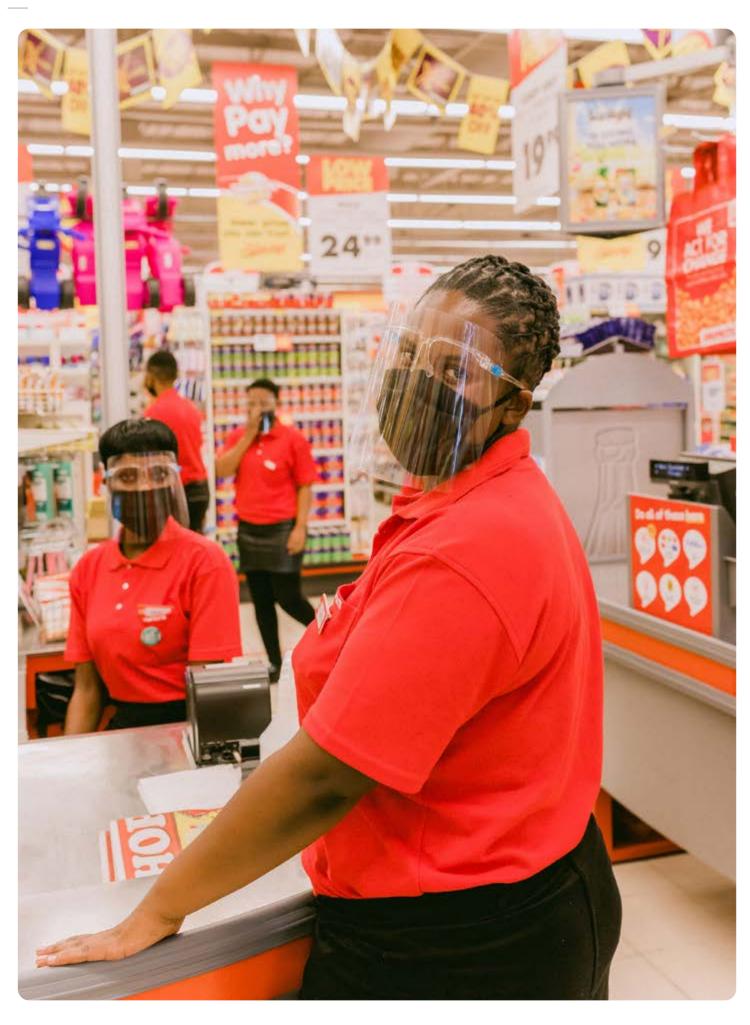
Our memberships

Across our operations, we are members of industry associations as well as national and international advocacy organisations Q GRI 102-13

- Consumer Goods Council of South Africa We are a member of and participate in initiatives related to food safety, crime, health and safety, and environmental sustainability such as plastic packaging and food waste.
- WWF South Africa We are a WWF business network partner.







OUR CONTRIBUTION TO SOUTH AFRICA'S TRANSFORMATION

As a truly African retailer, with most of our operations in South Africa, the Shoprite Group supports transformation in multiple areas within our own operations and within South Africa. Through our operations, we strive to create inclusive value that benefits all within South African society.

Employment equity – hiring and promoting to support equitable growth

By creating sustainable employment, the Shoprite Group supports the communities in which our employees live and work. We train and promote employees to fulfil the skills needs within the Group. Our stores, for example, only appoint employees in new positions as general employees or as Trainee Managers. This means that all employees who progress within the store environment must be promoted from within. Continuous learning is actively encouraged across all levels of employment to fill higher-level management positions as the Group grows and staff turnover takes place.

Employment equity, page 33

Skills development – making a difference in the lives of unemployed youth

The primary driver of our transformational impact is our skills development initiatives which includes our Retail Readiness and YES For Youth programmes. These programmes support unemployed youth by offering practical training that improves employability within the retail sector. Many of the youth we train through these programmes are absorbed into our own operations. The programme also equips those who find employment elsewhere or start their own retail-focused businesses with the skills needed to succeed in the retail industry. This has a tangible long-term impact in the lives of unemployed youth in South Africa.

Training and development, page 34

Supplier development – creating market access opportunities

Our preferential procurement activities, supplier development initiatives and investment in key SMEs enables transformation beyond our own operations. Through preferential procurement we provide SMEs with valuable access to the retail market. This includes blackowned and black women-owned suppliers. We also support and develop suppliers and invest in SMEs which show growth potential.

Supplier development, page 50

communities in which we operate We make a significant impact in the communities in which

Socio-economic

transforming the

development -

in the communities in which we operate through our CSI programmes and food donations. The programmes we implement build resilience within communities and support transformation.

Socio-economic contribution, page 52

Measuring our impact

We monitor our impact in these areas through our compliance with the B-BBEE Act, which measures our contribution to black economic empowerment and transformation in South Africa. The 2020 B-BBEE Scorecard information below reflects our performance in a challenging time. Certain areas of the scorecard, such as skills development, was affected by the COVID-19 pandemic as we were unable to implement face-to-face programmes to their full extent. This, however, did not stop us from delivering successful internal and online training initiatives **Q** GRI 405-MA.

Our 2021 figures will be available on the Group's website once our verification has been completed.

Scorecard

B-BBEE element	Weighting	2018	2019	2020
Ownership	25	7.42	7.82	9.68
Management control	19	8.8	10.71	9.89
Skills development	20	17.82	17.86	11.79
Enterprise and supplier development	42	24.08	24.46	24.18
Socio-economic development	5	5	5	5
Total points	111	63.12	65.85	60.54
Participation in YES Initiative		No	One additional level	One additional level
Final B-BBEE status (after considering the discounting principle and the YES Initiative)		Level 8	Level 7	Level 7

OUR CONTRIBUTION TO THE UNITED NATIONS SDGs

The UN SDGs consist of 17 goals to support urgent issues related to social, environmental and economic wellbeing. How we manage our material issues influences our ability to create, preserve or erode value which ultimately contributes to the SDGs.

SDG		Target	Link to materiality
1 POVERTY Î¥ÎŤÎ	End poverty in all its forms everywhere	1.5	Socio-economic contribution Environmental stewardship
2 HINGER	End hunger, achieve food security and improved nutrition, and promote sustainable agriculture	2.1 2.2 2.3 2.4 2.C	Socio-economic contribution Customer centricity Supply chain resilience and sustainability
4 QUALITY EDUCATION	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	4.2 4.3 4.4	Socio-economic contribution Employees
6 CLEAN WATER AND SANITATION	Ensure availability and sustainable management of water and sanitation for all	6.1 6.3 6.4	Environmental stewardship
8 DECENT WORK AND ECONOMIC GROWTH	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	8.2 8.3 8.4 8.5 8.6 8.8 8.10	Supply chain resilience and sustainability Environmental stewardship Employees Information and technology management Socio-economic contribution Customer centricity
9 MOUSTRY, INCOMPAN AND INFRASTRUCTURE	Build resilient infrastructure, promote inclusive and sustainable industrialisation, and foster innovation	9.2 9.3 9.4	Supply chain resilience and sustainability Environmental stewardship

SDG		Target	Link to materiality
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Ensure sustainable consumption and production patterns	12.2 12.3 12.4 12.5 12.6 12.7 12.8	Environmental stewardship
13 cumate across	Take urgent action to combat climate change and its impacts	13.1 13.2 13.3	Environmental stewardship Employees Socio-economic contribution
14 LIFE BEROW MAJER	Conserve and sustainably use the oceans, seas and marine resources for sustainable development	14.1 14.4	Supply chain resilience and sustainability
15 ONLAND	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss	15.5	Environmental stewardship
PEACE, JUSTICE AND STRONG INSTITUTIONS	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	16.5 16.6	Governance and ethics
17 PARTINESCRIPS FOR THE GOALS	Strengthen the means of implementation and revitalise the global partnership for sustainable development	17.1 17.7 17.16	Relevant to all material matters where we engage with our stakeholders

SUSTAINABILITY MANAGER'S MESSAGE

The Shoprite Group is committed to being a sustainable and responsible retailer. Being sustainable means creating and preserving value, as well as preventing the erosion of value, not only in our own operations, but the communities and environments in which we operate. Our strategy is focused on increasing efficiencies, which reduces our consumption of natural resources and the waste we create, while allowing us to share related cost savings with our customers. This strategy aligns with our purpose of being Africa's most accessible, affordable and innovative retailer.



Our Sustainability Report provides a summary of our progress made against our sustainability plans and our related achievements in the financial year. This year we aligned the structure of our report with our material matters. After a comprehensive stakeholder engagement and materiality determination process, we have identified nine material matters, five of which are explored in depth from a sustainability perspective in this report. The remaining material matters are unpacked in our Integrated Annual Report. Our focus on materiality has also influenced how we report on our contribution to the SDGs.

Our areas of focus

Our employees are the central force that enables us to live our purpose. Through their efforts we build key stakeholder relationships and collaborate with our partners, while ensuring we remain compliant and providing governance oversight in everything we do. Our employees embrace the training opportunities available to them to help us innovate. They also help develop, refine and implement the systems that enable our success. These key enablers are essential in the successful implementation of our sustainability strategy, programmes and initiatives.

The Group is committed to being a sustainable retailer at all levels. The Board is our highest level of governance and is supported by the Social and Ethics Committee, which provides direct oversight of ESG-related matters. Our CEO and Executive Management provide the day-to-day leadership and management needed to drive change in key sustainability issues, including climate change. Our Sustainability team and, indeed, all our employees are essential in reaching our commitments as they enable the practical implementation of our sustainability strategy.

This report, and our commitment to other reporting frameworks and systems such as the CDP, TCFD and GRI, is a testament to their dedication.

Everything we do, particularly from a sustainability perspective, is focused on customer centricity because our customers are as passionate about sustainability as we are. We provide them with affordable, quality products and ensure they are safe in our stores, while being mindful of our impact on the environment. We also support them in making healthier and more sustainable choices in their own consumption. We know that we cannot make meaningful long-term change at the scale needed without supporting our customers in becoming more conscious consumers. Our engagement with our supply chain also supports our sustainability efforts. Many of our suppliers are grappling with the same challenges we face. Through collaboration we can find more sustainable solutions that leverage our supply chain efficiencies, increase business continuity and support local suppliers.

Food security at community and household level is needed to improve resilience against hunger. Food insecurity is being exacerbated due to the COVID-19 pandemic and climate change. We therefore remain committed to making a positive socioeconomic contribution by increasing food security in the communities where we operate through our community-level garden initiatives and relieving hunger through our donation of surplus food. We are also often first responders to man-made and climate change-related natural disasters such as fires, floods and droughts, by supporting communities in adapting to the devastating impacts of these disasters through our Mobile Soup Kitchens.

The COVID-19 pandemic has also highlighted the importance of being agile in responding to a crisis. As the communities we operate in and our supply chain increasingly experience the impacts of climate change, we know that we must be agile in how we adapt to this crisis and do what we can to support the global mitigation effort. In our operations we focus our efforts on increasing energy efficiency and our investment in and use of renewable energy. In adapting to climate change, we build resilience in our operations and in communities through food gardens, renewable energy and water security initiatives.

This year, we have developed our position statement on biodiversity to complement our existing position statements on climate change, water security, sustainable packaging, and food losses and waste. We have made significant progress against our sustainability-related commitments, which form part of our position statements.

Through our CDP and TCFD reporting efforts, we are part of a global network of companies who report on their climate-related risks and opportunities. This year we have also adopted science-based targets to hold ourselves accountable and further strengthen our mitigation efforts. In our operations we continue to explore new technologies and management methods in waste management and refrigeration to reduce our impact. We are also proud to have accelerated our solar PV rollout. Our current solar PV installations generate 0.6% of our electricity.

Looking ahead

As we remain steadfast in our sustainability journey, we will continue to equip our employees with the knowledge and skills they need to realise our sustainability commitments. We will also continue to engage our stakeholders to find new, innovative solutions to the problems we collectively face. Climate change is central in this as increased impacts on our communities and in our supply chain are virtually inevitable. Further increasing our mitigation efforts and assisting communities in building resilience is therefore of critical importance going forward. While we have made progress in these areas, we will continue to explore ways we impact our environment, including on biodiversity.

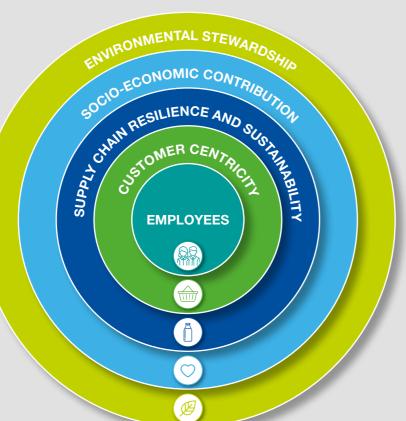


Sanjeev Raghubir Group Sustainability Manager

Talent attraction and retention Equitable growth Training and development Leadership and management for growth Labour relations management Health and safety Affordability across brands Customer experience Customer health and safety Healthy and nutritious food choices Marketing and brand development Reliability of product supply

Ability to manage scale

Local supplier understanding and support





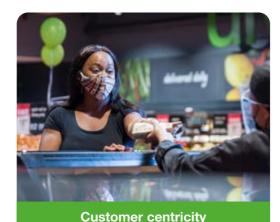
- Contribution to hunger relief and food security
- Early childhood development (ECD) support
- Community support
- Climate change energy and emissions
 Food waste
- FOOU Waste
- Sustainable packaging
- Operational waste
- Electronic waste
- Water security
- Deforestation, biodiversity loss and sustainable land use management
- Chemical use management

G

OUR RESPONSE TO COVID-19

We entered the 2021 financial year with a solid action plan in place and some experience gained at the onset of the pandemic. Our plans and critical safety measures were informed by the governments of the countries in which we operate as well as international health authorities. Although we faced significant challenges, we remain humbled and motivated by the essential role we had to play in providing for the needs of all our customers and in the economies of these countries.

As a Group, we responded in our unique Shoprite way, which we have cultivated within the business for many years. Our agility and proactiveness ensured continuity of our operations as we were able to use existing systems and skills to adapt to the constantly changing regulatory and operating environment.



How we were affected

- Consumers' consumption pattern of products fluctuated throughout the year while basket sizes increased and the frequency of their purchases decreased.
- Customers became increasingly aware of the safety and hygiene of their shopping environment.
- Price consciousness among our customers increased significantly as unemployment and economic pressures increased.



 Our beneficiary organisations faced several challenges – including resource limitations in a time when more people needed them – and difficulty managing new regulations related to the pandemic.

CASE STUDY

CASE STUDY - COVID-19 CARE PACKS

The Shoprite Group provided COVID-19 support to employees and patients in public hospitals in the Eastern Cape, Gauteng, Free State, KwaZulu-Natal and the Western Cape by distributing care packs. Care packs contain snacks, water and essential toiletries such as soap and waterless hand sanitisers. In total, we distributed 15 866 care packs in the year under review. To add a personal touch, these packages include hand-drawn cards from children in ECD centres supported by the Shoprite Group.





 COVID-19 affected local and international procurement as countries across our global supply chain faced lockdowns.



 Even under strict lockdown, our stores remained open. This meant our employees had higher COVID-19 exposure risks than we would have ever thought we would ask of them. How we were affected

How we responded

- We maintained stock availability in our stores to make sure customers got what they came for.
- We maintained our internal food price inflation at 3.8%, below national inflation of 5.4%.
- We continued to offer value for money through our private-label ranges.
- We launched our Xtra Savings in our Shoprite stores.
- We expanded our R5 offering.
- We offered new innovative services including virtual vouchers, Money Market and K'nect to adapt to changing needs.
- We expanded Sixty60 to more stores, increasing the accessibility of affordable home deliveries.

- We supported hospital employees and patients through the donation of 15 866 care packages.
- We donated R138 million to beneficiary organisations in food and goods.
- We provided 46 ECD centres with personal protective equipment (PPE) to support compliance with COVID-19 regulations. We provided 26 of these centres with additional COVID-19-related training.
- We served 4 873 133 hot meals through our Mobile Soup Kitchens.
- Our customers donated R1 409 930 through our #ActForChange Fund to various beneficiary organisations.
- MediRite supported World Hygiene Day through a hand-washing campaign.

- We supported and provided stability to our local suppliers through continued procurement.
- We needed to communicate clearly with suppliers to understand the challenges they faced and to find alternative solutions.
- We worked with supply partners to adjust sources of supply and route to market where required.
- We consulted with various stakeholders throughout our supply chain.
- Our 142 602 employees worked tirelessly to keep our stores open and stayed safe through the implementation of our strict health and safety procedures.
- We increased support to our employees through our employee wellness programme.
- We communicated with our employees through SiyaRinga and through our newsletters.

How we responded

30 EMPLOYEES

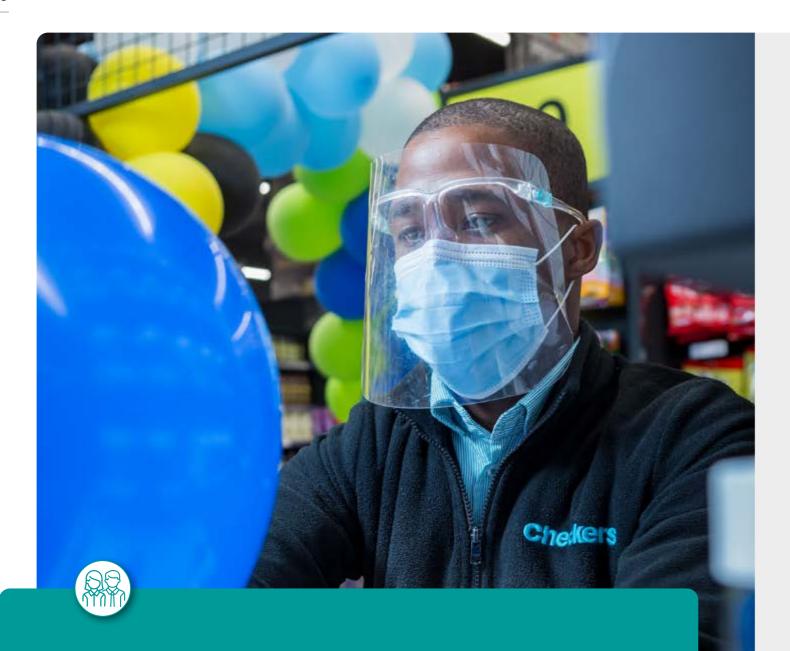
38 CUSTOMER CENTRICITY

46 SUPPLY CHAIN RESILIENCE AND SUSTAINABILITY

52 SOCIO-ECONOMIC CONTRIBUTION

ENVIRONMENTAL STEWARDSHIP





EMPLOYEES

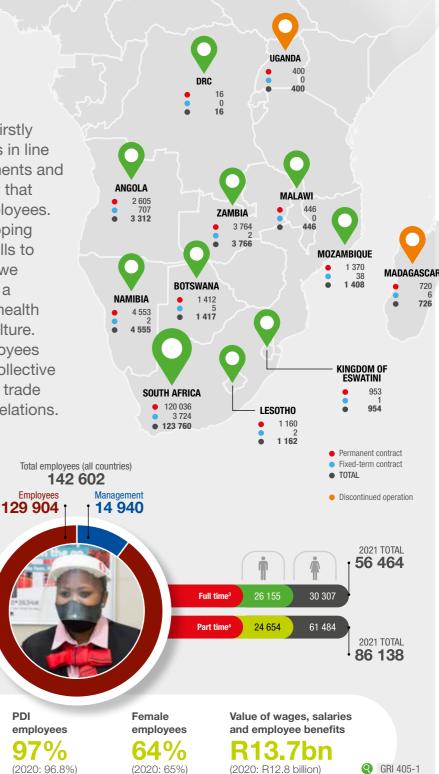
Employees are an integral part of our business as they live our values and purpose. Without them we could not meet our customers' needs or run our operations safely and efficiently. They are the faces of our customer-first culture and make up one of our largest stakeholder groups. Our 142 602 employees - which includes full-time, part-time and permanent and fixed-term contract employees – across our operations in 13 countries enable us to create shared value for all our stakeholders. All our significant activities are performed by our employees. Data disclosed in this report represents employment figures at year end as recorded by our internal human resource management systems Q GRI 102-8.







Through our hire-to-retire model we firstly attract and retain the right employees in line with our employment equity requirements and create a rewarding work environment that supports the wellbeing of all our employees. We then focus on training and developing them to meet the required level of skills to enable us to promote from within as we grow. In everything we do, we create a working environment that prioritises health and safety through our safety-first culture. Finally, we respect the rights of employees to join a trade union and engage in collective bargaining and work with recognised trade unions to effectively manage labour relations. **Q** GRI 401-MA



Employees under the age of 35 **65**%

2021 TOTAL **140 356**

2021 TOTAL

4 488

(2020: 66%)

Average age of employees

(2020: 33)

employees 97% (2020: 96.8%)

(2020: R12.8 billion)



² Fixed-term contract: An employment contract that ends when a specific time period expires, or when a specific task that has a time estimate attached

³ Full time: An employee whose working hours per week, month or year are defined according to national legislation and practice regarding working time.

⁴ Part time: An employee whose working hours per week, month or year are less than 'full time' as defined above.

EMPLOYEES | continued

Talent attraction and retention

Throughout the COVID-19 pandemic, employees have resonated with the job security that the Shoprite Group has been able to offer. Our scale allows us to absorb many of the shocks in our operating environment which would have affected our ability to retain employees. This also contributes to our ability to attract key employees in these difficult times. We do, however, offer our prospective and existing employees something more. We aim to create excitement about individual jobs and about working for the Shoprite Group through various initiatives that benefit our employees beyond their day-to-day working lives.

Focusing on health and wellness

The Shoprite Group supports employees with personal problems and/or work-related stress that may impact their physical health, mental and emotional wellbeing and their work performance through our Health 247 Employee Wellness programme, which has been tailored to Shoprite's needs.

The benefits of our Employee Wellness programme are available to all employees and to their direct family at no cost through telephonic assessments, referrals and short-term counselling. The programme is managed by an independent organisation that offers employees professional and confidential support when they need it most, 24 hours a day, seven days a week. Health 247 service information is shared regularly with store employees on SiyaRinga and through a monthly newsletter. Q GRI 403-6

The programme is built on six pillars.



HEALTH AND WELLBEING

Support in energy, fitness and weight management, injury prevention and recovery, and general health



MENTAL HEALTH

Support to manage stress, anxiety, relationships, work-related matters, bereavement, parental guidance or abuse



TRAUMA

Trauma counselling after events such as robberies, hijackings, rape,



HIV DISEASE MANAGEMENT

Professional HIV Disease Management programme for employees who are



FINANCIAL

Independent financial coaching and debt-recovery recommendations offered by professional financial coaches



LEGAL

Professional legal advice to address legal problems such as letters of demand, divorce, civil proceedings or other legal concerns



"In a challenging year we have managed to increase our total number of employees from 141 452 in 2020 to 142 602 in 2021, demonstrating our ability to attract and retain employees amidst a global pandemic."

Managing staff turnover rates at store level

In recent years our staff turnover rate has stabilised but remains an area of concern. Our Group staff turnover currently stands at 22.4%. In response, we shifted our focus to understanding turnover rates at store level. Losing employees has measurable cost implications and a high turnover rate is detrimental to our company culture as our employees are central to our success.

staff turnover by full-time and part-time employees (all countries)



¹ This number does not indicate headcount increase/decline; it does include new positions created and filled as a result of business growth (such as new store openings and/or new ventures); it excludes outsource and temporary positions.

Updating policies to align with our changing environment

We continuously review policies to support an environment that retains employees. This year we updated our internal human resources policies, sexual harassment policies, social media policies, data privacy policy and our conflict of interest policy. In the upcoming financial year we will review our code of conduct.

CASE STUDY

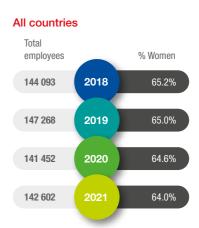
WINNING INTERNATIONAL **AWARDS**

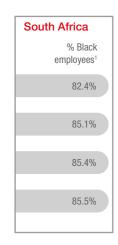
Shoprite's Group Portfolio Management Office (PMO), as South African representatives of exceptional project management skills, won the PMO Africa award in July 2020 and subsequently qualified as one of four finalists in the global competition.

The Group's PMO consists of highly skilled professionals who manage collaboration between all business units and the successful delivery, monitoring and evaluation of projects. They have managed the rollout of the Group's enterprise resource planning (ERP) system across our footprint as well as the highly successful launch of the Xtra Savings rewards programme.

Transformation, diversity and inclusion

We are committed to transforming all spheres of our business, to promote equitable inclusion across our business.





Top Management who are black

Top Management

Reaching the targets set out in our new employment equity plan

Last year marked the end of our previous employment equity plan. Our new employment equity plan came into effect in July 2020, with new targets set for the Group. Throughout the year, the Group continued to work towards achieving its transformation targets. A Group-level internal B-BBEE scorecard has been developed to include divisional targets to enable tracking and monitoring throughout

B-BBEE scorecard, page 21



¹ Shoprite defines black as per the B-BBEE Amendment Act 2013 to include Africans, Coloureds, Indians and Chinese people.

² Not measured or disclosed in 2018 and 2019.

EMPLOYEES | continued

Training and development

Training and development is an essential part of keeping up with changing regulations, the evolving retail environment and ensuring that our employees are able to adapt effectively and serve our customers. We provided training and development opportunities to all our employees across our operations. This is done through a mix of online, classroom and on-the-job training and is tailored to the needs of the organisation, which supports promotion from within Q GRI 404-MA. The following sections, as well as Appendix 2 – which outlines our compliance training - provides an overview of the type and scope of programmes included as part of the Group's training and development programmes Q GRI 404-2 .

Total Rand value

invested in training

R484.7m

Total training hours 2 890 833

(2020: 3 456 101)

Average training hours per employee1

Q GRI 404-1

1 This figure excludes bulletins and alerts, which are curriculum-based rapid learning shared on a weekly basis. Learners on accredited learning programmes **6 429** (2020: 9 342)

Number of learners who successfully completed **a learnership** – **65** (2020: 576)

Number of learners who successfully completed a skills programme – **879** (2020: 4 183)

Using technology to keep classrooms open

The temporary suspension of classroom training in the year under review required that we innovate using technology to ensure our employees are kept up to date with new products and service offerings. COVID-19 safety measurements were shared with our employees through our individual e-learning platform (IEL). In addition, multiple classroom training courses were converted into smaller e-learning modules. When this was not possible, virtual training sessions were introduced and conducted using Google Hangouts.

Management and leadership development training was done in our virtual classrooms. Our Retail Leadership Development, Regional Development and Essential Leadership Development programmes were all presented online. These virtual training offerings were well received and enjoyed by employees.

The Shoprite Group has implemented SuccessFactors Learning as our new standardised and integrated cloud-based learning platform. The first phase of the implementation project kicked off in February 2021 and aims to rebuild all existing e-learning programme data in line with our new job architecture.

The migration to the SuccessFactors Learning e-learning platform will enable the Group to assign courses to employees and allow employees to freely select courses they are interested in from our range of courses developed in-house or from a third-party e-learning content provider. We currently offer 406 e-learning courses, 201 of which were added in the year under review, as well as 121 shorter bulletin courses.

2 740 183

Hours spent by employees on successful interventions on e-learning platforms (2020: 2 201 321)

2 967

Individual e-learning devices (2020: 2879)

Sites with e-learning kiosks 1 423 across our footprint (2020: 1 374)

Focusing on our customer-first culture and sustainability awareness

In line with the Shoprite Group's strategic imperative, we aligned all our learning and development activities with our customer-first culture. We have placed our customers at the centre of everything we train employees to do. This deliberate approach informs our learning and development purpose and focus over the next three years. Customer service training forms part of the foundational learning curriculum for employees.

Internal training is also a key enabler of sustainability within the Shoprite Group. As a result we developed an environmental sustainability awareness course for Home Office employees, bursary holders and Trainee Managers that will be launched in the upcoming financial year. To create awareness more broadly, we celebrate various key environmental events including National Environment Month through our internal communications.

We share information on several sustainabilityrelated issues including energy and water saving on SiyaRinga, while The Good News roundup, sent out to all office-based employees on Fridays, also creates awareness, particularly around CSI and environmentally focused initiatives.

Supporting artisanal training

This year we trained 18 small, medium and microenterprise (SMME) members on venison meat processing in partnership with the Department of Forestry, Fisheries and the Environment. We also currently have 31 employees completing their assistant chef training in our Checkers Hyper Division (2020: 31).

In addition, we offered various other in-house artisanal and fresh training courses; and our Fresh Specialists, Fresh Food Controllers and Managers provided onthe-job training in stores as a result of reductions in classroom training.

Formalising processes in the Shoprite Group's Data Science Academy

Now in its third year, the Data Science Academy has implemented a more formalised and structured approach to work integrated training. This year eight apprentices completed an intensive three-week company and departmental onboarding programme. During the programme, the apprentices completed three projects, which gave them the opportunity to put into practice what they learnt. A dedicated mentor manages activities and ensures exposure to various business units, throughout.

The programme includes formal internal and external courses to guarantee apprentices become competent employees. Through this specialised programme we are able to address scarce and critical skills required. This supports our strategic growth driver of enabling precision retail through long-term capacity building. Data scientists provide valuable insights to the environmental sustainability team that enable datainformed decision-making.

Providing training for persons with disabilities

We support the development of persons with disabilities throughout our training offering. In the year under review 417 disabled employees received training. The training offered included an NQF level 2 Wholesale and Retail Chain Store Operation learnership.

Offering bursaries

The Shoprite Group offers comprehensive bursaries in scarce skills such as pharmacy, chartered accounting, information technology and retail business management. Students who are studying or intend to study towards these scarce skills may apply and, if awarded, the bursaries provide financial assistance towards tuition and on-campus accommodation, and are linked to work-back agreements which secures them employment upon graduation.

Number of bursaries per academic year

241 (2020: 286) Number of bursaries provided to students from Non-RSA countries

(2020: 66)

Value of bursaries per academic year R16.4m

(2020: R16.2 million)

Leadership and management for growth

Ongoing engagement between our senior management and our employees is a key enabler of our success. Management teams communicate with employees through several platforms, including SivaRinga, our employee wellness site, team meetings and engagement sessions. Employees are encouraged to use these platforms to engage and share their ideas and feedback. The pandemic accelerated the use of virtual platforms for continuous communication and engagement across the entire business.

Focusing on employee engagement

In the year under review we established an Employee Engagement Framework supported by various initiatives that will be implemented in the upcoming financial year. One of our first initiatives is an Employee Engagement Survey to determine our employees' satisfaction in terms of our communication, employee value proposition, values and desired behaviour, to name a few.

Developing management capabilities

Management capabilities in the Shoprite Group are developed through face-to-face training, e-learning, self-learning and several formalised development programmes. To further enhance our learning offerings we provide executive coaching to selected individuals who have been promoted to senior positions or who have the potential to be promoted as determined by our succession plans. Through our Talent Development Strategy we focus on critical roles, scarce and critical skills, and equipping our employees with relevant competency-based learning curricula linked to their roles.

This year, for example, tailor-made solutions assisted in the development of key talent in our meat market and IT divisions. We implemented a Supervisor Development programme in our meat market division in Gauteng and the Western Cape to upskill regional and meat market managers.

Employees trained on management programmes and/or short courses - 15 277 (2020: 13 143)

Promoting from within

We encourage employees from all business units to seek training and apply for promotions when opportunities arise. In stores, for example, employees are encouraged to apply for our Trainee Manager programme. This creates opportunities for internal candidates to access the accredited training programme to become an assistant store manager. Promoting from within also gives talented general assistants an opportunity to become controllers, fostering career growth paths in

We continued to focus on trainee buyer development, which has enabled us to appoint successful learners as buyers and promote buyers to central roles in different business units including category management, private label and Xtra Savings. To safeguard further growth opportunities, a new Senior Buyer Development programme was implemented in

In addition, we employed 10 trainee accountants who completed their articles with us, as qualified chartered accountants in financial positions across the Group and appointed nine new trainee accountants. The breadth of experience gained on the programme eases this transition as they are already familiar with processes, systems and key role players within the business. We continue to promote alumni of our Trainee Accountants programme in positions throughout the Group as they continue to excel after completion of the programme.

Employees promoted - 10 496 (2020: 6 579)

EMPLOYEES | continued

Health and safety

The COVID-19 pandemic placed a greater emphasis on worker health and safety across the Group. This positive shift has focused our approach and matured the current health and safety culture within the Group.

Ensuring compliance with relevant regulations

The Shoprite Group supports the health and safety of its employees under various brands through our Health and Safety Policy Statement. Accordingly, our goal is to provide for the prevention of occupational injuries, illness and diseases by building a safe, healthy and secure working environment for all. This is done through the implementation of general health and safety management as well as COVID-19 health management. Q GRI 403-8

Throughout the year we kept up with the rapid rate of change in occupational health and safety legislation surrounding the COVID-19 pandemic while ensuring existing health and safety protocols were maintained. In this challenging time, we maintained this balance through regular proactive engagements with regulators.



Keeping employees safe during COVID-19 pandemic

Our response to the pandemic from a health and safety perspective was led by a full-time Health and Safety team at the peak of the pandemic. This required that we bring new employees up to speed with the culture of the Group and our health and safety systems to achieve departmental integration. Although we faced many challenges in this time, we were able to overcome them while ensuring the safety of our employees.

We successfully developed and deployed COVID-19 protocols that supported employee, contractor and customer wellbeing. Extensive statistical modelling related to the pandemic enabled us to respond effectively.

As the COVID-19 pandemic intensified, the Shoprite Group opened more clinics to support the health and safety of our employees. At the peak of the pandemic we operated 22 mobiles and six stationary clinics within South Africa, supported by additional nurses. Through these clinics we have screened 306 510 employees and contractors in the year under review.

Reducing incidents and accidents

The lost time injury frequency rate (LTIFR) of our supermarkets in South Africa reduced from 12.9 in 2020 to 9.4 in 2021. This reduction is attributed to the increased focus on occupational health and safety throughout our operations. The same trend can be seen in the total injuries recorded in our South African

Fatal accidents: employees	7	1	1	2
	2018	2019	2020	2021
Total injuries recorded (RSA)	2 037	1 940	3 572	2 370
Fatal incidents: public/contractors	6	8	5	2
Lost time injury frequency rate (RSA)*	-	-	12.9	9.4
* LTIFR calculated over 1 000 000 hours.				

Enabling a safety-first culture

We made significant progress in enabling a safety-first culture through our Change the Culture programme. Health and safety is a standing item in the weekly RSA and Non-RSA management meetings. In South Africa a weekly COVID-19 control group, with the CEO as chair, was established at the onset of the pandemic. The Group, which met daily during the peak of the pandemic, now meets on a weekly basis. Non-RSA management meetings also take place once a week.

Q GRI 403-9

Our 15 golden rules to safety continue to be a focus point in the Group's Health and Safety Training programme, specifically in occupational health and safety induction training. The golden rules have also been introduced into contractor compliance information packs. This guarantees

Labour relations management

The Shoprite Group respects the right of all employees to join a trade union and engage in collective bargaining. We continue to engage trade unions in the countries in which we operate, as we have done for more than

Maintaining stable labour relations

Employees have a right to freedom of association and to join trade unions of their preference. Our relationship with trade unions in our various countries of operation remained stable in the year under review as we regularly engage with recognised trade unions on matters of mutual interest which culminates in collective bargaining agreements. To maintain stability and engage proactively, we continued to host quarterly meetings between Shoprite's human resource management team and employee representatives. This supports the proactive identification of potential labour concerns and gives all parties an opportunity to address an issue before it

We have not terminated any existing or recognised any new recognition agreements with any trade unions in the year under review. In South Africa we recognise the South African Commercial, Catering and Allied Workers Union (SACCAWU). About 32% of our South African employees belong to this trade union. In our Non-RSA operations we have recognition agreements in place with 11 other trade unions, with approximately 42% of our employees recorded as members of a trade union **Q** GRI 102-41. Since 2010 the Shoprite Group has been a signatory to a framework agreement with UNI Global Union Alliance, a forum which aims to create a global social dialogue towards the promotion of sound industrial relations.

In our RSA operations, wage negotiations were successfully concluded with SACCAWU during May 2021 and a multi-year agreement which will run until 2023 was concluded. At financial year end we were engaged in negotiations with trade unions in a number of our Non-RSA operations.

Managing unlawful industrial action

In our Namibian operations, we experienced an industrial relations incident with the newly recognised trade union Namibian Food and Allied Workers Union (NAFAU). The Shoprite Group has a longestablished practice of engaging unions prior to the commencement of industrial action. A deadlock was, however, reached with the union over wage increases and a subsequent dispute was declared. The union and its members embarked on lawful industrial action in December 2020 despite many attempts to resolve the impasse.

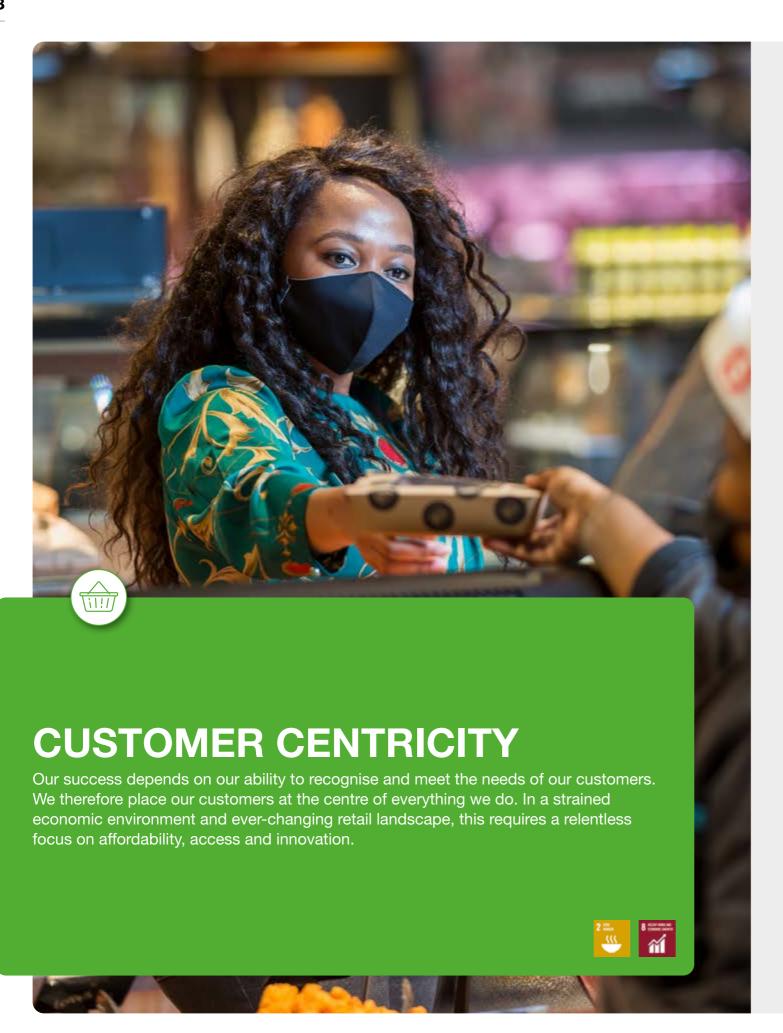
The Group representatives remained committed throughout the industrial action to find a lasting solution to the dispute under the guidance of the authorities. A settlement collective agreement was ultimately reached. In terms of this agreement a wage increase was negotiated for both full-time and parttime employees. This settlement is considered to be favourable in comparison to market competitors.

Communicating clearly in uncertain times

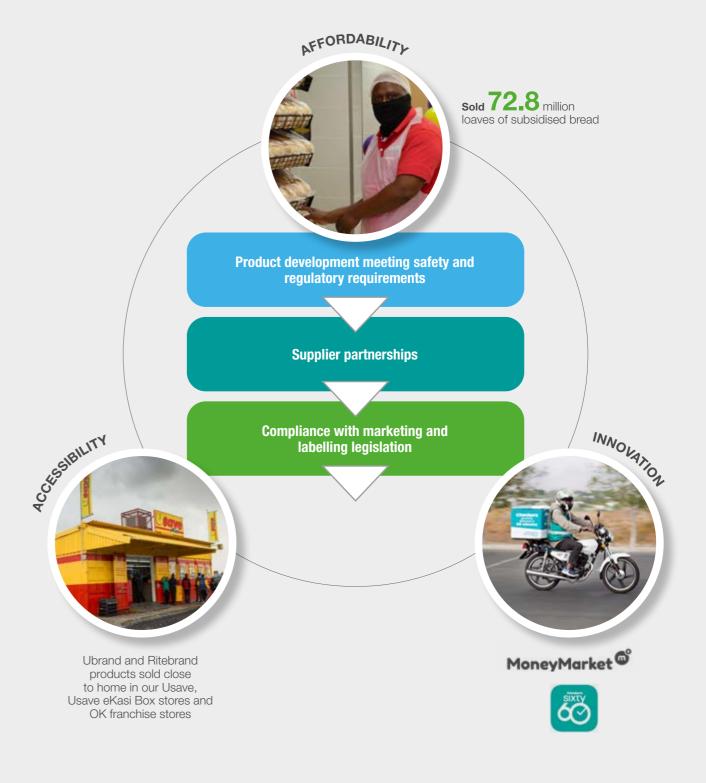
The COVID-19 pandemic severely impacted our ability to engage directly with trade unions. During the financial year, however, we significantly increased our virtual engagement through a weekly virtual meeting with the leadership of SACCAWU during which we focused on COVID-19-related matters as well as general member concerns. These engagements have helped us stay abreast of any possible areas of unease. Having these frequent meetings has proven beneficial and will be maintained going forward.







The diversity of our customer base across geographies and income groups means we must tailor our offering to customers' specific needs. In response, we focus on affordability across brands, an exceptional customer experience, customer health and safety, healthy and nutritious food choices, and marketing and brand development that meets these diverse needs.



CUSTOMER CENTRICITY | continued

Affordability across brands

The Shoprite Group's customers have undoubtedly experienced economic pressures in the year under review. To support them in these difficult times we focused on ensuring affordability across our brands. One of the key factors in affordability is our ability to be as efficient as possible. This not only drives down cost for our customers, but also reduces our environmental impact.

Expanding our R5 offering

Many of our customers need to access basic foods and hygiene items at the lowest possible price, without compromising on quality. In response, Shoprite has continued to expand its R5 offering by leveraging efficiency and scale. In 2021 we offered the following:

- A subsidised 600 g in-house bread selling at R4.99, the same price since its launch in 2016. This year we sold 72.8 million loaves (2020: 63 million).
- Newly launched R5 pack of sanitary pads to keep young girls in school.

Providing affordable private labels

Throughout our private-label offering, we do not compromise on quality. Our Ritebrand and Housebrand products are no exception. Ritebrand tinned products, for example, comply with choice grade quality standards, offering the best for less. All our private-label products are tested monthly to make certain they comply with the quality standards our customers expect. By adding an additional 335 (2020: 411) value and affordability focused private-label products to our private-label offering, we ensured quality products remained affordable.

Personalising savings through our Xtra Savings programme

Following the successful launch of the Checkers Xtra Savings programme in 2020, we rolled out the Shoprite Xtra Savings programme in 2021. The data we gather through our Xtra Savings programme enables us to build customer profiles over time and offer savings tailored to the products they buy on a regular basis. By personalising what we offer to the specific needs of customers, we are able to deliver on our promise of being Africa's most affordable retailer.

- Total Xtra Savings members 20 million (2020: 4.7 million)
- Total customers savings through Xtra Savings More than R5 billion (2020: R874 million)
- % of Checkers sales accompanied by an Xtra Savings rewards card 76% (2020: 63%)
- % of Shoprite sales accompanied by an Xtra Savings rewards card 75%

CASE STUDY

QUALITY YOU CAN TRUST

Shoprite Group private-label products provide customers with peace of mind that they are buying exceptional quality for less. All our Ritebrand, Housebrand and Ubrand private-label products have a money-back guarantee and many have been independently evaluated to be as good as the best for less.

Our Lovies Diapers, for example, provide customers with leading quality. They combine quality raw materials with customer-centred design. This has resulted in diapers that consistently outperform other leading brands in its ability to retain its structure, quick absorption and fluid retention, as confirmed by independent third-party testing.

Our pack of eight individually wrapped Caress sanitary pads also offers customers unbeatable value for money at just R5. The Caress pad features a poly-perforated cover, anti-leak channels, a gel core and wings for a secure fit. All Caress sanitary pads are manufactured in accordance with SANS requirements and the raw materials are FSC certified, giving customers peace of mind.



\$ave

Opening stores closer to home

Our smaller-format Usave and franchised OK Food stores make it possible for customers to shop close to home.

Usave is our no-frills brand which offers a limited range of basic products at the lowest price possible in small-format stores. In addition to our fixed-format stores in communities, we introduced container-store format branded Usave eKasi Box stores. These small and flexible-format stores require only five or six shipping containers and have allowed the Group to open stores where it was previously not viable. We opened nine new Usave eKasi Box stores (2020: seven) during 2021.

Stores sell a limited assortment of goods including Ubrand products across multiple categories, from toiletries and cleaning products to pantry stables such as pasta, canned foods and condiments. By positioning Usave and Usave eKasi Box stores closer to home in underserved low-income communities, customers save on product costs as well as transport. Usave stores serve as an example of how we live our purpose of affordability, access and innovation.



Offering more and more affordable financial services

We offer a variety of financial services to our customers to increase digital financial inclusion, creating an ecosystem that makes their lives easier. This year we supported our customers in 272 million (2020: 285 million) financial services transactions at 2 229 stores (2020: 2 132), through the following initiatives:

- Launched K'nect, our new virtual mobile network. When topping up at Shoprite or Checkers, customers receive 25% more airtime.
- Processed 2.3 million virtual vouchers (2020: 768 568). Virtual vouchers are often used by the Shoprite Group and non-profit organisations to distribute donations to beneficiaries.
- Processed increased volumes of contactless transactions through tap-to-pay and scan-to-pay facilities. Our customers are now also able to make QR code payments at 27 406 payment points (2020: 23 162).
- Paid out 1 090 098 South African Social Services Agency (SASSA) grants to an increasing number of beneficiaries (2020: 1 087 497) and started to support payments to National Student Financial Aid Scheme (NSFAS) beneficiaries.
- Helped customers make money transfers to 95 different countries (2020: 90).
- Extended Money Market to include an e-wallet, which is used by 380 694 customers. The e-wallet can be managed through WhatsApp, USSD messages or the Shoprite app.
- Helped customers save for big purchases and special events through our saving stamps through 4 834 agents (2020: 10 948).
- Simplified deposit fees by introducing a flat fee of R20 for deposits made at our tills.
- Launched an FNB bank card replacement service costing only R60, a first on the continent. This offers FNB customers a low-cost replacement option within our trading hours.
- Partnered with Paymenow, a financial wellness and inclusion platform, to offer customers early access to already earned wages while supporting financial literacy. When wage advances are paid in the form of a Shoprite voucher, no fees apply.

"We offer a variety of financial services to our customers to increase digital financial inclusion, creating an ecosystem that makes their lives easier."

CASE STUDY

CREATING SHARED VALUE THROUGH OUR FREE MONTH-TO-MONTH FUNERAL BENEFIT PROGRAMME

The Shoprite Group launched a free month-to-month funeral benefit programme for all qualifying Xtra Savings Rewards members in 2021. By swiping your Xtra Savings card four times or more in a calendar month on purchases above R100, beneficiaries are eligible for a R4 500 voucher sent directly to their cellphones in the event of a claim. The quick and easy sign-up process does not require a medical check or waiting period and swipes can be tracked on your till slip, through USSD or WhatsApp.



CUSTOMER CENTRICITY | continued

Customer experience

We deliver quality products to our customers at multiple price points, providing all South Africans with access to world-class quality and variety. We also focus on innovations in the services we offer, particularly in online shopping and financial services to meet the needs of our customers in an increasingly digitised world.

Growing our private-label ranges

We offer affordable quality across our private-label ranges. Premium products that focus on quality as well as health wellness can be found in our Forage and Feast, Simple Truth, Oh My Goodness, Foreign Ground Coffee and Private Barrel Whisky ranges, for example. These ranges cater to upmarket customers and fill a gap where customer needs are not being met. Beyond our premium ranges, our Ritebrand and Ubrand products ensure quality remains accessible and affordable to all.

Our private-label brands and product offering has grown by 11.9% (2020: 13.1%) amounting to a total of 717 (2020: 828) new private-label products on our shelves. This brings our private-label offering to 3 501 (2020: 3 878). Private-label participation in South Africa accounted for 18.3% (2020: 17.1%) of sales in participating departments and categories.

"Our private-label brands and product offering has grown by 11.9%."

Expanding our premium in-store experience

We continued our relentless focus on providing customers with a premium in-store experience by opening 13 new FreshX stores. Among these stores we are proud to have opened Checkers Hyper FreshX at Fairbridge Mall and Checkers FreshX at Rosebank Mall. Our FreshX stores offer customers world-class variety with numerous in-store departments including a chocolatier bar with locally made, handcrafted artisanal chocolates and a tranquil shopping experience with wider aisles and seamless floors.

Elevating the in-home dining experience

Customers continued to dine at home in 2021 and were willing to spend more on convenience and indulgences. In response, Checkers launched its new premium Forage and Feast range to provide consumers with unparalleled quality at Checkers and Checkers Hyper stores. The range, which is endorsed by Jan Hendrik van der Westhuizen - South Africa's first Michelin star chef - keeps seasonality in mind and is made with top-quality, responsibly sourced ingredients.

Our Simple Truth range, which launched in 2018 has gone from strength to strength, now offering 196 product lines, 26 of which were added in 2021. In total we added 382 new premium private-label products to our Forage and Feast, Simple Truth and Oh My Goodness, Foreign Ground Coffee and Private Barrel Whisky ranges.

Bringing the best to your door

Sixty60, the Shoprite Group's one-hour on-demand grocery delivery service, has quickly become a leader in home delivery services and is now available in all nine provinces in South Africa.

Sixty60 is an example of how the Shoprite Group innovates to increase access with 233 stores now offering Sixty60 deliveries (2020: 87). This year we launched another South African supermarket first, when Sixty60 introduced a recycling initiative for its brown paper bags. Shoppers can now return their used paper bags to Checkers with their Sixty60 driver the next time they receive a delivery.

Sixty60 has been designed with ease of navigation in mind. Customers who are interested in free-range products, lactose-free and dairy alternatives as well as gluten-free, vegan and vegetarian options are able to find a selection of 'Live Better' products on the Sixty60 app.

Transpharm also increases customers' access to essential medicines by delivering four million packages on average per month.



Helping customers donate

Our #ActForChange Fund was started in

response to our customers wanting to donate to various causes through a reliable channel. Customers can now make a difference by donating at any of our till points.

#ActForChange Fund - customer donations at till point

R1 409 930

(2020: R2 305 246)



Customer health and safety

We ensure customer health and safety in all customerfacing parts of our business - primarily consisting of our stores and our management of the supply chain - to make certain of the quality and safety of our food and products. In our stores we strive to meet regulatory requirements and maintain our internal health and safety standards. This is supported by our continued focus on health and safety training in our operations. Multiple stakeholders influence our ability to safeguard food and product quality and safety throughout the supply chain. Through continued engagement with these stakeholders we endeavour to meet regulatory standards in our countries of operation and international best-practices standards.

Q GRI 416-MA

Building a strong food safety foundation

The Shoprite Group's approach to food safety is built on three pillars. The first places an emphasis on food safety when onboarding new suppliers. The second ensures food safety in our stores through independent audits and subsequent mitigation measures. Lastly, we follow up on customer complaints to identify potential issues on a weekly basis across our operations. Through various food safety interventions, employee training and store hygiene audits, we make sure that food safety remains a key priority.

	Interventions focused on food safety	Employees trained on food safety	Store hygiene audits
2020	249 898	83 962	2 964
2021	1 119 374	53 825	2 820

We have not received any significant negative food safety audit outcomes through diligent compliance with our food safety protocols Q GRI 416-2

During the financial year under review the Group recorded three supplier product recalls. The recalls were managed by our Quality Assurance Department and no customer incidents related to the products have been reported. No private-label product recalls have been recorded.

Ensuring customer health and safety in store

Customer and employee safety is a priority in our stores. In the fight against crime, we take preventative actions and play our role in the arrest and prosecution of criminals. Ensuring criminals are arrested and sentenced serves as a deterrent and ultimately reduces crime.

Our centralised command centre manages these processes and includes an in-house team of former police members and detectives and an expert criminal lawyer. The team uses technology and software systems to manage crime-related risks. For the year under review we recorded a 15% reduction in violent and serious crimes in our stores such as armed robberies and burglaries.

Providing options to conscious consumers

Customers are increasingly seeking healthier options as well as products that have a lower environmental impact to align with their lifestyle choices. We aim to support our customers by making sure these products are easily accessible through our stores.

We share information to support these healthy living trends through our social media channels and through promotional leaflets in our stores. Our #2021DoneWellWithCheckers campaign, for example, featured delicious recipes and partnerships with social media influencers. To support customers in their health food journey we offered discounts on healthy options throughout the year through our Xtra Savings programme.

Supporting plant-based customers

Consumers are increasingly adopting plant-based eating habits for environmental and ethical reasons. By providing these products we are helping customers to be more environmentally responsible.

The Shoprite Group offers a variety of fresh produce and pantry essentials to cater to the ever-increasing number of customers choosing to lead a plant-based or flexitarian lifestyle. To complement these staples our private-label ranges include 102 (2020: 92) vegan products. These products can be found in our Simple Truth and Oh My Goodness private-label ranges. In addition, we support plant-based customers by offering vegan products from the following brands, to name a few.

Exclusive to Checkers:

- Linda McCartney
- Nature & Moi Dairy-free

Other brands:

- Fry's Vegan range
- Violife Dairy-free
- Earth & Co alternative dairy
- Denny Mushroom Plant-based meat alternatives
- Güdness Plant-based cold cut sandwich slices
- Hellman's Vegan Mayonnaise Ready to Braai

Endorsement and certification of our healthy private-label products We value the endorsement our private-label products enjoy from various foundations and certification bodies. In the non-food category, our Simple Truth household cleaning products have received Beauty Without Cruelty endorsement.

In addition, eight of our Simple Truth products, including our wholewheat flakes, peanut butters, gluten-free oats and gluten-free high-protein cereals. are endorsed by the Heart and Stroke Foundation and certified by Diabetes South Africa. Our two Simple Truth gluten-free high-protein cereals have also received low GI endorsement from the Glycemic Index Foundation of



CUSTOMER CENTRICITY | continued

CASE STUDY

SUPPORTING ALCOHOL AWARENESS IN PARTNERSHIP WITH AWARE.ORG

Shoprite and Checkers LiquorShop create awareness and encourage customers to drink responsibly in partnership with aware. org, a non-profit organisation that aims to reduce alcohol-related harm by creating awareness and performing ongoing research. Through various social media campaigns, LiquorShop has reached more than a million customers with our #ChooseToStaySafe message. The Shoprite Group has also supported the Eastern Cape Liquor Board in its campaigns against underage drinking since 2013. The campaign intends to educate communities on the harmful consequences of alcohol abuse, focusing on the importance of saying no to underage drinking and generating awareness about fetal alcohol syndrome.



Marketing and brand development Adhering to responsible marketing practices

Adhering to responsible marketing practices starts in the product development process where the Shoprite Group strives to develop quality and safety-assured products by following a rigorous internal private-label development process. Our food safety, compliance and regulatory team, who manages the process from concept to launch, ensures that our food is sourced from audited and approved suppliers, and complies with the regulations from the Department of Health. This process provides our customers with transparency through our ingredient lists and nutritional labelling.

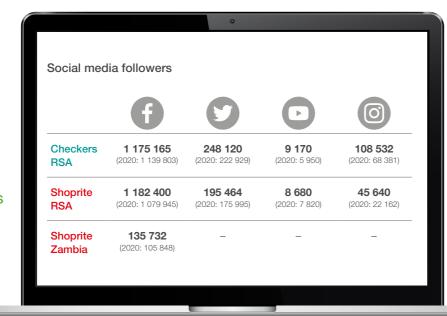
Our food product development team creates a product offering that is tasty with a focus on healthier alternatives. An example of this is our Simple Truth and Oh My Goodness brands, which have been developed with reduced sugar and salt content without compromising on taste. Our products are further marketed in adherence with relevant legislation.

"Our food safety, compliance and regulatory team, who manages the process from concept to launch, ensures that our food is sourced from audited and approved suppliers, and complies with the regulations from the Department of Forestry, Fisheries and the Environment."

Expanding our advertising mix and increasing our social media presence

As the world becomes more digitally enabled, we are expanding the mix of advertising mediums we use to reach customers from all walks of life. While we continue to use traditional platforms, such as leaflets and newspaper advertisements, they are now complemented by digital channels including SMS, WhatsApp and online promotions. Through these digital channels, we offer customers tailored promotions.

We are using numerous digitally enabled channels to increase our interactions with our customers. It is now easier than ever for customers to talk to us and for us to respond. This includes lodging a complaint, paying us a compliment, asking a question or getting more information on a particular topic. We also launched a WhatsApp channel in 2021 for those customers who contact us by phone because they do not have access to e-mail. Sending or receiving pictures and documents is now as easy as sending a WhatsApp.



Developing award-winning brands We are proud of our 19 trusted brands which

We are proud of our 19 trusted brands, which fulfil the needs of our more than 24 million customers.

In the year under review the Shoprite Group received 17 customer awards and awards recognising excellence in several of our brands, exemplifying the strength of our brand:



BCX 2020 Best Digital Innovation Award



MTN's People's Choice Best App of the Year Award (Sixty60)



MTN's Best Enterprise App Awards (Sixty60)



Gold Loerie for Services design (Sixty60)



SMARTIES Gold Award (Sixty60)

SMARTIES Gold Award (Xtra Savings)

MarkLives Most Admired Brand (Checkers)

Memeburn Best App for 2020 (Sixty60)

Truth Loyalty Awards 2020 (Xtra Savings)

Food24 Rated #1 Supermarket delivery App (Sixty60)

2021 Africa SABRE Awards for four superior achievements in branding, reputation and engagement





SUPPLY CHAIN RESILIENCE AND SUSTAINABILITY

In meeting the needs of our customers we rely on an extensive supply chain to provide our various products and services. Our suppliers, as well as our own logistics operations, form part of our supply chain and are managed through our fully integrated ERP system, spanning across our local, import and export activities. Taking a holistic approach in our supply chain allows us to take advantage of synergies and efficiencies in planning, procurement and distribution. This not only lowers costs, but enables us to keep our affordability promise, while reducing our environmental footprint. Our investments in technologically enabled systems and infrastructure ensures we are able to maintain these high levels of efficiency. Q GRI102-9

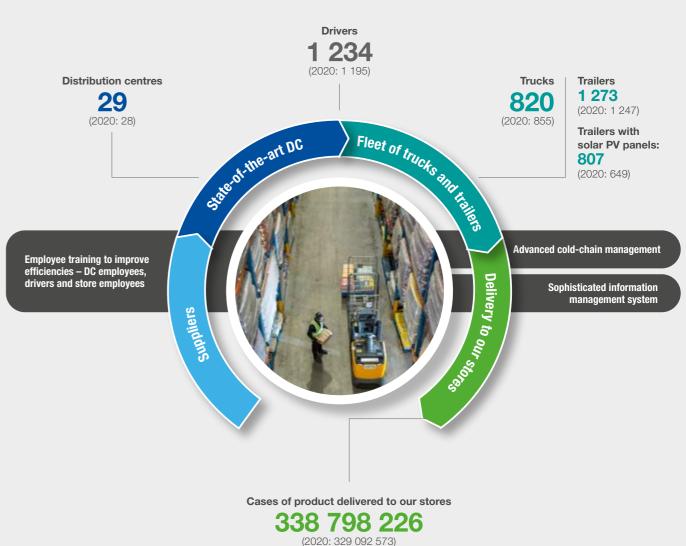








How our **supply chain** enables retailing



SUPPLY CHAIN RESILIENCE AND SUSTAINABILITY | continued

Reliability of product supply

As we continue to grow our operations to provide more customers with the products they need, we must make certain our supply chain remains reliable. Through our 42 years of retail experience we have learnt the key to this remains strong relationships with our suppliers.

Nurturing long-term local supplier relationships

Our supply chain was put to the test on a regular basis as a consequence of the unpredictability of the COVID-19 pandemic, subsequent changes in regulations and a volatile operating environment. Our mature and resilient centralised supply chain infrastructure, coupled with long-standing supplier relationships in the countries where we operate and through clear communication internally and externally, allowed us to overcome these challenges.

Building a reliable distribution centre network

Our centralised supply chain enables greater efficiencies across our footprint. Within this model, suppliers deliver to 29 distribution centres (DC), from which products are picked and dispatched to our stores. This challenging year of travel and lockdown restrictions reaffirmed that having a centralised distribution network enables a faster response and more consistent supply and service to our supermarkets. This further supports our continued focus to expand our centralised DC infrastructure to support the growing needs of the business and our supply base.

Our network of DCs makes certain we are closer to a wide variety of suppliers and that our DCs in turn are closer to our stores. This ensures we have the shortest, most agile and responsive supply chain in South Africa. By shortening our supply chain, we can reduce the carbon footprint of the products we sell while supporting smaller local producers. This also reduces transportation costs and helps in our endeavours to supply high-quality fresh produce to all our brands at affordable prices.

CASE STUDY

GROWING SMALL BUSINESSES

The Shoprite Group supports small-scale farmers to grow their enterprises from part-time ventures into lucrative businesses. Elias Pangane's vegetable and macadamia nut business is one such example. Elias has gone from supplementing his family's groceries through his backyard farm to running a farm that employs 34 people within his community and supplies fresh produce to the Shoprite Group. His passion for agriculture has also influenced his five children, two of whom are now pursuing degrees in related fields at the University of the Free State.



Ability to manage scale

The Shoprite Group operates at a scale and level of complexity that requires continued engagement with our suppliers and detailed monitoring. This is done through our sophisticated and efficient supply chain management system, which ensures optimum availability of products in stores.

Monitoring our ability to manage scale Improving efficiencies at the scale we operate supports our promise to continually provide our customers with affordable products while reducing our environmental impact. Operating efficiently has always been part of our DNA. Our management system, which includes a balanced scorecard approach, supports efficiency throughout our operations.

When we manage scale effectively, there is stock available when and where our customers need it. This is measured through our on-shelf availability which reached 97.8% in our South African stores in the financial year.

Our ability to manage scale impacts the environment. By keeping inventory levels low we reduce the resources needed to transport, store and manage inventory while also optimising shelf life and freshness for our consumers. This approach also reduces the amount of waste created. As we become more efficient in how we manage inventory and our logistics operations, we not only support pricing and our value proposition, which is critical to the Group, we also reduce our overall environmental impact as a result.

Considering contingencies beyond our

While we have been able to manage existing and emerging challenges in our supply chain, resulting in few disruptions during the year, we became increasingly aware of the challenges our suppliers face and the direct impact this has on our operations. Therefore. we intentionally increased our engagement with suppliers to collaborate and understand their contingency plans and how they might manage a range of potentially disruptive scenarios, with our involvement and support.

Local supplier understanding and support

The Shoprite Group prioritises supporting local suppliers wherever possible. This not only enhances our ability to contribute to local economies and develop local and small suppliers, but it also reduces our environmental impact.

Supporting local procurement

In this financial year we moved procurement of private-label grocery ranges with a sales value of R269.6 million to local suppliers. We are proud that 87% of our private-label grocery range is locally produced. In developing private-label ranges, we prioritise local suppliers. It is only when local supply does not meet demand – or where production is geographically bound, such as rice - that we source outside of South Africa.

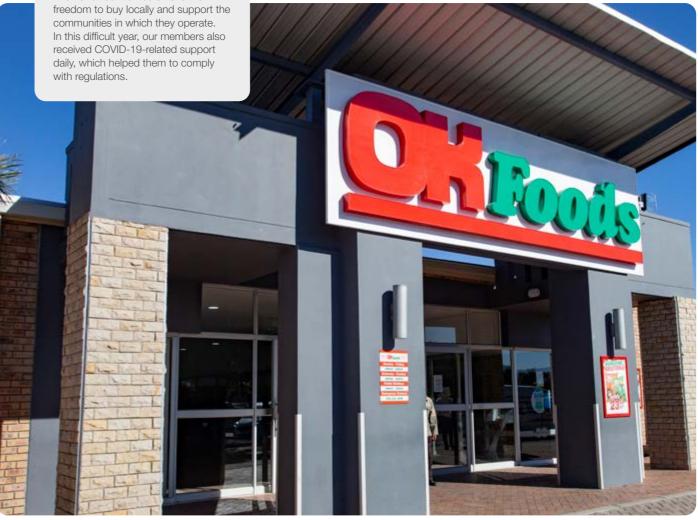
Providing franchised stores with the best of both worlds

Our OK franchised stores benefit from the Shoprite Group's scale, providing customers with quality and affordability while benefiting from our supply chain infrastructure, systems and resources. The franchise members have the freedom to buy locally and support the communities in which they operate. In this difficult year, our members also received COVID-19-related support daily, which helped them to comply with regulations.

Building a resilient supply chain through diversification and support

The Shoprite Group estimates that we do business with three times more local growers than other South African retailers. We currently negotiate directly with 437 growers in South Africa (2020: 421); 219 of which are SMEs¹ (2020: 213) that supply produce to the value of R340 million (2020: R327 million). In Non-RSA countries we work with 725 growers (2020: 914) which supports affordability for our customers and grows local economies in the countries we operate. This level of diversification supports a wider network of growers while reducing the risk of not being able to source produce when we need to. In a changing climate increasing adaptability through diversification is essential in building a resilient supply chain.

We also help build a resilient supply chain through our Farmer Days, when we engage with farmers on a variety of topics ranging from food safety to water conservation. During the financial year we were unable to continue Farmer Days owing to COVID-19 regulations. We are, however, committed to once again providing local small-scale farmers with support through our Farmer Day initiative.



¹ As defined by the Revised Schedule 1 of the National Small Enterprise Act, 1996 (Act No. 102 of 1996).

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SUPPLY CHAIN RESILIENCE AND SUSTAINABILITY | continued

Supplier diversity and development

The strength and resilience of our supply chain lies in its diversity. The Shoprite Group has built a network of suppliers across our operations that is able to supply what we need with few exceptions. We are also proud to contribute to the growth of many of our SME suppliers.

Supporting preferential procurement

The Shoprite Group promotes diversity among its suppliers and supports their development by focusing on growing our expenditure on SME suppliers, with a particular focus on black-owned and black womenowned suppliers. To support this, we have set internal preferential procurement targets. By providing access to market we give SMEs the opportunity to grow their businesses. As our market share grows, so does our need to ensure our shelves are continuously stocked with quality products that meet our customers' needs. This further drives us to build partnerships with diverse and innovative suppliers.

	2020	2021
% growth in expenditure on SMEs	(22.2%)	32.0%
% of supplier spend on black-owned SMEs	1.34%	1.78%
% of supplier spend on black-owned suppliers	7.43%	9.16%
% of supplier spend on black women-owned suppliers	4.38%	5.54%
% of supplier spend on SMEs	3.56%	4.68%
Total funds allocated to Thuthuka Nathi Ventures	R85 million	R94 million
Funds committed to future SME development initiatives	R9.5 million	R50 million
Spend on black women- owned suppliers	R4.8 billion	R8.5 billion

CASE STUDY

GROWING PROMISING BRANDS

The Shoprite Group has supported Nutribunny, a Zambian health and convenience food producer, to grow from supplying a range of four wraps, to more than 120 products. Nutribunny, which launched in two of our Zambian FreshX stores in April 2020, consists of two brands: Health Me Up and Heat Me Up and plans to develop the range to include healthy meal options for kids. Examples of its products include vegan butter, healthy salads, creamed spinach and mini quiches.

Throughout this growth phase, the Shoprite Group provides guidance and support in brand design, food safety certification and business development through a collaborative process. As Nutribunny's production capacity grows, we will support expansion to more Shoprite stores.

Investing in SMEs

Our experience within the retail sector places us in a unique position to help nurture and grow SMEs to become large-scale suppliers. In 2019 the Shoprite Group launched an investment solution, Thuthuka Nathi Ventures (Pty) Ltd in partnership with Empowerment Capital Investment Partners (Pty) Ltd. Thuthuka Nathi Ventures supports the transformation of suppliers into 51% black-owned companies and provides expansion capital to 51% black-owned suppliers that have a proven record of financial and operational performance. A total of R94 million has been allocated to Thuthuka Nathi Ventures and we have successfully deployed R64.1 million of that capital

To date we have made three large equity investments:

- LBB Foods is a 51% black-owned food manufacturing company based in Cape Town, focused on supplying retailers with quality specialty foods. Invested R16.6 million to date
- Red Baron Agri is a 51% black-owned hydroponics tomato company, based in the Eastern Cape, focused on growing, packing and marketing vine-ripened and standard tomatoes. Invested R17.5 million to date
- Zulzi On Demand is an 87% black-owned delivery platform focused on delivering goods from multiple categories of stores including groceries, liquor, pharmaceuticals and restaurants to your door in under an hour. Invested R30 million to date



Allocated funds are deployed by means of equity investments into suppliers that:

- Demonstrate a strong willingness to participate in the ongoing transformation and development of their company
- Have successful track records in delivering a product or service in the South African market
- Complete a due-diligence process which serves to validate the commercial opportunity offered
- Offer sustainable returns to all shareholders

Benefits to suppliers:

- Provide unbiased real investment funding to suppliers, or to their shareholders, based on current and historical performance criteria
- Assist suppliers to meet compliance targets in a manner that best suits their business
- Incentivise suppliers to do business the 'right way' with real transformation support, rather than the 'easy way' through the exploitation of potential loopholes
- Support ongoing growth in the supply chain with the support of financial experts who understand the complexities of doing business in the SME market segment

Our investment focus remains on providing SMEs with financial capital and access to the formal retail market. We stay true to the founding belief of Thuthuka Nathi – to 'develop' or to 'build and grow with us'. Our Executive Management has supported our equity investment partners to continue to grow, even in the challenging times brought by the COVID-19 pandemic. In the year under review the Group allocated an additional R9 million to Thuthuka Nathi Ventures which was utilised to further scale the operations of Red Baron Agri.

A further R50 million was committed during the year under review for future SME development initiatives.

Transparency and accountability in the supply chain

Engaging suppliers on social and environmental issues

In addition to addressing our own environmental impacts, Shoprite works with suppliers to improve environmental performances across the supply chain. In the reporting period we initiated an annual Supplier Sustainability Survey as part of the supplier engagement initiative to gain a better understanding of our suppliers' environmental sustainability programmes. We received 137 responses. The survey addressed all material environmental issues including climate change, water security, sustainable packaging and responsible sourcing.

The outcomes of the survey indicated that we need to further engage with suppliers to:

- collaborate on environmental sustainability programmes to leverage scale and impact; and
- build capacity on issues like climate change mitigation and adaptation, and sustainable packaging.

Understanding the issues our suppliers monitor and manage allows us to better understand the supporting role we could play as well as the risks and challenges we may encounter in our supply chain. The Shoprite Supplier Sustainability Survey will be conducted annually going forward.

"In the reporting period we initiated an annual Supplier Sustainability Survey as part of the supplier engagement initiative to gain a better understanding of our suppliers' environmental sustainability programmes."

Expanding our free-range offering

This year we expanded our free-range offering to include free-range chicken as part of our Simple Truth range. This builds on our existing lamb, venison and ostrich offering.

We have also expanded our partnership with Farmer Angus, which supplies free-range eggs, to include a new range of charcuterie. Charcuterie is an artisanal meat, cured without added nitrates and nitrites. Farming methods used in both product lines include regenerative agriculture that prioritises health, quality and environmental concerns.

Supporting sustainable seafood

We continued our partnership with the WWF's Southern African Sustainable Seafood Initiative (SASSI) which promotes the sustainable procurement and consumption of seafood. The Shoprite Group has committed to SASSI's voluntary compliance framework for procuring its seafood products. In 2017 we committed to supplying and buying only sustainably sourced seafood products for our frozen private-label ranges. Beyond our own operations we intend to support smaller suppliers in adopting more sustainable fishing practices through training.

% of sustainable fish products as per SASSI quidelines

91% (2020: 90%)

Sourcing responsibly produced products and ingredients

Our private-label fresh foods department continues to prioritise responsibly sourced products under specific brand principles, namely:



confectionary and hot chocolate ranges.



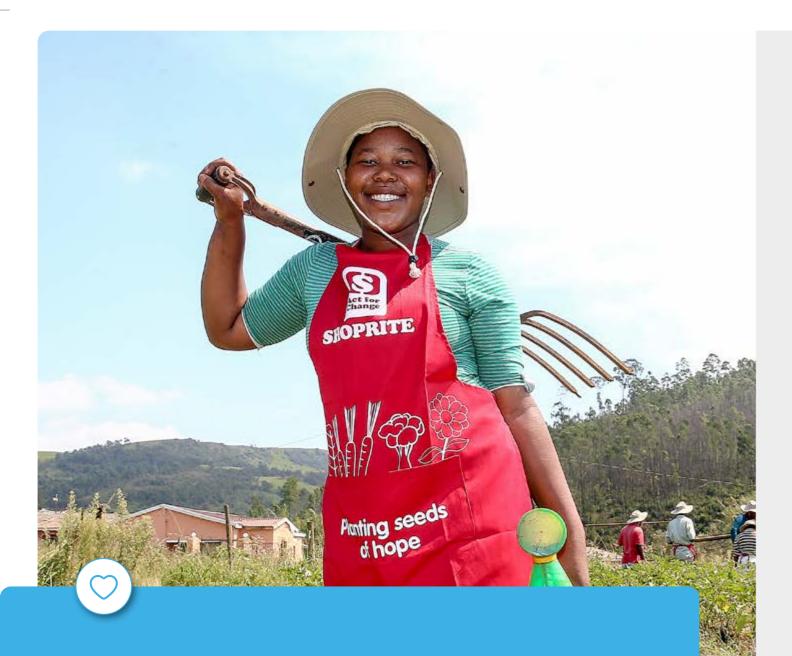
Simple Truth

Our entire range contains sustainably sourced palm oil certified by the Roundtable on Sustainable Palm Oil.

Fresh, convenience and bakery products

The cocoa powder used in most of our bakery products is UTZ certified.





SOCIO-ECONOMIC CONTRIBUTION

The countries in which we operate generally consist of communities that do not have sufficient resources to provide the basic needs of all community members. We consider ourselves part of these communities and see these unmet needs as an opportunity to make a difference in the lives of the most vulnerable in society. By focusing on these needs we can give back to the communities that enable our success.







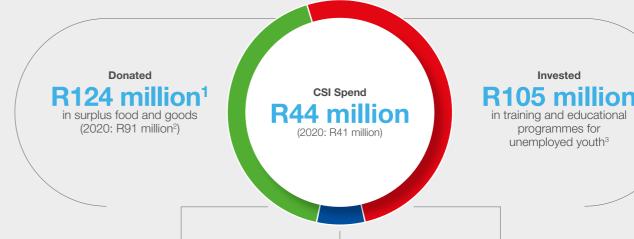




We invest in these communities through CSI programmes, surplus donations, and training and educational programmes to meet their most basic needs. Our CSI programmes are focused on hunger relief and food security, ECD support and broader community support, while our training and educational programmes focus on skills development and youth unemployment @ GRI 413-MA. We primarily implement local community development programmes at Group level. This benefits communities since we leverage our group efficiencies of scale to bring about change aligned to broader community needs @ GRI 413-1.

R274 million

invested into the communities in which we operate in RSA



Community support R18 493 381 (2020: R21 119 642)

Total investment into communities as % of net profit after tax (NPAT)

Early childhood development R2 994 862 (2020: R2 810 043)

Hunger relief R22 621 892 (2020: R16 907 272)

Served 4 873 133 hot meals through our Mobile Soup Kitchens

Supported 146 community food gardens to build community-level food security since inception of the programme

Supported 103 ECD centres. benefiting 5 062 children

Served 152 795 meals per day to vulnerable communities through our CSI programmes

Surplus donations are recorded at cost price.

4.9%

- ² The 2020 surplus donation reported in our 2020 Sustainability report of R95 158 009 included surplus donations from RSA and Non-RSA. The figure now reflects
- 3 Includes spend on the Retail Readiness Programme (RRP) and Youth Employment Services (YES) Initiative.

SHOPRITE HOLDINGS LTD Sustainability Report 2021

SOCIO-ECONOMIC CONTRIBUTION | continued

Contribution to hunger relief and food security

We address food security and assist in hunger relief through various programmes. Our food garden programmes strengthen food security within communities while we also provide food to those in need through our surplus food donation and emergency response initiatives such as our Mobile Soup Kitchens. While we recognise the scale of our impact as a large organisation, we collaborate with other organisations to amplify our contribution to hunger relief and food security.

Growing our community food gardens

The COVID-19 pandemic had a negative impact on these initiatives as beneficiaries struggled to access gardens and in-person training opportunities were limited. Despite these challenges, we persisted in providing support at community and household level. Our support enhanced food security and provided much-needed skills training and employment opportunities. Since inception we have supported 149 gardens through R34 million in investments. This includes R8 million invested in this financial year.

Our food gardens benefit communities by building community-level food security and climate resilience and by providing an income to beneficiaries in difficult times. We trained 2 560 community members in food gardening (2020: 571). Of these, 14 of our food gardens had surplus produce that they were able to sell through our Market Days. We hosted five Market Days this year. We are also exploring opportunities to add produce from our community food gardens to further fortify soup from our Mobile Soup Kitchens, which would provide an income to our garden programmes.

Our various garden initiatives had an indirect impact on 16 950 beneficiaries (2020: 8 873) and since inception our food gardens have had an indirect impact on 45 480 beneficiaries. In the year under review 846 432 meals were served through our food gardens (2020: 638 736), while our household garden programme provided 122 544 meals (2020: 21 988) to beneficiaries. In total, our food gardens produced a harvest of 66 403 kg (2020: 34 595 kg).

Community	food	gai	rdens
established	- So	uth	Africa

olished – So	outh Africa	2020	2021
	Production gardens		12
	Social gardens		9
	Learning gardens	15	6
	Household gardens	260	2 074



Supporting food gardens at home

In order to address food security at a household level we equip community members with Garden in a Bucket and Reel Gardening kits that enable them to start their own household food gardens. Each kit contains essential garden resources such as a variety of seedlings, fertiliser and garden tools. Members are also provided with the necessary training to help them maintain their gardens. Each kit secures produce for a family of four for a year. We reached 2 074 homes, or 8 296 beneficiaries, through our household food garden programme (2020: 260 homes, or 1 040 beneficiaries), exceeding our target for the year of reaching 900 homes.

Planting trees to build climate resilience and support food security

The Shoprite Group has supported the Avian Park Community Garden Club and household gardens since 2018. The garden is located in Avian Park, Worcester and frequently donates produce to soup kitchens, ECD centres, schools and senior citizens in the community. We further expanded our support of the Avian Park community with a donation of 500 indigenous and fruit trees, through the Trees and Gardens for Home campaign. Through this campaign 250 community members each received two trees one indigenous and one fruit tree – as well as introductory training on how to plant and care for their trees. Apart from the environmental and skills development benefits, the campaign offers shortterm employment for the project members of the Garden Club.

Donating food daily

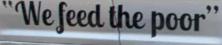
The Shoprite Group donates surplus food that is fit for human consumption on a daily basis. The donation of surplus food aligns with our hierarchical approach to reducing food losses and waste. It creates an environmental benefit by reducing waste and a social benefit by alleviating hunger. Reusable surplus food collection boxes are used to transport food, helping to further reduce the environmental impact of food waste.

Throughout the donation process all donated food items are tracked so that we are able to monitor our impact. Beneficiary organisations are identified, after which they are vetted internally and audited externally to ensure they can safely store, handle, prepare and serve all donated food.

We set a target of supporting 450 beneficiary organisations with R100 million in surplus donations, including non-food donations. We are proud to have met these targets by supporting 452 beneficiary organisations (2020: 401) with donations to the value of R138 million (2020: R95 million). These donations have enabled us to serve 40 684 855 meals (2020: 28 995 071 meals).



"He defended the cause of the Poor and Needy Jer. 22:16.



Disaster resilience and preparedness

As the communities in which we operate experience more natural disasters, we assist in adapting to this new normal through disaster resilience and preparedness. Our Mobile Soup Kitchens are often first respondents to communities in distress. We support those in need through 26 Mobile Soup Kitchens in South Africa, and three in Non-RSA countries including Angola, Namibia and Zambia. Since establishing our Mobile Soup Kitchen initiative in 2007 we served more than 48 million meals; 4 873 133 in the year under review.

Our soup kitchens are rapidly deployed in times of disasters. This year we responded to the disaster situations including:

- Cape Town fires we supported the Winelands Fire Protection Association and University of Cape Town students
- Booysens, St Francis Bay, Masiphumelele and Khayelitsha fires we supported victims of the fires
- Floods in the Overberg district we supported flood victims
- Jarman Hall we provided meals to the homeless since the outbreak of the COVID-19 pandemic

Addressing food losses at agricultural level through our network

We made good progress in developing a closer relationship with beneficiary organisations to gain a better understanding of the challenges they face. While we know we are able to make a significant impact through our donations, we recognise that food waste often occurs at agricultural level within our supply chain. In response, Freshmark has started to play a role in linking our beneficiary organisations directly with fresh produce suppliers. In the year under review Freshmark facilitated direct donation to 11 beneficiary organisations. Through our understanding of and intervention in the network in which we operate, suppliers are now able to send surplus food directly to beneficiary organisations, ultimately reducing waste at agricultural level and alleviating hunger.

Facilitating food donations through supplier partnerships

We continue to partner with suppliers to enhance what we offer to beneficiary organisations. This includes soup, bread and other food donations to our Mobile Soup Kitchens from Mars, Albany and Sasko, and food donations to our ECD centres from Kellogg's. Through these partnerships we support mutually beneficial relationships between suppliers and beneficiary organisations.



SOCIO-ECONOMIC CONTRIBUTION | continued

Early childhood development (ECD) support

Our key objective in providing ECD support is to enhance the ECD journey for children as well as employees' children. We do this by partnering with ECD centres to ensure adequate nutrition in the meals they serve, practitioner skills training and development, and by providing educational resources.

Our core focus for this year was to support existing ECD centres in our network in managing the impact of COVID-19 through continued meal and training provision, and to improve infrastructure and resources available to them.







Providing ECDs with critical infrastructure and nutritional support

We continued to support 103 ECD centres (2020: 109), benefiting 5 062 children (2020: 5 907). One of our supported ECD centres is located in Legatho.

Our priority in supporting ECD centres is to create an environment where learning can take place. We address this by providing critical infrastructure upgrades and resources which supports a clean and safe environment. This year we supported 23 ECDs in infrastructure development in partnership with NewKidz, a non-profit organisation focused on maintenance and upgrades in ECD centres, which also supports local small-scale suppliers and contractors.

We also focus on nutrition and provide a meal to children up to the age of five years. We partner with The Lunchbox Fund, a non-profit organisation focused on the nutritional needs of children, to make sure all meals are nutritionally balanced. During the year we supplied 291 837 nutritionally balanced meals to children in supported ECD centres (2020: 785 676).

Supporting practitioner training

All ECD centres receive support through the C.A.R.E. and Money Management programmes, presented by the Early Care Foundation, which focuses on training practitioners to develop their day-care centres into safe, stimulating places of care for children in the community. The C.A.R.E. programme provides practitioners with training on early childhood nutrition, learning and day-to-day classroom activities, while the Money Management programme provides ECD principals with training that supports the financial sustainability of the ECD centres.

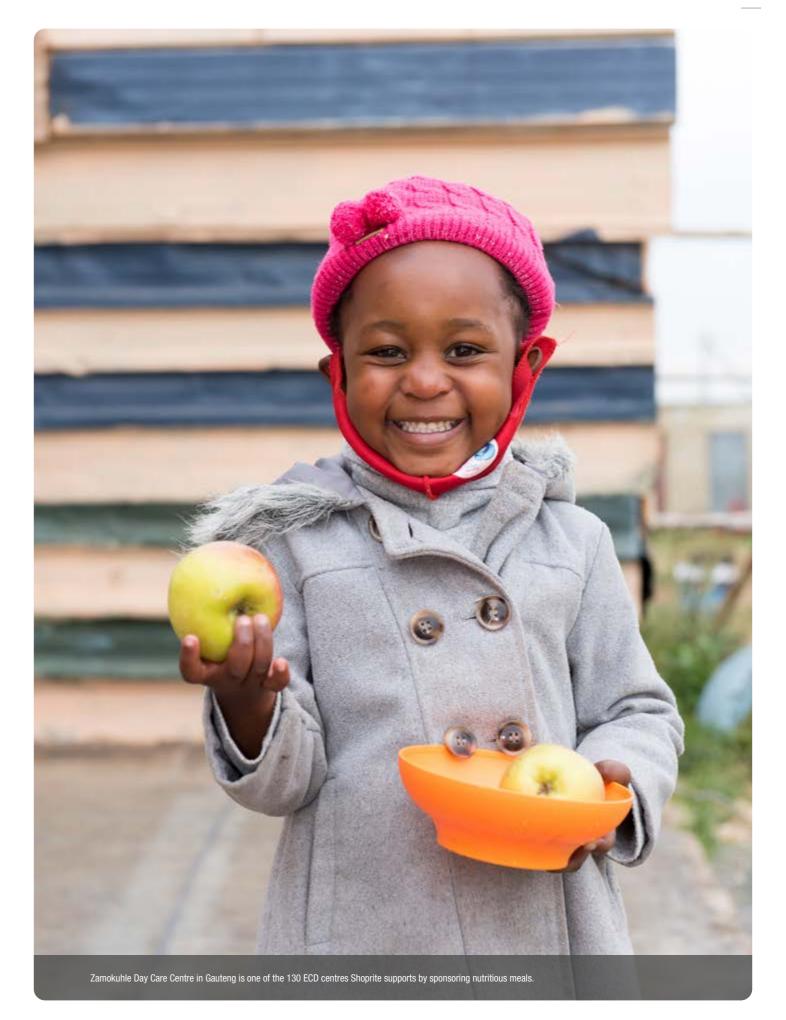
These programmes, along with our support of critical infrastructure, move ECDs towards Department of Social Development compliance and registration.

Offering COVID-19-specific support

ECD centres faced several challenges in reopening once lockdown restrictions were eased. In response, the Shoprite Group provided PPE and training to practitioners on compliance with new regulations.

As part of World Hygiene Day, MediRite launched a hygiene drive among 10 schools on the East Rand. Through this initiative young schoolchildren were taught the importance of handwashing in the fight against the coronavirus as well as the appropriate handwashing technique. The children received kits containing hand sanitiser, soap, face masks and wipes, while schools also received sanitising stands and soap.

An informative video was produced as an age-appropriate tool for caregivers to engage the learners on a regular basis. Through the Early Care Foundation, we distributed the video and worksheets to ECD centres in the North-West province and Mpumalanga. Word of mouth quickly spread, and the worksheets and video have since been sent to other ECD centres via our CSI mailbox.



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SOCIO-ECONOMIC CONTRIBUTION | continued

Community support

Communities are at the core of our business as they are made up of our customers, suppliers and our employees. We support our communities in ways that address their unique needs.

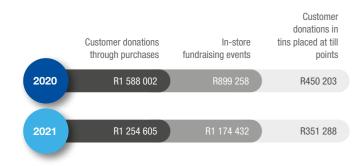
Encouraging employee volunteerism

The Shoprite Group encourages employee volunteerism through multiple communication platforms including SiyaRinga and our internal newspaper. We encouraged employees to engage with our #ActForChange campaign in which we aim to build and support the resilience of the communities in which we operate, while creating shared value for our stakeholders. This year more than 276 acts in support of this initiative have been recorded by our employees.

Our employees are also active volunteers within their communities and we continue to support them through our Business with Heart initiative. Through this, we match donations made by our employees.

Raising funds for various initiatives

Beyond the direct support we provide to various CSI ventures, we also support fundraising initiatives for other worthy causes. By using our extensive footprint and scale, we raise funds via customer donations through purchases, in-store fundraising events and customer donations at our till points. We then distribute collections to local vetted NGOs across South Africa. During the year we distributed funds to Gift of the Givers, Meals on Wheels, Operation Hunger, Red Cross EC, Red Cross WC, Rise Against Hunger, Table Mountain Fire and The Solidarity Fund.



"During the year we distributed funds to Gift of the Givers, Meals on Wheels, Operation Hunger, Red Cross EC, Red Cross WC, Rise Against Hunger, Table Mountain Fire and The Solidarity Fund."

Creating jobs, while reducing waste through The Appliance Bank

The Appliance Bank recruits unemployed men and trains them in the technical skills needed to repair damaged appliances. In this way they are able to earn an income from selling these appliances in their communities. The programme focuses on the broader financial, business and life skills needed to run a successful business. With the skills they gain through the programme they are also able to offer repair services in their communities, which reduces the amount of appliance waste going to landfills. We donated R5.1 million (2020: R2.7 million) in goods from 15 participating stores to The Appliance Bank.

CASE STUDY

RAISING AWARENESS OF THE LUNCHBOX FUND

The Shoprite Group has partnered with Sizani Foods in a long-term drive to raise money for The Lunchbox Fund, a non-profit organisation focused on reducing the number of children who suffer from stunting. Many non-profit organisations struggle to obtain sustainable funding since subsidies are often available only on an annual basis. Through this initiative a percentage of the sale of each packet of Shoprite Ritebrand and Checkers Housebrand soup goes to The Lunchbox Fund.



Transformation through youth development learning initiatives

In terms of youth development, we trained a total of 6 247 (2020: 6 582) unemployed black youth through, respectively, our RRP 3 540 and our participation in the YES Initiative 2 707. Through our support of the YES programme we have become the highest-impact employment creator in South Africa, having created 5 765 youth work opportunities over the past three years. In the year under review we have invested R68 million in the YES programme.

We met our annual targets despite the detrimental impact COVID-19 had on our ability to implement our various youth development initiatives. We achieved this by implementing an aggressive plan to accommodate additional learner intakes towards the end of the financial year. In addition, we trained 77 unemployed learners on Wholesale and Retail Chain Store Operations, an NQF level 2 qualification, and employed 44 learners who were deemed competent. Three of these learners will undergo further training and development as Trainee Managers in our flagship programme.



Retail readiness	2020	2021
% of intake that completed the programme	63.49%	67%
Number of learners offered jobs within the Group	2 108	2 014
Investment per year	R62 155 096	R37 188 971
Unemployed youth trained per year	3 778	3 540

Retail varsity

Active courses	1 743	1 647
Number of beneficiaries trained per year (all training)	157 768	163 313
Training hours	3 456 010	2 890 833
Learners (employed and unemployed) graduated from the Retail varsity with a national qualification	4 759	944

CASE STUDY

Our impact on youth development over the last six years

Youth unemployment in South Africa reached 46.3% in 2021¹, highlighting the challenges the youth face in engaging in the economy. The Shoprite Group strives to contribute to the reduction of youth unemployment by taking a 'from school to Shoprite' approach. Candidates either study through the Shoprite bursary programme before joining the business or join our Retail Readiness or YES programmes straight out of school.

The Shoprite Group has spent more than R895 million over the past six years on retail skills and training programmes. This includes offering 1 243 bursaries, training 27 848 people on our Retail Readiness Programme over the last six years, and training 5 765 youth, over the past three years, on the Youth Employment Services (YES) programme. All of these initiatives are aimed at training and upskilling youth who have not previously been employed by the Group to secure jobs in the retail industry.

Our Retail Readiness Programme consists of five weeks practical training in stores and two weeks theoretical training to equip youth with the basic skills to work in a retail environment or start their own business. Successful participants receive an NQF level 3 qualification.

The YES programme is a business-driven initiative that works together with government and labour to build economic pathways for black youth to reduce unemployment. Through the YES programme, the Shoprite Group has created 5 765 youth work opportunities, making it the highest-impact employment creator in the programme. YES participants receive on-the-job training at in-store service departments, like the bakery, deli and other fresh food departments.

Upon successful completion of the Retail Readiness and YES programmes, learners may join the Shoprite Group, if they want to do so. The average absorption rates are 55.6% for the Retail Readiness Programme and 29.5% for the YES programme, excluding current participants.



Stats SA – youth, aged 15-34, unemployment rate in the first quarter of 2021.





ENVIRONMENTAL STEWARDSHIP

Our environment forms the basis from which we draw resources and in which we operate. Increasingly, in these communities, our supply chain and our own operations, we see the negative impact modern society collectively has on the environment. The scale of our operations – as the largest fast-moving consumer goods retailer on the African continent and the largest private-sector employer in South Africa requires that we play an active role in addressing these issues as we acknowledge our responsibility to operate sustainably in the countries where we operate.













In this report we address issues related to our impact, including climate change, food, packaging, operational and electronic waste, water security, deforestation, biodiversity loss and sustainable land management, and chemical use management. Through increasing operational efficiencies we continuously strive to reduce our environmental impact. By reducing this impact, we realise significant cost savings, which we can share with our customers through the affordability of our products.



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ENVIRONMENTAL STEWARDSHIP | continued

Climate change – energy and emissions

The impact of climate change can be seen in our own operations and in the communities and supply chains we rely on.

Position statement on climate change, page 18

We are committed to:



Embracing energy efficiency throughout our operations (in stores, DCs and transportation) and using more renewable energy to reduce GHG emissions



Setting sciencebased GHG emission reduction targets for the medium and long term, as well as renewable energy usage targets



Strengthening
the resilience and
adaptive capacity
of our operations
and supply chain to
ensure responsible
business continuity,
and that of the local
communities in
which we operate



Collaborating and partnering with key stakeholders including regulators suppliers, nongovernmental organisations (NGO) and other organisations to address this critical global issue



Sharing climate change information with employees, customers, suppliers and investors to build knowledge and



Reporting and disclosing our plans, efforts and erformances related to climate change mitigation and

adaptation



We have prioritised mitigation and adaptation efforts. Through mitigation we reduced our carbon emission intensity by 5.2% (2020: 5.8%).

Our Scope 1 and 2 emissions are:

Scope 1: 563 355 tCo,e (2020: 583 000 tCO,e) | Scope 2: 1 867 528 tCo,e (2020: 1 986 711 tCO,e)

In 2021 our electricity use amounted to 1 942 355 MWh (2020: 2 081 902 MWh), while our fuel used amounted to 58 605 440 litres (2020: 62 807 116 litres) and total energy consumed amounted to 2 525 546 MWh.

We report on our plans, efforts and performance related to climate change mitigation and adaptation through this report as well as our annual submission to the CDP Climate platform and 2021 marks our 11th year of submission. Our CDP score is ranked within the 'Leadership' category and we are one of the two highest-ranked retailers in South Africa. Visit our website to access our CDP climate change response report.

This supports our climate change commitments



Increasing energy efficiency

This year we invested a further R60.8 million (2020: R98.3 million) in our LED lamp replacement project. This has resulted in a total cumulative saving of 125.7 million kWh, including 19.6 million kWh (2020: 34.2 million kWh) saved in the reporting period. Electricity consumption through lighting represented approximately 20% of store consumption. The installation of LED lighting has reduced our total associated consumption in stores by 11.8% on average. In total we have retrofitted 839 022 LED tubes across 371 supermarkets and furniture outlets. This investment saved 20 013 tons of $\rm CO_2e$ (2020: 35 430 $\rm CO_2e$) and R31.3 million in electricity cost in the year under review. As the programme reaches completion we are exploring additional energy-efficiency projects.



We will continue to investigate and implement energy reduction initiatives. Examples include LED lighting installation in our DCs and Non-RSA countries including Botswana, Namibia, Eswatini and Lesotho.

This supports our climate change commitments



The Shoprite Group conducts research and investigates energy-efficient alternatives on a regular basis. After the identification of potentially feasible initiatives we conduct pilot projects. An example of this is our outsourcing of refrigeration services at several of our stores in Namibia. Outsourcing this service allows us to instal energy-efficient systems that are serviced and monitored by a specialist third party. As a result our refrigeration is better managed to minimise the resources used and waste created through leaks. After evaluation of the efficiency of these services, we will consider the feasibility of further implementation.

This supports our climate change commitments





Signing-up for science-based targets

We have committed to setting science-based GHG emission reduction targets for the medium and long term, as well as renewable energy usage targets. In the year under review we engaged the WWF, a founding partner of the Science Based Targets initiative (SBTi) and have committed to science-based targets.

Shoprite has committed to setting an ambitious science-based emissions reduction target, aligned to a 1.5°C future which includes a net-zero target by 2050. Such a bold ambition, coupled with decisive actions are necessary to address the climate change challenges we face.

This supports our climate change commitments





Using more renewable energy

We increased the installed capacity of our solar PV systems by 350% (2020: 109%). This has enabled us to generate 10 993 MWh (2020: 3 298 MWh) of renewable energy through rooftop PV systems. We have solar PV systems on 32 sites (2020: eight), amounting to total installed capacity of 14 331 kWp, which includes 28 sites in South Africa and four sites in Namibia.

We also increased the number of trailers in our fleet with solar PV to 807 (2020: 649). By equipping trailers with PV solar panels, trucks can be switched off while refrigeration and the tailgate lift is still able to run on solar power.

Solar power generated by PV panels – annual	2020	2021
On sites (MWh)	3 298	10 993
On trailers (MWh)	760	1 206

Through the generation of renewable energy we saved 11 249 tons of $\mathrm{CO}_2\mathrm{e}$ in this financial year (2020: 3 421 tons of $\mathrm{CO}_2\mathrm{e}$). We have also signed contracts with a total of seven contractors (2020: one), thereby supporting the local solar PV industry, which creates green jobs.

The Shoprite Group has also committed to procuring 434 000 MWh of renewable energy a year from a specialist energy trader through our renewable energy procurement project, the first of its kind in Africa. This long-term project requires the co-operation of multiple stakeholders including the National Energy Regulator of South Africa, Eskom and multiple municipalities. Pending all necessary approvals, we expect the first renewable energy from this project to come online by financial year 2023.

This supports our climate change commitments





ENVIRONMENTAL STEWARDSHIP | continued

CASE STUDY

BUILDING RESILIENCE THROUGH INNOVATION IN A **DIVERSIFIED SUPPLY CHAIN**

Tropical Cyclone Eloise brought heavy rains to Limpopo during January and February, which caused havoc in the tomato industry. The Shoprite Group, however, was able to keep tomatoes on its shelves thanks to our diversified supply chain which is an example of how we are adapting to a changing climate. This supply chain includes Red Baron, an innovative owner-managed tomato farm that has supplied our stores for several years and has become one of the SMEs the Group has invested in through Thuthuka Nathi Ventures.

Red Baron is located in the Eastern Cape, far from traditional tomato-growing regions of South Africa. Using greenhouses and hydroponics, it minimised the impact of extreme weather events brought on by climate change and has maximised its output. In one year a single hectare of hydroponic greenhouses can produce 360 to 400 tons of tomatoes. In comparison, field-grown tomatoes yield approximately 50 tons per hectare. Our partnership provides Red Baron with weekly estimates of the amount of produce required for the year ahead, which enables it to plan optimally. As Red Baron has grown, it has employed 50 learners from our YES Initiative.



Reducing Scope 3 carbon emissions by saving waste from landfill

We look for opportunities to reduce our emissions beyond Scope 1 and 2. This includes Scope 3 emissions such as CO₂ savings from recycling, reusing cardboard, diverting waste from landfill and helping customers reduce their emissions through Sixty60. We know that the work we do to reduce waste has a direct impact on our emissions and actively pursue these opportunities.

	2020	2021
tCO ₂ e saved through recycling	27 856	28 226
tCO ₂ e saved through cardboard reuse	1 444	1 325
tCO ₂ e saved through diverting food waste from		
landfill	-	8 391
tCO ₂ e saved by customers through Sixty60	_	650

This supports our climate change commitments



Monitoring and optimising our electricity usage

We monitor our electricity usage through a network of electricity meters, which connects to a central system. This system allows us to monitor and verify our usage against our utility accounts. We use monthly dashboards and reports to identify and intervene when anomalies arise, allowing us to optimise our usage. To date we have installed 1 070 online electricity meters throughout our operations and intend to instal another 525 in the upcoming financial year. Our centralised software solution will be replaced within the next two years.

This supports our climate change commitments





Reducing energy consumption in our data centres

In the year under review we made great progress in increasing the energy efficiency of our data centres by introducing intelligent cooling technology. Cooling of data centres generally consumes a significant amount of energy. Our investment in a new containment system allows for more efficient centralised cooling. These intelligent cooling units change cooling speeds to adapt to the heat emitted, saving electricity.

We have started to shift to flash storage technologies which have a far smaller footprint while providing greater performance. We also introduced software compression and deduplication technologies, which provides a significant capacity saving in the storage environment. These changes have a significant cumulative effect on the energy consumption of our data centres.

This supports our climate change commitments



"The impact of climate change can be seen in our own operations and in the communities and supply chains we rely on. In response, we developed a position statement on climate change (refer to page 18) highlighting our mitigation and adaptation efforts."

Improving efficiencies in our fleet

Our fleet travelled 85 581 841 km in the reporting period (2020: 85 129 730 km). Through route and network optimisation, which includes sourcing locally and developing a network of distribution centres, we increase our agility and energy efficiency. By further increasing the energy efficiency of our trucks and training drivers on how to reduce energy consumption, we are able to lower the comparative impact of the distance our fleet travels every year. In the financial year we tested new energy-efficient trucks to replace older trucks that are coming close to their end of use. This transition will provide an energy-efficiency improvement.

Beyond these investments, we continued our reverse logistics initiatives, through which our drivers pick up products from suppliers. This reduces the environmental impact of our broader supply chain. In the year under review this saved 940 tons in CO₂ emissions (2020: 887 tons).

	2020	2021
Number of driver training hours	23 922	18 709
Number of driver training initiatives in reporting period	11 402	3 033
Number of drivers	1 195	1 234
Number of drivers trained per year	1 369	1 269
Backhauling (km)	825 895	845 324

This supports our climate change commitments









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ENVIRONMENTAL STEWARDSHIP | continued

Food waste

Food waste not only has a negative impact on the environment, but it also represents a lost opportunity to address hunger and food security. As part of this commitment we are a core signatory of the Consumer Goods Council of South Africa's food loss and waste voluntary agreement.

Position statement on food losses and waste, page 18



We are firstly committed to a hierarchical approach in dealing with food losses and food waste. This approach focuses on interventions at each stage of our value chain to reduce food waste in line with our commitments.

Our hierarchical approach to food losses and waste

This year we increased our surplus food donations by 44.6% and diverted 3 305 tons of food waste from landfill. Refer to page 55 for more information on how beneficiary organisations benefit from our donation of surplus food. We further reduce food waste within our supply chain by bringing suppliers with surplus produce together with our beneficiary organisations. This not only reduces food waste at agricultural level, but it also alleviates hunger in vulnerable communities.



Optimising our offering

As our data analytics develops, we are able to identify food waste hotspots and intervene to reduce food waste. In the year under review we made great progress in reducing food waste by optimising the range of products we offer in our delis. After analysing customer behaviour we removed foods that showed no appeal to customers and subsequently created food waste. In this process we removed 60–70% of low-volume lines. Through this initiative we reduced food waste by 11.5%.

In our bakeries we have changed our approach to some small confectionaries. While our product offering remains the same, we shifted from large-batch production in our stores, to buying high-quality frozen products that only require baking in our stores. This enables us to bake smaller batches, which guarantees freshness, availability and less food waste.

Across our footprint we also considered which of our stores can sustain a fresh fish counter. Stores which are near one another, now have fewer fresh fish slabs between them, reducing wastage. In the same way, we have evaluated and refined our convenience food offering, resulting in a stronger offering and less food waste within a cluster of stores.

This supports our food waste commitments



CASE STUDY

REDUCING FOOD WASTE THROUGH DATA ANALYTICS

We collect real-time operational data throughout our operations and harness the power of data analytics to optimise inventory levels, predict changes in demand and analyse customer behaviour. Our dedicated data analytics department proactively engages various operational stakeholders across the business and ensures accurate, real-time data is available to key decision-makers when needed.

In the reporting period we introduced a powerful operational dashboard tool to assist store managers to monitor and analyse indicators that are critical to the overall management and performance of a store, including wastage. The dashboard presents complex data in a simple, user-friendly way and enables follow-on actions that initiate improvements which create immediate impacts. These actions and tasks are system-generated and based on user input. Relevant management teams can then track and monitor completion of tasks and actions, and this is proving to be an effective delivery tool to influence store behaviours and discipline. This enables us to identify hot spots at store level, and address food wastage in a focused and precise way. The new platform supports our focus on precision retailing and enables store managers to identify inefficiencies by exception, eliminating time wasted on consuming long and complex reports.

Forecasting and ordering

Our ERP system provides insight to help our stores develop daily production plans for our delis. To this end we are developing production plans for three different times of the day, catering to customers' breakfast, lunch and dinner preferences. To improve our forecasting and ordering capabilities in fresh fruit and vegetables, we review our range seasonally. Assessing our range and various other interventions enables us to reduce food waste year on year.

To further improve forecasting and ordering, various business departments have worked together to implement an advanced forecasting model which utilises artificial intelligence and machine learning to automatically place accurate replenishment orders for individual stores based on a multitude of event parameters and predictive analytics. The project is currently being piloted in the Fresh Foods department in selected stores. The potential impact it will have on food waste is promising as it optimises supply far more accurately relative to true demand.

The objective of the project is to forecast future demand and make sure that what stores order reflects real customer demand. This will ultimately reduce waste. The model utilises hundreds of demand-driven variables and machine learning to enable automated ordering. The data used includes a blend of internal data such as historic sales and promotion data, as well as existing external data feeds such as information from GPS-based weather system information and external event calendars.

This supports our food waste commitments



Reducing food waste through training and internal communications

In-store food-handling training helps employees understand the importance of appropriate and timely food handling. By applying stock rotation, first-in-first-out and careful handling principles employees support the fight against food waste. This year we emphasised the importance of implementing the 10-minute rule. Accordingly, employees are trained to refrigerate perishables, frozen produce, fruit and vegetables and convenience products within 10 minutes of delivery.

In addition to training that promotes a longer shelf life, employees in Gauteng and KwaZulu-Natal have been trained on surplus food donations in the year under review. The training focuses on how surplus food is processed for donation to ensure as much food as possible is donated to those in need. Through this training intervention we have seen an increase in the amount of surplus food donated.

The Shoprite Group further uses internal communications channels including SiyaRinga and our newsletter, #OurShoprite, to share information on what the Group is doing to support various sustainability-related issues and provides information on how employees can have a direct impact.

This supports our food waste commitments



Managing food waste through recovery solutions

Our delis use cooking oil in the production of many of our deli products such as chips and other fried foods. Used cooking oil from delis in our South African operations is sent to a centralised location where it is converted to biodiesel. We recovered and converted 904 479 litres (2020: 938 656 litres) of used cooking oil from our stores to biodiesel.

Organic waste from our stores and DCs are increasingly managed through onsite composters and off-site biodigesters, which provide a clean and simple solution to managing organic and wet waste. Composters are ideal to use on-site as they safely remove hazardous and odorous elements, while producing safe, environmentally friendly and rich organic compost. We installed on-site composters at our Canelands DC to reduce the amount of waste we send to landfill and have generated compost to use in our gardens. This year, 236 tons of food waste was sent to composting. We also provide one of our suppliers, Farmer Angus, with organic waste from our Basson DC in Brackenfell which serves as an input into his organic farming operation.

This supports our food waste commitments



ENVIRONMENTAL STEWARDSHIP | continued

Sustainable packaging

The Shoprite Group acknowledges the usefulness of packaging and it being an enabler of the modern retail environment. It is, however, also a major source of waste if not managed responsibly, therefore we support the circular sustainability approach instead of the make-use-dispose linear approach to divert packaging waste from landfills to recycling plants.

The majority of the materials we manage within the scope of our control is our private-label product ranges and in the products we package in store. This includes food sold in our delis, bakeries and butcheries. Our private-label products are produced in factories based on specifications set by a multidisciplinary team including food safety, marketing, procurement and packaging departments. We manage our impact by setting requirements that minimise our impact on the environment. Our performance against these commitments is highlighted in this section of

Position statement on sustainable packaging, page 18

Q GRI 301-MA

We are committed to:



Adopting a Design for Sustainability approach to packaging based on life cycle thinking and innovations - particularly for our own brands including correct and non-confusing reusable, recyclable or compostable labelling

Embracing the circular economy concept, even in our own operations which supports extended producer responsibility of packaging, including in-store recycling of certain waste streams



etting commitments and targets to use sustainable packaging, especially for our own brands and in-store formats (such as carrier bags, fresh food packaging), including:

100% of packaging to be reusable or recyclable or compostable by 2025

30% average recycled content across all packaging by 2025



Collaborating and partnering with key stakeholders including regulators suppliers and other organisations that are equally concerned about this issue



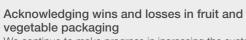
Supporting local community recycling initiatives

Sharing and promoting sustainable packaging information with employees, customers, suppliers and investors by reporting and being transparent

on our efforts and

performance

(6)



We continue to make progress in increasing the sustainability attributes of our fruit and vegetable packaging. At present 52% (2020: 49%) of our Freshmark packaging is recyclable, reusable or compostable, and 156 product lines (2020: 28) includes OPRLs. In addition, we introduced produce packaging initiatives to reduce waste, such as offering cherry tomatoes in bags, not punnets. Regrettably, we have had to revert some of our stone fruit and baby cabbage lines back to non-biodegradable options to reduce damage, spoilage and overall food waste.

This supports our sustainable packaging commitments







Focusing on in-store packaging

We are transitioning all packaging in our delis, bakeries and fish shops to recyclable materials. This is, however, an ambitious target and challenges in finding suitable alternatives for certain PET thermoform packaging have prevented us from meeting our target of 100% recyclability in this year and will be a key focus area during the new financial year. We have still made good progress with 91% of our in-store packaging now being reusable, recyclable or compostable, while the average recycled content used for our in-store packaging is 67%.

We also increased our focus on using Forest Stewardship Council chain of custody (FSC-COC) certified paper bags and boxes in our delis and bakeries. To this end we have engaged with paper manufacturing suppliers for in-store packaging to ensure they are FSC-COC certified. We are in the process of signing an agreement with the FSC to use the FSC logo on leaflets and promotional packaging items where every stakeholder in the value chain is FSC certified.

In our delis and bakeries we reduced the number of packaging options used for different items in-store. To ensure continuity throughout our business and maintain the decreased usage of packaging items, training will be provided to store employees and a reference document to support employees will be available in stores to ensure the appropriate packaging is used for specific products.

This supports our sustainable packaging commitments







Increasing the recycled content and recyclability of private-label products

We made great progress in increasing the use of recycled content of our private-label packaging. Our packaging for our Simple Truth cleaning consumables range, for example, now contains 62% post-consumer recycled content, with a number of other product lines to follow soon. All existing Simple Truth packaging is undergoing a re-engineering process and will be designed for sustainability that will launch in the upcoming financial year.

The packaging used for our Forage and Feast range was developed using design for sustainability principles, including recyclability and responsible sourcing.

Q GRI 301-2

This supports our sustainable packaging commitments







Standardising recycling labels on private-label packaging

Communicating to customers whether packaging is recyclable or not is an essential part of increasing recycling rates. During the year under review we continued to standardise the OPRLs used on our private-label packaging. In 2021 we increased the use of OPRLs as follows:

- Private-label products with OPRLs 45% (2020: 36%)
- Number of Freshmark lines with new OPRLs included on packaging 156 (2020: 28)

This supports our sustainable packaging commitments



Providing recyclable and reusable shopping bag options

We support shoppers in making more sustainable choices by offering recyclable and reusable shopping bag options at our tills. Shopping bags in our South African Shoprite, Checkers and Usave stores are 100% recyclable and made from 100% recycled material from post-consumer waste.

We further incentivise shoppers to reuse shopping bags through our Planet bags. When customers reuse these bags, they receive a rebate. Since inception in 2018, we paid rebates to the value of R1.4 million to our customers to encourage the use of our reusable Planet bags. In celebration of National Environment Month, Checkers offered a free Planet bag to shoppers when using their Xtra Savings card in-store.

	2020	2021
Total number of recyclable shopping bags sold	683 898 500	705 991 740
Recycled plastic used in recyclable shopping bags (tons)	7 547	7 816
Value of rebates given on reusable bags (Planet bags)	R530 065	R637 391
Total number of rebates given on reusable bags (Planet bags)	706 012	674 865

This supports our sustainable packaging commitments



Promoting local community recycling

We have continued to expand our partnership with Packa-Ching via our mobile buy-back centres. Through this initiative, community members are incentivised to close the loop on packaging waste, providing environmental and economic benefits to multiple stakeholders. We plan to launch five more units in the upcoming financial year and hosted a pop-up Packa-Ching unit at the Mall of Thembisa to test the potential of establishing a permanent buy-back centre at the mall. The pop-up was established in partnership with Greener Pastures, a SME waste management enterprise in Gauteng.

	2020	2021
Entrepreneurs supported	4	3
Entrepreneurs supported since inception	5	7
Weight of recyclable material collected (kg)	734 648	2 062 702
Weight of recyclable material collected since inception (kg)	1 200 000	3 238 839
Money paid into mobile wallets per year	R590 555	R1 718 486

This supports our sustainable packaging commitments







ENVIRONMENTAL STEWARDSHIP | continued

Operational waste

Closing the loop on cardboard and plastic used in our operations

Throughout our operations, cardboard and plastic is used to transport goods. We currently use backhauling from our stores to our DCs to increase the amount of plastic and cardboard we are able to reuse or recycle. By closing the loop on plastic and cardboard, we are able to reduce a significant amount of CO₂ emissions.

2020	2021
Cardboard recycled (tons) 39 081	40 327
Cardboard reused (tons) 2 684	2 464
Plastic recycled (tons) 4 769	4 653
Circular economy: plastic waste recycled into own shopping bags (tons) 2 916	4 262
Recycled plastic used in recyclable shopping bags (tons) 7 547	7 816
Total plastic waste diverted from landfill (tons) 9 400	8 207

We increased the number of reusable plastic crates in our pool of crates to transport fresh produce to stores. This shift reduces the disposable containers used while improving the protection and ventilation of fresh produce.

Developing and managing our Home Office responsibly

We develop and manage all our properties responsibly including our Home Office in Brackenfell.

Water

- Treated borehole water to service toilets and irrigation
- Metered bathroom taps
- Water meters to monitor water consumption
- Heat pumps used for hot water generation
- Heating, ventilation and air conditioning (HVAC) rooftop plant equipment utilising air-cooled condensers

Energy

- Solar carports
- LED lighting and light sensors
- Insulated roofing and optimised glazing to reduce air conditioning energy consumption
- Electricity meters to monitor consumption
- Building designed to optimise natural lighting

Employee enablers

- Bicycle racks
- Waste separation at source recycling implemented

	2020	2021
General waste recycled at Home Office (tons)	24	18
Paper recycled through separating in waste room at Home Office (tons)	5.4	7.6
Paper recycled from shredding of confidential documents at Home Office (tons)	98	42



Electronic waste

We use a variety of electronics within our operations and are aware of the need to responsibly manage the disposal of electronic waste when it reaches its end of use. We have a process in place to manage obsolete equipment, which includes donating, recycling and responsible disposal when needed. We work with reputable and vetted service providers to ensure full visibility of the entire process. In the past year we recycled and repurposed 13 722 tons of electronic waste.

Water security

Water is an essential resource and we rely on it to continue our operations. Even though we are not a significant user of water we continue our efforts to minimise our consumption and engage multiple stakeholders so that we can better manage this shared resource.

Position statement on water security, page 18

We are committed to:



Jsing water, as a natural responsibly and efficientl throughout our direct operations, and engaging with suppliers to do





Strengthening the and supply chain to ensure responsible



partnering with key stakeholders including regulators, suppliers, NGOs, local communitie and other organisations

employees, customers, uppliers and investors by reporting and disclosing our plans, efforts and water security

We submitted our annual water security disclosure to the CDP platform for the fourth time in 2021. This submission received an A- score and is considered a leadership level submission within the industry. Visit our website to access our CDP water security response report.

This supports our water security commitments



Understanding water consumption in our operations

Our operations do not generally require high levels of water consumption. We do, however, remain aware of the importance of efficiently managing our consumption of this essential resource as we operate in water-scarce areas. To support us in understanding the risks we face in our diverse areas of operation we use the WWF Water Risk Filter, an online tool that helps companies assess and respond to water-related risks.

Our total water consumption in the reporting period amounted to 4 799 041 kilolitres . (2020: 5 036 691 kilolitres), which amounts to a 6.1% reduction in our water consumption.

To better manage our water consumption we installed 18 online water loggers (2020: three) in the year under review and intend to instal another 225 in the next four years. We did not withdraw any water from nonrenewable fresh or groundwater sources in South Africa and continued to discharge all wastewater in South Africa to municipal wastewater treatment facilities. All wastewater from stores and DCs undergoes onsite pre-treatment before being discharged to municipal wastewater treatment facilities. Our employees are trained on the appropriate management of wastewater and the cleaning of pre-treatment equipment.

This supports our water security commitments





Building water resilience within communities

We maintained PlayPumps in 23 communities, providing 13 242 people with clean drinking water daily (2020: 13 112). In addition, water conservation training modules are included in training at all our community food gardens. We recognise that providing access to water to build resilience is as important as teaching communities how to use this precious resource sustainably.

This supports our water security commitments







ENVIRONMENTAL STEWARDSHIP | continued

Deforestation, biodiversity loss and sustainable land management

This year we developed a position statement on biodiversity/responsible sourcing. As we continue our sustainability journey, we will formalise our position on and commitments to specific sustainability-related issues.

Position statement on biodiversity, page 18

We are committed to:



Increasing the mainstreaming of biodiversity into the Group's direct operations to articulate key biodiversity dependencies and dentify opportunities to reduce biodiversity harm

2

Adopting the biodiversity loss mitigation hierarch of avoidance, minimisation, restoration or rehabilitation and offsetting; and applying a 'no net loss' approach for our own operations or a 'net gain' approach where



partnering with suppliers and other organisations to promote responsible sourcing of key agricultural, aquational forestry productions.



Sharing information Sharing information are sourcing with employees and reducustomers to build loss knowledge and respo



Reporting and being transparen on our efforts and

Becoming a member of Sustainable Agriculture in South Africa (SIZA)

The Shoprite Group's fresh produce brand, Freshmark, became a member of SIZA in September 2020.

SIZA provides agricultural stakeholders within South Africa a platform to ensure ethical and environmentally sustainable trade. Their focus on continuous improvement in practices over time aligns with Freshmark's existing approach.



Conducting a biodiversity impact study

The Shoprite Group has engaged the Endangered Wildlife Trust to conduct a biodiversity impact study. This is the starting point of fully understanding and subsequently reducing our impact on biodiversity loss through our own operations and throughout our supply chain. At present we do not believe our own operations have a major impact and that larger impact exists within the production of the goods we sell. **Q** GRI 304-2

Chemical use management

We make certain that the chemicals we use, including cleaning supplies and disinfectants, are food-grade quality throughout our operation.

Only reputable suppliers that can provide certification in line with our regulatory compliance needs are used. This includes relevant South African National Accreditation System (SANAS) certifications.

In-store pest control management requires that all pest control service providers be appropriately registered as required by legislation. Service providers must use approved chemicals and when these chemicals are no longer used they are removed from our sites and repurposed or disposed of safely through approved environmental waste management contractors.

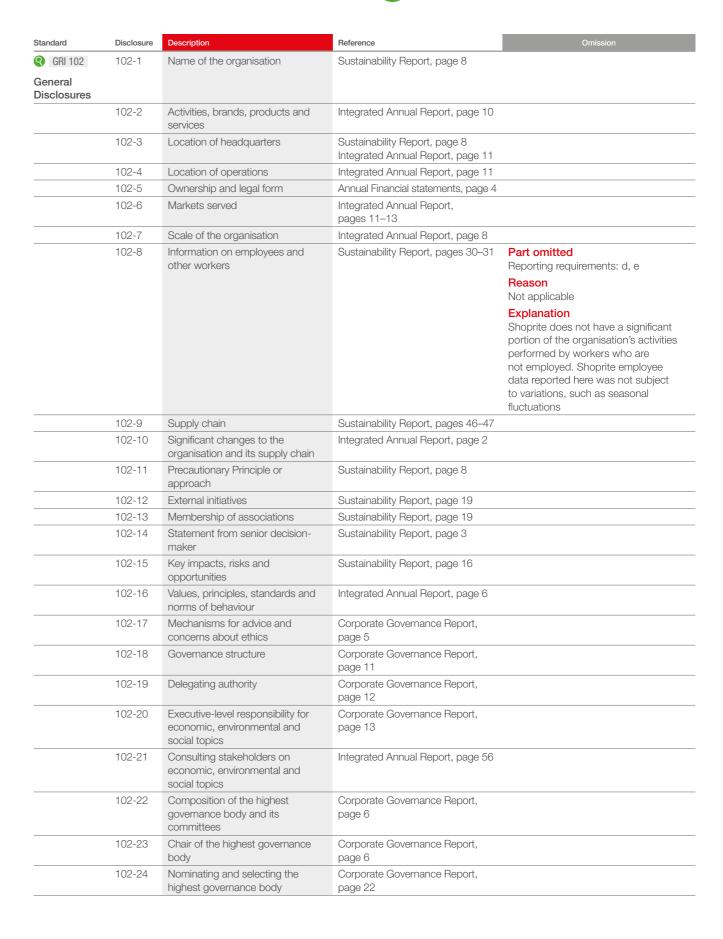


APPENDIX 1: COMPLIANCE TRAINING

	No. of people trained	Training hours
Anti-bribery and corruption, and fraud	36	36
Anti-money laundering	15 733	15 745
B-BBEE	111	111
Competition law	178	270
Consumer protection laws	9 313	9 328
Corporate governance and ethics	9	9
Credit law	26	112
Data protection privacy and cyber laws	65 717	280 672
Environmental and sustainability: WWF-SASSI	2 192	2 720
Financial services insurance and money transfers	13 438	21 671
Food safety and hygiene	53 825	125 870
Health and safety (employees and non-employees)	149 199	361 560
Labour and employment law	20 303	25 487
Licences and permits	5 404	23 776
Liquor laws	2 378	2 389
Skills development and training	77	1 256



APPENDIX 2: GRI INDEX Q



APPENDIX 2: GRI INDEX | continued

Standard	Disclosure	Description	Reference	Omission
	102-25	Conflicts of interest	Corporate Governance Report, page 11	
	102-26	Role of highest governance body in setting purpose, values and strategy	Corporate Governance Report, page 5	
	102-27	Collective knowledge of highest governance body	Corporate Governance Report, page 22	
	102-28	Evaluating the highest governance body's performance	Corporate Governance Report, page 22	
	102-29	Identifying and managing economic, environmental and social impacts	Corporate Governance Report, page 20	
	102-30	Effectiveness of risk management processes	Integrated Annual Report, page 47	
	102-31	Review of economic, environmental and social topics	Corporate Governance Report, page 10	
	102-32	Highest governance body's role in sustainability reporting	Corporate Governance Report, page 20	
	102-33	Communicating critical concerns	Corporate Governance Report, page 13	
	102-35	Remuneration policies	Corporate Governance Report, page 23	
	102-36	Process for determining remuneration	Corporate Governance Report, page 24	
	102-37	Stakeholders' involvement in remuneration	Corporate Governance Report, page 27	
	102-40	List of stakeholder groups	Integrated Annual Report, page 52	
	102-41	Collective bargaining agreements	Sustainability Report, page 37	
	102-42	Identifying and selecting stakeholders	Integrated Annual Report, page 52	
	102-43	Approach to stakeholder engagement	Integrated Annual Report, page 52	
	102-44	Key topics and concerns raised	Integrated Annual Report, page 52	
	102-45	Entities included in the consolidated financial statements	Annual Financial statements, page 4	
	102-46	Defining report content and topic boundaries	Integrated Annual Report, page 2	
	102-47	List of material topics	Integrated Annual Report, page 56	
	102-48	Restatements of information	Sustainability Report, page 2	
	102-49	Changes in reporting	Integrated Annual Report, page 2	
	102-50	Reporting period	Sustainability Report, page 2	
	102-51	Date of most recent report	Sustainability Report, page 2	
	102-52	Reporting cycle	Sustainability Report, page 2	
	102-53	Contact point for questions regarding the report	Sustainability Report, page 2	
	102-54	Claims of reporting in accordance with the GRI Standards	Sustainability Report, page 2	
	102-55	GRI content index	Sustainability Report, page 75	
	102-56	External assurance	Integrated Annual Report, page 3	
GRI 201	201-MA	Management approach disclosures	Integrated Annual Report, page 37	
Performance				
	201-2	Financial implications and other risks and opportunities due to climate change	CDP Climate change response, section C2	

Standard	Disclosure	Description	Reference	Omission
Q GRI 203	203-MA	Management approach disclosures	Integrated Annual Report, page 14	
Indirect Economic Impacts				
mpaoto	203-2	Significant indirect economic impacts	Integrated Annual Report, page 44	
Q GRI 204	204-MA	Management approach disclosures	Sustainability Report, page 47	
Procurement Practices				
Q GRI 301	301-MA	Management approach disclosures	Sustainability Report, page 68	
Materials				
	301-2	Recycled input materials used	Sustainability Report, page 69	
Q GRI 302	302-MA	Management approach disclosures	Sustainability Report, page 18	
Energy				
	302-1	Energy consumption within the organisation	Sustainability Report, page 85	
	302-2	Energy consumption outside of the organisation	CDP Climate change response, section C6.5	
	302-3	Energy intensity	Sustainability Report, page 85	
	302-4	Reduction of energy consumption	Sustainability Report, page 85	
	302-5	Reduction in energy requirements of products and services	Sustainability Report, page 85	
GRI 303 Water and Effluents	303-1	Interactions with water as a shared resource	CDP Water security response, section W3	
	303-2	Management of water discharge- related impacts	CDP Water security response, section W1.2	
	303-3	Water withdrawal	CDP Water security response, section W1.2b, W1.2h	
	303-4	Water discharge	CDP Water security response, section W1.2b, W1.2i	
Q GRI 304 Biodiversity	304-MA	Management approach disclosures	Sustainability Report, page 18	
	304-2	Significant impacts of activities, products and services on biodiversity	Sustainability Report, page 72	
Q GRI 305 Emissions	305-MA	Management approach disclosures	Sustainability Report, page 18	
<u></u>	305-1	Direct (Scope 1) GHG emissions	Sustainability Report, page 84	
	305-2	Energy indirect (Scope 2) GHG emissions	Sustainability Report, page 84	
	305-3	Other indirect (Scope 3) GHG emissions	Sustainability Report, page 84	
	305-4	GHG emissions intensity	Sustainability Report, page 84	
	305-5	Reduction of GHG emissions	Sustainability Report, page 84	
	305-6	Emissions of ozone-depleting substances (ODS)	CDP Climate change response, section C6.5	

APPENDIX 2: GRI INDEX | continued

Standard	Disclosure	Description	Reference	Omission
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	CDP Climate change response, section C7.1a	Part omitted Reporting requirements: a ii–vii Reason Not applicable Explanation These emissions not significant and therefore not reported in CDP, other than NOx
Q GRI 306 Waste	306-1	Waste generation and significant waste-related impacts	Sustainability Report, page 66	
	306-2	Management of significant waste- related impacts	Sustainability Report, page 66	
 GRI 307 Environmental Compliance	307-MA	Management approach disclosures	Integrated Annual Report, page 58	
	307-1	Non-compliance with environmental laws and regulations	Corporate Governance Report, page 21	
© GRI 401 Employment	401-MA	Management approach disclosures	Sustainability Report, page 31	
	401-1	New employee hires and staff turnover	Sustainability Report, page 32	Part omitted Reporting requirements: a Reason Information unavailable Explanation Shoprite records its new employees by age group and its staff turnover rates by full-time and part-time employees
GRI 402 Labour/ Management Relations	402-MA	Management approach disclosures	Sustainability Report, page 37	
GRI 403 Occupational Health and Safety	403-3	Occupational health services	Sustainability Report, page 36	
	403-5	Worker training on occupational health and safety	Sustainability Report, page 36	
	403-6	Promotion of worker health	Sustainability Report, page 32	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Sustainability Report, page 36	
	403-8	Workers covered by an occupational health and safety management system	Sustainability Report, page 36	
	403-9	Work-related injuries	Sustainability Report, page 36	Part omitted Reporting requirements related to all employees Reason Information unavailable Explanation Disclosure relates to RSA employees only
GRI 404 Training and Education	404-MA	Management approach disclosures	Sustainability Report, page 34	

Standard	Disclosure	Description	Reference	Omission
	404-1	Average hours of training per year per employee	Sustainability Report, page 34	Part omitted Reporting requirements: a Reason Information unavailable Explanation
				Average hours of training unavailable by gender and employee category
	404-2	Programmes for upgrading employee skills and transition	Sustainability Report, page 34	Part omitted Reporting requirements: b
		assistance programmes		Reason Not applicable
				Explanation Transition assistance progammes not provided
Q GRI 405	405-MA	Management approach disclosures	Sustainability Report, page 21	
Diversity and Equal Opportunity				
	405-1	Diversity of governance bodies and employees	Sustainability Report, page 31	Part omitted Reporting requirements: a ii
				Reason Information unavailable
				Explanation Shoprite reports its diversity by age as employees under the age of 35
Q GRI 407	407-MA	Management approach disclosures	Sustainability Report, page 37	
Freedom of Association and Collective Bargaining				
Q GRI 413	413-MA	Management approach disclosures	Sustainability Report, page 53	
Local Communities				
	413-1	Operations with local community engagement, impact assessments and development programmes	Sustainability Report, page 53	
Q GRI 416	416-MA	Management approach disclosures	Sustainability Report, page 43	
Customer Health and Safety				
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Sustainability Report, page 43	
Q GRI 417	417-MA	Management approach disclosures	Sustainability Report, page 43	
Marketing and Labelling				

Management approach disclosures per material matter include the following:

103-1 – Explanation of the material topic and its boundary

103-2 - The management approach and its components

103-3 – Evaluation of the management approach: The evaluation of the management approach for all material matters are treated the same. The Social and Ethic Committee is responsible for the evaluation of the management approach of ESG-related material matters which are evaluated periodically through existing committee structures. Significant results and adjustments related to the management approach of ESG-related material matters are reported in the Social and Ethics Committee report in the Corporate Governance Report.

APPENDIX 3: TCFD INDEX

Given the potential for climate change to destabilise the global economy, the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) was established to enhance information to investors, lenders and insurers so that the risk, and opportunity, is recognised, assessed and priced in.

We wish to highlight Shoprite's efforts in this regard by the use of this TCFD Index. This is Shoprite's first TCFD reporting year. We acknowledge there are some areas that require our deeper attention in the years to come, but we are fully committed to the Framework and its approach.

The TCFD Framework is structured around four sections: Governance, Strategy, Risk, and Metrics and Targets.

We indicate below where TCFD-related information is disclosed in 2021 CDP Climate submission, with additional references from our Sustainability Report and Integrated Annual Report.



Corporate Governance Report



Sustainability Report



Governance

Disclose the organisation's governance around climate-related risks and opportunities.

	Disclosure	CDP	SR/IAR	Additional information
a)	Describe the Board's oversight of climate-related risks and opportunities, including:	C1.1a	Sustainability Report: Sustainability Manager's message, page 24	The Board is our highest level of governance and is supported by the Social and Ethics Committee, which provides direct oversight of ESG-related matters, including climate change. (Sustainability Manager's message, page 25)
	Process and frequency of information			
	Influence on business planning and goals	C1.1b		
	How the board assesses progress against goals		Sustainability Report: Position Statement on Climate Change, page 18	
b)	Describe management's role in assessing and managing climate-related risks and opportunities, including:	C1.2 and C1.2a and C1.3		Our CEO and Executive Management provide the day-to-day leadership and management needed to drive change in key sustainability issues, including climate change. (Sustainability Manager's message, page 25)
	Description of the associated organisational structure			
	Processes by which management is informed			
	How management monitors climate-related issues			

Disclose the actual potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material.

	Disclosure	CDP	SR/IAR	Additional information
a)	Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term, including:	C2.1	Sustainability Report: Who we are, page 8	
	Description of time horizons	C2.1a		
	Description of the specific climate-related issues If relevant – description of their risks and opportunities by sector and/or geography	C2.2a and C2.3a and C2.4a	Sustainability Report: Providing options to conscious consumers, page 43	
	Description of the process(es) used to determine which risks and opportunities could have a material financial impact on the organisation.	C1.2b and C2.2	Sustainability Report: Risk management and compliance, page 16	Transitional risks are not explicitly mentioned as recorded in the Risk Register in CDP C1.2b and C2.2, however C2.3a confirms transition risks are indeed considered in the risk processes
b)	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning, including for:	C2.4a and C3.1 and C3.3 and C3.4a		
	Products and services, supply chain and/or value chain, adaptation and mitigation activities, investment in research and development and operations.		Sustainability Report: Environmental Stewardship, page 60; Position Statement on Climate Change, page 18	Climate Change Commitment # 3 refers: Strengthening the resilience and adaptive capacity of our operations and supply chain to ensure responsible business continuity, and that of the local communities in which we operate.
	How climate-related issues serve as an input to the financial planning process, the time period(s) used, and how these risks and opportunities are prioritised.	C3.4 and C3.4a	Sustainability Report: Understanding water consumption in our operations, page 71	Expected costs are integrated through our budgeting processes and meetings. We also have project approval processes which include capital expenditures related to climate risk related. An example includes installing water meters. Sustainability Report: Understanding water consumption in our operations, page 71
	Impact on financial planning for: operating costs and revenues, capital expenditures and capital allocation, acquisitions or divestments and access to capital	C3.4		
	Description of climate-related scenarios used to inform strategy and financial planning	C2.3a		
C)	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	C3.2 and C3.2a		
	How resilient the strategies are to climate-related risks and opportunities, taking into consideration a transition to a lower-carbon economy consistent with a 2°C or lower scenario.	C3.2 and C3.2a		Development and disclosure of the resilience of our strategy will be expanded as we make further progress on our TCFD journey.
	Where the strategies may be affected by climate- related risks and opportunities.	C3.2 and C3.2a		
	How the strategies might change to address such potential risks and opportunities	C3.2 and C3.2a		
	The climate-related scenarios and associated time horizon(s) considered.	C3.2 and C3.2a		

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APPENDIX 3: TCFD INDEX | continued

Risk management

Disclose how the organisation identifies, assesses and manages climate-related risks.

	Disclosure	CDP	SR/IAR	Additional information
a)	Describe the organisation's processes for identifying and assessing climate-related risks.	C2.1		
	Description of considerations of existing and emerging regulatory requirements related to climate change as well as other relevant factors considered.	C2.2 and C2.2a	Integrated Annual Report: Risks and opportunities, page 46 Sustainability Report: Risk management and compliance, page 16	Technical, financial, legal, social, environmental, reputational, informational, stakeholder and other such risks are identified within the context of Shoprite's external and internal environments and its strategic business objectives and goals.
	Processes for assessing the potential size and scope of identified climate-related risks.	C2.1b		Financial: >R250 million (or 4% of profit); Operations: Loss of ability to sustain ongoing operations. Reputational: Extreme international public/media outcry. Damaging campaign. Social/legal licence to operate is severely threatened. Environmental: Extreme environmental effect with impairment of ecosystem functions. Long-term, widespread effects on a significant area.
	Definitions of risk terminology used or references to existing risk classification frameworks used.	C2.2		The framework is based on the principles embodied in the Enterprise Risk Management Framework published by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission, the International Guideline on Risk Management (ISO31000) and the King Code on Corporate Governance Principles (King IV).
	Determining the relative significance of climate-related risks in relation to other risks.	C2.2		Climate-related risks are included in Shoprite's overarching risk process. The risk analysis or assessment involves consideration of the causes and sources of the risks, their positive and/or negative consequences, and the likelihood that those consequences can occur. Shoprite has its own inherent risk rating scale for this assessment.
b)	Describe the organisation's processes for managing climate-related risks.	C2.1		
	How decisions to mitigate, transfer, accept, or control those risks are made.	C2.2		
	Processes for prioritising climate-related risks, including how materiality determinations are made.	C2.1b		
c)	Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	C2.1 and C2.2		

Metrics and targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

	Disclosure	CDP	SR/IAR	Additional information
a)	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	C4.2a and C9.1 Risks: C2.3a Opportunities: C2.4a	Sustainability Report: Risk management and compliance, page 16	Development and disclosure of metrics and targets directly related to the climate risks and opportunities identified will be deepened in the year ahead.
b)	Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	C6 Risks: C2.3a R1 and R6; C11	Sustainability Report: Climate Change – energy and emissions, pages 62–65	Related risks include: carbon pricing and enhanced reporting requirements.
	GHG emissions and associated metrics provided for historical periods to allow for trend analysis.	C6		The 2019/20 reporting scope was Shoprite's company-wide, rather than rand-based operations only, hence the 2019/20 financial year (1 July 2019 – 30 June 2020) was set as the new base year to ensure future comparisons are done on a like-for-like basis.
	Description of the methodologies used to calculate or estimate the metrics.	C5.2		
c)	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets, including:	C4.1, C4.1a, C4.1b and C4.2, C4.2a		Shoprite has committed to a Net Zero target by 2050 and signed on to the SBTi. Targets for all risks and opportunities identified will be deepened in the year ahead.
	Description of target as absolute or intensity based, and if it has time frames, base year, and KPIs to assess progress	C4.1, C4.1a, C4.1b and C4.2, C4.2a		
	Description of efficiency or financial goals, financial loss tolerances, avoided GHG emissions through the entire product life cycle, or net revenue goals for products and services designed for a lower-carbon economy.	C4.5a		

APPENDIX 4: **KEY SUSTAINABILITY INDICATORS**

GHG emissions Q GRI 305-1, 305-2, 305-3, 305-4, 305-5

Shoprite Group's Scope 1 and 2 emissions, 2020 – 2021

GHG emissions	Units	2020	2021	% Change
Scope 1 GHG emissions	tCO ₂ e	583 000	563 355	-3.4%
Scope 2 GHG emissions	tCO ₂ e	1 986 711	1 867 528	-6.0%
Total Scope 1 and Scope 2 GHG emissions	tCO ₂ e	2 569 711	2 430 883	-5.4%

Note: Scope 1 and 2 emissions are provided for all assets for which Shoprite has operational control. Scope 1 emissions factors for fuels and gases use DEFRA 2020 emissions factors. Scope 2 emissions factors for electricity consumption use the relevant emissions factors provided by Eskom for South Africa and the International Energy Agency 2019 emissions factors for all other countries. CO₂e refers to carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O) expressed as having the equivalent global warming impact as CO₂.

Shoprite Group's market- versus location-based GHG emissions, 2021

GHG emissions	Units	Market-based	Location-based
Scope 2 GHG emissions	tCO ₂ e	1 867 528	1 878 750
Scope 2 GHG emissions intensity	tCO ₂ e/m ²	0.385	0.387

Shoprite Group's Scope 3 emissions, 2020 - 2021

GHG emissions	Units	2020	2021	% Change
Scope 3 GHG emissions	tCO ₂ e	9 240 486	14 071 153	52.2%

Note: Scope 3 emissions were calculated using the Quantis Scope 3 Evaluator and Shoprite's own methods.

Shoprite Group's energy intensity, 2020 – 2021

Energy intensity	Units	2020	2021	% Change
Scope 1 and 2 GHG emissions per gross leasable area (GLA)	tCO ₂ e/m ²	0.528	0.501	-5.2%
Scope 1 and 2 GHG emissions per turnover	tCO ₂ e/R'000	0.0164	0.0147	-10.0%

Note: CO₂e refers to CO₂, CH₄ and N₂O expressed as having the equivalent global warming impact as CO₂.

Shoprite Group's emission reduction initiatives, 2021

Emission reduction initiative description	Units	Scope reduced	Emissions reduced by
LED retrofit	tCO ₂ e	Scope 2	20 013
Rooftop solar PV	tCO ₂ e	Scope 2	11 249
Reverse logistics	tCO ₂ e	Scope 1	940
Rooftop solar PV for trailers	tCO ₂ e	Scope 1	2 535

Note: CO₂e refers to CO₂, CH₄ and N₂O expressed as having the equivalent global warming impact as CO₂.

Energy usage **Q** GRI 302-1, 302-3, 302-4, 302-5

Shoprite Group's direct energy usage, 2020 - 2021

Units	2020	2021	% Change
MWh	604 319	553 515	-8.4%
MWh	21 686	29 676	36.8%
MWh	626 005	583 191	-6.8%
MWh	2 078 604	1 931 362	-7.1%
MWh	3 298	10 993	233.3%
MWh	2 081 902	1 942 355	-6.7%
MWh	2 707 907	2 525 546	-6.7%
	MWh MWh MWh MWh MWh	MWh 604 319 MWh 21 686 MWh 626 005 MWh 2 078 604 MWh 3 298 MWh 2 081 902	MWh 604 319 553 515 MWh 21 686 29 676 MWh 626 005 583 191 MWh 2 078 604 1 931 362 MWh 3 298 10 993 MWh 2 081 902 1 942 355

Note: Conversion factors for fuels and gases use DEFRA 2020 emissions factors. Purchased electricity is recorded by Shoprite's online electricity monitoring software and the capture of invoices from electricity suppliers.

Shoprite Group's energy intensity ratios, 2020 - 2021

Energy intensity	Units	2020	2021	% Change
Scope 1 and 2 per GLA	MWh/m²	0.5559	0.5200	-6.5%
Scope 1 and 2 per turnover	kWh/R	0.0166	0.0153	-7.9%

Shoprite Group's energy reduction initiatives, 2021

Energy reduction initiative description	Units	Type of energy	Emissions reduced by
LED retrofit	MWh	Electricity	19 557
Rooftop solar PV	MWh	Electricity	10 993
Reverse logistics	MWh	Fuel	3 586
Rooftop solar PV for trailers	MWh	Fuel	9 432

Water usage

Shoprite Group's water usage, 2020 - 2021

Direct energy	Units	2020	2021	% Change
Groundwater	kL	89 380	89 380	_
Municipal water	kL	5 036 691	4 709 661	-6.5%

Note: Groundwater data for 2021 was not readily available and thus assumed to be the same as the 2020 data.



Abbreviations and acronyms

(Pty) Ltd	Proprietary Limited
<ir></ir>	Integrated Reporting
<ir> Framework</ir>	Integrated Reporting Framework
B-BBEE	Broad-based black economic empowerment
CDP	Carbon Disclosure Project
CEO	Chief Executive Officer
CFS	Checkers Food Services
coso	Committee of Sponsoring Organizations
COVID-19	Coronavirus (SARS-CoV-2)
CSI	Corporate social investment
DC	Distribution centre
ECD	Early childhood development
ERM	Enterprise risk management
ERP	Enterprise resource planning
ESG	Environmental, social and governance
FSC	Forest Stewardship Council
FY	Financial year
GHG	Greenhouse gas
GRI	Global Reporting Initiative
HVAC	Heating, ventilation and air conditioning
IEL	Individual e-learning
IIRC	International Integrated Reporting Council
ILO	International Labour Organisation
ISO	International Organization of Standardization
King IV	King IV Code on Corporate Governance 2016 published as part of the King IV Report™
KPI	Key performance indicator
kWh/MWh	Kilowatt-hour and Megawatt-hour
LED	Light-emitting diode
LTIFR	Lost time injury frequency rate
NAFAU	Namibian Food and Allied Workers Union
NPAT	Net profit after tax

NQF	National Qualifications Framework
NSFAS	National Student Financial Aid Scheme
PRL	on-pack recycling label
וסי	Previously disadvantaged individual
РМО	Portfolio Management Office
PV	Photovoltaic (conversion of light into electricity)
QR	Quick response
RRP	Retail Readiness Programme
RSA	Republic of South Africa
SACCAWU	South African Commercial, Catering and Allied Workers Union
SANAS	South African National Accreditation System
SANS	South African National Standard
SASSA	South African Social Security Agency
SASSI	Southern African Sustainable Seafood Initiative
BTi	Science Based Targets initiative
SDG	Sustainable Development Goal
SIZA	Sustainable Agriculture in South Africa
SME	Small and medium enterprise
SMME	Small, medium and micro enterprise
SMS	Short Message Service
CO₂e	Tons of carbon dioxide equivalent
CFD	Task Force on Climate-related Financial Disclosures
VET	Technical and vocational education and training
JN	United Nations
JNFCCC	United Nations Framework Convention on Climate Change
JNGC	United Nations Global Compact
JSSD	Unstructured Supplementary Service Data
VWF	World Wide Fund for Nature
VWF- SASSI	World Wide Fund for Nature Southern African Sustainable Seafood Initiative
/ES	Youth Employment Services

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