



Sustainability Report 2019

Our objectives for the current reporting period and beyond:

- Finalise development of our sustainability strategy in 2020.
 - Enhance our business strategy to fully incorporate our key sustainability objectives and our sustainability strategy.
 - Adopt an impact assessment framework that captures the impact and positive contributions of our sustainability approach.
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Report on Shoprite Holdings Ltd's sustainability approach over the 2019 financial year running to 30 June 2019. This report is best read in conjunction with Shoprite Holdings Ltd's Integrated Annual Report 2019.

Cover image: Oliver's Village Food Garden in Daveyton. The Shoprite Group works hard to create value in and with our communities. Training and empowering our future generations and working to build food security are key themes in this Sustainability Report.

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We believe that helping our communities combat challenges around unemployment, poverty and food insecurity, and becoming more resilient and prosperous, is inherent to ensuring that our business is sustainable over the short, medium and long term.



CEO's Foreword



PIETER ENGELBRECHT
CEO, SHOPRITE HOLDINGS

As the largest retailer on the African continent, we recognise that we have an important role to play in the countries and communities in which we operate. This role extends beyond living our purpose of being Africa's most accessible and affordable retailer. It means living our values – doing the right thing and doing it right, saving to share and developing local – and finding ways to help develop and support our employees, customers and their communities.

We continue to align our sustainability work with the United Nations' Sustainable Development Goals, focusing primarily on fighting hunger, giving access to quality education, providing decent work and promoting sustainable production and consumption. This gives us a social licence to operate and it makes business sense.

We are working to build the resilience of our business to ensure continued employment and training for our people, ongoing job creation and inclusive market access for our suppliers. This in turn enables us to make significant tax contributions to multiple economies. Our business success benefits the economies of communities, regions and countries where we operate.

We need to do this while finding ways to tread more lightly on our planet. We have worked hard over the past few years to create the internal systems and capacity necessary to support our long-term sustainability ambitions. This includes employing an experienced sustainability manager in February 2019 to lead a dedicated team in embedding sustainability principles into our operations, particularly regarding waste management, sustainable packaging, water and energy efficiencies, and food losses and waste.

We have invested heavily in implementing comprehensive information and technology systems that will provide us with integrated, real-time data. This will help us to respond and adapt quickly to a fast-changing business and social environment, while enhancing our compliance, monitoring

and reporting abilities. Our human resources strategy has evolved to ensure that we maintain a pipeline of quality talent to lead our business today, and in the future. We will continue to cultivate long-term relationships with strategic partners that can help us deepen our economic and social impact.

In the next reporting period, we will amplify our focus on interventions related to our material risks that also have the potential to bring about large-scale systemic change. This is the next step on our journey to building a more sustainable business that creates lasting shared value. ■



The Shoprite Group is a responsible corporate citizen and the largest supermarket retailer on the African continent.

As such, we acknowledge the need to act ethically and responsibly in the 15 countries in which we operate. This includes ensuring compliance with all legislative and regulatory requirements, but it also means using our scale, resources, knowledge and experience to help build inclusive and prosperous economies capable of overcoming the challenges of unemployment, poverty and food insecurity. This gives us a social licence to operate on the continent and it makes business sense.

We appointed a Group Sustainability Manager in February 2019 to lead an experienced team in integrating and embedding sustainability principles into our operations. We

are starting work on aspects related to the top 10 material issues identified for the Group in this reporting period (p14) that also have the potential to create lasting shared value. The Group has adopted the International Integrated Reporting Council's International Integrated Reporting <IR> Framework. To determine our 10 most material issues, the Group identified a range of matters, informed by and that affect our stakeholders and our ability to create shared value.

We prioritised the most relevant issues based on our operating context, risks and opportunities, and on our stakeholder engagement throughout the year. These issues were discussed and confirmed in workshops with the Group's management and executive teams.

We invest in enabling our people to improve their skills and reach their highest potential.



Our material issues are trade performance and growth opportunities, information and technology, supply chain configuration and cost, leadership transformation and employment equity, remuneration strategy and policy, regulatory environment, our employees, quality and safety standards, socioeconomic impact and contribution, and maintaining the Group's social licence to operate. These aspects are discussed in detail in our Integrated Annual Report.

We will focus on those opportunities where we can harness our significant resources (147 268 employees, 19 398 suppliers, expertise, and advanced information and technology and distribution infrastructure) to bring about meaningful change. Our work in this regard is supported by a comprehensive human resources strategy and our investment in sophisticated information and technology. This will allow us to conduct real-time data collection and analysis, and enhance our ability to respond quickly and appropriately to emerging risks and

opportunities. We continue to work through strategic partnerships to scale up and deepen the impact of our work. This report examines our approach to, and successes in, managing these material issues during the financial year from 2 July 2018 to 30 June 2019, in line with our contribution to the United Nations' Sustainable Development Goals (SDGs). Most notably, our work aligns with the goals to achieve zero hunger (Goal 2), quality education (Goal 4), decent work and economic growth (Goal 8), and responsible consumption and production (Goal 12). The discussion is framed within a greater review of how we managed our key resources, namely, our people, our customers, our communities, our suppliers, our supply chain and our natural capital.

OUR PEOPLE

We employ 147 268 people across 15 African countries and created 3 175 new jobs in the reporting period. We have evolved our human resources strategy to attract, recruit, train, inspire and reward the people that drive our business today, and those that will lead it in a changing future.

We are proud that the Shoprite supermarket brand won a range of awards in 2019 (p35), confirming that we remain a brand of choice for the bulk of consumer markets in South Africa and on the continent.

Our employee turnover rates continue to drop. We have prioritised our employees' safety and security at work by establishing a centralised response platform that provides 24-hour surveillance of stores.

We invest in enabling our people to improve their skills and reach their highest potential. Our hire-to-retire model makes provision for personalised pre- and on-boarding programmes, vocational training and ongoing learning opportunities, meaningful engagement through individual store-level e-learning kiosks at 1 355 sites and an innovative mobile app for communicating with all employees directly. Our training and learning offerings are extensive, with more than 21 accredited courses offered through our Retail Varsity, taken up by 9 215 employees in the financial year. We are also preparing to enable more people with differing disabilities to enter our training programmes to find work in the retail environment. We continue to provide sector-wide training through our Retail Readiness Programme and our participation in the Youth Employment Service (YES) initiative, with 5 079 and 1 851 trainees respectively in the year under review.

Our Assistant Chef Programme has been a resounding success, training 991 people since inception in 2018 and 837 in the financial year. Two of our meat technicians were awarded the prestigious status of "Institute of

Meat Accredited Master Butcher" in February 2019. We continue to fund bursaries for tertiary students and funded 298 bursaries to the value of R16.3 million in the 2018 academic year. In the 2019 academic year to date we spent R16.1 million on funding 274 students and anticipate spending R18.5 million on bursaries for the full 2019 academic year. And we currently have 31 trainee chartered accountants completing their articles with the Shoprite Group.

We continue to explore the best ways in which to harness our employees' passion for volunteering. We launched Africa's Biggest Cleanup in July 2018, which supported more than 12 000 people across 12 countries in picking up more than 26 000 bags of waste through 465 events. This initiative illustrates the transformative effect we can have by leveraging our size and footprint on the continent.

OUR CUSTOMERS

The Shoprite Group remains committed to making its customers' money work as hard as they do. We delivered on our promise of affordable prices again this reporting period, selling more than 9 600 items at prices lower than they were the previous year. We have sold 114 million R5 deli meals in total, 53 million of them in the reporting period. We continued to subsidise staple products to the value of R141 million in the 2019 financial year. Our focus and resources

remain on ensuring that our procured food products and in-store offerings are safe. We have invested in additional systems to help us provide even more oversight of food safety, and to enable us to respond quickly to emerging trends such as the demand for non-meat and organic products. We also piloted an online order service for a curated range of liquor products in partnership with Mr D – a South African food delivery business – and will be expanding this offering. We are proud that the Shoprite supermarket brand won a range of awards in the past financial year, confirming that we remain a brand of choice for the bulk of consumer markets in South Africa and on the continent.

OUR COMMUNITIES

We are committed to building and supporting the resilience of the communities in which we operate and where our employees and customers live. Our initiatives are primarily run through our corporate social investment (CSI) programmes, which focus on fighting hunger and malnutrition, supporting early childhood development (ECD) centres and providing ongoing assistance to vulnerable communities.

During the reporting period we spent R35.6 million on our CSI interventions and donated surplus food and goods to the value of R60.4 million to registered charity beneficiaries.



The integrity and efficiency of our supply chain is

Our mobile soup kitchens served 4.2 million hot meals to those in need. We are guided by our desire to #ActForChange and are committed to finding and supporting those interventions that are likely to bring about transformative change. We align our work in this regard with the SDGs and South Africa's development goals.

Our food garden projects (90 gardens in total; 39 established in the reporting period) are starting to generate benefits beyond the initial scope of the project. There has been a rapid growth of satellite gardens (205 to date and 178 in the financial year) set up by community members who took up our offer of a training session and starter pack. Fifty-eight of our community food gardens are now able to produce a surplus and we

have provided these entrepreneurs with market access through our Checkers Market Days, enabling them to generate additional income. We continue to support ECD centres with practitioner training and investment in on-site food gardens. We are committed to promoting food and nutritional security at this level of education.

We established a partnership with the Appliance Bank in the previous reporting period. The project trains unemployed people to fix broken or faulty household appliances. We have donated items to the value of R3.92 million to the project to date. We continue to identify ways in which we can create shared value with our communities.

OUR SUPPLIERS

The integrity and efficiency of our supply chain is key to our business success. We work with 19 398 suppliers across 15 African countries and 13 other countries to provide our customers with products and services. Our supply chain model is based on international best practice, encompassing an efficient fleet of trucks and trailers, sophisticated cold chain technology and world-class distribution centres. It is supported by advanced information and technology and training systems to ensure that we can deliver quality products on demand and efficiently throughout our extensive network of stores on the continent.

Our centralised distribution model also allows us to enable smaller women- and black-owned suppliers



key to our business success.

to enter the formal retail sector through an established route to market. In this way, we contribute to growing an inclusive economy. We provide additional opportunities and support for small- and medium-sized enterprises (SMEs) and we support entrepreneurs with innovative product offerings looking for market access to grow their businesses. We spent 8.51% of our supplier spend on black-owned suppliers and 4.66% on black, woman-owned suppliers in the financial year.

We have launched an innovative investment fund in partnership with Empowerment Capital Investment Partners to unlock much-needed growth capital for some of our suppliers within the greater Shoprite Group value chain. We provide the necessary funding, support and market access to ensure their success. This innovative offering is aimed at top-performing SME suppliers.

OUR PLANET

We continue to find ways to minimise the impact of our operations on the environment and to reduce our use of natural resources. In this financial year, we have formalised our approach to waste management, sustainable


packaging and food losses and waste. We are working to embed sustainability principles in operational processes. We have reported to the CDP Carbon Programme since 2011 (and publicly published the report since 2018) and we continue to invest in energy efficiency initiatives, and in renewable energy, where feasible, resulting in a 7.3% reduction in electricity consumption intensity in our operations in the Kingdom of Eswatini, Lesotho, Namibia and South Africa. We have submitted our second report to the CDP Water Programme, which focused on our Western Cape operations. We have reduced our water usage intensity by 8.7% in the reporting period across our Western Cape facilities by improving efficiency, reducing wasteful practices and piloting water harvesting and storage systems at certain stores. We continue to explore ways to build resilience to water risk in our operations.

CONCLUSION

We are looking strategically at how to leverage the Group's resources to respond to our material risks and contribute to sustainable development in the 15 countries in which we operate. We will produce a robust sustainability strategy by 2020. ■

Sustainability Highlights

Our people

Trained **155 029** people 

Invested **3 494 949** training hours

Conducted **1 648 730** successful training interventions

Invested **>R88 million** in our **Retail Readiness Project**

Reduced the number of injuries by **5%** (RSA)


Our customers

8 awards for most recognisable and trusted brand 




Subsidised 58 million loaves of bread


Our planet

Saved **32 million** kWh through use of energy-efficient lighting, equalling **30 562** tCO₂e 

Reused and recycled **36 439 tons** of cardboard

Trained **12 983** employees in our sustainable seafood policy 

Reduced our water usage intensity by **8.7%** in our Western Cape operations using water-efficient devices 

7.3% reduction in electricity consumption intensity in our operations in the Kingdom of Eswatini, Lesotho, Namibia and South Africa 

>1 million litres of used cooking oil converted to biodiesel

Our communities

Provided employment for **147 268 people** and created **3 175** new jobs

Trained **7 774** unemployed black youth


Invested **R35.6 million** in CSI projects and programmes

Donated **R60.4 million** in surplus food and goods 

Served more than **20 million meals** to communities in need

Grew the number of food gardens supported from 19 in 2017 to **90 gardens** in 2019 

Trained **545** community members to grow food gardens

Benefitted **4 415** children in 9 provinces through ECD training 

Provided **307 051** nutritious meals to ECD centres

Our suppliers

Took on **576** new suppliers

Directed **4.66%** of supplier spend to black woman-owned businesses

Invested **R85 million** in new supplier development investment fund

About this Report

As a responsible corporate citizen, the Shoprite Group is committed to supporting sustainable development in the countries in which it operates.



We understand that our operations affect and are affected by our employees, our customers and communities, as well as the natural environment.

We are dedicated to building our resilience as a business and the resilience of the communities in which we operate, while exploring ways to minimise our impact on the planet.

This stand-alone sustainability report outlines our strategic approach to leveraging our resources to deepen our positive contribution to social, economic and natural systems. It captures the substantial sustainability work we have done in the reporting period, links these activities with national and international frameworks, and outlines our commitments for the year ahead. It aligns with the principles of the King IV™ Code on Corporate Governance and was reviewed by the Social and Ethics Committee. The Audit and Risk Committee approved the report in August 2019.

This report should be read in conjunction with the Shoprite Holdings Integrated Annual Report 2019 for a more comprehensive overview of our business, strategies and financial performance. ■



The icons below are used to depict the Shoprite Group's material issues. Refer to pgs 44-53 in our Integrated Annual Report for more detail on our material issues.

-  Trade performance and growth opportunities
-  Supply chain configuration and cost structure
-  Remuneration strategy and policy
-  Our employees
-  Socioeconomic impact and contribution

-  Information and technology
-  Leadership transformation and employment equity
-  Regulatory environment
-  Quality and safety (employee, workplace and customer)
-  Social licence to operate

About Us



Shoprite is the fourth most admired brand in the retail category of Brand Africa's 2019 Top 100 Brands in Africa survey. It is the only African-owned company in the top four, following Zara, Auchan and H&M, based in Spain, France and Sweden respectively.

WHO WE ARE

Shoprite Holdings Ltd is an investment holding company. Our combined subsidiaries constitute the largest fast moving consumer goods retail operation in Africa. Our focus is on food, but we also sell household products, furniture and pharmaceuticals, and offer a range of financial services. Our customers live in various countries and come from all income brackets.

Our Home Office is in Cape Town. While most of our stores are in South Africa, our footprint extends across the continent, with outlets under various brands in Angola, Botswana, the Democratic Republic of the Congo, Ghana, the Kingdom of Eswatini, Lesotho, Madagascar, Malawi, Mozambique, Namibia, Nigeria, Uganda and Zambia. We opened our first store in Kenya in December 2018.

As at 30 June 2019, we comprised the following brands: Shoprite, Checkers, Checkers Hyper, OK Franchise, OK Furniture, House & Home, Usave, Shoprite LiquorShop, Checkers LiquorShop, Computicket, Computicket Travel, MediRite Pharmacy, Transpharm, Freshmark, Checkers Food Services and Money Market. Please refer to our corporate website for more information on the geographical distribution of each brand.

Shoprite and Checkers featured among South Africa's most influential brands in market research firm Ipsos Group's first global brand survey. "The essence of most of these brands is that they are inclusive, relatable and warm which speaks to the principle of UBUNTU that is ingrained in South African culture and way of life." (Ipsos, 2018).

Launched in 2018, Shoprite Money enables more than 100 000 registered South African users to deposit, withdraw or send money, as well as buy electricity and airtime.

We added payroll and bulk payment functions – at no cost to users – in the reporting period. We also saved our customers R485 million in ATM costs by providing cash withdrawal services at check-out tills.

Table 1: Our value chain

OUR VALUE CHAIN

Primary activities

Procurement	Suppliers	Logistics	Operations	Marketing & Sales
<p>450 Grower contracts</p> <p>Import from 13 countries</p> <p>Export to 15 countries</p>	<p>19 398 Suppliers</p>	<p>15 Countries 837 Trucks 1 211 Trailers 30 Distribution centres</p>	<p>2 319 Owned outlets</p> <p>460 Franchise stores</p>	<p>16 Brands</p> <p>30.6% Market share</p>

Key enablers

Human Resources	Compliance & Assurance	Technology
<p>147 268 Employees across 15 countries</p>	<p>2 900 Food safety external audits</p> <p>133 021 People trained on compliance focus areas</p>	<p>28.4% Of the information and technology team's time spent on digital transformation projects</p>

Market position in terms of size: 86th biggest retail group in the world, 54 places ahead of our nearest local rival.

Source: Deloitte's Global Powers of Retailing 2019



OUR PURPOSE AND VALUES

We aspire to be Africa's most accessible and affordable retailer, while creating shared value for our stakeholders, maintaining our focus on strong governance principles and leading ethically. We have become the number one retailer in Africa and the largest private-sector employer in South Africa through a steadfast commitment to our values.

Table 2: Our purpose, values and capitals

OUR PURPOSE					
We aspire to be Africa's most accessible and affordable retailer					
Supported by OUR VALUES					
Doing the right thing and doing it right	<ul style="list-style-type: none"> Good customer service: We aim to be the global leader in customer service by putting the customer first in everything we do and ensuring that every customer leaves the store happy. We empower employees to do what is necessary to ensure our customers are satisfied. 	<ul style="list-style-type: none"> Acting for change: We are aware that we are part of a broader community and we #ActForChange. We ensure that we remain relevant to and are trusted by the communities we serve through job creation, providing affordable products, lending a helping hand to those in need and feeding the most vulnerable. 	<ul style="list-style-type: none"> Integrity: We believe in treating all people, whether they are colleagues or customers, with respect. We believe in being accountable, keeping our promises and dealing fairly and honestly. We believe in earning trust through responsible and ethical behaviour. We believe relationships are for the long term. 		
	<ul style="list-style-type: none"> Having an unrelenting focus on keeping costs low to ensure that we deliver household goods to our customers at the most affordable prices. 	<ul style="list-style-type: none"> Striving for efficiency in everything we do. We can reduce our environmental footprint while saving costs for our customers by doing the most we can with as little as we can. 	<ul style="list-style-type: none"> Utilising surplus and distributing it to those in need. 		
Saving to share	<ul style="list-style-type: none"> Investing in people: We invest in our people so that they invest in us. We believe that teamwork, career development, promoting from within and job security are foundations of a great workplace. 	<ul style="list-style-type: none"> Sharing our success: Our success allows us to impact positively on the economies of communities, regions and countries where we operate. We repay the support of our customers by giving back. 	<ul style="list-style-type: none"> Giving access to market: We are passionate about supporting and growing small local producers through procurement, providing access to our distribution network, education and logistical support. 	<ul style="list-style-type: none"> Embracing transformation: We believe in playing a role in the economic transformation of people in the countries we operate in through job creation, skills transfer, career development, local sourcing, SME development and social upliftment. 	
	Applied to OUR CAPITALS				
Financial	Human Our people	Social Our customers/ Our communities/ Our suppliers	Natural Our planet	Intellectual Our experience and knowledge	Manufactured Our supply chain and infrastructure



We are committed to achieving the highest standards of professional and ethical conduct, including adherence to legislative and regulatory frameworks, ethical working practices, good corporate governance, accountability and transparency.

GOVERNANCE

These aspects are important both to us and our stakeholders. The Group is included in the FTSE4Good Index Series that lists socially responsible businesses, demonstrating strong environmental, social and governance practices.

Our corporate governance structures consist of a Board of Directors, Board committees and Executive Management. We appointed a Group Risk and Compliance Manager in late 2017 and Group Health and Safety and Investor Relations Managers in the year under review.







The Integrated Annual Report 2019 has more information on these structures. Of relevance to this report is the Social and Ethics Committee, which ensures that we are a responsible corporate citizen that does business sustainably and ethically. This committee oversees:

- Our CSI programmes (including community development) and other sustainability interventions.
- Compliance with relevant legislation and codes of best practice, including the Employment Equity Act (1998) and the Broad-Based Black Economic Empowerment (B-BBEE) Act (2003).

- The promotion of equality and prevention of discrimination within the Group.
- The prevention of fraud, bribery and corruption.
- The protection of human rights throughout all operations.
- Consumer relationships, including advertising, public relations and compliance with consumer protection laws.
- The impact of our activities, products and services on the environment, health and public safety.
- The conditions of labour and employment, as well as educational development of employees.

We appointed an experienced Group Sustainability Manager in February 2019 to coordinate sustainability across the business. This position reports directly to the Chief Business Officer and the Social and Ethics Committee. The Sustainability Manager is supported by a dedicated sustainability team, including an engineering specialist. We have established cross-departmental working groups to explore synergistic activities and monitoring and reporting procedures on various aspects of sustainability. We will finalise a robust sustainability strategy for the Group by 2020.

Table 3: Our material issues and values-based responses

Our Capitals	Our Material Issues	Our Values-based Sustainability Response
Financial		<ul style="list-style-type: none"> See Integrated Annual Report 2019 Committing to good governance, compliance and reporting
Human Our people		<ul style="list-style-type: none"> Designing and implementing an adaptive human resources strategy to: <ul style="list-style-type: none"> Engage and empower our people Provide ongoing learning opportunities Promote diversity in our workforce Adopting a new health and safety policy and initiating a comprehensive health and safety risk assessment
Social Our customers/ Our communities/ Our suppliers		<ul style="list-style-type: none"> Adopting a comprehensive Food Quality Assurance Strategy and Framework Building and supporting community resilience Contributing to an inclusive economy
Natural Our planet		<ul style="list-style-type: none"> Focusing on water and energy efficiency Reducing food loss and waste across our operations Undertaking responsible waste management Embracing sustainable packaging in our business Adopting sustainable sourcing systems
Intellectual Our experience and knowledge		<ul style="list-style-type: none"> Investing in integrated information and technology systems Enhancing risk frameworks and training
Manufactured Our supply chain and infrastructure		<ul style="list-style-type: none"> Making best use of our supply chain infrastructure Installing back-up water and renewable energy systems

-  Trade performance and growth opportunities
-  Supply chain configuration and cost structure
-  Remuneration strategy and policy
-  Our employees
-  Socioeconomic impact and contribution

-  Information and technology
-  Leadership transformation and employment equity
-  Regulatory environment
-  Quality and safety (employee, workplace and customer)
-  Social licence to operate

MATERIALITY AND RISK MANAGEMENT

Our materiality determination process aligns with the International Integrated Reporting <IR> Framework. To determine our 10 most material issues, the Group identified a range of matters that affect our stakeholders and our ability to create shared value. We prioritised the most relevant matters based on our operating context, risks and opportunities, and on our stakeholder engagement throughout the year. These issues were discussed and confirmed in workshops with the Shoprite Group's management and executive teams.

Our material issues are trade performance and growth opportunities, information and technology, supply chain configuration and cost, leadership transformation and employment equity, remuneration strategy and policy, regulatory environment, our employees, quality and safety standards, socioeconomic impact and contribution and maintaining the Group's social licence to operate.

These aspects are discussed in detail in our Integrated Annual Report.

The Group aims to proactively identify and manage risk. We constantly evaluate our policies against relevant regulatory and legislative requirements in South Africa and beyond. We have enhanced our ability to flag high-risk regulatory requirements in other African countries to enable compliance.

We invest significantly in compliance training to manage risk, and we report consistently and comprehensively on each aspect to relevant internal and external bodies. Our critical and high-risk training interventions related to regulatory requirements are detailed below. We will implement training on B-BBEE in the next financial year, focused on top management, buyers and employees involved in procurement.

Table 4: Compliance training: number of training hours and beneficiaries in 2019

	No. of people trained	No. of training hours
Anti-bribery & corruption and fraud	4 811	4 838
Anti-money laundering	4 897	4 940
B-BBEE	Planned for 2020	
Company & corporate law	Planned for 2020	
Competition law	405	810
Consumer protection laws	15 651	15 977
Corporate governance & ethics	12	348
Credit law	67	272
Data protection privacy & cyber laws	5 863	10 370
Environmental sustainability	12 983	14 034
Forex & international trade	Planned for 2020	
Financial services insurance, money transfers	28 645	36 356
Food safety & hygiene	26 085	65 948
Health & safety (employee and non-employee)	124 497	279 850
Import & export, freight laws	11	200
Labour & employment law	1 171	20 372
Licences & permits	567	25 344
Liquor laws	233	236
Skills development & training	895	15 568

GLOBAL AND NATIONAL FRAMEWORKS

The Group's operations extend far beyond South Africa's borders. We do our utmost to enable compliance with all laws in the countries in which we trade and we subscribe to legislative and regulatory frameworks that govern our relationships with employees, trade unions, customers and the environment.

The Social and Ethics Committee is responsible for monitoring and overseeing our adherence to all laws and prevailing codes of best practice that specifically relate to sustainability. In the global arena, these include:

- The principles of the United Nations Global Compact, which relate to human rights, labour, the environment and the fight against corruption.
- The Organisation for Economic Co-operation and Development's recommendations regarding corruption.
- The International Labour Organization Protocol on decent work, working conditions, employment relationships and the educational development of employees.
- The United Nations' SDGs, discussed below.

In South Africa, they include, among others:

- The B-BBEE Act, as amended, discussed below.
- The Consumer Protection Act (2009)
- The Employment Equity Act, as amended.
- The National Development Plan, discussed below.

The B-BBEE Act

This act provides the legislative framework for black economic empowerment in South Africa. Government provides codes of good practice and scorecards for different sectors.

Supporting the growth of an inclusive South African economy is important to the Shoprite Group. We want to move beyond compliance to support long-term and sustainable transformation and unlock real value creation in South Africa. We are formalising our B-BBEE and Enterprise and Supplier Development programmes and launching new initiatives to deepen the impact of our work. The CEO chairs the B-BBEE Committee, which is composed of business unit managers.

Our 2017 and 2018 B-BBEE scorecards are below. The 2019 figures will be available on the Group's website once verified.

The National Development Plan

South Africa's National Development Plan aims to eradicate poverty, eliminate inequality and secure a "decent standard of living" for all South Africans by 2030. A decent standard of living includes access to quality education, skills development, employment and adequate nutrition. Many of our employee, customer and supplier initiatives support these objectives.

The United Nations' SDGs

The Shoprite Group recognises that its success is dependent on societal well-being. Many of our operational and CSI activities therefore support the attainment of the SDGs. We focus particularly on those goals related to our material issues and where our efforts are likely to make the most impact – reducing food insecurity, supporting quality education, offering decent work and contributing to economic growth, and ensuring that we encourage sustainable production and consumption along our value chain.

Table 5: B-BBEE Scorecard, 2017 and 2018

B-BBEE element	Weighting points	2017	2018
Ownership	25	8.4	7.42
Management control	19	8.1	8.8
Skills development	20	15.28	17.82
Enterprise and supplier development	40	22.7	24.08
Socioeconomic development	5	5	5
Total points	109	59.48	63.12
B-BBEE status		Level 7 (before discounting) Level 8 (after discounting)	Level 7 (before discounting) Level 8 (after discounting)

Table 6: Our contribution to the SDGs



STAKEHOLDER ENGAGEMENT

The following key stakeholder groupings were determined within the Group: our customers, shareholders and financiers, trade unions, the communities in which we operate, our employees, regulators and suppliers. Strategic stakeholders are identified based on:

- The extent to which they can benefit from or influence the Group's financial and operational performance.
- The degree to which we depend on their support to achieve our strategic goals.
- The extent to which they can influence the Group's reputation and brands.
- The risks and opportunities they may present through our engagement with them – or lack thereof.

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

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

We welcome feedback from our stakeholder groups regarding our sustainability work and are constantly looking at ways to improve our engagement with them. Table 7 on page 18 outlines our engagement with our primary stakeholders, their concerns and our responses.



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

Stakeholder group	Engagements	Concerns	Our response
More than 36 million customers in South Africa alone	Our customers come first. They interact with us directly at stores and through online feedback channels, call centres and social media platforms. We also communicate with them through news media, electronic newsletters, our corporate and brand and websites.	Access to safe, nutritious food: Our customers want healthy food that is affordable and safe. They also want access to sustainable packaging options.	<ul style="list-style-type: none"> ■ We work to source a wide range of healthier, affordable foods. ■ We stock more than 150 lines aimed at healthier living with our Simple Truth range. ■ We have a digital strategy that extends personal engagement. ■ We emphasise food safety. ■ We source sustainable packaging options.
Our broad range of shareholders and financiers	Our shareholders and financiers ensure our ongoing success. We engage with them through our Integrated Annual Report, Stock Exchange News Service announcements, meetings, webcasts, conference calls, an online contact platform, perception studies and surveys, and national and international conferences and presentations.	Our investors expect competitive returns earned in a sustainable manner. They want access to transparent and comprehensive strategic information to understand our strategy and activities, particularly in our African markets. They also want to see accountable and ethical governance, including through the implementation of our remuneration policy.	<ul style="list-style-type: none"> ■ We are focused on improving governance and transparency to help investors have a clearer understanding of what we are doing and how our business works. ■ We provide detailed strategic updates through our financial results presentations and our Integrated Annual Report. ■ We are revising our remuneration policy in line with investor feedback.
Ten recognised trade unions	The Group has recognised and engaged with unions for more than 30 years. Our people enjoy freedom of association and the right to join trade unions. We constantly engage with unions through meetings and correspondence, and through their representation on various committees.	Terms of labour: Trade unions have raised issues around wages; the work scheduling practices for full-time and part-time employees; late trading hours; and transportation. This is not uncommon in the retail industry.	<ul style="list-style-type: none"> ■ We proactively engage with unions to negotiate one- to three-year wage settlements and to address concerns raised by members to find equitable solutions. ■ We work to ensure that unions are given access to relevant and transparent information during negotiations.
We actively engage with thousands of communities in South Africa and other African countries through various community projects.	Our communities are home to our employees and customers. We meet with communities, visit community projects and have undertaken research to understand community perceptions of the Group.	Community upliftment: Communities want to better themselves. They want to be empowered to develop themselves and they want access to the formal economy.	<ul style="list-style-type: none"> ■ We run empowerment and community development projects to enable economic participation. ■ We support and develop food gardens through skills transfer and training. ■ We support the transition of community food gardens to market gardens. ■ We work to improve the nutritional intake of children at the ECD centres we support. ■ We host and support fundraising initiatives. ■ We offer emergency disaster relief.

Stakeholder group	Engagements	Concerns	Our response
<p>147 268 employees in 15 countries</p>	<p>Our people are the basis of our success. We engage with them through team meetings, an internal newspaper, trade unions, our CEO video messages, training, surveys and incentive and recognition programmes. We are constantly seeking ways to deepen meaningful engagement, particularly with store-level employees and we are launching an employee communication channel to interact with all employees directly (p31).</p>	<p>Transformation and empowerment: Our people want rewarding work with career development paths, education and training opportunities, and a healthy and safe working environment.</p>	<ul style="list-style-type: none"> ■ We offer extensive in-house training. ■ We run incentive programmes. ■ We engage creatively. ■ We constantly strive to ensure a healthy and safe working environment. ■ We celebrate our people.
<p>Regulators in the 15 countries in which we trade</p>	<p>We interact with a range of regulatory bodies through meetings and submissions.</p>	<p>Compliance and job creation: Regulators want to ensure ongoing compliance and encourage job creation.</p>	<ul style="list-style-type: none"> ■ We monitor compliance with all relevant legislation on an ongoing basis. ■ We engage directly to enhance transparency and facilitate processes. ■ We run ongoing initiatives to transfer skills and provide job opportunities.
<p>19 398 suppliers in about 30 countries</p>	<p>Our suppliers trust us. We visit their operations and farms, meet with them regularly, correspond frequently and work with them to ensure compliance with legislation and our standards.</p>	<p>Business growth opportunities: Our suppliers want new opportunities to enter the Group's value chain and to grow their businesses.</p>	<ul style="list-style-type: none"> ■ We maintain regular contact. ■ We focus on building long-term relationships. ■ We find ways to ease logistical arrangements. ■ We invest directly in their businesses. ■ We support small-enterprise development initiatives.
<p>The broader public</p>	<p>We engage with the broader public through the same channels we use to communicate with our customers. Our Integrated Annual Report, Stock Exchange News Service announcements and other resources are freely available for download on our corporate website.</p>	<p>Climate change, water scarcity and waste management: The government and the broader public are increasingly concerned about climate change, water and waste management, and health and nutrition.</p>	<ul style="list-style-type: none"> ■ We disclose our carbon and water management programmes through the CDP. ■ We respond to health and nutrition concerns by introducing new product lines. ■ We are ensuring compliance with new legislation on sugar and salt content. ■ We are switching to sustainable packaging where possible. ■ We are working to embed circular economy thinking in our operations.

Our Sustainability Approach

We aim to be the most affordable and accessible retailer in Africa while addressing important societal and environmental needs. This provides us with a social licence to operate and it makes business sense.



Our sustainability approach builds on our purpose and our values. We understand that the success of our business depends on the ability of our customers to buy our products, of our suppliers to produce them – even in an uncertain climate – and our ability to safely transport, store and sell them. Our approach to embedding sustainability thinking across the Group is therefore a long-term one.

We have refined our approach to identify interventions that respond to our material risks while also having the potential to create lasting shared value. We focus on those opportunities where we can harness our significant

resources (including our 147 268 employees, 19 398 suppliers and our infrastructure and expertise) to bring about transformative systemic change.

OUR SUSTAINABILITY ENABLERS

In recent years the Shoprite Group has invested significantly in putting core systems in place to enable it to address issues material to its business, enhance the adaptability of the business to changing environments and ensure the sustainable growth of the Group.

We view our human resources strategy, compliance and assurance frameworks, and technology knowledge

We strive to be an employer of choice and invest significantly in systems to deliver quality, curricula-based vocational and compliance training to ensure that our people are able to adapt quickly to change.



and infrastructure as key enablers of our sustainability approach. Our strategic partnerships support us in achieving our goals.

- Our ability to attract and retain the right people to drive our operations in multiple contexts and countries is key to our success. We strive to be an employer of choice and invest significantly in systems to deliver quality, curricula-based vocational and compliance training to ensure that our people are able to adapt quickly to change (p26). We are also investing in cultivating a rewarding workplace environment.
- We have created several new positions over the past few years related to compliance and assurance to enable the Group to identify and respond quickly to new business opportunities and risks. We are committed to reporting against sustainability frameworks (p16).
- Our investment in comprehensive and integrated information and technology systems enables us to have a real-time understanding of the dynamic environment in which we operate. This helps us minimise waste and inefficiencies, keep our people safe and engaged in our business and interact transparently and meaningfully with our regulatory environment. It will enable us to embed sustainability data into key performance indicators, so we can easily access and analyse data, and report on our progress in an integrated way.

HIGHLIGHTS

Our contribution to achieving the SDGs, in line with our material issues, as of 30 June 2019



SDG 17: PARTNERSHIPS TO ACHIEVE THE GOAL

- Maintained and strengthened 10 core CSI partnerships

OUR STRATEGIC PARTNERSHIPS

Shoprite recognises that it has to work with strategic partners, in line with SDG 17, to deliver on its sustainability commitments. These partners include implementation stakeholders and public and private institutions. We recognise that we cannot bring about change on our own, which is why we ground our CSI work in local community partnerships. Our key CSI partnerships include those with:

- **Food & Trees for Africa (FTFA)**, which helps us establish and support our extensive food garden programme (p41). FTFA is a leading non-profit organisation with more than 30 years of experience in addressing food security in South Africa.
- **Gift of the Givers**, a continental disaster response organisation that we work through to provide emergency relief in the form of food, water, clothing and medical supplies to communities struck by disaster (p43).

- **The Lunchbox Fund**, a national South African organisation that we fund to provide nutritious lunches to needy schools in efforts to combat malnutrition in children.
- **Early Learning Foundation**, which provides practitioner training to help improve preschool education in South African communities, as well as resources.
- **Centre for Early Childhood Development**, a national organisation that provides training and support to ECD facilities and practitioners with a focus on the care of children from disadvantaged communities.
- **FoodForward SA**, South Africa's largest food redistribution organisation, collects surplus food from our distribution centres and redistributes to some of its more than 500 registered charities.

Other key partnerships include those with:

- **Empowerment Capital Investment Partners (Pty) Ltd**, a majority black-owned asset manager in the enterprise and supplier development segment, whose purpose is to transform lives through investments (p50).
- **Consumer Goods Council of South Africa**, which represents the interests of more than 12 000 companies from the manufacturing, retail, wholesale and distribution of consumer goods sectors. We participate in relevant initiatives.
- **WWF-South African Sustainable Seafood Initiative (WWF-SASSI)**, which promotes the sustainable procurement and consumption of seafood. Shoprite has committed to SASSI's voluntary compliance framework for procuring its seafood products.

We are also deepening our engagement with government departments, such as the Department of Labour, to facilitate more effective engagement. We work with various South African sector education and training authorities (SETAs) and technical and vocational training colleges to offer accredited training programmes and workplace experience opportunities for learners as part of our Retail Varsity offering.

OUR POSITION STATEMENTS

We are working to further refine our position on several sustainability aspects. To date, we have made the following commitments:

Position Statement on Sustainable Packaging

The Shoprite Group recognises that packaging, while useful as a primary protector and preserver of food products and protector of non-food products, is a key driver of environmental degradation on land and in marine environments when not handled responsibly. A coordinated and collaborative response is needed to avert the potential environmental crisis.



We support a circular economy approach to packaging, incorporating all aspects of the value chain. In line with SDG 12.4, which aims to substantially reduce waste generation by 2030, we commit to:

- Adopting a design-for-sustainability approach to packaging based on life-cycle thinking and innovation, particularly for our own brands. This includes supplying accurate and helpful recycling information.
- Embracing circular economy thinking in our operations, including extended producer responsibility for packaging.
- Collaborating and partnering with key stakeholders (regulators, suppliers, research and advocacy organisations) that share concern on this issue.
- Promoting and supporting local community recycling initiatives, such as Packa-Ching (p53) in partnership with PolyCo.
- Setting targets for use of sustainable packaging, especially for our own brands and in-store packaging:
 - 100% of plastic packaging to be reusable, recyclable or compostable by 2025.
 - 30% average recycled content in all plastic packaging by 2025.
- Reporting and being transparent on our efforts and performance.

Position Statement on Food Losses and Waste

The Shoprite Group recognises the social, environmental and economic impacts of food loss and waste. These impacts include the loss of edible food in a region with high levels of food insecurity and the loss of embedded resources (water, energy, land, labour and capital), as well as the generation of greenhouse gases from the landfilling of food waste. Our Surplus Food Donations Policy diverts surplus food from our distribution centres and stores to registered charities. We are committed to addressing this complex issue across our value chain. In line with SDG 12.3, which aims to halve global food waste at retail and consumer levels and reduce food losses along the food chain by 2030, we commit to:

- Adopting a hierarchical approach in dealing with food losses and food waste, starting with waste reduction.
- Reviewing our entire value chain, from the research and development stages through sourcing to consumption, to identify opportunities to reduce food losses and waste.
- Collaborating and partnering with other organisations that are equally committed to addressing this challenge.
- Training and developing our employees to become champions in the reduction of food losses and waste.
- Sharing information with our customers to help them reduce losses and waste at home.
- Setting targets to continuously improve our performance related to food losses and waste.

- Reporting on and being transparent about our efforts and performance.

CDP Carbon Programme disclosure

The Shoprite Group recognises that climate change, driven by global greenhouse gas emissions, will directly and indirectly impact its business. We are committed to managing and reducing our carbon emissions by making our operations more energy efficient and piloting renewable energy solutions, where feasible. We align our work in this regard with the goals of the Paris Agreement and South Africa's Nationally Determined Contributions.


There is Board-level oversight of climate-related issues within the Shoprite Group and key performance indicators indirectly link to environmental criteria for reducing energy use and improving efficiency, which directly lower operational costs. We have robust monitoring and reporting structures in place. Shoprite's reporting on carbon emissions has matured over the years. Our CDP score is on par with other South African retailers. We have submitted our eighth consecutive disclosure report to the CDP Climate Programme; the report is available on our website.

The Shoprite Group recognises that climate change, driven by global greenhouse gas emissions, will directly and indirectly impact its business.

CDP Water Programme disclosure

The Shoprite Group's operations depend on a reliable supply of potable water to its stores and distribution centres. South Africa is a water-scarce country. Water shortages present a risk to business continuity. We are committed to using water more efficiently throughout our operations. Our approach to reducing water consumption is guided by our experience of the Western Cape drought from 2015 to 2018. There is Board-level oversight of water-related issues within the Shoprite Group. To best understand how we can reduce our reliance on municipal water supply, we started online monitoring and reporting on our Western Cape operations regarding water withdrawals and water discharge in 2018. We submitted our second disclosure to the CDP Water Programme in 2019; the report is available on our website.

HIGHLIGHTS
Our contribution to achieving the SDGs, in line with our material issues, as of 30 June 2019

SDG 3: GOOD HEALTH AND WELL-BEING


- 4 689 employees used their access to voluntary and free testing and counselling services for HIV/Aids, tuberculosis and other physical and emotional ailments

SDG 4: QUALITY EDUCATION


- 9 215 learners on 21 accredited learning programmes
- Disbursed more than R16.3 million in the 2018 academic year and anticipate spending R18.5 million for bursaries in the 2019 academic year
- Trained 7 774 unemployed black youth on accredited retail-related programmes

SDG 5: GENDER EQUALITY


- Employed 31 116 women on a full-time permanent basis and 64 350 women on a part-time permanent basis

SDG 8: DECENT WORK AND ECONOMIC GROWTH


- Created 3 175 new jobs in the 2019 financial year



We work hard to attract, recruit, train, inspire and reward the people that sustain our business operations today, and those that will sustain and lead it in a changing future. Technology is changing the way that people do business and how they want to work. The Shoprite Group has adapted its human resources strategy and hire-to-retain

model to ensure that it remains an employer of choice in a shifting business environment and social landscape.

We employ 147 268 people across 15 countries and created 3 175 new jobs in the reporting period. This is a critical contribution given South Africa's high unemployment rate of 29% in 2019.¹

Table 8: Number of employees per significant region, 2017 to 2019

	Total Group employees	South Africa	Angola	Namibia	Zambia	Nigeria
2017	143 802	120 280	5 289	4 565	3 840	2 650
2018	147 478	122 723	5 485	4 673	4 157	2 696
2019	147 268	123 783	4 625	4 614	3 605	2 633

Table 9: Employees, management/staff ratios and new jobs created, 2017 to 2019

All countries	Total employees	Management	Staff	Jobs created
2017	143 802	13 966	129 836	6 027
2018	147 478	14 693	132 785	3 676
2019	147 268	17 473	129 795	3 175

¹ Smit, S. 2019. Unemployment rate at 29% - StatsSA. Mail & Guardian online, 30 July 2019. p1.

“My career at Shoprite has allowed me to learn more about different cultures and beliefs and my managerial skills have improved. The Shoprite group of companies holds a special place in my life and for this reason, I call them my extended family. Everything I have achieved in my life is because of Shoprite. I have gained a lot of respect for and from my employees and employers. In my opinion, Shoprite is the retail company to beat in Africa.”

– Oscar Mojela, Branch Manager, Shoprite, Middleburg

The sale of our Hungry Lion business was finalised late 2018, reducing the Group’s number of employees by 3 385. The relatively low growth of employee numbers in this financial period reflects this.

Enhancing diversity and inclusivity in our workforce

We are committed to supporting South Africa’s developmental objectives of reducing poverty and building an inclusive economy. We are also committed to boosting local economies by supporting supply chain development in the other African countries in which we operate. This includes growing the number of black Africans and women in our management structures and workforce, as well as pursuing this goal within our supply chain. We also focus on helping people with disabilities access work opportunities within the Group.

We achieved our skills development (B-BBEE, SETA and Group) training targets in the reporting period.

Inclusive recruitment and hiring

The Shoprite Group concluded its Decade of the Deaf initiative in December 2018, which recruited, trained and

employed more than 1 000 deaf learners during the 10-year period. We continue to support the inclusion of people with disabilities in the formal economy and have formed relationships with two training providers to further this work. These providers are supporting 108 deaf learners to attain a national NQF level-2 operations qualification. We are preparing to help more people with differing disabilities enter our Retail Readiness Programme and the retail environment.

Committed to providing meaningful work

We are increasingly focused on engaging meaningfully with our employees – individually and collectively – from their appointment to the Group through to their retirement. This includes:

- Tailoring our offering to suit individual needs.
- Providing our employees with career development and continual learning opportunities.
- Recognising and rewarding employees’ achievements.
- Encouraging employees’ engagement with and commitment to the Group.
- Ensuring employee well-being and safety.

Table 10: Diversity and inclusivity in our workforce, 2017 to 2019

All countries	Total employees	% Women	% African
2017	143 802	65.5%	96.8%
2018	144 093	65.2%	97.1%
2019	147 268	65.0%	85.1%

Attracting and recruiting the best

We have customised our attraction and recruitment programmes to cater for a new generation of job seekers who want to work with a company that will support their career development and whose values align with their own. We are enhancing and personalising our pre- and on-boarding programmes to ensure that new employees are easily absorbed into our culture and understand our values.

Job seekers can apply for entry-level positions through our website and mobile application. We recruit for specialist and mid- to senior-level positions through other traditional media and LinkedIn. We are working hard to ensure that succession planning is in place for key positions.

Table 11: Recruitment avenues, 2017 to 2019

Recruitment avenues	2017	2018	2019
Website and mobile application	173 197	126 213	199 451
LinkedIn applications	610	4 580	21 127
Non-employee followers on LinkedIn	27 099	30 242	57 530

Training for the future

We are embedding a culture of learning into all of our operations, empowering our employees to take ownership of their career and personal development. We believe that people want to live up to their potential and our continual learning programmes and initiatives aim to facilitate that. As the largest supermarket retailer on the African continent, we offer rewarding careers filled with stimulating challenges in a company that encourages our employees to get involved and lead by example.

We have invested significantly in broadening the reach and accessibility of our training programmes over the past few years to build a pipeline of skilled talent for our operations – now and in the future – and to upskill current employees. We have strengthened our emphasis on providing our employees with access to:

- Compliance training (p14).
- Job-based curricula to provide structured learning paths for store employees.
- Upskilling opportunities through our in-house Retail Varsity (p27).
- Management and leadership development programmes.
- Personal development plans for talent pools.
- Artisanal training.

We also expanded our focus on middle-management training to build competence and increased confidence in branch and regional managers in the financial year.



“If you want a standard job, don’t come here. But if you want a career, then join Shoprite. It is a dynamic environment which changes every day ... there are so many opportunities, ranging from retail to real estate to legal to logistics.”

– Ram Harisunker, who started work as a receiving clerk and has been a Board director since 2002, celebrated his 50th year of being part of the Shoprite Group in 2019.



Our award-winning butchers and artisanal bakers

We invested significantly in further developing the artisanal skills of our deli staff, bakers, meat technicians and fresh food managers in the financial year. Our Assistant Chef Programme, offered in our Checkers business and in partnership with the International Hotel School, has been a resounding success – the programme has trained 991 people since its inception in 2017, including 837 in the financial year. This SETA-accredited course provides trainees with an appreciation of food and an ability to enhance our fresh food offering. Due to the impact and success of the programme, it has been extended to the Shoprite chain.

Two of our experienced butchers have been awarded the prestigious status of “Institute of Meat Accredited Master Butcher” at a graduation ceremony held in London in February 2019. We plan to support more meat market managers in attending the institute in coming years. These innovative programmes help to position the Shoprite Group as a leading fresh food retailer.

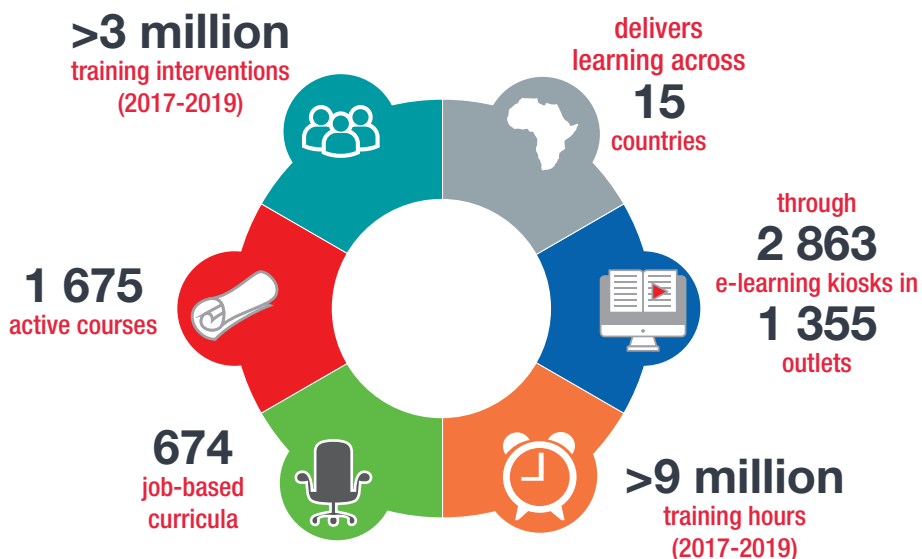
Furthermore, the Shoprite Group aims to deliver learning from one centralised platform to enable easy individual access to learning opportunities for our employees. We have transferred 100% of our Group Zone e-learning courses to the My Zone individual e-learning platform in the reporting period. Our individual e-learning platform has been installed at 1 355 sites and is delivered through 2 863 training devices.

Retail Varsity

In 2015 the Shoprite Group rebranded its learning and development offering as the Retail Varsity. The Group is an accredited training provider with the Wholesale and Retail SETA, and it has programme approval from the Food and Beverage SETA. We were re-accredited by the Wholesale and Retail SETA in 2018 as a skills development provider until 2023. We are committed to providing ongoing education for our employees and unemployed people.

Table 12: Retail Varsity achievements

Overview



2019 Achievements



Overview of accredited programme type, delivery and target market

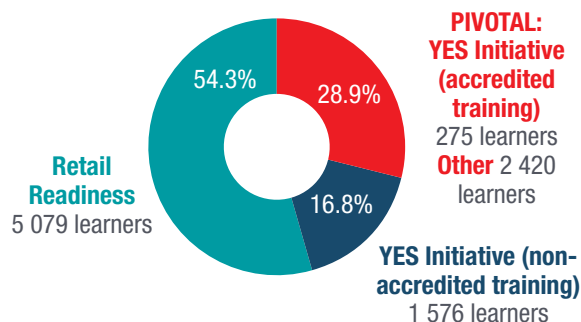
Accredited training by programme type

	Retail Readiness	5 079 learners
309 learners	Skills Programme	1 605 learners
849 learners	Learnerships	604 learners
283 learners	Assistant Chef Skills Programme	
	YES initiative	275 learners
	Learnerships for the disabled	211 learners
1 441 learners	Total employed vs unemployed	7 774 learners

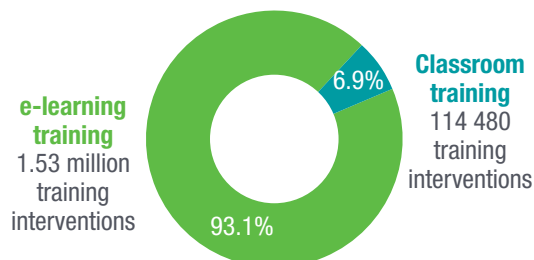
■ Our People

■ Unemployed youth

Accredited and non-accredited training for unemployed youth



Training platforms



Shoprite Holdings was recognised in the inaugural Da Vinci Awards in November 2018 for using the research it commissioned on its Super Service Awards from Ask Afrika to create innovation in its industry. “The [awards] are our way of recognising what our clients have achieved not only by commissioning unique research but on how they use this research innovatively to have a positive effect on society.”

– Andrea Gevers, CEO and founder of Ask Afrika

We train for the broader retail sector through our Retail Readiness Programme and participation in the YES initiative, which focuses on unemployed South African youth. The Shoprite Group also enables access to tertiary education, supports internships and provides workplace experience for bursary holders.

Table 13: Provision of access to tertiary education

Accredited as a training office with South African Institute of Chartered Accountants

Taken in
111
chartered
accountants to
complete articles
since 1998

75
qualified
chartered
accountants
to date

Employed
72
of them

31
trainees this
financial year
(11 women, 12 previously
disadvantaged)

Tertiary education bursaries

Provided
R16.3 million
in bursaries for the
2018 academic year
for students studying
pharmacy, accounting, retail
business management,
hospitality management,
information and technology,
logistics and food science

Funded
298
students
for the 2018
academic year
(179 women,
173 previously
disadvantaged
students)

48
bursaries to
students from
other African
countries
in the 2018
academic year

R16.1 million
spent to date to fund
274 students in the
2019 academic year
(135 women, 129 previously
disadvantaged, 54 from
other African countries)

Anticipate
spending
R18.5 million
for the 2019
academic year

Incentivising, recognising and rewarding our people

We invest significantly in incentivising, rewarding and celebrating our people.

Table 14: Incentivising, rewarding and celebrating our people

Customer Care Heroes	Celebrates employees who demonstrate commitment to our customer-centric approach. Their stories of going above and beyond the call of duty are profiled in our internal newspaper. We recognised five outstanding heroes Group-wide in the financial year, who travelled to Cape Town to meet with the CEO. In future, their stories will also be distributed through the SiyaRinga app as an example to their peers of outstanding customer service.
Super Service Awards	Is one of the largest incentive programmes in Africa, open to permanent and part-time employees in 15 countries. We rewarded 56 081 employees from 2 400 stores in 15 countries in the reporting period for their excellent service levels, including product availability and their customer-centric approach. Winning staff receive a range of prizes, including airtime, cash or VIP trips to Cape Town.
Affiliate competitions	Are run to include employees, such as cashiers, furniture salespeople and logistics drivers who do not qualify for the Super Service Awards categories.
TopStars singing competition	A team-building initiative that has taken on a life of its own with more than 1 200 entries from 15 countries in 2018. The finalists receive vocal and performance coaching before their finale performance at Grand Arena Grandwest Casino; Gift Phiri from Lusaka, Zambia, took the crown in 2018.



Building a culture of volunteerism

We encourage employees to #ActForChange by assisting beneficiary organisations that they support in their personal capacity, be it via monetary donations or skills-based volunteering, and we showcase their initiative in our internal newspaper.

In this reporting period, we launched Africa’s Biggest Cleanup between 14 and 18 July 2018 for our annual company-wide initiative for Mandela Day. And we continue to encourage cleanup events by our own staff and the broader public. The online actforchange.africa platform allows any organisation to register ongoing cleanups and to submit their waste collection data. In this financial year, we have recorded 833 cleanups: 747 Shoprite-hosted events and 86 public events; 40 150 participants; 30 935 bags of waste collected.

This highly successful campaign leveraged our size and footprint on the continent to mobilise employees and customers to host or join cleanups in and around their communities. The aim was to support behavioural change around waste and to highlight the earning opportunities available through recycling waste.

We are exploring the possibility of an ongoing, company-wide volunteerism strategy for the Group that would effectively harness the passion and talents of our employees.

Engaging in a meaningful way

We believe that effective engagement is key to retaining our valued employees. The average age of our employees is 32 years. The average length of service is eight years for management staff, seven years for full-time workers and two years for part-time workers.

Retaining part-time employees in the supermarket industry is a challenge globally. The average turnover rates for part-time employees working in this sector are upwards of 65%.²

Well-being, health and safety

The Group offers a comprehensive health and well-being programme, including a voluntary counselling and testing service for tuberculosis, diabetes, cholesterol, high blood pressure and weight-related issues. Our Life Assistance programme operates in every store and provides a range



SiyaRinga: “It’s our voice” mobile app

We intend to use the SiyaRinga mobile app to develop an engaged and mobilised workforce that is committed to the Shoprite Group and its goals. It will help us empower and celebrate employees across the continent and position them as co-creators of our success as a business. Employees can access SiyaRinga through a downloadable app, via a link to a mobisite or through a USSD string. The app will provide employees with an overview of company news, their work benefits and human resources information; notifications about competitions, recognition and special events; volunteering opportunities; CEO and brand messages; and a chat function to feed information back to the Group.

There will be additional functionality for operational business messages available to managers, including group conversations.

Table 15: Staff turnover, 2017 to 2019

All countries	Management turnover	Full-time staff turnover, excluding management	Part-time staff turnover
2017	14.69%	19.21%	52.21%
2018	14.62%	17.31%	49.63%
2019	15.01%	16.99%	47.78%

² <https://business.dailypay.com/blog/employee-turnover-rates-in-retail>

of services, including support for mental health matters. A 24/7 call centre provides counselling services, support for employees with HIV/Aids and access to post-exposure prophylactics. There is also a peer educator programme that provides invaluable support.

The safety of our employees and customers is a top priority. We have drafted a new health and safety policy to further build a culture of safety within the company and invested significantly in the reporting period to help ensure the safety of our stores, suppliers, employees and customers.

The Shoprite Group is increasingly centralising its digital monitoring and compliance platforms to enhance health and safety reporting, facilitate linkages with relevant compensation providers and enable the swift resolution of disputes. The centralised live database will keep management informed in real time of issues and help prevent injuries.

The Group recorded 84 683 health and safety inspections on its electronic health and safety management tool during the reporting period.

Investing in health and safety

Health and safety risk assessment programme

We are identifying all workplace hazards and risks through the new health and safety risk assessment programme. This comprehensive assessment tracks 1 250 potential individual risks over 64 activities at our distribution centres and 1 570 potential individual risks over 61 activities at our stores. This will allow us to ensure the safety of our employees by providing additional training, the right work equipment and appropriate safety measures.

Working at heights

Some of our employees work at heights of more than two metres on scaffolding and ladders. In this financial year we partnered with NOSA, a leading training provider and health and safety consultant, to develop and implement a fall protection management programme to mitigate this risk.

We expanded our online crime intelligence team and established a centralised response platform that provides 24-hour surveillance of stores. People (employees, customers and bystanders) died as a result of injuries during armed robberies at our stores.

Due to our preventative measures the number of armed robberies at stores has significantly decreased – 11.86% from the previous reporting period. Our response platform has helped to provide the evidence the police need to prosecute these criminals. The trauma support service remains available to all employees and customers affected by store robberies. The centralised system enables us to respond much faster and it provides additional oversight of risks such as fires.

Managing fire risk

Fire presents a serious risk to the Group's operations through the danger it poses to our employees, stock and infrastructure. We invest significantly in infrastructure and in training our people around fire prevention and management to reduce our risk. This includes extensive sprinkler systems, fire extinguishing equipment and monitoring systems. We conduct regular inspections of our stores and distribution centres to evaluate fire risks. In the financial period, we conducted 59 298 audits and 149 605 training interventions related to fire risk.

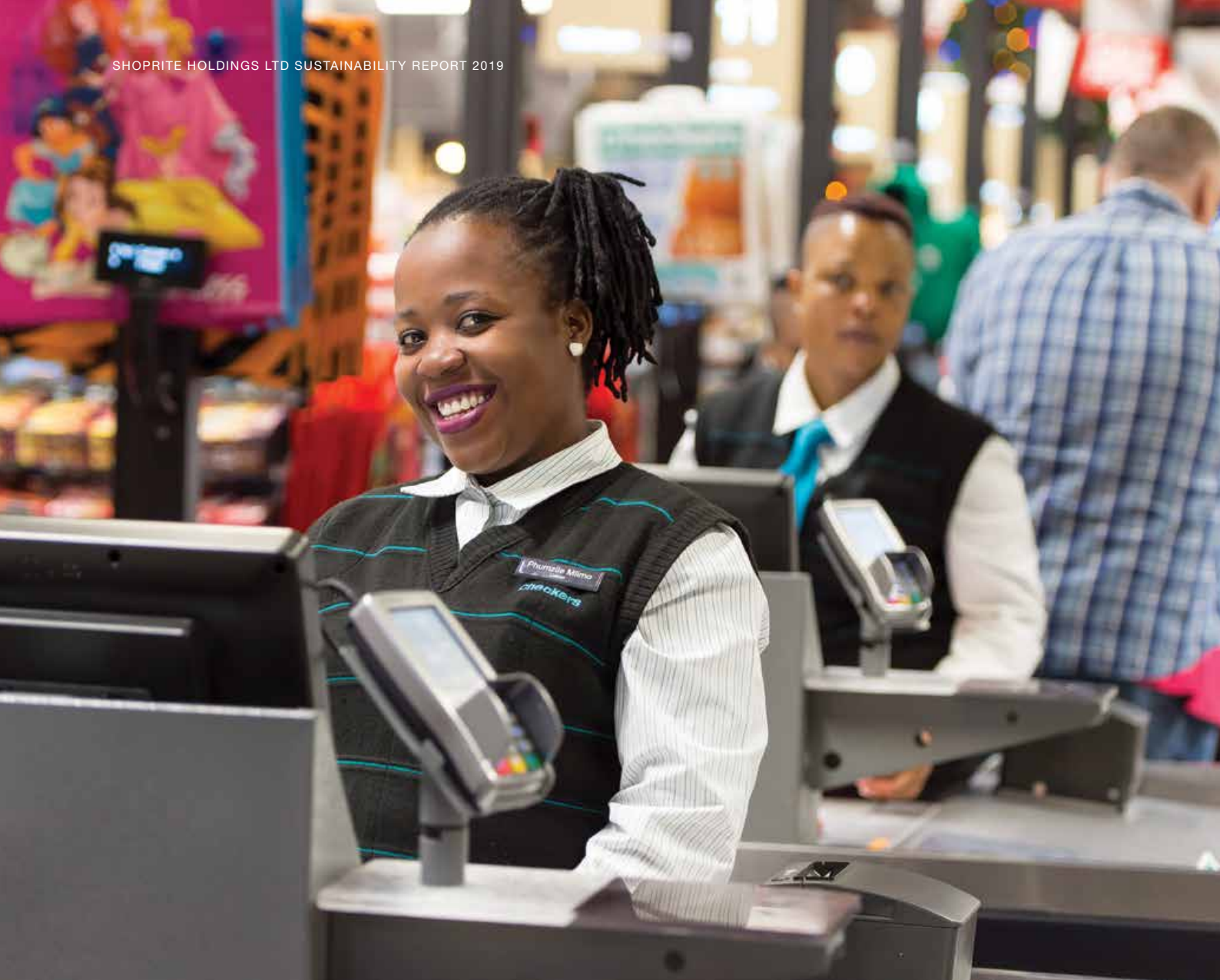
Labour relations and grievance management

The Shoprite Group views its interaction with employees as a significant part of building the trust necessary to support its vision of a customer-centric business with stable and healthy supplier relationships.

We respect the right of employees to join a trade union and engage in collective bargaining, and have been engaging with trade unions in the countries in which we operate for the past 30 years.

Table 16: Occupational health and safety, 2018 to 2019

	2018	2019
Fatal accidents: employees	7	1
Fatal incidents: public/contractors	6	8
Total injuries recorded (RSA)	2 037	1 940



The Group is the only retailer on the African continent to have signed a global framework agreement with Uni Global Union, which aims to promote social dialogue in support of better management and trade union relationships. We regard our collective bargaining relationships as healthy and transparent. We engage in robust and constructive negotiations with relevant trade unions, and continually work to improve the conditions and perks of employment for our employees.

We respect the right of employees to join a trade union and engage in collective bargaining, and have been engaging with trade unions in the countries in which we operate for the past 30 years. Our divisional human resource management meets with employee representatives and trade union representatives on a quarterly basis. In South Africa, we recognise the South African Commercial, Catering and Allied Workers Union (SACCAWU), which has more than 34 000 members and has been the main union for retail workers since the early 1990s. We meet with SACCAWU representatives regularly to discuss matters related to skills development,

employment equity and well-being, specifically issues related to HIV/Aids and dealing with traumatic experiences in the workplace. About 32% of our South African employees belong to a union.

Beyond South Africa's borders, we have recognition agreements in place with nine other trade unions, and another in the pipeline. About 31% of our employees in other African countries are members of a trade union. There have been no lawful industrial relations-related incidents in any of the countries in which we operate in the year under review. Short work stoppages at some South African stores were mostly caused by service delivery protests against municipal authorities.

We have a well-established grievance procedure in place to ensure that employee complaints are dealt with quickly and transparently. A confidential hotline and suggestions boxes are in place to receive grievances or request work-related information. Line managers regularly receive training on how to equitably deal with grievances and disciplinary matters.

OUR CUSTOMERS

“Innovation that provides unrivalled convenience for consumers in our time-pressed society is what we are focusing on. It’s all about providing our customers with swift service on demand and ultimately giving precious time back to them. We’re excited to offer this service at scale.” – Neil Schreuder, Head of Strategy and Innovation for the Shoprite Group

We aspire to be the most affordable and accessible retailer, catering to 22 million customers from diverse communities and income groups across 15 countries. We are committed to making our customers’ money work as hard as they do, and to providing them all with a quality supermarket experience. Our stores range from Usave outlets in remote rural areas to the new-look Checkers fresh super stores in upmarket urban areas.

Our core focus is on meeting our customers’ needs by providing accessible, affordable and safe food and household products in a world-class shopping experience. The Shoprite Group also offers its customers value-added services, including access to financial, event, travel booking and pharmaceutical services.

Checkers offers an on-demand home delivery service for a curated range of liquor products in partnership with Mr D. We are launching an extended online offering to provide additional convenience to our customers on demand to save them more time.

We remain the No. 1 retailer of choice to our customers who provide us with feedback directly at our stores or through online feedback forms, various social media channels and a Customer Care line.

HIGHLIGHTS

Our contribution to achieving the SDGs, in line with our material issues, as of 30 June 2019



SDG 2: ZERO HUNGER

- Subsidised food products to the value of R141 million



SDG 3: GOOD HEALTH AND WELL-BEING

- Trained 26 085 employees on food safety
- Extended our private label brands focused on healthy eating and living



Table 17: Social media followers as at 30 June 2019

Brands	Facebook	Twitter	YouTube	Instagram
Checkers RSA	1 080 462	198 274	5 553	45 049
Shoprite RSA	1 011 179	154 164	6 690	7 484
Shoprite Nigeria	1 204 714	218 343	2 423	
Shoprite Zambia	88 863			

Each year we run a BrandHealth Tracker survey that polls 1 500 customers on their views on our prices, value, quality, freshness and service. According to the July 2019 BrandHealth Tracker, when thinking about which retailers have lower prices than other stores, 66% or almost 7 out of 10 South African grocery shoppers think of Shoprite.



Shoprite is a Kasi Star Brand as well as the winner of the Food Retail (Supermarket) Category.



Shoprite achieved Icon Brand Status and is the winner of the Shopping for groceries Category as measured in the 2019/2020 Ask Afrika Icon Brands Survey.



Winner of No.1 Best Grocery Retailer category of Reader's Choice Awards (readers' favourite businesses, service providers or categories).



Overall Grand Prix Award and winner of Shopper Survey's Best Grocery Store category of Shopper Survey (most used and recognised retailers in South Africa).



Winner of Sunday Times Top Brands in Best Grocery Store category (most used and recognised brand among all companies).

Shoprite Nigeria was recognised in the Nigerian Electronic Payment Incentive Scheme Efficiency Awards in the point of sale category for recording the highest volume of cashless transactions in 2018. Shoprite has supported the Central Bank of Nigeria's attempts to maintain security by reducing cash in circulation in the country by encouraging the adoption of card transactions.

Delivering on our affordable food promise

The Shoprite Group has consistently delivered on its promise of affordable prices. By end-June 2019, we sold more than 9 600 items at lower prices than they were the previous year, including more than 1 000 products sold at R5 or less.

We continue to subsidise basic food items and have kept our 600 gram in-house loaf of bread at R4.99 for more than three years and sold 58 million loaves during the year.

Two years later, in the first week of April 2019, we served our 100 millionth R5 deli meal. This year alone we sold a record of 53 million subsidised deli meals. Options include fried fish, potato hash browns, egg and tomato sandwiches, and vegetable soup. We also keep prices down on essential care items, such as sanitary pads to help women access basic menstrual hygiene. The Shoprite Group subsidised staple products at a cost of R141 million in the reporting period.



We make best use of our extensive supply chain, efficient logistics network and bulk-buying power to bring our customers the best deals on quality food and other products.

Consumer health and safety

The Shoprite Group is committed to supplying products that are safe for the consumer and of the highest quality. The assurance of our food quality is central to all food preparation activities, whether in store or procured.

We repositioned the team responsible for food safety and quality management to more effectively integrate our new strategy with fresh food services and procurement, and enhance knowledge and awareness of food safety-related risks. We trained 26 085 employees on food safety in the reporting period.

South Africa has introduced new legislation around food safety and hygiene practices that requires more intense and accredited training for all food business operators.

Other African countries, such as Angola, Botswana, the Democratic Republic of the Congo, Ghana, the Kingdom

of Eswatini, Malawi, Mozambique and Namibia, have also introduced new legislation setting standards for consumer goods and instituting or enhancing food safety laws, particularly around importing and exporting foodstuffs, such as meat.

We are developing a tailored online platform to acquire, organise and disseminate information relevant to suppliers, retail outlets and employees. This will provide a holistic view of the Shoprite Group's operations, streamline processes and enable a faster response to emerging trends and issues. This platform will go live in November 2019.

Healthy choices and our private labels

While we are focused on keeping food and products affordable and accessible, the Group remains innovative in its product offerings, guaranteeing quality and staying ahead of consumer buying patterns. We respond to relevant international and national consumer trends regarding lifestyle, diet, eating habits and packaging.

We have designed some of our private label ranges such as Oh My Goodness and Simple Truth to meet the demand for healthier meals with reduced sugar and salt content that are free of preservatives and that have no added MSG or artificial colours, flavours or sweeteners. The range also encompasses dairy products such as cheese, which needs preservatives.

These two ranges go through rigorous consumer testing to ensure we are providing what consumers want and need. We launched 1 251 new private label products in South Africa and other African countries in the financial year.

The Simple Truth range has grown from strength to strength. It is our 13th biggest private label brand in Checkers and Checkers Hyper stores, and within the first eight months of sales it accounted for 1.1% of total private label sales in these stores. There is a demand for this range in other African countries as well. Oh My Goodness has been specifically developed to offer healthier options for young children, using quality ingredients with reduced sugar and salt content as well as "hidden" vegetables to ensure a better choice.



We also offer free-range chicken, lamb and eggs. We increasingly cater for the emerging vegan market with 81 vegan products in our Simple Truth range and are expanding this range based on customer demand, including offering items such as dairy-free ice-cream.

South Africa's "sugar tax" came into effect on 1 April 2018, imposing a levy on all imported and locally produced beverages with added sugar and sweeteners. The regulations forcing the reduction of salt in certain foodstuffs came into effect on 30 June 2019. The Shoprite Group is working to ensure that all of its own branded products comply with these regulations.

Campaigns and promotions

We run a range of promotions across our stores and almost 3 000 outlets on the continent. Many of our stores are in the heart of underserved communities and our promotions and special offers range from R5 deli meals to gifts and

toys under R50 for special occasions like Valentine's Day and Mother's Day.

- **Hustle competition:** We awarded 36 small business owners with R10 000 in cash, radio airtime worth R50 000, a Thundafund profile to raise funds, a short video that could be used for future promotions, and promotion on social media to the combined value of R540 000, reaching 6 million impressions, to help them build their businesses.
- **Live Better:** This bi-annual promotion encompasses our wellness offerings, including the Simple Truth, Eat Right and Banting Revolution ranges, to make healthier living accessible and affordable.

We adhere to the Consumer Protection Act and have policies, available on our website, to ensure that our customers' information remains private.



Fresh Foods Test Kitchen

The Shoprite Group is committed to high quality standards in its convenience meals and convenience bakery. Our product development team sources raw ingredients and develops our range of convenience, deli, bakery and fish shop products in our Fresh Foods Test Kitchen. We bring out new products based on significant trends and innovations. These products undergo rigorous quality checks before being approved for manufacturing in bulk.



The Little Cake Company & Mia's

The Little Cake Company is a community-focused bakery where women are empowered by learning new skills. They supply cupcakes and cakes to our Checkers stores in KwaZulu-Natal.

Mia's, a small family business, has recently joined as a private label convenience supplier for rotis and naan breads for Checkers. They are planning to extend their range with us and grow their business.



Our Little Garden promotion and Oliver's Village

Our 2018 Little Garden promotion of vegetable and flower seeds inspired a garden of its own. Oliver's Village in Daveyton, Gauteng, is an aspiring non-profit project that aims to improve the lives of the Zenzele community. It encompasses a soup kitchen, an ECD centre, a learning and computer training centre and a food garden. The organisation had tried repeatedly to get a food garden and food forest established with little success.

Our Little Garden promotion in 2018 inspired them to start an educational garden for the ECD centre, which was to be tended by pre-schoolers. On hearing of this, we stepped in to provide permaculture training, seedlings and garden tools. Today, Oliver's Village is growing enough fruit and vegetables to feed more than 400 people a day. And this off-grid garden doesn't intend to stop there: "We're keen to start producing enough vegetables and fruit to provide a stable income for us. Checkers' role in helping us establish the garden could not have come at a better time." Michelle Da Costa, Oliver's Village.



LET'S ACT FOR CHANGE IN LOCAL COMMUNITIES BY SUPPORTING OUR

MARKET DAY



Change

#ActF

OUR COMMUNITIES

HIGHLIGHTS

Our contribution to achieving the SDGs, in line with our material issues, as of 30 June 2019



SDG 2: ZERO HUNGER

- Donated surplus food and goods valued at R60.4 million to identified charities
- Invested R7.3 million in the reporting period to establish 39 food gardens, bringing the total investment since inception to R19.2 million and the number of gardens to 87 in all South African provinces and 3 in Zambia
- Provided 4.2 million hot meals through our mobile soup kitchen (39.4 million since the programme's inception)
- Provided 307 051 nutritious meals to ECD centres
- Subsidised basic food products to the value of R141 million



SDG 4: QUALITY EDUCATION

- Trained 172 ECD practitioners, benefiting 4 415 children in 9 provinces
- Trained 545 community members to grow food gardens
- Trained 1 851 unemployed youth in retail-related programmes



The communities in which we operate are home to our current and future employees and customers. It is in our business interests to help our communities combat challenges around unemployment, poverty and food insecurity and to become more resilient and prosperous. These are systemic challenges that require committed, long-term interventions. While there will always be a need for providing ad hoc disaster relief, we are increasingly shaping our interventions to focus on creating real and lasting shared value. This includes exploring opportunities to embed social impact funds into our products and services by directing a portion of a product's sale price towards transformative projects.

We are guided by our desire to #ActForChange in our communities and are focused on building and supporting sustainable pillars for development, specifically food and nutritional security, quality ECD services, and access to training and development. We also provide ongoing support for vulnerable communities.

The Shoprite Group is increasingly aligning its CSI with its business drivers to ensure that it effectively uses its significant resources and continental footprint to drive transformation at the community level. In so doing, its work aligns with broader development goals on the continent

and the SDGs. Most of our community work is directed through our CSI programmes. These encompass direct interventions (such as disaster relief, mobile soup kitchens and food gardens), fundraising for worthy causes (such as the Lunchbox Fund), supporting non-profits in their work (#ActForChange card), mobilising our staff (such as Africa's Biggest Cleanup) and working with our customers to generate funds for causes they want to support (such as the #ActForChange Fund, which enables customers to donate to the fund when they pay for their shopping at tills).

Fighting hunger

High levels of food insecurity and malnutrition pose a threat to development goals. They hinder people's ability to be productive and to contribute to society. Food insecurity levels are growing in Africa. One in five people do not get enough to eat. Nearly a third of all African children are stunted (low height for age) and about 7% are wasted (low weight for height).³ We work in this area by providing immediate relief to the most vulnerable communities through our mobile soup kitchens, and by providing ad hoc disaster relief and donating surplus food from our stores and distribution centres to charities, as well as establishing and supporting community food gardens.

³ UNICEF. 2019. *Malnutrition*. [Online] Available at: data.unicef.org.



In 2000, Reverend T.Z. Motaung established the Carroll Shaw Memorial Centre in Braamvlei, Randfontein, as a halfway house for men who have survived human trafficking and violent crime. The garden aims to provide fresh vegetables to the 150 people living on the 67-hectare farm.

The Shoprite Group's support to the garden has enabled them to plant another five hectares and to repair the borehole and irrigation system, as well as install a new diesel pump. The 13 men working the garden receive ongoing mentorship and training in permaculture techniques.

“Working with Shoprite automatically lifts you to another level. You begin to shift things into another gear. It motivates the workers and provides them with a purpose. They become dedicated. Even on a weekend they are watering the plants and making sure that the vegetables are fine.”

– Oupa Bila, Carroll Shaw Memorial Centre Director

During the year under review our mobile soup kitchens provided 4.2 million hot meals to needy communities, bringing the total number of meals served over 12 years to 39.4 million. Beyond our assistance through mobile soup kitchens, we also donate products to provide immediate food relief to those communities struck by disaster.

“The Shoprite Mobile Soup Truck continues to make a huge difference, every Wednesday 600 community members are able to enjoy a delicious cup of soup and fresh bread at no cost.”

– Hilton Davids, founder of the Vlotenburg Community Organisation that runs a feeding scheme and offers youth development programmes

Our community food gardens



“Shoprite’s initiative has helped us get more vegetables into our families’ diets. We now eat a greater variety of vegetables and different types of meals.”

– Jade Mkansi, project manager at Henna Preschool in the Justicia area of Mpumalanga

CASE STUDY

In 2008, Fikile Khiva and four of his peers set up Varhoyi and Mgodleni Co-op to start a sustainable rural community in the Eastern Cape village of Nkangeni Park. Today, the 40 member-strong co-operative runs a successful food garden on community land that supports livelihoods and food security for people living in the area. One hectare has grown to more than 30 hectares. The support given to them by the Shoprite Group and its implementation partner FTFA extended to workshops on agricultural techniques and business administration over an 18-month period. We also facilitated access to Market Days at selected Checkers stores.

“It creates the impression that people can do things for themselves. It has been exemplary in inspiring many other communities in the surrounding areas.” Fikile Khiva, Varhoyi and Mgodleni Co-op.

This initiative, implemented in partnership with FTFA, has grown significantly to reach 87 gardens in the reporting period, an increase of 39 gardens from the previous year. We also established another food garden in Zambia, bringing the total number of gardens in the country to three. The project focuses on nutritional security, with crops chosen for their ability to provide essential vitamins, minerals and micro-nutrients.

Programme design

We work within a programme design that relies on community-based partnerships. The initiation phase focuses on bio-intensive production and business skills training, and helps build individual and community social and financial agency. Each project has an exit strategy to ensure its sustainability once funding stops. This approach has generated multiple benefits for participants and the broader community.

Statistics

- **90** gardens in total and **39** in the reporting period (learning gardens, production gardens, social gardens)
- **178** satellite gardens and **712** beneficiaries
- **545** garden project members and **5 474** indirect beneficiaries
- **27** market gardens
- Total income generated by gardens from November 2018 to June 2019: **R155 163**
- Average monthly income generated by top 5 market gardens: **R5 285**
- **3 981** kilograms of produce harvested November 2018 to June 2019

The multiplier effect

The food gardens are increasingly generating additional benefits for beneficiaries and the broader communities in which they are based. About 68% of our food gardens are starting to produce a surplus to sell at market. We provide business skills training as part of the intervention and we enable regular access to market through our Checkers stores. This has exposed beneficiaries to the formal retail market and given them confidence in themselves and their products. The shift from subsistence to market mentality will help support local economic growth and is a necessary step to building an inclusive economy in South Africa.

There has also been a flurry of growth in satellite gardens. As part of our initiative, we offer a “Garden in a Bucket” kit, with seedlings, hand tools, organic fertiliser and a training manual, to nearby community members. These individuals are not part of the supported project, but are invited to attend training sessions and receive follow-up support.

This offering, combined with the visible success of our gardens in various communities, has resulted in 205 satellite gardens now producing food for households.



“Some of these gardens have commercial ambitions and this kind of exposure opens their minds to the great opportunities out there and gives them the experience to grab them.”

– Robyn Hills, Food & Trees for Africa programme manager





Cyclone Idai

In March 2019, Cyclone Idai reached the coast of Mozambique to unleash one of the most devastating natural disasters in decades, affecting more than 1.6 million people in the country, and in neighbouring Malawi and Zambia. The Shoprite Group worked quickly to donate R89 725 worth of food and other products to help those affected by the cyclone. We worked through Gift of the Givers to help more than 10 000 beneficiaries.

In the 2019 financial year this included R407 472 of food and products donated to the victims of disasters such as Cyclone Idai (Mozambique and Malawi), the floods in KwaZulu-Natal and the fires in Alexandra, among others.

We updated our Surplus Food Donations Policy and established more comprehensive systems to monitor food donations in the financial year. We now use FoodForward SA to collect bulk volumes of surplus food from our distribution centres, which is redistributed to their network of beneficiaries, and we distribute directly from our stores to registered charities that operate in nearby communities. This streamlined process has allowed us to

cut the costs of distribution for ourselves and beneficiaries, and to include more of our people in the donation process. This enhances their understanding of the value of surplus food donations to local communities.

In the reporting period, we:

- Donated surplus goods from our stores and distribution centres to the value of R60.4 million
- Provided the equivalent of 916 416 meals through the surplus food from our supply chain distributed through FoodForward SA.

Table 18: Summary of Group CSI expenditure, 2017 to 2019 (R million)

	2017	2018	2019
Hunger relief	R13 724 982	R14 649 211	R15 813 909
Early childhood development	R1 044 028	R2 576 314	R4 751 271
Reaching out to communities	R20 585 881	R22 386 879	R15 035 794
TOTAL CSI spend	R35 354 891	R39 612 404	R35 600 974
Surplus donations: grocery items	R108 138 245	R97 959 194	R58 086 915
Surplus donations: non-food items	R160 656	R1 501 557	R2 260 016
Total investment into communities	R 143 653 792	R 139 073 155	R95 947 905
% of NPAT (RSA only)	2.64%	2.82%	2.21%

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

“The garden work develops our pre-schoolers’ fine motor skills, stimulates their senses and most importantly teaches them to share. Not only do they have to share the garden tools, but they also, as young as they are, share the produce with their community.”

– Michelle da Costa, administrator of Oliver’s Village in Daveyton, home to a soup kitchen, ECD centre, a learning and computer training centre, and food garden

Our focus, however, is on addressing the challenges of hunger and malnutrition in a systematic way at community level through our food garden projects, particularly those linked to ECD centres.

Supporting ECD centres

We initiated a pilot project in February 2018 to support ECD practitioners, particularly to help them improve food and nutritional security for the children in their care. The social, emotional and physical development of young children determines their ability to reach their potential as adults. Investment in this stage of their lives is an investment in the adults of tomorrow.

We aim to support beneficiary organisations that the children of our employees attend. We provide accredited training to practitioners, supply nutritious meals for 12 months through The Lunchbox Fund, establish food gardens to supplement meals, provide educational equipment, and upgrade kitchens and sanitation facilities where required. We also help practitioners register for and access the ECD subsidy.

We will continue to focus on promoting food and nutritional security at this level of education.

Educating youth

In the second quarter of 2019, South Africa’s official unemployment rate stood at 29%. The rate of unemployment for 15- to 34-year-olds is 39.6%.⁴ We are committed to helping unemployed South African youth gain the skills they need to enter the job market. The Group runs its own Retail Readiness Programme in this regard, and supports South Africa’s YES initiative, as well as other PIVOTAL programmes aimed at youth.

“The divisional manager noticed my work ethic and suggested I sit for the trainee manager’s test. I passed and that’s how my current journey started.”

– Sarine Masibi entered our Retail Readiness Programme in 2017 and is now a trainee manager at Shoprite Rustenburg

Table 19: Skills training for unemployed youth

Programme	Description	Impact in reporting period
Retail Readiness Programme Western Cape, Gauteng and Limpopo, extending to Free State, Eastern Cape and KwaZulu-Natal in next reporting period	<ul style="list-style-type: none"> ■ 8 weeks of basic retail skills training, targeting 5 000 unemployed youth per year ■ Participants receive an NQF-level 3 qualification ■ Will be offered permanent employment based on successful completion of the programme or entry into YES programmes 	<ul style="list-style-type: none"> ■ 5 079 youth trained ■ >R88 million investment per year ■ 58% successfully completed the programme
YES Western Cape and Gauteng	<ul style="list-style-type: none"> ■ Government initiative to combat youth unemployment ■ 12-month basic retail training and workplace experience programme ■ Will be offered permanent employment based on successful completion of the programme and on staffing demands/store vacancies 	<ul style="list-style-type: none"> ■ Trained 1 851 youth ■ 1 431 worked in our bakeries, delis and fresh food divisions ■ 275 worked in our butcheries ■ 8 involved in our new partnership with PolyCo, through Packa-Ching (p53)

⁴ <http://www.statssa.gov.za/?p=12121>

Table 20: Our fundraising and community initiatives

FUNDRAISING INITIATIVES			
IN-STORE FUNDRAISING EVENTS	CUSTOMER DONATIONS THROUGH PURCHASES OR AT TILL POINT		
<p>R1 394 932 through Pancake Day and Christmas gift-wrapping stations</p> 	<p>ActForChange Fund R317 011</p>	<p>R82 974 raised for the Lunchbox Fund through exam pad sales</p>	<p>Tin collections (in aid of Childline) in Checkers and Checkers Hyper stores in Mpumalanga, North West, Limpopo and Gauteng provinces R583 739</p>
	<p>Flower sales in aid of the Greater Overberg Fire Protection Association R34 282</p>	<p>Flower sales in aid of African Angels R11 456</p>	
COMMUNITY INITIATIVES			
INFRASTRUCTURE DEVELOPMENT	PUBLIC NOMINATIONS	#ACTFORCHANGE BUYING CARD	
<p>37 PlayPumps delivering safe drinking water to 12 355 people in rural communities around South Africa</p>	<p>1 ECD centre donated to Blessings Eco Preparatory School and 8 centres received facility upgrades</p>	<p>Public nominated 84 beneficiary organisations to receive R840 000 in aid</p>	 <p>(launched March 2018)</p>
OUTREACH INITIATIVES AND AD HOC DONATIONS			
<p>R2.2 million donated to various local charitable organisations, including orphanages, old-age homes, homes for disabled people, shelters for the homeless, shelters for abused women and children, animal welfare organisations, pensioner projects and humanitarian aid agencies</p>		<p>Registered non-profits are eligible for 5% discount on purchases at Shoprite, Checkers, Checkers Hyper, Usave, House & Home, MediRite and OK Furniture outlets, with 30 days to pay</p> <p>48 cards issued</p> <p>R77 167 beneficiary savings</p>	

Fundraising and supporting community initiatives

We raise funds for worthy causes. We also give charity organisations access to our stores and customers to create awareness of what they do and to generate donations. Our Smart Water Meter Challenge ended in 2019, but the systems put in place are designed to continue to offer schools ways to monitor and lower their water usage, thus reducing operational costs.



Shoprite practises water-saving measures in its own operations, but also off-sets its water use by supporting programmes such as the Smart Water Meter Challenge. Since the inception of the project, we have helped participating schools save almost the equivalent volume of water used in our entire Western Cape operations in the reporting period – 508 million litres!

Our partnership with the Appliance Bank

The Appliance Bank, using donations of broken or faulty household appliances, trains unemployed people to fix these items. This creates income-generating opportunities and participants are provided with ongoing mentoring in opening and sustaining their own businesses. Seven Western Cape Checkers Hyper stores currently donate goods, mostly kettles, irons, blenders and toasters, to the Appliance Bank. Since inception, this partnership has diverted more than R3.9 million in electrical goods from landfill, turning waste into an income-generating opportunity.

OUR SUPPLIERS

HIGHLIGHTS

Our contribution to achieving the SDGs, in line with our material issues, as of 30 June 2019



SDG 5: GENDER EQUALITY

- 4.66% of supplier spend directed towards black woman-owned businesses



SDG 8: DECENT WORK AND ECONOMIC GROWTH

- R85 million allocated to new SME investment fund



Fresh foods and meat

The Shoprite Group is one of the largest buyers and distributors of fresh fruit and vegetables on the continent, procuring about 580 000 tons a year. We work through about 450 South African growers and a further 354 suppliers across Africa. We also import fruit and vegetables from suppliers in Europe, the Middle East, South America and New Zealand.

We operate 753 butcheries in South Africa and 121 in other African countries. We also work with our suppliers to produce our innovative ranges of convenience and processed foods.

Food safety comes first for us in all of the countries in which we operate and we comply with all legislative and regulatory requirements around food hygiene, transportation, storage and disposal. We source locally wherever possible to help grow local economies.

The Shoprite Group works with a network of 19 398 suppliers across about 30 countries to provide our customers with the products and services that they need and want. We build long-term relationships with our suppliers, helping to grow their businesses as we grow ours.

We select suppliers based on their ability to deliver quality, affordable products on time that meet our market demand. We also seek out innovative products to differentiate our offering from our competitors.



“Ten years ago I supplied four products to five stores and now I supply eight products to 46 stores. The buyers held my hand throughout this process and they still do. It’s been a wonderful ride with Shoprite – they didn’t give up on me and I’m grateful.”

– Amina Abrahams, Exotic Taste

We engage with suppliers regularly through meetings, farmer field days, procurement and planting programmes, and our Supplier Portal, which enables both the Group and our suppliers to track orders, claims, remittance advices, and other reports and information.

We are proud to have worked with some of our suppliers for many years and to have helped new suppliers enter the retail environment at scale. We celebrate them through an annual awards ceremony to acknowledge their contribution to the Group.

Our supplier code of conduct

Suppliers must comply with their country’s legislative and regulatory framework, and our strict safety criteria for all food products. We share our knowledge and we work with suppliers to help them comply. There is increasing demand, especially at the premium end of the market, for enhanced transparency on product origin and composition. We pay very close attention to the provenance and ethical or health claims of our products, especially those developed in-house.

Imports and exports

The Shoprite Group is one of the largest distributors of food and non-food products on the continent. While we source more than 77% of products from within the countries in which we operate, we do import food and non-food products based on demand. We import products from 13 different countries, including Brazil, China, France, Turkey, Italy and Portugal, into South Africa and some of our other African operations. We also export about 15% of the food products in our other African stores from South Africa. There is a lack of manufacturing

Sustainable sourcing

We have worked hard in this reporting period to source more sustainable packaging (p55), further embed our commitment to sustainable seafood procurement (p60), and increase the percentage of sustainably produced palm oil used in our Simple Truth brand.

We continue to require international logistics suppliers to submit their environmental policies and a calculation of their carbon footprint with their tenders for transporting imported products by sea, land and air.

capacity for our major non-food product lines throughout Africa. We therefore need to import about 75% of general merchandise.

The Group works hard to build and maintain trust with regulatory authorities in the countries in which we operate. We lobby for regulatory reform to ease trading across African borders and welcome the establishment of the African Continental Free Trade Agreement. We actively participate in relevant discussions at the Southern African Development Community and the Southern African Customs Union. We continue to work with customs agencies across the continent to make customs processes more efficient, and we employ third-party clearing agents and local logistical teams in African countries with complex customs and logistics.

Supporting inclusive supplier development

We are committed to opening access to markets for SMEs throughout our supplier network and to contributing to B-BBEE in South Africa. In this financial year, we started to track, quantify and disaggregate supplier expenditure by group to determine where to focus our interventions to support transformation.

“I see Shoprite as a business that has a vision of the future that we really, clearly want to be part of.”

– Rob van Wieringen, national sales director of Icon 3 Sixty’s Renew label and one of our 2018 Supplier Awards winners

“Last year, after I emailed countless retail buyers and CEOs, one of them replied to my email – Shoprite CEO, Pieter Engelbrecht. Shoprite Checkers is serious about developing small businesses and Engelbrecht (and his team), gave us the opportunity to list our product in select Checkers stores.”

– Sukasha Singh, daughter of Surya Singh, a 70-year-old retired receptionist and founder of Turmeric Tonic

We provide opportunities and support for SME suppliers (those generating less than R1 million in turnover a year), which enables smaller businesses to enter and experience the retail environment. We provide coaching, help them comply with regulatory requirements, and give them market access. We purchased products to the value of

more than R12 million from 93 small-scale suppliers. We also work closely with innovative entrepreneurs that we think can scale their production capacity to meet national demand.

We are increasingly focused on helping small-scale growers involved in our CSI food garden projects access the market. Our Checkers Market Days provide the opportunity for gardens producing a surplus to generate income from their work and gain exposure to the retail environment. This helps to boost their independence and support the long-term sustainability of the gardens.

“We’ve participated in all the other Market Days and they have all been great. The income generated from sales there are a lot more than when we’re selling vegetables straight from our garden.”

– Auriel Ngobeni, a founder of Khomanani Vhanu

D-C.O.O.L.E.R

Phenyo Sebaeng was unable to complete his marketing studies due to a lack of funds in 2015. He took on work as a waiter to make ends meet and dreamed of establishing his own business. He convinced two of his friends to invest in his business idea of making and selling disposable ice buckets (D-C.O.O.L.E.R), made from recyclable material because conventional ones are heavy and expensive. He met with a Shoprite buyer in 2017 who gave him a chance. Today, Phenyo supplies LiquorShop with his innovative product. “I still can’t believe what the Shoprite Group has done for us. They gave us an opportunity of a lifetime and on top of that they were very patient with us ... what the Shoprite Group is doing for us still feels like a dream,” says Phenyo.



Table 21: Verified % of total expenditure spent on SMEs, black-owned SMEs, black- and black, woman-owned enterprises, 2017 to 2019

% of total expenditure	2017	2018	2019
Expenditure on SMEs	2.13%	3.68%	3.75%
Expenditure on black-owned SMEs	0.47%	1.44%	1.33%
Expenditure on black-owned suppliers	6.44%	8.47%	8.51%
Expenditure on black, woman-owned suppliers	3.85%	4.55%	4.66%

Investing in SME transformation in South Africa

SMEs often struggle to survive in South Africa. According to the Global Entrepreneurship Monitor South Africa Report, these small businesses lack access to capital and markets, and find it difficult to meet compliance-related standards. In response, the Shoprite Group has helped to establish a black-owned investment vehicle in partnership with Empowerment Capital Investment Partners.

The purpose is to help SMEs grow and thrive through high-impact, targeted support. This support includes long-term growth capital without a predefined exit horizon; business development support and access to market; and assistance with compliance, corporate governance and financial management at no cost to the small business.

The Group gives preference to existing or future suppliers of the Group. This gives us an indirect minority interest in the current or future supplier, which means we have a vested interest in the success of the beneficiary. The Group provides the investees with access to market – often recognised as the greatest hurdle for small businesses. Our objective is to sustainably transform the supplier chain by investing in top-performing SME suppliers. Our investment fund totals R85 million to date.

The first suppliers to receive investments are LBB (Pty) Ltd and Red Baron Tomatoes (Pty) Ltd. The growth capital and continued support we provide will allow these entities to exponentially grow their operations. We look forward to creating over 100 jobs in the first year from these two investees alone.

Shoprite Botswana opened a 3 700 square metre state-of-the-art distribution centre in Gaborone in the reporting period to enable farmers to deliver to a central distribution point for Shoprite's 14 stores in the country. The centre is the first in the country capable of storing goods at multiple temperatures. It contains tropical ripening rooms and value-adding packing facilities.

Managing our supply chain

To a large extent, our success in South Africa and in other African countries is due to the sophisticated nature of our supply chain management. We have invested heavily in our systems and infrastructure to ensure they are aligned with international best practice and enable us to take a leadership position in this regard on the continent. Our model not only saves costs for our business and that of our suppliers, but it also generates environmental benefits by reducing carbon emissions (p59) and packaging waste (p54).

The Group opened the first of its own distribution centres in Lagos, Nigeria, in December 2018. More than half of the 4 700 square metre property will be occupied by Freshmark. The centre, which has been retrofitted to meet the Group's high standards, includes a banana-ripening room. This allows small farmers and producers to deliver directly to Freshmark, which then distributes products further afield.



Table 22: Our supply chain management model

Fully owned fleet of trucks and trailers	<ul style="list-style-type: none"> ■ 837 trucks and 1 211 trailers working 24 hours a day, seven days a week ■ Trailers powered by solar systems to reduce noise pollution, emissions and costs ■ Travelled more than 81.5 million kilometres in reporting period – the equivalent of 212 trips to the moon ■ Delivers on demand, ensuring food freshness and quality ■ Uses return trips from stores to collect and deliver produce, equipment, packaging and finished goods to the distribution centres for future redistribution: <ul style="list-style-type: none"> - Reducing supplier trucks on road - Cutting idling time in delivery docks - Reducing overall carbon emissions ■ Helps our SME suppliers who lack transport and warehousing capacity ■ Services outlets in remote, rural areas
Driver training	<ul style="list-style-type: none"> ■ 1 274 drivers received training through 8 176 interventions ■ 30 897 training hours ■ Ensures the safety of our drivers and fellow road users and the safe delivery of our products
Advanced cold chain management	<ul style="list-style-type: none"> ■ 55% of fleet uses cryogenics technology (15% increase since last reporting period) ■ Monitors temperature from source through transit to delivery to ensure food quality and safety ■ Reduces carbon emissions through use of liquid nitrogen cooling systems
State-of-the-art distribution centres	<ul style="list-style-type: none"> ■ 30 distribution centres encompassing more than 703 000 square meters of space ■ 6 are in Africa with a new build planned for Madagascar ■ Provides for seamless and on-demand distribution to our 2 779 stores ■ Acts as a central collection point for recyclable material (cardboard and plastic) through reverse logistics
Adaptable retail storage formats	<ul style="list-style-type: none"> ■ Use of distribution centres reduces the need for storage space at stores ■ Maximises store space for products, not storage ■ Enables the small-format Usave stores in more remote areas
Sophisticated information management system	<ul style="list-style-type: none"> ■ Sophisticated transport route planning and scheduling software ■ Optimises store deliveries ■ Reduces number of trucks on roads, reducing congestion and lowering our carbon footprint

Safe Driving Programme

Our Safe Driving Programme continues to ensure that our drivers and the public are safe on the road. Pre-trip vehicle inspections are mandatory and vehicles are fitted with systems that monitor speed, harsh braking, high idling, over-revving and unauthorised stops. Drivers who don't meet the standards are retrained on correct driving techniques. The health of our drivers is key. They undergo full medical examinations to identify health and medical-related risks that could influence their ability to drive safely. They are also taught about



nutrition and physical and mental health to help them stay alert and to recognise and manage short- and long-term fatigue.

OUR PLANET

HIGHLIGHTS

Our contribution to achieving the SDGs, in line with our material issues, as of 30 June 2019



SDG 12: RESPONSIBLE CONSUMPTION AND PRODUCTION

- Reduced our water usage intensity by 8.7% across our Western Cape operations
- Sold 645 million recyclable plastic bags made from 100% post-consumer recycled material, diverting 7 095 tons of plastic from landfills
- Sold 855 000 of our R3 rebate bags and paid out more than R200 000 in rebates
- Recycled 3 995 tons of plastic and 33 658 tons of cardboard through our distribution centres
- Reused 2 781 tons of cardboard packaging in a project with another South African retailer



SDG 13: CLIMATE ACTION

- Increased our use of reverse logistics by 71% saving 1 101 tons of carbon emissions
- Replaced existing lamps with energy-efficient lamps, saving 32 million kWh, equivalent to 30 562 tCO₂e
- Generated 2 637 MWh of renewable energy through rooftop photovoltaic systems. Saved 2 505 tCO₂e
- Increased the ratio of refrigerated fleet using the liquid nitrogen cooling system to 55%



SDG 14: LIFE BELOW WATER

- Trained 12 983 employees in our sustainable seafood practices



The Shoprite Group recognises the value of natural capital to its business.

The Shoprite Group recognises the value of natural capital to its business and the need to conserve these resources. Our direct operations are dependent on reliable supplies of:

- Potable water for preparing food, drinking, cleaning and sanitation.
- Energy for food preparation, cooling, lighting and transacting.
- Fuel for our logistics network and back-up power systems.

We also impact the natural environment through our carbon emissions and waste streams, particularly packaging. Our indirect operations (our supply chain) are reliant, to varying degrees, on access to a stable natural resource base. A changing climate will both directly and indirectly affect our business.

In line with the SDGs we support, we are focused on addressing those issues that are material to our business – maintaining our social licence to operate, ensuring business continuity and complying with regulatory frameworks. Promoting sustainable consumption and production patterns is central to this commitment.

Climate change

The Shoprite Group recognises that climate change, driven by global greenhouse gas emissions, will impact its business. Rising average temperatures will increase the costs of air-conditioning and refrigeration. More severe and frequent extreme weather events will affect the availability, supply and cost of fresh produce. Water shortages will affect our direct operations in stores and distribution centres. The rising costs of energy and water will impact our bottom line. The increase in average summer temperatures in the reporting period – up to 5 degrees hotter than long-term averages – has affected yields, and thus our suppliers, significantly. We are committed to doing our part to lower greenhouse gas emissions in accordance with the Paris Agreement and South Africa’s National Climate Change Response Policy. We are already working to build a climate-resilient business model.

We have:

- Built and maintained an extensive and diverse supply chain for fresh vegetables, fruit and meat that mitigates to some extent the risk of lower or non-production because we are able to shift our procurement patterns to other regions.
- Continued to make our properties and outlets more resource efficient, and, where possible, independent of municipal water and energy supply.
- Incorporated climate change in our risk assessment frameworks.

Packa-Ching

This entrepreneur-driven project uses mobile buy-back centres to “buy” recyclable items from communities. The items are weighed and the money paid into a cashless e-wallet system called eVoucher Mobi, enabling community members to buy products at any Shoprite, Usave and Checkers store. There is a Packa-Ching site in Ivory Park, Johannesburg and Buffalo City, East London, with another one opening in the new financial year in Thabazimbi, Limpopo.

We will scale up this initiative in partnership with PolyCo in years to come, creating sustainable business ventures for entrepreneurs, who will, in turn, be able to create up to five job opportunities. To date, 426 925 kilograms of recyclable material has been collected and R455 173 paid into mobile wallets in this financial year. We support Packa-Ching’s recycling ethos as a part of a circular economy culture as opposed to a make-use-discard approach.



We are also helping to build adaptive capacity to climate change in the communities in which we operate because our future success is directly connected to the well-being of our customers and the health of our natural resource base. We are doing so by establishing sustainable food gardens (see p41), enhancing access to water through our PlayPump initiative (see p58), supporting the growth of the circular economy through recycling initiatives (see p53), directing funds towards community disaster relief from droughts and floods (see p43), and embracing sustainable seafood procurement (p60).

Responsible waste management

South Africans generated about 54 million tons of general waste in 2017, of which only about 38% was recycled, according to South Africa's 2018 State of Waste report. We support the South African government's guidelines regarding

waste management and align our waste reduction and management practices to these principles.

We are committed to significantly reducing the volumes of waste we send to landfills by adopting circular economy thinking and practices. We are working hard to shift to more sustainable packaging and to ensure that packaging waste can be recycled or reused.

Sustainable packaging





Packaging plays an important role in protecting and preserving food. It delays spoilage by keeping food fresh for longer, in store and in our consumers' homes. It also helps to keep food safe from contaminants. It is, however, traditionally a major source of waste. We have deepened our focus on reducing, reusing and recycling packaging in line with circular economy thinking.

Our pilot project with a non-competitive retailer to reuse our cardboard packaging has been extended to another two provinces in which the retailer operates. To date, more than 3 172 tons of cardboard has been sold on for reuse, of which 2 781 tons were in the reporting period. This is a 611% increase from the previous financial year.



Table 23: Our approach to sustainable packaging



Our achievements				
<p>Provided suppliers with reusable, returnable packing crates</p>  <p>Recycled 33 658 tons of cardboard</p>	<p>Reused 2 781 tons of cardboard packaging in partnership with a non-competing retailer</p> 	<p>Sold 855 000 planet rebate bags</p> <p>Recycled 3 995 tons of plastic waste</p>	<p>Diverted 7 095 tons of plastic waste from landfill</p> 	<p>Sold 645 million bags made from 100% post-consumer recycled material</p> 

We source our own packaging for a significant percentage of the products we sell across the Group. This includes packaging for private label products and for use at the fruit and vegetable, deli, bakery, fish and meat counters. We continue to search for affordable sustainable packaging products to avoid passing on the higher costs to our customers.

All of the plastic shopping bags in our South African Shoprite, Checkers and Usave supermarkets are made from 100% recycled plastic and are recyclable. We sold 645 million of these bags, diverting 7 095 tons of plastic from landfill, in the financial year.

South Africa does not have a national recycling system and consumer awareness about recycling logos is generally low. The Group's recycling information on its convenience bakery and convenience meals will provide consumer-friendly information on whether the packaging is recycled or not recycled in South Africa. We have initiated a process to update recycling information.

We are reviewing all the packaging used for freshly prepared food in our stores to be reusable and/or recyclable. We are also phasing out plastic straws and replacing them with Forest Stewardship Council-certified paper ones. The Group is committed to ensuring that:

- 100% of its plastic packaging is reusable, recyclable or compostable by 2025.
- An average of 30% recycled content is used across all its plastic packaging by 2025.

In addition, we will actively promote the collection, recovery and recycling of packaging materials while stimulating the recycling industry to create jobs and alleviate poverty.

Food losses and food waste

The Shoprite Group has always focused on reducing food losses and waste across its supply chain. We have worked through FoodForward SA for three years to donate surplus food from our stores and distribution centres to those in need. FoodForward SA is an organisation that collectively distributes food through its network to feed more than 200 000 people a day. In 2019 we started to put systems in place to address this complex issue across our value chain in recognition of the social, environmental and economic impacts of food loss and waste in all the regions and communities in which we operate. We donate surplus food from our stores and distribution centres to over 300 community organisations across South Africa, helping to feed thousands of people.

We have adopted a hierarchical approach to food waste across our entire value chain, starting with waste reduction as a first step, reviewing our value chain, collaborating and partnering with other committed stakeholders, and motivating our customers and employees to act on this issue.



Our new “planet” shopping bags

Shoprite introduced its “planet” bags in Shoprite and Checkers stores in late 2018. These sturdy bags made from 100% recycled and recyclable plastic are sold for R3 each, but customers redeem R0.50 off their shopping costs each time they reuse the bag. This initiative aims to shift consumer behaviour by encouraging the uptake of reuse of bags as part of our effort to reduce plastic waste. We sold 855 000 of these bags in the reporting period. Our customers have redeemed more than R200 000 in R0.50 rebates off their shopping bills to date.

Compostable packaging

The Shoprite Group was the first South African retailer to introduce compostable avocado containers for its Ripe & Ready avocado punnets. We also switched to compostable packaging for broccoli, cauliflower, baby marrows, patty pans, baby gems and fruit packs, among other vegetable products, in the financial year. This reduces our use of foam punnets by more than 7 million a year. We have rigorously tested the claims made around the compostability of these products to ensure that they meet the standards of at least 90% composted within three to six months of composting.

We will actively promote the collection, recovery and recycling of packaging materials while stimulating the recycling industry to create jobs and alleviate poverty.

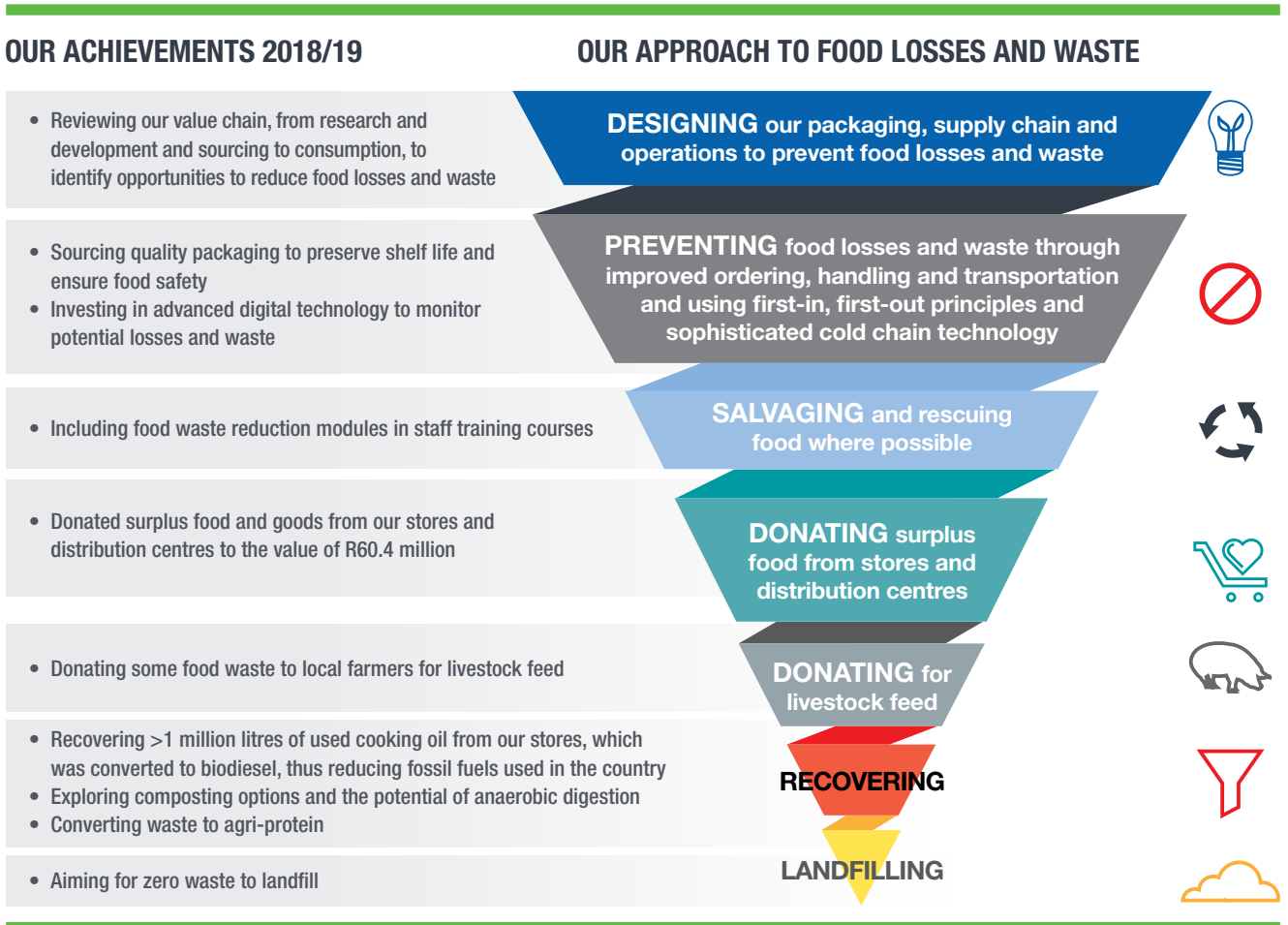
Our cross-functional team works across the Group to realise our plans and objectives related to reducing food losses and waste.

We are working to reduce volumes of food waste entering landfill by 100% by 2022, specifically in the Western Cape, and to halve food waste originating along our supply chain by 50% in 2030. We are also exploring ways to work with our suppliers to reduce on-farm food waste. We are already preventing excess waste in our supply chain because we buy for multiple markets and are thus able to accept several grades of products.

Water and wastewater

We depend on a reliable supply of municipal water to maintain hygiene standards in our 2 779 stores and 30 distribution centres, for food production in our bakeries and fresh food departments, and to provide drinking water and sanitation for our 147 268 employees. While drought conditions in the Western Cape region of South Africa have eased since the last reporting period, future water shortages remain a real threat to the continuity of our business. Water risks are evaluated through our Enterprise Risk Management framework.

Table 24: Our approach to managing food losses and waste





The Shoprite Group continues to improve the efficiency of its water usage across all operations. We track water usage and cost for all properties through a centralised software platform and we achieved a reduction of 8.7% water use intensity across all our Western Cape operations. The Group submitted its second disclosure to the CDP's Water Programme in 2019 (see p23). We invested significantly in water-saving and storage initiatives in the previous financial year to build business resilience to a water-scarce future. This included installing various water capturing and treatment facilities at some properties, and water storage tanks and water booster pumps at properties in high-risk areas to ensure at least three days of water in the event of shortages. All of our properties outside South Africa use borehole water with discharged water treated and reused for irrigation.

Water as a shared resource

We view water as a shared resource and therefore also support community water generation and reduction initiatives by providing innovative solutions.

Our Smart Water Meter Challenge was initiated in 299 Cape Town schools in 2017 to help them save water and

money by measuring and reporting on water use in real time via an online dashboard. This enabled the schools to instil waterwise practices, identify leaks and replace plumbing where necessary. The initiative ended in the reporting period, but the systems remain in place to enable schools to continue their waterwise practices. The volume of water saved to date is 508 million litres.

We maintain 37 PlayPumps, established in South Africa's rural areas by Roundabout Water Solutions in collaboration with the South African Department of Water Affairs. The PlayPumps pump water for about 12 355 people a day. We have installed water tanks and grey-water systems at our community food gardens to reduce reliance on municipal water sources. We have also installed, replaced and repaired 17 borehole pumps, reservoirs, ponds and taps in the financial year.

The Shoprite Group directed R147 344 in funds raised through its #ActForChange Fund between October and December 2018 and again from 22 March to 30 June to Gift of the Givers for drought relief in the Sutherland area, as well as other disasters.



Energy, greenhouse gases and emissions

We are committed to managing and reducing our carbon emissions by making our operations more energy efficient and implementing renewable energy solutions, where feasible. We have submitted our eighth consecutive disclosure to the CDP Climate Programme; the report is available on our website. We are also working to ensure business continuity in the face of unreliable electricity supply in South Africa and the other African countries in which we operate.

We measure and manage our greenhouse gas emissions across all rand-based operations – the Kingdom of Eswatini, Lesotho, Namibia and South Africa. We focus on reducing the use of electricity, fuel and refrigerants and related emissions throughout our operations, and we reduced electricity consumption intensity by 7.3% for this reporting period.

An efficient distribution model

Our centralised distribution model (p51) is increasingly efficient, delivering cost-saving and environmental benefits. Trucks are chosen for their fuel efficiency and drivers are taught to drive in the “green band” power range, enabling the vehicle to operate at maximum efficiency. Our refrigerated trailers are powered by solar energy, which reduces costs, emissions and noise pollution. Fifty-five percent of our refrigerated fleet uses cryogenics technology because, unlike diesel, liquid nitrogen does not emit carbon dioxide and produces relatively low levels of noise.

Uptake of this technology has grown by 15 percent since the last reporting period. We have extended our use of reverse logistics (backhauling), using return trips from stores to collect and deliver produce, equipment, packaging and finished goods to the distribution centres for future redistribution.

Our use of reverse logistics (backhauling) has lowered overall carbon emissions by 1 101 tons in the financial year. Backhauling is now the largest “supplier” to our distribution centres. Uptake of backhauling grew by 71% in volume in the reporting period.

Energy-efficient lighting

In 2017 we initiated a project to replace 1 million lamps across 1 000 South African stores with energy-efficient lamps. The project will result in a saving of R350 000 a day in electricity and maintenance costs. We reduced our emissions by 30 562 tCO₂e during the financial year. We are also switching to energy-efficient lamps in all stores outside South Africa, as well as investigating the viability of installing photovoltaic solar systems at these locations.

Renewable energy options

We continue to explore renewable energy options where feasible. We installed rooftop photovoltaic systems at six corporate outlets, which reduced our indirect carbon emissions by 2 345 tCO₂e during the previous financial year and by 2 505 tCO₂e in this reporting period. We have conducted feasibility studies (technical and financial) for an additional 11 sites, of which seven sites will be pursued further. We are also exploring the use of off-grid systems for our smaller Usave stores in rural areas.

Sustainable sourcing

The Shoprite Group has made significant progress towards meeting its targets under its partnership with WWF-SASSI, particularly in the areas of sustainable seafood policies, training, business-to-business communication and raising consumer awareness. We are working to improve our progress against procurement, traceability, transparency and labelling, and engagement with domestic fisheries indicators. In the reporting period we trained 12 983 employees on sustainable seafood practices.

All palm oil used in our Simple Truth products is sustainably sourced and certified by the Roundtable on Sustainable Palm Oil, an organisation aiding in the conservation of the endangered Bornean orangutans. The cocoa powder used in most of our fresh convenience bakery products is certified by UTZ.

Environmentally friendly building initiatives

The Group's Property division is constantly looking at new ways to improve the environmental footprints of our new and existing stores, offices and other properties.

We understand that environmentally friendly buildings will be the norm in a sustainable future and we are focused on resource efficiency and decoupling resource use from the growth of our business.

Our recent Gordon's Bay and Plettenberg Bay developments aim to be less reliant on municipal water supply in the near future. We will use a reverse osmosis system to purify borehole water, which is supplemented by harvested rainwater, to supply these centres with potable water. The Group is investing R2.3 million in a treatment plant in Constantia, Cape Town, which will allow the store to operate independently from the municipal water supply.

Our Home Office initiatives

Our Home Office in Brackenfell, Cape Town, acts to some degree as our pilot site for our waste management and water- and energy-efficiency initiatives. We have installed waterless urinals and aerators in all bathroom taps, as well as switching irrigation to borehole and sump-drainage water. This has resulted in a 78% decrease in municipal water use. In August 2018, we appointed a specialised waste management contractor to manage the waste generated at our Home Office, including the recycling of waste. The Group retrieved 14.1 tons of recyclable material in the financial year comprising paper, cardboard, plastics and metal.

The rehabilitation of the Sun Valley wetlands around the Sun Valley Mall in Cape Town was completed in the financial year. This area is a known breeding ground for the endangered Leopard Toad. Great care was taken to restore the natural habitat of this endangered amphibian.



Conclusion



As the largest retailer on the African continent, we recognise that we can play a transformative role in the 15 countries in which we operate. The Shoprite Group, under the guidance of the newly appointed Group Sustainability Manager and an experienced team, will continue to deepen the scope and impact of its sustainability work in the coming years.

We will ensure that we remain focused on issues material to our business, and identify where we can most significantly contribute to the SDGs.

While we work in the short and medium term on making our direct operations more sustainable, we will also be laying the groundwork to more effectively work through our supply chain to support sustainable sourcing and to build resilience to climate change in the long term.

Our objectives for the current reporting period and beyond:

- Finalise development of our sustainability strategy in 2020.
- Enhance our business strategy to fully incorporate our key sustainability objectives and our sustainability strategy.
- Adopt an impact assessment framework that captures the impact and positive contributions of our sustainability approach.



List of acronyms

B-BBEE	Broad-based black economic empowerment
CSI	Corporate social investment
ECD	Early childhood development
FTFA	Food & Trees for Africa
PIVOTAL	Professional, vocational, technical and academic learning
SACCAWU	South African Commercial, Catering and Allied Workers Union
SASSI	South African Sustainable Seafood Initiative
SETAs	Sector education and training authorities
SDGs	Sustainable Development Goals
SMEs	Small- and medium-sized enterprises
tCO ₂ e	Tons of carbon dioxide equivalent
YES	Youth Employment Service

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