

## **SHOPRITE HOLDINGS LIMITED**

**REG. NO. 1936/007721/06 ("THE COMPANY")**

### **MINUTES OF THE ANNUAL GENERAL MEETING HELD BY ELECTRONIC COMMUNICATION ON 14 NOVEMBER 2022 AT 09H15**

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#### **1. ATTENDANCE:**

##### **1.1 Directors and Company Secretary:**

W Lucas-Bull	Independent Non-Executive Director
Dr A T M Mokgokong	Independent Non-Executive Director
L de Beer	Independent Non-Executive Director
J A Rock	Independent Non-Executive Director
J F Basson	Independent Non-Executive Director
P Cooper	Independent Non-Executive Director
N N Gobodo	Independent Non-Executive Director
E A Wilton	Independent Non-Executive Director
G W Dempster	Independent Non-Executive Director
P C Engelbrecht	Executive Director
A de Bruyn	Executive Director
P G du Preez	Company Secretary

##### **1.2 External Auditors:**

J de Villiers	PwC
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##### **1.3 Transfer Secretaries**

W Louw	Computershare Investor Services
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##### **1.4 Shareholders present / present by representation:**

###### **Proxies:**

Nedcor Bank CSDP	Chairperson
Absa Bank CSDP	Chairperson
First National Bank CSDP	Chairperson
Société Generale	Chairperson
Standard Bank CSDP	Chairperson
Citibank NA	Chairperson
Link CSDP	Chairperson
Computershare CSDP	Chairperson
Standard Chartered CSDP	Chairperson
PSG Nominees (Pty) Ltd	Chairperson
Agulhas Nominees (Pty) Ltd	Chairperson
RST Nominees (Pty) Ltd	Chairperson
Strate E-Votes	Chairperson
Ferbros Nominees (Pty) Ltd	Chairperson
Ferbros Nominees (Pty) Ltd	Chairperson
Thibault Square Financial Services Pty Ltd	Chairperson

###### **Letters of Representation:**

Standard Bank Nominees (RF) (Pty) Ltd	NN Moshesh /Chairman
Standard Bank Nominees (RF) (Pty) Ltd	M M Ncube / V Madlela
Standard Bank Nominees (RF) (Pty) Ltd	S Msomi / MC Malwandla
First World Trader Nominees (RF) Pty Ltd	L Pasquini / K Ngogela / A Quzu
Agulhas Nominees (Pty) Ltd	PC Engelbrecht
Ferbros Nominees (Pty) Ltd	P Mohale /Chairman
Ferbros Nominees (Pty) Ltd	AB Gardener
Ferbros Nominees (Pty) Ltd	Chairman
Ferbros Nominees (Pty) Ltd	P du Preez
Ferbros Nominees (Pty) Ltd	P du Preez /Chairman
Standard Bank Nominees (RF) (Pty) Ltd	M Mokua /Reddy C
Gardenview Nominees (Pty) Ltd	AB Gardener /Chairman
Gardenview Nominees (Pty) Ltd	WF du Plessis /Chairman

**Total number of shares personally present: 5,493,463 [0.67%]**

**Total number of members present: 14 [0.67%]**

### 1.5 **Number of shares represented by proxy:**

As per schedule by transfer office dated 15 November 2021.

▪ Proxies in favour to Chairperson	691,881,071	[85.16%]
▪ Proxies in favour of other	0	.00%

**Total number of shares represented by proxy: 691,881,071 [85.16%]**

**Total number of shares that voted: 691,881,071 [85.16%]**

- 426 911 959 ordinary shares
- 264,969,112 deferred shares

### 1.6 **Guests:**

32 guests registered their attendance at the AGM.

## 2. **WELCOME AND CHAIRMAN'S ADDRESS**

Good morning, ladies and gentlemen,

Welcome to the Annual General Meeting of shareholders of Shoprite Holdings Limited.

A very warm welcome to all our shareholders who are attending via the digital platform and thank you to those who couldn't participate but cast proxy votes on the matters we will consider today.

Kindly note that the proceedings of this meeting are being recorded and broadcast via live webcast.

With me, physically in attendance, are:

- Lead Independent Director and Chairman of the Social and Ethics Committee, Dr Anna Mokgokong.
- Director and Chairman of the Remuneration Committee, Joseph Rock.
- Director and Chairman of the Audit & Risk Committee, Linda de Beer.
- Chief Executive, Pieter Engelbrecht.
- Financial Director, Anton de Bruyn; and
- Company Secretary, Pieter du Preez.

Our other directors have also joined us via the webcast.

Thank you also, to our external auditors PWC, who are in attendance and represented by the designated audit Partner, Jacques de Villiers.

Other directors are also in attendance via the webcast.

Before I provide my opening address may I request that, should any shareholder have questions around the Annual General Meeting notice, the 2022 Integrated Report, the 2022 Annual Financial Statements, or any other matter tabled at this meeting, please send your messages now via the shareholder platform by selecting the Q&A icon, typing your message in the chat box at the bottom of the screen and pressing "SEND".

Shareholders have an invitation code that enables them to post their questions. I shall either respond or direct the question to the appropriate person. We will try to group the questions according to themes. All questions will be visible but may be answered as a collective where they are similar.

### **NOTICE**

I have been advised that the Company's 2022 Integrated Report, together with the notice of the meeting was sent to the Shareholders on the 17th of October 2022.

### **CONSTITUTION**

Since fifteen (15) business days' notice was given and more than three (3) members of the Company who are entitled to exercise in aggregate at least 25% (twenty-five percent) of all voting rights that are entitled to be exercised, in respect of at least 1 (one) matter to be decided at the meeting, are present, I declare the meeting duly constituted for the ordinary and special resolutions to be considered.

### **TRADING ENVIRONMENT & PERFORMANCE**

In accordance with previous years, at this time in our reporting calendar, Shoprite has released a SENS announcement outlining sales growth for the first quarter of our new 2023 financial year. The Group has reported growth in sales for the period of 18.6 percent, a notable achievement if one considers the challenging economic context and noting that true to the Group's low-price promise, selling price inflation for the period was limited to 8.6 percent.

The operational update itself is comprehensive, outlining sales growth for the Group's four operating segments.

It updates shareholders as to other pertinent issues we have experienced over the quarter, and this year it references the impact of the operating environment and its consequences for cost growth. This is especially prevalent in the areas of increased diesel costs due to the cost of operating generators across our supply chain and stores during significant loadshedding, reaching up to stage 6 at times and of course, the impact of higher fuel costs that similarly impact all areas of our operations.

Despite these cost pressures the Group has remained resolute in its execution and delivery on lowest prices and best value possible. Shoprite's success in this endeavour is reflected in continued market share gains for the period.

## **DELIVERING ON STRATEGY**

As part of this first quarter update today, we have reported on the Group's core South African supermarket segment's growth in sales of 19.6%. Adjusting for the liquor lockdown regulations that resulted in closures last year, sales increased by 16.6%. On both counts, this growth is commendable and as a Board we appreciate that in a low growth economy reporting growth of this nature is a result of excellent leadership, ongoing teamwork and execution on a clear, consistent strategy centred around a clearly defined, defensive core business.

The Group updated its purpose this year to reflect its broadening scope beyond that of just meeting the needs of its considerable and diverse customer base. Outside of its' customer focus, Shoprite as a Group is increasingly clear on the important role it plays in terms of supporting job creation, supplier development, diversity, employee retention and advancing its ambitions in terms of social and environmental impact.

## **COMMITMENT TO SUSTAINABILITY**

Shoprite's commitment to being a sustainable and responsible retailer applies not only to our own operations, but to the communities and environments in which we operate as well.

Our approach is premised on the three United Nations Sustainable Development Goals where we believe we can have the most impact, being:

SDG 2 – To end hunger, achieve food security, improve nutrition and promote sustainable agriculture.

SDG 8 - To promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

SDG 12 – To ensure sustainable consumption and production patterns.

As the biggest retailer on the continent, food security and hunger relief remain central to our efforts and as a result, much of our social impact work is centred around the communities we serve. We delivered on this in the last year through the support of 177 community food gardens and 107 early childhood development centres. Our surplus food donations amounted to R147 million and our fleet of 26 mobile soup kitchens in South Africa served over 5 million hot meals during the year.

As a Group we remain committed to reducing emissions in order to mitigate the impact of climate change and environmental degradation. In this regard, this year, we reduced our scope 1 & 2 carbon emission intensity by 3.3% and added 30 solar photovoltaic sites to increase our installed solar capacity by 82%.

We have set an ambitious greenhouse gas emissions target of net-zero by 2050 with an initial 2030 target to reduce our scope 1 and 2 GHG emissions by 50%. Furthermore, we have committed to reduce our absolute scope 3 GHG

emissions from use of products sold by 25%. As part of this process, we are pleased to report that our targets were recently validated by the Science Based Targets Initiative.

It was a watershed year for the Group on the supplier development and employee recognition front with the launch of Shoprite Next Capital and the Shoprite Employee Trust.

Shoprite Next Capital has formalised the support and development of SMME's into a special purpose vehicle to provide SMME trade assistance and the support necessary to encourage growth. This will take place through compliance guidance, working capital assistance and training.

The R8.9 billion evergreen B-BBEE Shoprite Employee Trust launched in May this year has, to date, paid our qualifying South African employees, and, via a different mechanism paid our non-RSA employees, two distributions that align with the interim and final dividends declared to our Group shareholders during the 2022 year.

## **BOARD AND EXECUTIVE MATTERS**

2022 was quite different from 2021 when, in my first year as Chairman, we embarked on the Board recomposition based on the recommendations of an independent Board review completed in the year prior to my appointment. That process set us up for 2022 – a productive year where the Directors appointed during 2021, together with our new directors Graham Dempster, Paul Norman and Dawn Marole appointed since our last AGM, worked together to deepen our understanding of the Group, its opportunities and risks.

The Board continued to actively engage with the Executive throughout the year. While the Group's strategy is clearly articulated and serves as a north star, it does evolve and adapt as required each year. As part of our approval of the strategy we again engaged in an independent benchmarking exercise to consider on-going developments in retail and global best practice to provide further insight. The outcome, we believe, demonstrates that despite considerable headwinds as a result of the external environment, Shoprite has its current and future position in hand.

In terms of the Board and the year ahead, we do have some Directors retiring after this AGM and they are due our sincere thanks.

To Ram Harisunker, who has served as an Executive Director for twenty years and steps down from the Board today – Ram, we thank you for your service not just to the Board but to the company given your lifetime of service having joined Checkers, in 1969. A quiet and humble achiever, you are a remarkable retailer instrumental in the success of the Group.

To Dr Anna Mokgokong, Johan Basson and Joseph Rock - our three longstanding, independent board members who retire today after 28 years of collective service. Our thanks and gratitude are due to each of you for your unwavering support of the Group. You each served the company as NEDs, chaired different sub- committees and Anna, most recently, also served the

Group as lead independent Director. It is clear that in each of these respective areas the Group transformed under your guidance and we are indebted to you for your commitment. Thank you, and on behalf of the Board, we wish you well.

In addition, thank you for your assistance in the Board Committee Chairman role hand over process which took place towards the end of last year and this year. It was invaluable and, has certainly set us up for a productive 2023 where, apart from the appointment of one new director, we do not foresee any further director appointments.

### **IN CLOSING**

Shoprite is positioned as a leader in retail - this is evident in our infrastructure, systems and intellectual property and is also reflected in the way our customers respond to the Group's offering.

The numerous industry, brand, consumer and innovation awards achieved this past year are testament to the Group's relentless drive for being customer centric and future focused.

The Group's relatively unconventional ambition articulated five years ago, when it stated its intentions to become a "Smarter Shoprite", is a reality today. By developing future fit channels, enhancing a customer-first culture and enabling precision retailing, Shoprite has transformed into a data lead omni-channel leader. Growth in e-commerce and digital, the successful Xtra Savings rewards program, our partnerships and adjacent revenue streams powering our other income streams are all evidence of this.

Executive Management have achieved this, and more, together with their teams, despite a backdrop characterised by considerable challenges.

With this in mind, especially, I'd like to thank each and every employee for their ongoing loyalty and dedication to the business and its customers which number more than 25 million people in South Africa alone. I wish you all continued success in the year ahead as you build on your achievements to date and on behalf of the Board, we look forward to working together to advance the ambitions of the Group.

Thank you.

### **WE NOW MOVE TO THE FORMAL AGM AGENDA**

#### **3. ORDINARY RESOLUTION NO. 1: ANNUAL FINANCIAL STATEMENTS**

The motion was opened for discussion. There being no questions from the floor, members were requested to record their votes in respect of Ordinary Resolution No. 1.

The outcome of the voting results was confirmed as follows:

Number of shares voted		% In favour of		% Against		% Abstained	
Ordinary shares	Deferred shares	Ordinary shares	Deferred shares	Ordinary shares	Deferred shares	Ordinary shares	Deferred shares
430 642 571	264 969 112	100.00	100.00	0.00	0.00	0.22	0.00

Ordinary Resolution No. 1 was subsequently declared to have been passed by the requisite majority of the votes and the Annual Financial Statements to have been approved by the members.

#### **4. ORDINARY RESOLUTION NO. 2: RE-APPOINTMENT OF AUDITORS**

The motion was opened for discussion.

There being no questions from the floor, members were requested to record their votes in respect of Ordinary Resolution No. 2.

The outcome of the voting results was confirmed as follows:

Number of shares voted		% In favour of		% Against		% Abstained	
Ordinary shares	Deferred shares	Ordinary shares	Deferred shares	Ordinary shares	Deferred shares	Ordinary shares	Deferred shares
430 961 761	264 969 112	93.93	100.00	6.07	0.00	0.17	0.00

Ordinary Resolution No. 2 was subsequently declared to have been passed by the requisite majority of the votes and PwC has been re-elected as independent registered auditors of the Company for the period until the next annual general meeting of the Company (noting that Mr J de Villiers is the individual registered auditor of PwC who will undertake the audit in respect of the financial year ending 28 June 2023) as recommended by the Company's Audit and Risk Committee.

#### **5. ORDINARY RESOLUTION NO. 3: ELECTION OF DIRECTORS**

The motion was opened for discussion. There being no questions from the floor, members were requested to record their votes in respect of Ordinary Resolutions Nos. 3.1 to 3.3, whereby each of the Directors in 3.1–3.3 below, who have been appointed by the Board after the 2021 AGM on the dates set out below and who are required to retire as Directors of the Company at this AGM and who are eligible and available for re-election, are hereby elected with immediate effect:

- 3.1 Graham Dempster appointed on 15 November 2021;
- 3.2 Paul Norman appointed on 4 March 2022; and
- 3.3 Dawn Marole appointed on 4 March 2022.

The outcome of the voting results was confirmed as follows:

### 3.1 Graham Dempster appointment:

Number of shares voted		% In favour of		% Against		% Abstained	
Ordinary shares	Deferred shares	Ordinary shares	Deferred shares	Ordinary shares	Deferred shares	Ordinary shares	Deferred shares
430 960 456	264 969 112	96.43	100.00	3.57	0.00	0.17	0.00

### 3.2 Paul Norman appointment:

Number of shares voted		% In favour of		% Against		% Abstained	
Ordinary shares	Deferred shares	Ordinary shares	Deferred shares	Ordinary shares	Deferred shares	Ordinary shares	Deferred shares
430 960 456	264 969 112	99.00	100.00	1.00	0.00	0.17	0.00

### 3.3 Dawn Marole appointment:

Number of shares voted		% In favour of		% Against		% Abstained	
Ordinary shares	Deferred shares	Ordinary shares	Deferred shares	Ordinary shares	Deferred shares	Ordinary shares	Deferred shares
430 961 321	264 969 112	99.09	100.00	0.91	0.00	0.17	0.00

Ordinary Resolutions No. 3.1 to 3.3 were subsequently declared to have been passed by the requisite majority of the votes.

## 6. **ORDINARY RESOLUTION NO. 4: APPOINTMENT AS MEMBERS OF THE SHOPRITE HOLDINGS AUDIT AND RISK COMMITTEE**

The motion was opened for discussion. There being no questions from the floor, members were requested to record their votes in respect of Ordinary Resolutions Nos. 4.1 to 4.4, whereby the following members are elected as member of the Shoprite Holdings Audit and Risk Committee with immediate effect in terms of section 94(2) of the Companies Act, 71 of 2008:

- 4.1 Linda de Beer;
- 4.2 Nonkululeko Gobodo;
- 4.3 Eileen Wilton; and
- 4.4 Graham Dempster (subject to his election as Director).



The outcome of the voting results was confirmed as follows:

4.1 Linda de Beer appointment:

Number of shares voted		% In favour of		% Against		% Abstained	
Ordinary shares	Deferred shares	Ordinary shares	Deferred shares	Ordinary shares	Deferred shares	Ordinary shares	Deferred shares
430 961 420	264 969 112	97.90	100.00	2.10	0.00	0.17	0.00

4.2 Nonkululeko Gobodo appointment:

Number of shares voted		% In favour of		% Against		% Abstained	
Ordinary shares	Deferred shares	Ordinary shares	Deferred shares	Ordinary shares	Deferred shares	Ordinary shares	Deferred shares
430 963 716	264 969 112	99.44	100.00	0.56	0.00	0.17	0.00

4.3 Eileen Wilton appointment:

Number of shares voted		% In favour of		% Against		% Abstained	
Ordinary shares	Deferred shares	Ordinary shares	Deferred shares	Ordinary shares	Deferred shares	Ordinary shares	Deferred shares
430 961 421	264 969 112	99.48	100.00	0.52	0.00	0.17	0.00

4.4 Graham Dempster appointment:

Number of shares voted		% In favour of		% Against		% Abstained	
Ordinary shares	Deferred shares	Ordinary shares	Deferred shares	Ordinary shares	Deferred shares	Ordinary shares	Deferred shares
430 960 306	264 969 112	97.05	100.00	2.95	0.00	0.17	0.00

Ordinary Resolutions Nos. 4.1 to 4.4 were subsequently declared to have been passed by the requisite majority of the votes.

**7. ORDINARY RESOLUTION NO. 5: GENERAL AUTHORITY OVER UNISSUED ORDINARY SHARES**

The motion was opened for discussion. There being no questions from the floor, members were requested to record their votes in respect of Ordinary Resolution No. 5.

The outcome of the voting results was confirmed as follows:

Ordinary shares	Deferred shares	Ordinary shares	Deferred shares	Ordinary shares	Deferred shares	Ordinary shares	Deferred shares
Number of shares voted		% In favour of		% Against		% Abstained	
430 961 466	264 969 112	93.77	100.00	6.23	0.00	0.17	0.00

Ordinary Resolution No. 5 was subsequently declared to have been passed by the requisite majority of the votes.

**8. ORDINARY RESOLUTION NUMBER 6: GENERAL AUTHORITY TO ISSUE ORDINARY SHARES FOR CASH**

The motion was opened for discussion. There being no further questions from the floor, members were requested to record their votes in respect of Ordinary Resolution No. 6.

The outcome of the voting results was confirmed as follows:

Number of shares voted		% In favour of		% Against		% Abstained	
Ordinary shares	Deferred shares	Ordinary shares	Deferred shares	Ordinary shares	Deferred shares	Ordinary shares	Deferred shares
430 961 316	264 969 112	93.28	100.00	6.72	0.00	0.17	0.00

Ordinary Resolution No. 6 was subsequently declared to have been passed by the requisite majority of the votes.

**9. ORDINARY RESOLUTION NUMBER 7: GENERAL AUTHORITY TO DIRECTORS AND/OR COMPANY SECRETARY**

The motion was opened for discussion. There being no questions from the floor, members were requested to record their votes in respect of Ordinary Resolution No. 7.

The outcome of the voting results was confirmed as follows:

Number of shares voted		% In favour of		% Against		% Abstained	
Ordinary shares	Deferred shares	Ordinary shares	Deferred shares	Ordinary shares	Deferred shares	Ordinary shares	Deferred shares
430 704 841	264 969 112	99.97	100.00	0.03	0.00	0.21	0.00

Ordinary Resolution No. 7 was subsequently declared to have been passed by the requisite majority of the votes and any one of the directors of Shoprite Holdings or the company secretary were hereby authorised to do all things, perform all acts and to sign and execute all documentation necessary to implement the ordinary and special resolutions adopted at the AGM.

**10. NON-BINDING ADVISORY VOTES ON THE REMUNERATION POLICY OF SHOPRITE HOLDINGS AND THE IMPLEMENTATION OF THE REMUNERATION POLICY:**

**VOTE 1: ENDORSEMENT OF REMUNERATION POLICY**

The Chairman noted that this resolution is a non-binding advisory vote tabled for consideration and approval by shareholders as required by the principles as set out in the King IV Report on Governance (King IV).

The motion was opened for discussion.

There being no questions or comments from the floor, members were requested to record their votes in this regard.

The outcome of the voting results was confirmed as follows:

Number of shares voted		% In favour of		% Against		% Abstained	
Ordinary shares	Deferred shares	Ordinary shares	Deferred shares	Ordinary shares	Deferred shares	Ordinary shares	Deferred shares
430 961 263	264 969 112	76.61	100.00	23.39	0.00	0.17	0.00

The Remuneration Report was subsequently endorsed.

**VOTE 2: NON-BINDING ADVISORY VOTE: IMPLEMENTATION OF REMUNERATION POLICY**

The Chairman also noted that this resolution is non-binding advisory vote tabled for consideration and approval by shareholders as required by King IV. The motion was opened for discussion.

There being no further questions or comments from the floor, members were requested to record their votes on the implementation of the Remuneration Report.

The outcome of the voting results was confirmed as follows:

Number of shares voted		% In favour of		% Against		% Abstained	
Ordinary shares	Deferred shares	Ordinary shares	Deferred shares	Ordinary shares	Deferred shares	Ordinary shares	Deferred shares
414 076 458	264 969 112	74.55	100.00	25.45	0.00	3.03	0.00

The Implementation of the Remuneration Report was subsequently endorsed.

## 11. **SPECIAL RESOLUTION NUMBER 1: REMUNERATION PAYABLE TO NON-EXECUTIVE DIRECTORS**

The motion was opened for discussion. There being no questions from the floor, members were requested to record their votes in respect of Special Resolution No. 1.

The outcome of the voting results was confirmed as follows:

	Number of shares voted		% In favour of		% Against		% Abstained	
	Ordinary shares	Deferred shares	Ordinary shares	Deferred shares	Ordinary shares	Deferred shares	Ordinary shares	Deferred shares
Chairperson of the Board	430 939 225	264 969 112	99.78	100.00	0.22	0.00	0.17	0.00
Lead Independent Director	430 939 225	264 969 112	99.78	100.00	0.22	0.00	0.17	0.00
Non-executive Directors	430 939 225	264 969 112	99.56	100.00	0.44	0.00	0.17	0.00
Chairperson - Audit and Risk Committee	430 939 225	264 969 112	99.72	100.00	0.28	0.00	0.17	0.00
Members - Audit and Risk Committee	430 939 225	264 969 112	99.72	100.00	0.28	0.00	0.17	0.00
Chairperson - Remuneration Committee	430 939 225	264 969 112	99.69	100.00	0.31	0.00	0.17	0.00
Members - Remuneration Committee	430 939 125	264 969 112	99.69	100.00	0.31	0.00	0.17	0.00
Chairperson - Nomination Committee	430 939 125	264 969 112	99.81	100.00	0.19	0.00	0.17	0.00
Members - Nomination Committee	430 939 555	264 969 112	99.81	100.00	0.19	0.00	0.17	0.00
Chairperson - Social and Ethics Committee	430 941 620	264 969 112	99.81	100.00	0.19	0.00	0.17	0.00
Members - Social and Ethics Committee	430 941 620	264 969 112	99.81	100.00	0.19	0.00	0.17	0.00
Chairperson - Investment and Finance Committee	430 939 125	264 969 112	99.81	100.00	0.19	0.00	0.17	0.00
Members - Investment and Finance Committee	430 939 125	264 969 112	99.81	100.00	0.19	0.00	0.17	0.00

Special Resolution No. 1 was subsequently declared to have been passed by the requisite majority of the votes and, in terms of Section 66(9) of the Companies Act, No. 71 of 2008, as amended, the annual remuneration of the non-executive directors for the twelve months from 1 November 2022 – 31 October 2023 was approved as follows:

	R
Chairman of the Board	3 618 000
Lead Independent Director	908 000
Non-executive Director	526 000
<b><u>AUDIT AND RISK COMMITTEE</u></b>	
Chairman	441 000
Member	228 000
<b><u>REMUNERATION COMMITTEE</u></b>	
Chairman	300 000
Member	145 000
<b><u>NOMINATION COMMITTEE</u></b>	
Chairman	234 000
Member	122 000
<b><u>SOCIAL AND ETHICS COMMITTEE</u></b>	
Chairman	257 000
Member	132 000
<b><u>INVESTMENT AND FINANCE COMMITTEE</u></b>	
Chairman	300 000
Member	145 000

**12. SPECIAL RESOLUTION NUMBER 2: FINANCIAL ASSISTANCE TO SUBSIDIARIES, RELATED AND INTER-RELATED ENTITIES**

The motion was opened for discussion. There being no questions from the floor, members were requested to record their votes in respect of Special Resolution No. 2.

The outcome of the voting results was confirmed as follows:

Number of shares voted		% In favour of		% Against		% Abstained	
Ordinary shares	Deferred shares	Ordinary shares	Deferred shares	Ordinary shares	Deferred shares	Ordinary shares	Deferred shares
430 961 136	264 969 112	97.05	100.00	2.95	0.00	0.17	0.00

Special Resolution No. 2 was subsequently declared to have been passed by the requisite majority of the votes.

**13. SPECIAL RESOLUTION NUMBER 3: GENERAL AUTHORITY TO REPURCHASE SHARES**

The motion was opened for discussion. There being no questions from the floor, members were requested to record their votes in respect of Special Resolution No. 3.

The outcome of the voting results was confirmed as follows:

Number of shares voted		% In favour of		% Against		% Abstained	
Ordinary shares	Deferred shares	Ordinary shares	Deferred shares	Ordinary shares	Deferred shares	Ordinary shares	Deferred shares
430 741 843	264 969 112	98.34	100.00	1.66	0.00	0.21	0.00

Special Resolution No. 3 was subsequently declared to have been passed by the requisite majority of the votes.

## **14. QUESTIONS RAISED AT THE AGM**

### **14.1 REMUNERATION POLICY**

Kwanele Ngogela from Just Share: Advisory votes on remuneration at Shoprite failed to achieve the required level in both 2021 and 2020. Shoprite claims to be focusing on evaluating and embedding fair and ethical remuneration practices. However, the lowest paid worker at Shoprite earning R25.10 per hour (only R1,91 above minimum wage) would have to work over 297 years to earn what the CEO took this year (excluding STIs and LTIs), or 1080 years to earn the total single figure of the CEO's remuneration for this year. Shoprite makes much in its suite of reports about its "above minimum wage increases" for lowest paid staff. But it is trite that the minimum wage is significantly lower than a living wage which provides employees with sufficient income to cover the actual costs of living with dignity in their communities.

Why does Shoprite not consider its employees worthy of earning a living wage, which would also almost certainly help to address the extremely high staff turnover experienced by the group?

The Chairman said that the Group has been on a significant journey in terms of our remuneration policy over the last three or so years led by our chairman of the Remco, Joseph Rock, and you will have seen progressively, year after year, significant change in our policy. We have also engaged significantly with our shareholders every year, both pre and post the AGM, and we've taken input directly from our shareholders and responded to all of the key issues that have been raised. We do believe that we are in a much stronger position in terms of shareholder support after engaging extensively with our shareholders.

In terms of the minimum wage, the Chairman said it is an issue that has been considered and that shareholders will see that Shoprite implemented an increased minimum wage during the current year. We also focussed on the key aspects of our cashiers who are our frontline people who serve our customers. In this regard you will see a disclosed minimum wage in terms of the cashiers, which is well above the industry. Shoprite also introduced an incentive programme which enables the high-performing cashiers to earn significantly more than the minimum. In addition, the Employee Share Trust has distributed a total amount of R207 million in dividends to beneficiaries to date. This payment was over and above what they have earned in wages. Living wage remains top of mind for our executive. For example, there was an

immediate response when the fuel price was increased where permanent part-time employee shifts were realigned to make sure that they worked longer shifts to take into account that they were spending more relatively on fuel. As a Board, we are comfortable that management are focussed on this, and it is also a focus of both the Board, RemCo and management.

#### 14.2 RENEWABLE ENERGY PLANS

Ayabulela Quzu from Just Share: We want to commend Shoprite for its target to “power 25% of its operations with renewable energy over the next five years”. In 2020, Shoprite signed an agreement with a specialist energy trader to procure 434 000 MWh of renewable energy a year. In 2021, you reported that you expected the first renewable energy from this project to come online by the financial year 2023. During the last financial year, the company only procured 2.8% of its electricity from renewable energy. In your latest reports you state that the project has experienced challenges and that you “acknowledge the limited influence” that you have in realising this project. Therefore, it is not at all clear if, when and how long it will take for, Shoprite to deliver on its plans to procure renewable energy from its specialist energy trader.

Given this high uncertainty my questions are:

1. What alternative plans does Shoprite have in place to meet its target of powering 25% of its operations with renewable energy over the next five years?
2. Why has the company only set a renewable energy target for the next five years? Does the board commit to setting further targets and detailed plans on what it intends to do after the next 5 years?

The Chairman confirmed that the Board anticipates having longer term targets and that it remains a focus and requested the Group Sustainability Manager, Mr Sanjeev Raghubir to provide further detail.

With reference to the first question Mr Raghubir said that the Service Provider with which the Group contracted, experienced several challenges that included the regulatory licencing process, which remains a challenge. Nevertheless, the Group has started to consider other sources of renewable energy and wheeling it to our stores. In this year we reported that Sitari Shopping Centre in Somerset West now runs on 100% renewable electricity, part of it from rooftop solar and the other part wheeling from a wind farm in the Eastern Cape. So, we’ve certainly started looking at other opportunities and other options for sourcing electricity to stores.

With regard to the second question on the targets over the next five years, our targets go beyond that. In fact, we’ve just had our emission reduction targets validated by the Science-based targets initiative. The Group has set targets to reduce our absolute scope 1 and 2 emissions 42% by FY30 from a FY20 base. Shoprite also commits to reduce absolute scope 3 GHG emissions from use of sold products by 25% within the same timeframe.

### 14.3 SCOPE 3 EMISSIONS

Lorena Pasquini from Just Share: My question relates to Shoprite's scope 3 emissions. We note in your Sustainability Report that Shoprite's total scope 3 emissions accounted for more than 87% of its total greenhouse gas emissions. We also note that in your CDP Report you set a target of a 25% reduction in scope 3 emissions by 2030. Congratulations, firstly, on disclosing all your relevant scope 3 emissions and setting a 2030 target. However, the company only managed to reduce its scope 3 emissions by 1.2% in the last financial year. At this pace of emissions reductions, by 2030 the company will have only reduced its scope 3 emissions by around 10%.

What plans and processes does Shoprite have in place to ensure that it achieves its 2030 target for the 25% reduction of its scope 3 emissions, given how little progress has been made so far?

The Chairman said that when looking at projections, don't assume that it's a linear projection from where we are in terms of our plans, it's not. Our plans are dependent on wheeling significantly coming into play in the country. That is actually where we see the significant change in the projections. Mr Raghubir was invited to respond in more detail.

Mr Raghubir indicated that the Group considers both upstream in terms of supply chain and downstream in terms of appliances that our customers use that are procured from the Group and those emissions represent more than 80% of our total scope 3 emissions. So, in terms of reducing scope 3 emissions, our plans are around introducing more energy-efficient appliances and equipment. But, of course, we are also reliant on the decarbonisation of the national grid over the next 10 years or so.

### 14.4 SETTING OF PERFORMANCE TARGETS

Mehluli Mncube: The company is still coming from a low base given the impacts of COVID and the July unrest. How were targets adjusted/normalised to ensure that they were stretching?

The Chairman responded as follows. Looking at the achievement relative to the targets we set for the prior year, it is always easier when one looks backward. At the time that those targets were set and looking at what's been achieved relative to our competitors, you can see that those targets were by no means not stretched. The fact that the targets have been exceeded is really because of significant performance at management level. When we look forward each year, we also consider a number of factors including food and general inflation and what's happening on the costs side. As you will see from our trading update, there are significant headwinds, particularly as they relate to loadshedding and fuel increases. We take all those into account within the economic context and do our best to make sure that our targets are stretched.



#### 14.5 GRAHAM DEMPSTER OVER BOARDING

Mehluli Mncube: Graham Dempster sits on too many external boards and in some instances serves as chairman. In proposing him for re-election how does the nomination committee safeguard against over boarding and ensure commitment from directors that serve on too many boards?

The Chairman responded that the NomCo carefully considered this aspect. Graham has stepped down from a number of board commitments. In fact, as you will have seen, he joined the Shoprite Holdings board only after the AGM, the main reason being that it gave him time to come off other boards. His current load, as far as NomCo is concerned, is fine. There is also a provision in the NED letters of appointment that requires directors to obtain prior approval for any new commitments to ensure that capacity and potential conflict of interest are managed upfront. To summarise, we are comfortable that Graham has offloaded a number of the previous directorships that he had and remains a high-performing board member.

#### 14.6 EMPLOYMENT EQUITY

Kwanele Ngogela: Shoprite refers repeatedly to its “five-year Employment Equity (EE) Plan” for the period 1 July 2020 to 30 June 2025. However, the details of this plan are not disclosed in your public disclosures nor are they available on your website. Can you commit to making this plan available for review by your shareholders and other stakeholders?

The Chairman said that the EE Plan is a public document. We do publish some of the targets in our Integrated Report. It remains a specific focus for both the Board and management and has also been included as a LTI performance criteria.

#### 14.7 CLIMATE CHANGE RELATED SKILLS AND EXPERIENCE AT BOARD LEVEL

Lorena Pasquini. My question relates to board and executive climate competence and training.

We note in your CDP climate response that Shoprite does indicate who is responsible for climate change-related issues in the company, namely the board’s Social and Ethics Committee, and the Chief Financial Officer. Furthermore, the company specifically states that it does have “at least one” board member with competence in climate-related issues in the CDP report. However, upon looking at your company reports, we couldn’t identify any board members whose biography suggests any experience, skills, or qualifications in climate-related issues. Climate change-related skills and experience are specialised and distinct.

Given the climate emergency, and that Shoprite claims to support the UNFCCC’s goal of limiting global temperature rise to below 1.5°C above pre-industrial levels, can the board please indicate which board members have been identified as being climate-competent, and how this expertise is evaluated?

The Chairman responded that Shoprite has a senior executive in Mr Raghubir who is dedicated to sustainability and climate change. In terms of the Board, given the importance of this issue, our approach has been to get expert input as part of Board training sessions, and we will plan for continuous updates on this topic. The Board's preference is that all members are exposed to global experts to provide guidance on best practice and latest developments in this space.

#### 14.8 CLIMATE CHANGE STRATEGY

Mehluli Mncube: Shoprite's position on climate change is scanty on its strategy and implementation in its supply chain. Supply chain impacts and effects are the largest component of the company's environmental impact. Can you expand on how the company is implementing and managing its climate change position on this critical component?

The Chairman referred the question to Mr Raghubir who provided the following response. Supply chain carries a significant role in terms of environmental impact, particularly in the areas of water consumption and responsible sourcing. For that reason, we have started engaging more actively with our supply chain. Annually we do a supplier environmental sustainability survey, where we seek to understand the awareness and embracement of environmental sustainability matters across various focus areas in our supply chain. For example, we are using 100% responsibly sourced palm oil in our Forage & Feast and Simple Truth products and also 100% responsibly sourced seafood.

In terms of climate change and carbon emissions, when we did our carbon footprint analysis, what was clear was that the bulk of the emissions was on customers using our electrical products and there, as explained earlier, we are looking at introducing more energy-efficient equipment as well as the decarbonisation of the national grid.

The Chairman also requested Mr Raghubir to respond to the queries around the Group's use of plastic bags.

Mr Raghubir said that the query stemmed from an article that was published around the fact that the Group is not getting rid of plastic carrier bags yet. We see our carrier bags as not a single use product but multi use product and is based on a clear understanding of the shopping behaviours and patterns of our customers and assisting them in this regard. Further to that, we were the first retailer to use carrier bags made from 100% recycled material and through that we were able to extract from the environment and from landfills more than 10,000 tons of plastic.

The Chairman thanked Mr Raghubir for his response and requested Mr Engelbrecht to provide some further details around the Group's scale and measures that management have introduced around the supply chain.

Mr Engelbrecht said that the Group specifically embarked on a journey to change the truck fleet to vehicles with a Eurostar 5 rating. To date almost 50% of the fleet consist of such vehicles. Supply constraints impacted the pace of

replacement. In addition, we also changed the cooling units from diesel to solar powered units to reduce emissions. Just to put it into context, Shoprite operates a fleet of more than 1,500 big trucks and 3,000 smaller delivery vehicles. We have most definitely embarked on a concerted journey to lower our emissions.

The Chairman thanked Mr Engelbrecht for his response. There being no further questions, the Chairman proceeded to the next agenda item.

**15. GENERAL**

**15.1 Operational Update**

The Chairman noted that the Company has published its operational update on SENS at 08h00 on 14 November 2022.

**16. ACKNOWLEDGEMENTS**

The Chairman thanks everyone for their attendance and extended her appreciation to all management and employees for their support and commitment in the past year.

**17. CLOSING**

There being no further matters for discussion, the Chairman declared the meeting closed.

**APPROVED BY THE BOARD ON 30 AUGUST 2023.**



**CHAIRMAN**