

# SUSTAINABILITY REPORT 2022

WE'VE  
RECYCLED OVER  
28 700  
TONNES OF  
WASTE  
TRUTH: 100%  
PLASTIC -  
8 BILLION  
PLASTIC BAGS  
SEAFOOD  
SAVED  
125.7  
TONNES OF  
CARBON DIOXIDE  
ECO MILLION KWH  
OF ELECTRICITY OVER  
900  
SOLAR  
POWER BAGS  
OUR SHOPPING  
BAGS  
35% RECYCLE  
YOUR  
BAGS  
91%  
RECYCLED  
PLASTIC  
WE DOUBLED  
OUR SOLAR  
CAPACITY  
2.8 MILLION  
LITRES  
SAVING  
100%  
RECYCLED  
PLASTIC





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# About this report

The Shoprite Group's 2022 Sustainability Report outlines the progress we have made in our sustainability journey in the past financial year, for the 52 weeks from 5 July 2021 to 3 July 2022.

The Group has applied the principle of materiality in identifying the material issues we report on, as they influence our ability to create value.

Our Integrated Report (IR) is our main report to shareholders and reports on value creation, while our Sustainability Report complements it by providing further details on environmental, social and governance- (ESG) related material issues annually, to a broader range of stakeholders. To obtain a complete overview of our business, strategies and performance, this report should be read with the IR, Remuneration Report and annual financial statements of the same reporting period.

No material restatements have been made to the Shoprite Group's 2021 Sustainability Report. Our sustainability report includes information on the sustainability performance of the Group's operations including subsidiaries, excluding our franchised stores.

GRI 2-2, 2-3, 2-4



Shoprite Basson DC, solar PV installation of 4 682 MWh.

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

The King IV Report on Corporate Governance for South Africa, 2016 (King IV™)

The Global Reporting Initiative (GRI) Standards 2021. This Sustainability Report has been prepared in accordance with the GRI Standards (core option) as we work towards full adoption of the 2021 standards.

➔ Refer to page 61 for our GRI index.

The United Nations (UN) Global Compact (UNGC)

The UN Sustainable Development Goals (SDG)

CDP Worldwide (CDP) (formerly Carbon Disclosure Project)

The Task Force on Climate-related Financial Disclosure (TCFD) Framework

The report has been reviewed and approved by our Social and Ethics Committee and our Audit and Risk Committee in August 2022 as part of the reporting suite approval process. The 2022 figures used in this report have been verified through an internal audit process. Figures included refer to all operations except for our franchised stores.

GRI 2-14



Pieter Engelbrecht

## CEO's foreword

This financial year, the Group continued to deliver on its ambition of being the most affordable, accessible and innovative retailer on the African continent, despite the difficult trading environment, by being incredibly agile and resilient across our business. In a challenging economic climate, we were able to supply our consumers with affordable and accessible products and services, while creating more jobs in our communities. The past year brought to our attention the fragility of the South African socio-economic situation and our responsibility to embed sustainability in our business. This means there is alignment between our work and the United Nations Sustainable Development Goals (UN SDG); in particular, how we aim to contribute to achieving zero hunger, enabling decent work and economic growth, and realising responsible consumption and production.



We will remain focused on amplifying our business and growing ways in which we can make a positive difference in the lives of our customers, our people, our suppliers and our communities.

Our integrated sustainability approach has enabled us to create a working environment for our employees that is fulfilling and encourages their growth. During the year, we created the Shoprite Employee Trust, which is a significant milestone as we move towards a prosperous future in which all employees can share. This evergreen scheme aims to empower our employees through the distribution of 40 million Shoprite shares among those who qualify. These will be issued to our employees over the next 10 years and are estimated at R8.9 billion. This transaction recognises the integral role our employees have in the growth and success of our Company and is symbolic of the value we place on our people at the Shoprite Group. Through this trust, our people will share in the Group's success to build a better livelihood for themselves and their families.

The Group has continued to make a massive contribution to job creation and addressing youth unemployment in South Africa. We have created 2 993 jobs this financial year and put 6 016 youths through our Retail Readiness and Yes Initiative, which help to develop their skills for a career in the retail sector. We will continue to assist with training and look to create early career opportunities within our business. Enabling our employees to do their best work is a key focus of the organisation and we remain committed to offering the chance for our employees to develop and build skills in key areas.

Many of our customers struggle to afford their basic needs. Because of this, we see it as our purpose to keep our products affordable and accessible while finding ways to reduce our environmental impact in the process. Driving efficiencies in our operations helps us to achieve this and mitigates our environmental impact. Over the course of the financial year, we have bolstered our use of renewable energy and increased the energy efficiency of our stores through our light-emitting diode (LED) lamp replacement project. We have made excellent progress in understanding our journey to make our packaging recyclable, reusable and compostable, and ensuring we responsibly source our products where possible.

During the period under review, our country experienced devastating disasters, such as the social unrest and floods in KwaZulu-Natal. We were among the first to respond, providing hunger relief in our communities. We are aware of the social impact we can make in terms of food security; striving for zero hunger and our actions show our desire to be integrated into the communities in which we operate. We have continued to support food security through our corporate social investment (CSI) in the form of surplus food donations and community food gardens, as well as the support of quality early childhood development (ECD) phase education. This work is vital to ensuring our success as a company and achieving our purpose.

I thank every employee within the Group for their contribution to our sustainability journey. I hope our people feel the value of their contribution and, by way of their contribution, the impact they have on our communities. Every employee should be commended for the role they have played in bringing us through this difficult period and for what we have been able to achieve despite the obstacles laid in our path.

We will remain focused on amplifying our business and identifying new ways in which we can make a positive difference in the lives of our customers, people, suppliers, communities and the environment. We will continue to leverage new opportunities that arise as a result of our scale and knowledge about customers' needs. We will further embed sustainability on a business unit level and drive efficiencies in our operations that will mitigate our environmental impact. We cannot make a meaningful impact without the valued contribution of our people. We look forward to making a positive difference in everything we do.

GRI 2-22

Pieter Engelbrecht  
CEO





Dr Anna Mokgokong

## Social and ethics committee chairman's report

The Shoprite Group is committed to ethical business practice and responsible leadership. Embedding an ethical culture is central to being a good corporate citizen. This includes ensuring the health, safety and welfare of our customers and employees, contributing to the development of the communities in which we operate as well as providing opportunities for shared socio-economic value to all our stakeholders. The Group is committed to protecting our environment, fulfilling our transformational mandate and complying with relevant legislation, regulations and codes.

In line with its statutory responsibilities, the Social and Ethics Committee (SEC) reports annually to the Shoprite Holdings shareholders at the Annual General Meeting (AGM).

### Role

As a statutory committee constituted by the Board of Shoprite Holdings, the SEC fulfils its duties in terms of section 72(4) of the Companies Act (read together with Regulation 43 of the Companies Regulations, 2011). The role of the SEC is to assist the Board with the oversight of social and ethical matters relating to the Group.

### Responsibilities

The SEC assists the Board with oversight of social and ethical matters, ensuring alignment with the Group's corporate purpose and values. Its mandate is to oversee the development of policies, guidelines, standards and practices for matters relating to good corporate citizenship, social and economic development, ESG matters and the Executive team's approach to management of the Group's human, social and natural capitals. The SEC complies with all requirements as set out in its Terms of Reference and the Companies Act.

### Regulatory compliance

The Shoprite Group operates in a highly regulated environment. To guide us in executing our oversight role, we have delegated responsibility of implementing principles contained in relevant legislation, regulations and prescribed legal requirements or prevailing codes of best practice to management. This includes the Group's standing in terms of the goals and purpose of the following:

- The 10 principles set out in the United Nations Global Compact
- Organisation for Economic Co-operation and Development (OECD) recommendations regarding anti-corruption
- Employment Equity Act
- Broad-Based Black Economic Empowerment (B-BBEE) Act and amended B-BBEE Codes of Good Practice
- Johannesburg Stock Exchange Listings Requirements
- King IV
- UN SDGs

### Responsible corporate citizenship

The Social and Ethics Committee assists the Board with the monitoring and reporting of social, ethical and transformational practices that are consistent with responsible corporate citizenship. The Committee provides oversight of the Group's various programmes to ensure we promote and protect the environment and maintain the health and safety of our people, suppliers and customers.

### Sustainable Development Goals

The Committee aims to achieve clear alignment between the Group's business strategy and the SDGs. To this end, it monitored the Group's responses to key SDGs, specifically:



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



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



**SDG 12:** Ensure sustainable consumption and production patterns

### Stakeholder relationships

Understanding and being responsive to the interests of our stakeholders through effective dialogue and engagement is critical to delivering on our core purpose. The Group prioritises engagement with stakeholders who have the most significant impact on our business and its ability to create value.



## Social and ethics committee chairman's report continued

### The Committee's key areas of focus

During the year under review, the Committee adopted a formal work plan, and fulfilled its responsibilities in line with its Charter.

#### HEALTH AND SAFETY

The Committee provided oversight of mitigation strategies implemented in response to the pandemic, noting a people-centric culture, and a strong focus on the health, safety and wellness of the Group's employees and broader stakeholders.

#### TRANSFORMATION

Transformation is integral to the Group's sustainability. During the period under review, the Committee monitored appointments, retirements and resignations to ensure we achieve a demographic workforce in line with both internal targets and regulatory obligations. Further to this, the Committee reviewed the company's performance against the Department of Trade, Industry and Competition's (DTIC) B-BBEE Scorecard as well as the results of the annual independent B-BBEE audit.

The Committee provided guidance and oversight throughout the establishment of the Shoprite Employee Trust. The transaction increased the effective black ownership of Shoprite Checkers from 13.5% to 19.2%. This will positively impact the Group's 2022 B-BBEE Scorecard (to be issued in September and available on the Group's website).

#### ETHICS AND COMPLIANCE

The Committee provided oversight on the development of a Group-wide Supplier Code of Conduct as part of further evolution of the ethics management programme. No significant fines, non-monetary sanctions or identification of non-compliance with environmental laws and/or regulations were reported during the period under review. This year, the committee reviewed the following policies for approval:

- Harassment Policy
- Human Rights Policy
- Fraud Risk Prevention and Detection Policy

#### ESG

The Committee increased its focus on identifying and understanding the potential impact of climate change risk on the business strategy. The Committee also supported skills development and job-creation initiatives targeting the youth. The training provided to young people resulted in many unemployed youth finding employment within the Group and elsewhere. Furthermore, the Committee provided oversight on the subsidisation of bread prices to support hunger alleviation. This ensured bread prices remained unaffected by inflationary pressures.

#### CSI

The Company's CSI expenditure and its progress against planned initiatives during the year was assessed and found to be satisfactory, specifically its response to the Covid-19 crisis, focusing on disaster relief, food security and youth unemployment. Further, the Group's CSI programmes and partnerships were independently benchmarked with peers. The outcome and recommendations from this report will be taken under advisement for any changes or improvements in the Group's CSI strategy and implementation.



#### Areas of future focus

- Ongoing monitoring of legal and regulatory compliance
- Strengthening understanding of the potential impact of climate change on the business strategy
- Monitoring the Group's CSI expenditure and its progress against planned programmes
- Reviewing and monitoring implementation of policies within the Committee's mandate
- Providing oversight to ensure high levels of hygiene and food safety are maintained, and that the Group effectively mitigates these risks

**Dr Anna Mokgokong**

Social and Ethics Committee Chairman







# The value created

## Employees



Employees  
**145 595**  
people



Invested  
**R560 million**  
in training, through  
3 315 865 training hours

**2 993**  
NEW JOBS  
CREATED



## Customer centricity



Won **22 awards**  
recognising customer and  
brand excellence



Supported financial inclusion  
through our zero-fee Money  
Market account and cash  
withdrawal flat fee of only R5



Provided over  
**R9 billion**  
in personalised savings to more  
than 24 million Xtra Savings  
members



**SOLD**  
**R76.8**  
**million**

loaves of Shoprite's  
600g in-house  
bread at R5

## Socio-economic contribution



Invested  
**R335 million**  
into the communities  
in which we operate in  
South Africa



Donated  
**R157 million**  
in surplus food and goods



Supported  
**177**  
community food gardens  
to build community-  
level food security  
since inception of the  
programme



Supported  
**107 ECD centres,**  
benefiting 7 151 children



Served  
**185 732**  
meals  
per day to vulnerable  
communities through all  
our CSI programmes



Trained  
**4 116**  
unemployed youth in  
the Retail Readiness  
Programme (RRP)  
and provided 1 900  
unemployed youth with  
workplace experience  
through the YES Initiative

**31 538 Kg**  
of produce harvested  
from food gardens



Zitshalele Outreach Programme based in Gauteng.



The value created continued

## Supply chain resilience



In South Africa, **215** of our growers are SMMEs, accounting for more than **R350 million** of the fresh produce we procure annually



Directed  
**10.8%**  
of supplier spend to black<sup>1</sup> businesses and  
7.2% to black woman-owned businesses



**SMME Supplier, Pregasen Francis of Saikav Foods.**

## Environmental stewardship



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



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



Reduced our water use intensity by  
**7.5%**



Increased the installed capacity of our solar photovoltaic (PV) systems by

**82.1%**



Electricity consumption  
reduced by  
**399.3 million kWh**

through our LED lamp  
replacement project since  
inception



Recycled and reused  
**46 102 tonnes**  
of cardboard from stores  
and distribution centres (DC)



Diverted  
**10 243 tonnes**  
of plastic waste from landfills and  
the environment



**77.0%**  
of our private-label products  
have on-pack recycling labels  
(OPRL)



**LAUNCHED THE  
Checkers  
Sustainability  
Campaign**

## WE'RE CHANGING OUR BUSINESS FOR GOOD

WE'VE  
SIMPLE  
TRUTH

28 700

PALM OIL TONNES OF  
IS 100% PLASTIC - WE'VE  
SUSTAINABLY THAT'S ALMOST  
SOURCED. 2.6 BILLION  
PLASTIC BAGS!

OUR FURNACE  
SEAFOOD WE'VE  
IS SUSTAINABLY  
SOURCED. 125.7  
OUR FURNACE  
ELC MILLION KWH  
OF ELECTRICITY  
BY USING LED LIGHTS  
OVER 900  
OF OUR TRUCKS USE  
SOLAR  
POWER BAGS  
SIXTYGO  
DELIVERIES  
AND WE'LL  
35% RECYCLE  
LOCALLY YOUR  
RECYCLED BAGS  
MATERIALS.  
FOR YOU!

TONNES OF CARDBOARD  
AND 150 TONNES OF PAPER. THAT'S THE  
EQUIVALENT OF 2 MILLION TREES SAVED!

WE'VE RECYCLED  
150 MILLION KG.  
IN 2021 WE DOUBLED  
OUR SOLAR  
CAPACITY  
TO SHINK OUR CARBON EMISSIONS  
WE'VE COLLECTED OVER  
2.6 MILLION LITRES  
OF WATER  
BE RECYCLED INTO INDUSTRIAL PRODUCE.

OUR SHOPPING  
BAGS  
GENERATING 1.3 MILLION  
OWN AND  
SAVING 2.8  
MILLION  
WASTED  
100% RECYCLED  
PLASTIC  
AND ARE FULLY RECYCLABLE.

91%  
DO NOT USE SINGLE PACKAGING IS  
REUSABLE, RECYCLABLE OR  
COMPOSTABLE



**Checkers**  
Better for our planet



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





# How we create value

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

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

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



**2 476 CORPORATE STORES**  
(FY 2021: 2 400)

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

## OUR BRAND PORTFOLIO

### CUSTOMER-FACING BRANDS

Corporate stores				
<b>SHOPRITE</b> <b>675 stores</b> (FY 2021: 676 stores)	<b>Checkers</b> <b>245 stores</b> (FY 2021: 239 stores)	<b>LiquorShop</b> <b>594 stores</b> (FY 2021: 560 stores)	<b>OK Furniture</b> <b>384 stores</b> (FY 2021: 383 stores)	<b>littleme</b> <b>1 store</b> (FY 2021: 0 stores)
<b>Usave</b> <b>457 stores</b> (FY 2021: 445 stores)	<b>Checkers Hyper</b> <b>36 stores</b> (FY 2021: 38 stores)	<b>House&amp;Home</b> <b>42 stores</b> (FY 2021: 43 stores)	<b>Petshop</b> <b>22 stores</b> (FY 2021: 1 store)	<b>FoodWorld</b> <b>7 stores</b> (FY 2021: 8 stores)
	<b>Checkers Foods</b> <b>3 stores</b> (FY 2021: 0 stores)			<b>Outdoor</b> <b>1 store</b> (FY 2021: 0 stores)

Digital commerce	Pharmaceutical	Franchising
<b>Checkers SIXTY60</b> <b>Cellular</b> <b>k.inet</b> <b>7 stores</b> (FY 2021: 7 stores)	<b>Medirite+</b> <b>137 in-store</b> <b>Medirite pharmacies</b> (FY 2021: 145 pharmacies)	<b>OK FRANCHISE DIVISION</b> <b>510 stores</b> (FY 2021: 510 stores)
	<b>2 stand-alone</b> <b>Medirite Plus stores</b> (FY 2021: 0 stores)	<b>president HYPER</b> <b>3 stores</b> (FY 2021: 3)

### BRANDED VALUE-ADDED SERVICES

<b>Financial services and customer rewards</b> <b>MoneyMarket</b> <b>2 310 in-store counters</b> (FY 2021: 2 334 counters)	
<b>SuperSwift</b> Setting Money Home	
<b>Ticketing</b> <b>COMPUTICKET</b>	

### B2B AND CUSTOMER-FACING LOGISTICS SERVICES

<b>Pharmaceutical</b> 	
<b>Retail Media</b> <b>rainmaker</b>	
<b>Hospitality</b> <b>GFS</b> checkers Food Services QUALITY SUPPLIER TO THE HOSPITALITY & CATERING INDUSTRY	
<b>Last-mile Logistics</b> <b>pingo</b> FAST DELIVERY ON DEMAND	



## Our purpose <sup>④</sup>

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

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

### These are



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



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



**SDG 12:** Ensure sustainable consumption and production patterns

①

## Our values <sup>③</sup>

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

### 1 Doing the right thing

Putting our customers first.

Acting ethically and with integrity.

Making a difference beyond our own doors.

### 2 Saving to share

Relentlessly focusing on improving productivity and managing costs to provide our customers with the lowest prices.

Helping others where we can.

### 3 Developing local

Investing in our people.

Creating opportunities.

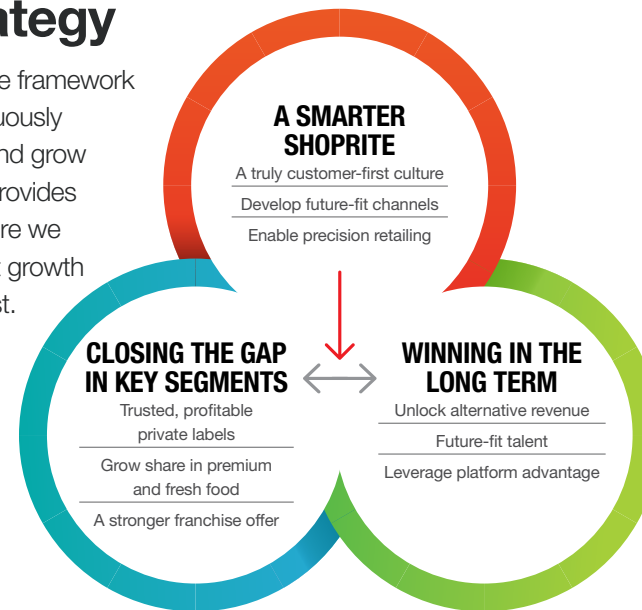
Embracing economic transformation.

Supporting communities where our customer needs are the biggest.

## Our strategy

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

②



### Our primary focus:

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

### We continue to engineer our business to:

- become smarter and more customer centric;
- pursue growth opportunities in key segments; and
- invest in long-term initiatives that add value and ensure future sustainability.

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





# Purpose-driven governance

The Board is the custodian of corporate governance and ultimately accountable for the performance and the reputation of the Group, and ensuring it continues to operate responsibly, ethically and sustainably.

The Group strives for excellence in terms of corporate governance and ethical leadership. The Board is responsible for the governance of the Group and ensuring accountability happens across the Group.

The Board of Directors reviews performance and provides guidance on strategic implementation, aligning stakeholder expectations with long-term value creation and applying the principles of good corporate governance. As sustainability-related issues become more prominent among a variety of stakeholder groups, the Board adopts a stakeholder-inclusive approach to ensure the interest and expectations of our stakeholders are considered.

King IV: Principle 16

The Board therefore ensures the Group is, and is viewed to be, a responsible corporate citizen. The SEC provides oversight of various sustainability matters and reports on these matters to the Board.

King IV: Principle 3

Environmental sustainability is taken seriously within the Group and there is Board oversight of environmental sustainability within the Company, including climate- and water-related issues. The SEC takes responsibility for addressing these issues. The SEC is made up of five Non-executive Board members and the Chief Financial Officer (CFO). Invited roles consist of the Company Secretary, Group Corporate Relations and Communications Manager, Group Risk and Compliance Manager, and Group Sustainability Manager. To ensure we stay on track regarding our environmental sustainability commitments, remuneration of leadership within the Group is linked to environmental sustainability objectives and targets.



## CASE STUDY

# The integration of ESG into Executive incentive structures

Incentivising leadership to drive ESG is an increasingly important driver of sustainability performance. PwC's 2021 remuneration reports showed a growing trend in companies incorporating ESG into short- and long-term incentive structures. However, PwC reports that a poor understanding of ESG risks and opportunities and linkages to a clearly thought-out ESG strategy can result in remuneration that pays lip service to sustainability.

There are signs this is changing, and Shoprite Holdings is leading by example. In its Remuneration Report, Shoprite Holdings specified that a 20% ESG weighting of long-term incentives (LTI) was geared towards employment equity metrics, and a 20% ESG weighting of short-term incentives (STI) was linked to the Group's strategy to reduce its carbon footprint, improve the recycling of waste cardboard and plastic, and drive higher utilisation of sustainable packaging. These measures highlight the extent of the integrated sustainability approach of the Group.





# Materiality

The Shoprite Group's IR provides details on issues that materially affect our ability to create, preserve and erode value over time. Our materiality determination process aligns with the International Integrated Reporting <IR> Framework. While our Sustainability Report aligns with the identified matters, it elaborates on selected ESG-related matters and will discuss broader sustainability themes.



## Materiality determination process

The validity of the top listed material matters was tested with all our stakeholders. Each material matter and its sub-themes were then tested against the material risks; management used a scoring methodology that rated the possible influence it might have on the Group's ability to create value. An industry and peer review formed part of the process to identify gaps.

## TOP MATERIAL MATTERS

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

### Changes in socio-political and economic conditions

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

### Application of technology and digitisation

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

### Impact of talent war

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

### The impact of a responsible and sustainable value chain

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

### Continuously increasing regulatory requirements

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

### Embedding an ethical culture

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

### Building brand loyalty through customer centricity

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





## Materiality continued

### Our stakeholders

Our stakeholders are vital participants in our value-creation process. Each stakeholder group, however, has distinct interests and concerns we respond to through tailored engagements.

Our stakeholders	Our focus	Channels of engagement
<b>CUSTOMERS</b>	Being responsible towards our millions of customers	<ul style="list-style-type: none"> <li>Traditional and new media channels, including television, radio, print and digital drive mass awareness.</li> <li>Daily in-store and online interaction.</li> <li>Xtra Savings money-back rewards and personalised offers.</li> </ul>
<b>EMPLOYEES</b>	Looking after our 145 595 people	<ul style="list-style-type: none"> <li>SiyaRinga, our internal direct digital communications platform, showed a 40.0% increase in the number of employees who signed up, bringing the total to 81 877 (FY 2021: 58 458).</li> <li>Internal newsletters and various other direct information channels.</li> <li>Issues raised vary and are frequently linked to the particular individual's area of operational responsibility. They are addressed by operational management with the support of the Group People Team, which drives training and development across the Group.</li> </ul>
<b>COMMUNITIES</b>	Doing the right thing	<ul style="list-style-type: none"> <li>A dedicated CSI team engages with community members and organisations through our community projects.</li> </ul>
<b>SUPPLIERS</b>	Ensuring business continuity	<ul style="list-style-type: none"> <li>One-on-one supplier/buyer relationships and a dedicated onboarding process are key differentiators for the Group.</li> <li>Our integrated Enterprise Resource Planning (ERP) system provides the platform for managing our extensive contractual arrangements and transactional interactions through a supplier portal.</li> </ul>
<b>SHAREHOLDERS, INVESTORS AND FINANCIERS</b>	Investing for the future growth performance relative to peers	<ul style="list-style-type: none"> <li>Segmental reporting: allowing investors to determine materiality and make informed decisions.</li> <li>Regular updates: sales growth updates via the JSE Stock Exchange News Service (SENS) (post-interim and year-end period close).</li> <li>Presentations: comprehensive webcasts and published financial results twice a year (interim and year end).</li> <li>AGM combined with first quarter sales update.</li> <li>Pre-close market call post the AGM aligned with first quarter sales update.</li> <li>Attendance at leading fund manager conferences: at least two South African-based fund manager conferences and one international conference each year.</li> <li>Shareholder engagement on all AGM matters, including remuneration policy and implementation ahead of AGM with the Board and Remuneration Committee (RemCo) Chairman.</li> </ul> <p>The questions raised in these forums help us identify concerns and improve communication content.</p>
<b>REGULATORS</b>	Compliance: implementation of an electronic compliance survey and assessment tool with suppliers that provides a real-time view on compliance issues with immediate remedial action	<ul style="list-style-type: none"> <li>Regulation and compliance are managed through a strict risk and compliance process with risk teams in all areas of operation.</li> <li>We participate in industry forums, strive to comply with regulations and provide information to proactively contribute to policy development.</li> </ul>
<b>TRADE UNIONS</b>	Continuing to focus on building strong union partnership and participation	<ul style="list-style-type: none"> <li>A healthy and robust relationship with our bargaining unit is a priority.</li> <li>Continuous consultation and engagement on relevant operational activities and changes. The onset of Covid-19 provided increased opportunity to interact with union representatives on shared challenges and solutions.</li> <li>The Group is the only South African retailer that is a signatory with the UNIGlobal Union, promoting social dialogue in support of better management and trade union relationships.</li> </ul>





Materiality continued

## Our key partnerships

Our partnerships with experts in their respected fields deepen and broaden the impact of our efforts to deliver on our sustainability commitments. Our key strategic partners are:



Gift of the Givers  
FOUNDATION



We work with various sector education and training authorities (SETA) in South Africa and Zambia, and with technical and vocational education and training (TVET) colleges to offer accredited training programmes and workplace experience opportunities. We partner with various government departments<sup>1</sup> to deliver on our sustainability commitments.

<sup>1</sup> The South African Department of Water and Sanitation, the South African Department of Social Development, the Department of Trade, Industry and Competition, the Department of Employment and Labour, and the Department of Health.



Shoprite, in partnership with the Nelson Mandela Foundation, distributed 200 garden-in-a-box starter kits in Orange Farm to ensure greater food security in this community.



Market Days give community food gardens an opportunity to sell their fresh produce directly to the public at selected Shoprite and Checkers stores.





# Risk management and compliance

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

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

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

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

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

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

## TOP SIX CORE RISKS

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

## Sustainability risks

Our risk universe handles risks relating to our themes of sustainability: employees' skills development and talent retentions, customer centricity, supply chain resilience, socio-economic contribution and environmental stewardship. All risks are identified and assessed the same way, through the Group's integrated multi-disciplinary company-wide ERM process.

Environmental risks are a key consideration within our ecosystem of risks. The SEC is tasked with reviewing and guiding climate-related risk management policies and the Deputy CEO is responsible for the process of identifying, assessing and managing climate-related risks and opportunities. Environmental risks are assessed more than once a year and consider short-, medium- and long-term horizons. Future uncertainties such as regulatory environment and environmental scenarios are accounted for, and the necessary planning is implemented.

Our climate-related disclosures and how we manage risks relating to climate change can be found within our TCFD Framework index, found on page 65. A more detailed description of how climate-related risks are considered can be found within our CDP climate change response. The Group discloses on risks relating to biodiversity and forests by way of their CDP forests response and discloses on risks relating to water by way of their CDP water response and this is supported by the World Wildlife Fund for Nature (WWF) Water Risk Filer 6.0.





# Our alignment with legislation and best practice

The Shoprite Group complies with various legislative requirements in the countries in which we operate. We further support international best practices through alignment with multiple external initiatives. Where necessary, we become a member of industry associations as well as national and international organisations to support sustainability-related issues through collaboration.



## Compliance

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

Companies Act 71 of 2008

Consumer Protection Act of 2009

B-BBEE Act of 2013, as amended

Employment Equity Act of 1998, as amended

The National Environmental Management Waste Act of 2008, as amended regarding extended producer responsibility

Basic Conditions of Employment Act 75 of 1997

Competition Act 89 of 1998, as amended

Disaster Management Act 57 of 2002 and various Covid-19 Regulations

Financial Advisory and Intermediary Services Act 37 of 2002

Labour Relations Act 66 of 1995, as amended

National Liquor Act 59 of 2003

National Credit Act 34 of 2005

Occupational Health and Safety Act 85 of 1993

Protection of Personal Information Act 4 of 2013

Children's Act 38 of 2005

Compensation for Occupational Injuries and Diseases Act 130 of 1993

National Environmental Management: Air Quality Act 39 of 2004

## External initiatives we support

We endorse and subscribe to several externally developed economic, environmental and social codes, standards, principles and initiatives.


King IV. The application of the King IV Code of Corporate Governance Principles forms part of our Corporate Governance report in our Integrated Report.

 Corporate Governance report in our Integrated Report


The GRI Standards 2021.

 Refer to page 61 for our GRI index

The UN SDGs. Sustainability work mapped against the SDGs.

 Refer to page 15

The CDP, a global disclosure platform on environmental impacts.

 Refer to our website for our response to climate change and water security

The TCFD recommendations on climate-related financial disclosures.

 Climate-related financial disclosures, page 65

The 10 principles of the UNGC.

 Refer to page 68

The Organisation for Economic Co-operation and Development's recommendations regarding corruption.

The International Labour Organisation's (ILO) Protocol on decent work, working conditions, employment relationships and the educational development of employees.

## Our memberships

Across our operations, we are members of industry associations as well as national and international advocacy organisations.

### Consumer Goods Council of South Africa

– we are a member of and participate in initiatives related to food safety, crime, health and safety, and environmental sustainability such as plastic packaging and food waste.

### WWF South Africa

– we are a WWF business network partner.





# Our contribution to the United Nations SDGs

Our business is built on delivering on its purpose, which results in considerable value for the Group's stakeholders. To achieve our purpose and add value to our stakeholders, we focus tirelessly on improving our best-in-class operational efficiencies; innovating to improve our offering; investing in our people; reducing our impact on the environment; and helping communities through hunger relief, food security, youth unemployment and small, medium and micro enterprise (SMME) development.

Following the adoption of the UN SDGs by all UN member states in 2016, the Group has identified the SDGs to which it can make a meaningful contribution by way of a prioritisation tool. This process looks at the possible negative and positive impact the Group stands to make in relation to each target supporting each SDG. The alignment in supporting these targets is then measured against the objectives and strategies of the organisation. Three SDGs stood out where the Group can make the most impact.

These SDGs are directly linked to our purpose and are supported by the actions of the organisation.

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

Pioneering access to the most affordable goods and services, found within our purpose, drives SDG 2. The Group makes significant contributions to food security by way of keeping essential and nutritious foods affordable.

➔ See Affordability and accessibility across brands on page 27

The Group supports food security by way of our surplus food donations and support of community food gardens.

➔ See Socio-economic contribution on page 37



## Our purpose

The Shoprite Group uplifts lives every day by pioneering access to the most affordable goods and services, creating economic opportunity and protecting our planet.



## SDG 12 Ensure sustainable consumption and production patterns

Finally, our commitment to protecting our planet within our purpose is linked to ensuring sustainable consumption and production patterns. The Group supports sustainable resource management and increased efficiencies throughout its operations, particularly in energy and emissions, packaging, waste, water and biodiversity management. The Group contributes to the reduction of food waste through a hierarchical approach in its own operations and by connecting suppliers with beneficiary organisations to reduce food waste at an agricultural level. This hierarchical approach to waste generation incorporates prevention, reduction, recycling and reuse. Our supplier code of conduct also encourages sustainable procurement practices.

➔ To read about how we are driving greater efficiencies and mitigating our environmental impact, turn to Environmental stewardship on page 45



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

SDG 8, which relates to decent work and economic growth, is driven by uplifting lives and creating economic opportunities. This is done through the scale of its operations and the economic growth the Group creates through its supply chain. The Group also promotes the growth of SMMEs through our enterprise supplier development (ESD) programmes such as Shoprite NEXT.

➔ You can find out more about how Shoprite NEXT is achieving this on page 44

In addition, the Group promotes economic growth and decent work through its youth development programmes such as the YES Initiative and Retail Readiness.

➔ See Developing the youth through learning initiatives on page 43



Usave store in Riebeeck-West, Western Cape, South Africa.



Mmakgomo Agricultural Cooperative food garden based in Gauteng.



# Our contribution to South Africa's transformation

The Shoprite Group supports transformation in multiple areas within our own operations, particularly in South Africa, where we have most of our operations. We are a truly African retailer and strive to create inclusive value that benefits all within South African society.

## Our scorecard

B-BBEE element	Weighting	2019	2020	2021
Ownership	25	7.82	9.68	11.27
Management control	19	10.71	9.89	10.05
Skills development	20	17.86	11.79	13.20
Enterprise and supplier development	42	24.46	24.18	25.23
Socio-economic development	5	5.00	5.00	5.00
<b>Total points</b>	<b>111</b>	<b>65.85</b>	<b>60.54</b>	<b>64.75</b>
Participation in YES Initiative		One additional level	One additional level	One additional level
Final B-BBEE status (after considering the discounting principle and YES Participation)		Level 7	Level 7	Level 7

## OWNERSHIP

### - RECOGNISING THE ROLE OUR EMPLOYEES PLAY IN OUR SUCCESS

As part of the Group's prioritisation of the economic transformation of the people in the countries in which we operate, we have completed an employee ownership transaction. Through the transaction we have established the Shoprite Employee Trust. This entails a B-BBEE ownership transaction of which Group employees will be the sole beneficiaries. As many as 40 million units will be distributed among employees. Non-RSA employees will benefit through a cash equivalent bonus. These transactions endeavour to recognise the critical role our employees play in our growth and success.

The transaction has materially increased the effective black ownership of the Shoprite Group from 13.5% to 19.2%.

## EMPLOYMENT EQUITY

### - HIRING AND PROMOTING TO SUPPORT EQUITABLE GROWTH

The Group supports the communities in which our employees live and work by creating sustainable employment. We consider employment equity in the appointment process. We prioritise promoting from within to fulfil the needs of the Group and once an employee has joined, the Company offers training and support. We encourage employees at all levels of employment to engage in the training and development opportunities offered.

➔ Employment equity, page 24

## SKILLS DEVELOPMENT

### - MAKING A DIFFERENCE IN THE LIVES OF UNEMPLOYED YOUTH

The Group drives transformational impact through skills development initiatives including our Retail Readiness programme and YES Initiative. These training programmes focus on unemployed youth and offering practical training to aid their employability within the retail sector and beyond our own operations. The programme equips participants with the skills they need in the industry to work for a retailer or to start their own retail-focused businesses. Many of the youth we train through these programmes are absorbed into our various business units.

➔ Training and development, page 43

## SUPPLIER DEVELOPMENT

### - CREATING MARKET ACCESS OPPORTUNITIES

We enable transformation beyond our own operation through preferential procurement, supplier development initiatives and investment in key SMMEs. Preferential procurement provides SMMEs with valuable access to the retail market and includes a preference towards black-owned and black women-owned suppliers. Our approach to supplier development has developed significantly in the year under review.

➔ Supplier development, page 44

## SOCIO-ECONOMIC DEVELOPMENT

### - TRANSFORMING THE COMMUNITIES IN WHICH WE OPERATE

Our CSI programmes make a significant impact in the communities in which we operate. Our programmes aim to build resilience within communities and support socio-economic transformation by focusing on hunger relief and food security. This is targeted through our surplus food donations, supporting the development of food gardens, and supporting disaster resilience and preparedness, by way of our mobile soup trucks. Furthermore, the Group provides much-needed support to ECD phase education centres.

➔ Socio-economic contribution, page 37

## MEASURING OUR IMPACT

Our B-BBEE Scorecard is the result of our dedication to the transformation in our operations. Through our compliance with the B-BBEE Act, we can monitor and measure our contribution to black economic empowerment and transformation in South Africa on a consistent and comparable basis.

The 2021 B-BBEE Scorecard information above reflects our most recent performance. Our 2022 figures, which will include our Employee Ownership Programme, will be available on the Group's website once our verification has been completed. In 2020, we saw a drop in our figures as a result of the impact of Covid-19. However, in 2021, we were able to recover our figures to those recorded close to pre-pandemic times.





Sanjeev Raghubir

## Sustainability manager's message

The Shoprite Group has undergone a remarkable transition in recent years in terms of its core business operations, which is echoed by our sustainability transformation. This has been underpinned by improved efficiencies that have contributed to a smarter Shoprite Group. Our commitment to building better digital systems has improved efficiencies and helped us maximise choice for our customers while minimising food waste.

Sustainability remains central to all we do at the Shoprite Group. By striving to maintain affordability and accessibility for our customers, and keeping our employees' interests a priority, there is a strong case to conduct our business in an environmentally and socially responsible manner. This is supported by our strategies; in particular, building a truly customer-first culture and enabling precision retailing.

Our material matters share a strong alignment with the UN SDGs, specifically the goals of zero hunger, decent work and economic growth, and responsible consumption and production, and we will continue to enhance our positive contributions in this regard.

This year I would like to emphasise how far we have come in each material matter so that we know where we are and where we need to go.

### Employees

Our employees are at the heart of what we do, and they enable our sustainability journey. In the past five years, we have all faced unprecedented challenges, like the Covid-19 pandemic and the unrest and floods in South Africa, and our employees have risen to the challenge. We recognise the critical role our employees play in our success and are especially proud to establish the Shoprite Employee Trust, through which eligible employees will gain the benefit of directly sharing in the success of the business they help to build.

It is our employees' passion, dedication and expertise in key areas that drive sustainability throughout the business. In the past year, we have made significant appointments to help the business become more sustainable; for example, the appointment of a Group Manager for Enterprise and Supplier Development. We are proud to see sustainability integrated into our day-to-day operations. Our training platform and the new sustainability courses offered further support our ability to reduce our impact and take advantage of opportunities.

Our dedication to increasing diversity, equity and inclusion in the business has become prominent at the highest level of governance, with six women serving at Board level in 2022, and a 6% increase in black representation compared to 2018.

### Customer centricity

Affordability and accessibility remain a priority in supporting food security and fighting hunger across our footprint. We now have more stores closer to home through our Usave box stores format, which we launched in 2020. As our customers continue to face increased economic pressure, we are pleased to have maintained internal food price inflation below food price inflation in South Africa.

Beyond maintaining our inflation-beating prices to sustain affordability, we have expanded and continue to subsidise our R5 offering to include sanitary products and financial services. Our Xtra Savings rewards programme – which we introduced in Checkers and Shoprite in 2020 and 2021 – has become the largest loyalty programme in South Africa, giving customers more than R9 million back in savings. The insight we gain from our Xtra Savings programme enables us to tailor our promotions to help our customers save even more.

Many of our customers' awareness of sustainability-related issues have developed alongside ours. As their preferences change, we provide more sustainable options. We have increased our plant-based products over the last five years and we now offer 275 plant-based products. Our customers responded positively to our first Checkers Sustainability Campaign, through which we aim to create awareness and contribute to the dialogue around sustainable consumption.

The retail environment has transformed significantly in recent years through digitisation, and we have become a market leader with our Sixty60 online delivery service. The range of available products through our private labels has also expanded, and we have introduced innovative store formats such as our FreshX, Little Me and Petshop Science stores.

### Supply chain resilience

Our supply chain has been tested in recent years by global commodity shortages, challenges brought on by the pandemic and the increasing effects of climate change. Adverse weather conditions not only affect our logistics network, but also threaten the farms and manufacturing facilities on which we rely; this, ultimately, affects the quality, price and availability of goods.

The size of our distribution network and the number of suppliers we work with strengthened our resilience in these unprecedented times. The scale of our network further bolsters the sustainability of our supply chain beyond our operations. Backhauling trips increased by 7.5% this financial year. This further rationalises and optimises deliveries between our DCs, stores and suppliers.

### Socio-economic contribution

Experience has shown that low-income communities and households face the most severe effects of climate change through droughts, flooding and fires. These exacerbate the socio-economic challenges many communities in which we operate already face.

In the past five years, we have contributed over R1 billion to these communities through our CSI programmes. These include food gardens to build resilience and enhance food security at a community and household level. We further contribute to food security by assisting ECD centres where children receive nutritious meals at a critical time in their development.

Since 2018, we have increased the number of Mobile Soup Kitchens in South Africa by 37%. These serve our community members regularly and in times of crisis. They form part of our response to climate change-related disasters such as the recent floods in KwaZulu-Natal where we are often among the first to respond. We further enable suppliers to support our beneficiary organisations through collaboration.



## Sustainability manager's message continued

### Environmental stewardship

As the largest retailer on the continent, we place significant focus on our climate change strategy as it affects our direct operations, supply chain, and the communities in which we operate. Plans to mitigate and adapt to any sustainability-related issue, particularly climate change, must be done fairly and equitably.

Our strategy includes mitigation and adaptation plans in light of a changing climate. Predictions for Southern Africa include decreases in mean rainfall, increases in heavy rainfall and flooding events and more droughts, fire weather conditions and tropical cyclones. Many of these predicted impacts can already be seen in Southern Africa; the KwaZulu-Natal floods and droughts in the Eastern Cape over the past five years serve as alarming examples of what we can expect in the not-too-distant future. If we do not focus on decarbonisation, the pending climate disaster will affect the most vulnerable among us.

In terms of climate change mitigation, we have set ambitious science-based greenhouse gas emission reduction targets as we work towards net-zero greenhouse gas emissions by 2050. In 2022, we submitted our targets to the SBTi and are awaiting approval. We plan to achieve our targets by increasing the energy efficiency of our retail, warehousing and logistics operations and by using more renewable energy. Since 2016, we have grown our renewable electricity consumption from 0 kWh to 54 138 MWh. We have committed to procuring more renewable energy for our operations.

Beyond our energy and emissions, we recognise the dependence we have on biodiversity. To this end, we developed a position statement on biodiversity in 2021 and, in 2022, we engaged the Endangered Wildlife Trust to assess our biodiversity footprint. While we recognise the impact of our operations on biodiversity, we are working with our suppliers to encourage responsible sourcing and have prioritised the inclusion of sustainably sourced commodities in our private labels.

We have made significant progress on our journey towards the reduction of waste to landfill. As new waste streams arise – like the use of sanitising wipes – we

have found circular models of waste management to avoid it ending up as landfill. We have also made our packaging more sustainable; 100% of our in-store paper and board packaging has now been certified as responsibly sourced.

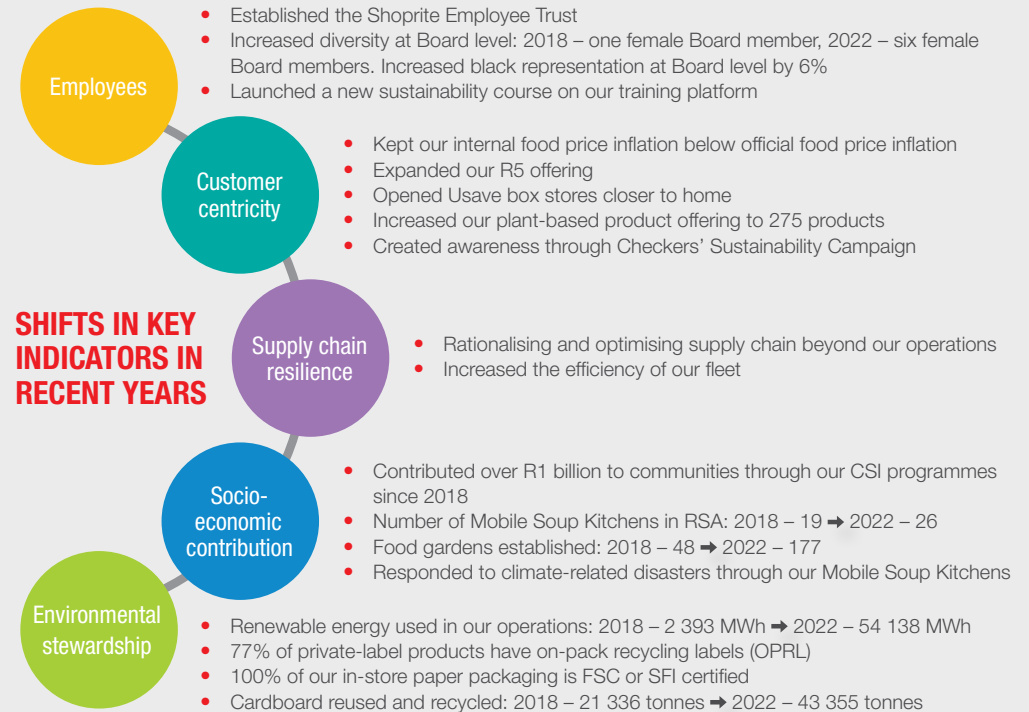
### Looking ahead

The progress we have made thus far has been possible through collaboration with several partners. While progress is being made nationally and globally in vital sustainability-related areas, including climate change, there is a need to accelerate efforts through collaboration between government, business and civil society to create change at the scale needed.

While we celebrate how far we have come, we remain committed to doing even more. We have set bold ambitions to further reduce our environmental impact, yet we know we must take decisive and meaningful action daily to reach our goals. We have plans in place to ensure we continue on the same trajectory to reduce our negative impact and take advantage of opportunities to make a positive impact.

**Sanjeev Raghubir**  
Group Sustainability Manager

### The value created



Surplus produce harvested at the Marubini Multi-Purpose Women's Primary Cooperative supplements the feeding scheme at a local ECD centre in Limpopo.





1

## EMPLOYEES' SKILLS DEVELOPMENT AND TALENT RETENTION

Our people are an integral part of our business, enabling us to meet our customers' needs and create great consumer experiences. Investment in employee development creates our competitive advantage. It drives efficiency in our operations and encourages greater resilience and growth in our organisation.

We aim to make the Group an attractive choice for talent who want to make a difference in our consumer-centric world and embody our values and purpose. Our 145 595 people form one of our biggest and most important stakeholder groups and includes full-time, part-time and fixed-term contract employees. All our significant activities within the organisation are performed by our employees. Data disclosed in this report represents employment figures at year end as recorded by our People management systems.

GRI 2-7

In 2022, we developed a People Plan with detailed work tracks in specific areas to further enhance our consumer-first culture and develop future-fit talent. Our primary focus is on developing, attracting and retaining the talent we need and on enabling our people to do their best work. In everything we do, we create a working environment that prioritises health and safety. Finally, we respect the rights of our people to join a trade union and engage in collective bargaining. We work with recognised trade unions to effectively manage labour relations.

### RELATED SDGs



1	ANGOLA		
	○	□	★
	2 712	411	3 123

2	BOTSWANA		
○	□	★	
1 384	1	1 385	

3	DRC	
○	□	★
15	0	15

4	GHANA	
○	□	★
650	0	650

5	LESOTHO	
○	□	★
1 173	0	1 173

6	MALAWI		
	○	□	★
	455	0	455

7	MOZAMBIQUE		
	○	□	★
	1 282	11	1 293

8	NAMIBIA		
	○	□	★
	4 543	0	4 543

9 SOUTH AFRICA		
○	□	★
124 838	3 238	128 076

10	KINGDOM OF ESWATINI		
○	□	★	
990	2	992	

11	ZAMBIA		
	○	□	★
	3 885	5	3 890

○ Permanent contract<sup>1</sup>  
□ Temporary contract<sup>2</sup>  
★ Country total

1 Permanent contract: employee with a contract for an indeterminate period (i.e. indefinite contract) for full-time or part-time work.

2 Temporary contract: employee with a contract for a limited period (i.e. fixed term contract) that ends when the specific time period expires, or when the specific task or event that has an attached time estimate is completed (e.g. the end of a project or return of replaced employees).

3 Employees under the age of 35 excludes RRP and YES learners.



Employees under the age of 35<sup>3</sup>

**64.0%**

(FY 2021: 65.0%)



Average age of employees

**33**

(FY 2021: 33)



Black employees

**97.4%**

(FY 2021: 97.0%)



Female employees

**64.6%**

(FY 2021: 64.0%)



Value of wages, salaries and employee benefits

**R14.8bn**

(FY 2021: R13.7bn)

GRI 405-1



## Human rights

Human rights are central to the culture and environment we create at Shoprite Group and is linked to the upliftment of lives, found in our purpose. We care deeply about the human rights of our employees and are dedicated to ensuring there are avenues for human rights issues to be addressed.

In this financial year, no human rights incidents occurred. Going forward we are committed to making sure human rights risks are identified early on and that appropriate action plans are put in place, which make certain that remedies are implemented, and we are building systems to monitor and evaluate the effectiveness of action plans.

All employees have access to our human rights position statement and are given training on our human rights policy and made aware of human rights issues.

GRI 2-23, 2-24

## OUR POSITION ON HUMAN RIGHTS

The Group recognises its corporate responsibility to respect and protect human rights in its operations and business dealings. The Group does not tolerate any infringement of any person's human rights. Reports of any infringement of human rights in the Group's operations and/or its business dealings are investigated and addressed.

Each employee is, within the scope of their work, to observe the human rights of all persons, regardless of whether they are natural or juristic persons, and/or whether internal or external to the Group.

### Purpose

Our Human Rights Policy confirms the Group's commitment to respect and uphold all international human rights standards, including the international Bill of Rights and the ILO's Declaration of the Fundamental Principles and Rights at Work, in all its business dealings.

### Application

This policy applies to all Shoprite Group companies, trading divisions, brands and employees. The Group expects all business partners, suppliers and other relevant stakeholders to respect and observe its principles, values and respect for human rights. It will respond appropriately where there is a violation of any human rights by external stakeholders.

### Current focus

The Group is prioritising its focus on respecting the human rights of its employees and of its suppliers and stakeholders.

#### In respect to our employees, we commit to:

- freedom of association;
- recognition of the right to collective bargaining;
- ensuring there is no forced labour;
- ensuring there is no child labour; and
- adopting a zero-tolerance approach to any form of unfair discrimination in the workplace.

#### In respect of our suppliers and stakeholders, we commit to:

- requiring that our suppliers and stakeholders respect and comply with all international human rights standards;
- encouraging suppliers and stakeholders to share the Group principles and values, and respect for human rights;
- holding suppliers and stakeholders accountable for any human rights violations; and
- reporting human rights violations within the suppliers and stakeholders.

### Responsibility

The Chief People Officer is appointed to act as the human rights champion to raise awareness and understanding of the Group's Human Rights Policy, ensure alignment with operational processes and procedures, and to build leadership commitment to the respect of human rights.

Corporate responsibility to enforce the human rights policy lies with the CEO and the Executive team. The Board provides essential support.

## Attract and retain talent

Our people are the faces of our customer-first culture and our ability to attract and retain talent is a significant factor in our success. As we continue to grow in an evolving retail landscape, we must act proactively to ensure we are an employer of choice across a wide variety of careers. Under a difficult operating environment in this last financial year, the Group differentiated itself through a policy of job creation and retention. Not a single job was lost owing to Covid-19, social unrest or the recent floods in KwaZulu-Natal. This is a credit to the resilience of our employees and the Group's commitment to employment.

Like other large employers, the Group is challenged in attracting and retaining talent for highly skilled roles, especially so in new frontier technology-focused roles. For this reason, the Group is committed to aggressive investment in early-career offerings in scarce skills disciplines. In addition, this contributes towards the reduction of unemployed youth in South Africa.

## RECOGNISING AND REWARDING OUR EMPLOYEES

Highly motivated employees are an essential part of the Group's growth and success. We believe it is important to recognise and reward employees in line with the Group's objectives, while making sure each employee is and feels empowered to realise their agency within the Company.

Significant steps have been taken in this financial year towards improving remuneration at entry level and on the frontline, across the business. Firstly, we established an internal minimum wage higher than the prescribed national minimum wage. Secondly, all permanent employees with two years' service or longer – who are not already benefiting from a long-term incentive scheme – were afforded the opportunity to participate in the newly launched Shoprite Employee Trust (see case study on the next page for more information). Managers within the Group are incentivised against key business performance metrics and these include short- and long-term incentives. Qualifying employees within the organisation, are as a norm, given job-specific incentives, such as sales commission and monthly incentives.

We also look to incentivise employees through non-financial benefits such as providing skills development opportunities, educational loans and bursary benefits, as well as employee discounts.

Number of RSA participants to the Shoprite Employee Trust

82 377

Number of Non-RSA employees receiving equivalent benefits through the Shoprite Employee Trust

13 179





## Attract and retain talent continued

### CASE STUDY

## Shoprite Employee Trust

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

We believe it is necessary to improve the lives of our people, especially in the economic context of countries in which the Group operates.

The trust will hold 40 million Shoprite Group shares to the value of R8.9 billion.

Qualifying employees who are employed in South Africa will benefit directly through the trust, as unit holders in the trust, while Non-RSA employees will receive equivalent cash benefits through their respective payroll.

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



## UNDERSTANDING EMPLOYEE TURNOVER RATES

Understanding and proactively managing employee turnover rates is an important part of making sure we maintain a stable work environment for our people and delivers consistent levels of service to our customers. Losing employees not only has measurable cost implications, it is also detrimental to our company culture. In the year under review, our Group employee turnover rate reached 22.8% (FY 2021: 22.4%), an increase from the previous year.

	Management turnover	Full-time employee turnover, excluding management <sup>1</sup>	Part-time employee turnover
2019	17.0%	–	14.8%
2020	12.9%	13.2%	34.1%
2021	9.3%	12.1%	28.5%
2022	10.7%	12.7%	30.6%

GRI 401-1

<sup>1</sup> Not measured or disclosed in 2019.

## ATTRACTING AND RETAINING TALENT IN KEY ROLES

Our talent strategy is focused on attracting world-class talent that has the potential to adapt and grow to meet the Company's future needs. Technology-focused roles, such as data scientists, digital architects and data analysts are in high demand internationally and are therefore a high priority for the Group. To attract these highly skilled individuals, the Group deploys both financial and non-financial incentives, and seeks to create a work environment that is uniquely inspiring to digital talent.

➔ More information on how we are developing and retaining talent in data sciences can be found on page 23

In addition, an analysis conducted in FY 2021 showed that one of the highest retention risks is within our store-based frontline employees. These employees are key to delivering a differentiated customer experience as they are usually the last point of contact. Because of this, the Group aims to place more focus on frontline employees and this year has been deemed 'The year of the cashier'. This initiative aims to provide additional training, together with recognition programmes and incentives to bolster the retention of these employees.

### CASE STUDY

## Job creation

The Group's growth trajectory has meant that even in a difficult operating environment, a significant number of jobs have been created. This has not only heightened the need for highly skilled individuals, but allowed us to absorb many unemployed youth by providing them with early-career retail opportunities.

➔ Read more about the specific initiative through which we strive to create employment for unemployed youth on page 22 and 43

There were many highlights in terms of new stores opening, which saw the creation of additional jobs. We created 84 jobs through the opening of Shoprite at Somerset Crossing Shopping Centre in the Western Cape and 66 when the new Kempton Park store in the Olivewood Lifestyle Centre opened. The opening of Shoprite in Tshepiso Shopping Centre, in Vanderbijlpark, Johannesburg created 20 new jobs. These new opportunities are ever more impressive in the context of no jobs lost during the pandemic, or subsequently in the unrest of July 2021.

<sup>2</sup> This number does not indicate headcount increase/decline; it does include new positions created and filled as a result of business growth (such as new store openings and/or new ventures); it excludes outsource and temporary positions.

New jobs created <sup>2</sup>	2021	2022
<20	77	551
20–29	1 852	(703)
30–39	919	2 234
40–49	216	939
50–59	65	132
60+	4	(160)
Male	1 155	234
Female	1 978	2 759
Total	3 897	2 993

Country	New jobs created
Angola	(189)
Botswana	(32)
DRC	(1)
Ghana	(33)
Lesotho	11
Malawi	9
Mozambique	(115)
Namibia	(12)
South Africa	4 316
Eswatini	38
Zambia	124



## Attract and retain talent continued

### UNLOCKING OPPORTUNITIES FOR UNEMPLOYED YOUTH

Our talent attraction strategy has shifted towards placing a stronger focus on offering early careers to unemployed youth. We believe the retail sector is an exciting and attractive opportunity for young people looking to break into the workplace. Our unemployed youth programmes have enhanced the Group's capacity to create early-career opportunities within our business.

The Group has aimed to attract youth in line with our employment equity goals (gender, race and disabilities). In future, we will look to create opportunities for youth in the communities where they are from. Our YES Initiative places youth nationally with specific focus in rural areas whereas the Retail Readiness programmes works with youth in metropolitan areas.



Unemployed university graduate Amanda Ngobese from Pietermaritzburg, KwaZulu-Natal joined Shoprite in 2020 via the Retail Readiness programme. After completing the programme, Ngobese became a Trainee Manager and was soon promoted to her current position of Assistant Manager at Usave Richmond.

### Enabling our employees to do their best work

The Group is focused on establishing a foundation from which our people can do their best work. Capacity-building is core to ensuring our talent is future-fit.

### DEVELOPING TALENT INTERNALLY

Developing capabilities among our existing employees form an important part of our strategy in attracting and retaining the talent we need. By creating opportunities internally and equipping employees with the capabilities they need to take advantage of these opportunities, we retain employees for longer. This further supports employee engagement and drives our customer-first culture. In 2022, we promoted 11 909 employees (FY 2021: 10 496).

Leadership capabilities are particularly important, as leadership teams drive our culture. We aim to develop our leaders through signature leadership development programmes. In addition, this year 13 453 (FY 2021: 15 277) employees received training through management programmes and short courses.

GRI 404-2

### DIGITALISATION TRAINING AND DEVELOPMENT

We have looked to bolster our capacity-building through the implementation of a digital learning platform. This has provided an opportunity to offer globally recognised learning experiences. The Group's deliberate 'growth' strategy in talent development places emphasis on learning and capacity-building and supports the fulfilment of careers beyond immediate roles. We believe learning should be highly accessible and enrich the everyday experience of our employees.

The Covid-19 pandemic has served to accelerate the modernisation of the Group's virtual learning delivery platforms. The benefits of virtual learning include standardisation of learning experiences and increased training efficiency across our portfolio of African countries. We are in the process of piloting remote learning of our accredited programmes, which will allow us to deliver Wholesale and Retail Sector Education and Training Authority accredited training remotely and in a more engaging way.

E-learning courses offered

**1 093**

(FY 2021: 406)

Number of learners on accredited learning programmes

**5 750**

(FY 2021: 6 429)

Number of sites with e-learning kiosks

**1 445**

(FY 2021: 1 423)

E-learning courses offered – newly added in the financial year

**308**

(FY 2021: 201)

Number of countries with e-learning kiosks

**13**

(FY 2021: 14)

Bulletin courses offered

**123**

(FY 2021: 121)

Number of individual e-learning devices

**2 991**

(FY 2021: 2 967)

Total rand value invested in training

**R560 million**

(FY 2021: R485 million)

Number of learners who successfully completed a skills programme

**721**

(FY 2021: 879)

#### Retail Varsity<sup>1</sup>

	2021	2022
Active courses	1 647	2 227
Number of beneficiaries trained per year (all training)	163 313	170 339
Training hours	2 890 833	3 315 865
Average training hours per employee	18	19
Learners (employed and unemployed) graduated from the Retail Varsity with a national qualification	944	719

GRI 404-1

<sup>1</sup> These figures are inclusive of active and inactive employees.





## Enabling our employees to do their best work continued

### INCREASING SUSTAINABILITY-RELATED CAPABILITIES

Learning and development is an enabler of the Shoprite Group's sustainability strategy. We now provide a variety of courses that focus on key sustainability issues.

We provide training on store surplus food donations, which educates employees on the Group's waste hierarchy. Find out more about our increase in surplus donations and our waste hierarchy on pages 38 and 54. In this financial year, employees in Usave stores underwent training in waste management that focused on mitigation and prevention.

The Group conducts environmental sustainability awareness training among employees that highlights its importance to the Group and brings employees up to speed on how the Group is responding.

Our staff underwent training on sustainable seafood practices. Through our partnership with the WWF's Southern African Sustainable Seafood Initiative (SASSI), we were able to offer training to some of our suppliers: read more about this on page 60.

### Developing artisans to safeguard retail excellence

We develop scarce and critical skills in partnership with the Wholesale and Retail Sector Education and Training Authority through our artisanal programmes. These programmes are geared towards providing skills in driving, baking, meat processing, deli practices and assistant chef practices.

### Developing and retaining talent in data sciences

As our operations increasingly rely on data and related digital capabilities, we have recognised the need to develop a strong pool of data scientists. In an increasingly digital world, these skills are in high demand. In the year under review, we employed 51 data scientists in our South African operations (FY 2021: 45).

To support the development of data science skills within our business, we launched the Shoprite Data Science Academy four years ago. The academy offers employees a formalised and structured approach to data science training that is integrated with their and the Group's work. In 2022, 12 apprentices completed an intensive three-week company onboarding programme (FY 2021: eight). Apprentices are guided through formal internal and external courses to ensure they become competent practitioners.

### The Shoprite Group's bursary offering

The Group uses bursaries as a vehicle to attract talent in highly skilled roles. Such skills include pharmacy, chartered accounting, information technology and retail business management. Bursaries offer comprehensive financial assistance towards tuition and on-campus accommodation. The bursaries are linked to work-back agreements. This benefits the students in securing them employment immediately after graduation and benefits the Group by channelling highly skilled individuals into key areas of the business.



Bursary students – Nwabisa Nyelenzi, Percival Phakathi, Shanay Petersen and Isabel Theron.

#### BURSARIES

Number of bursaries per academic year

**206**

(FY 2021: 241)

Number of bursaries provided to students in Non-RSA countries per academic year

**13**

(FY 2021: 20)

Value of anticipated spend for following academic year

**R18 million**

(FY 2021: R18 million)

Value of bursary spend per academic year – Non-RSA

**R283 620**

(FY 2021: R471 154)

Value of bursary spend per fiscal – RSA

**R16 million**

(FY 2021: R17 million)

Trainee accountants who completed articles (per fiscal)

**7**

(FY 2021: 10)

Value of actual spend on bursaries per academic year

**R14 million**

(FY 2021: R16 million)



## Enabling our employees to do their best work continued

### Supporting transformation, diversity, equity and inclusion

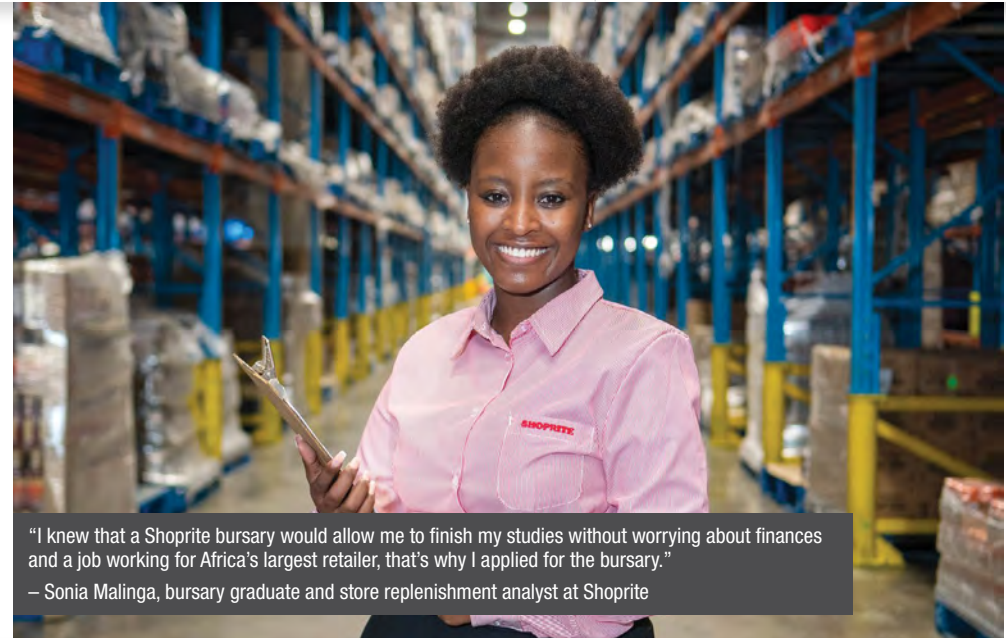
The Group has made good progress regarding transforming the business in terms of gender and other groupings. Although our preference is to develop our talent internally, we consciously grow capacity with external talent that bring a diverse range of skills and perspectives. The Group is committed to transformation throughout the Company, with an aspiration to improve senior management representation. Although black representation within the Group is on track to meeting 2025 goals, these are being reviewed to accelerate wherever possible.

The Group is committed to ensuring unfair discrimination is not tolerated within the organisation. This includes discrimination in employment decisions, race/ethnicity/nationality, social background, religion, sexual orientation, family responsibilities, disabilities, political opinion and age.

There are awareness initiatives within the Group to raise awareness among employees on the topic of discrimination.

The Group has allocated targets for each business unit to ensure progress is in line with broader transformation objectives.

🌱 GRI 405-1



"I knew that a Shoprite bursary would allow me to finish my studies without worrying about finances and a job working for Africa's largest retailer, that's why I applied for the bursary."  
– Sonia Malinga, bursary graduate and store replenishment analyst at Shoprite

#### All countries



**145 595**  
**TOTAL EMPLOYEES**

(FY 2021: 142 602)  
(FY 2020: 141 452)  
(FY 2019: 147 268)



**64.6%**  
**WOMEN**

(FY 2021: 64.0%)  
(FY 2020: 64.4%)  
(FY 2019: 65.0%)

#### South Africa

**85.0%**

**BLACK AFRICAN EMPLOYEES**

(FY 2021: 85.5%)  
(FY 2020: 85.4%)  
(FY 2019: 85.1%)



#### Top management in South African retail operations



**30.4%**

**BLACK**

(FY 2021: 8.1%)



**25.9%**

**WOMEN**

(FY 2021: 19.1%)



Staff of the Shoprite Decade of the Deaf programme working at Checkers Fairbridge Mall, Cape Town, Western Cape, South Africa.

### Supporting persons with disabilities through training

We are committed to providing opportunities for persons with disabilities through our training offering. We offer a qualification in Wholesale and Retail Chain Store Operation that is accredited NQF Level 2. Four-hundred and sixteen disabled employees furthered their development and received training over the course of this financial year (FY 2021: 417).

Number of persons with disabilities trained to date on NQF Level 2 Wholesale and Retail Chain Store Operation qualification  
**28**

Number of people with disabilities who received training per fiscal  
**416**  
(FY 2021: 417)

Employees in the Group with disabilities  
**366**





## Workplace of choice

We believe that for the Shoprite Group to become a career destination of choice, we need to build a culture of care and create a healthy and safe environment for our employees to work in. We use various channels of communication to build an engaged culture that inspires employees to create a great customer experience. This includes our data-free digital communication platform, SiyaRinga. Themes of communication include our employee wellness programme, inspiring our employees with news of success stories and awards, opportunities for our employees to contribute to our CSI programmes, employment benefits and news or information about the Company or issues like Covid-19.

## SUPPORTING EMPLOYEES THROUGH OUR EMPLOYEE WELLNESS PROGRAMME

All our employees have access to the Group's Health 24/7 employee wellness programme, which is tailored to the Company's needs. The benefits of the programme are available to employees and their direct family members at no cost. The programme, which is managed by an independent organisation, offers professional and confidential support through telephonic assessments, referrals and short-term counselling for personal problems and/or work-related stress that may impact physical and mental health, emotional wellbeing and work performance. Information on the availability of Health 24/7 services is shared with employees on a regular basis through SiyaRinga and a monthly newsletter.

GRI 403-6

Employees who engaged with Health 24/7  
**22 442**  
(FY 2021: 13 145)

Employees who connected on SiyaRinga  
**81 877**  
(FY 2021: 58 458)

## ENSURING EMPLOYEE HEALTH AND SAFETY

Employee health and safety is a priority across the Group and our risk management regarding health and safety errs on the side of caution. Owing to the social unrest we experienced in 2021, the attention we give to the health and safety of our employees and customers has been heightened. We support the health and safety of employees through our Group Health and Safety Framework based on the requirements of ISO 45001. Our integrated ERP system supports how we monitor, measure and report on incidences and during the period of unrest, our central control room played a key role in acting on external security-related safety matters.

GRI 403-8

We look to enable a safety-first culture through our Change the Culture programme and our 15 golden rules to safety continue to be prevalent in the Group's Health and Safety Training programme. Our 15 golden rules come through strongly in our occupational health and safety induction training and our contractor compliance information packs.

In this financial year, we have seen an improvement in awareness, emergency response time and the rate of injuries that occur. Our goal is to prevent occupational injuries, illness and diseases by building a safe, healthy and secure working environment for all. We aim to achieve our health and safety goals through the implementation of the following:

- The prevention of occupational injuries, illness and diseases by complying with applicable local safety and health legislation and standards.
- As far as reasonably practicable to provide for the identification, assessment and management of hazards that pose a risk to the safety, health and wellbeing of employees and customers.
- The establishment of health and safety objectives and targets that is used to track performance and drive continual improvement of our health and safety management system.
- Making avenues available to record and analyse the views and complaints of any interested and affected parties – both internally and externally – and regularly communicate with them in the interest of health and safety.
- Periodically assess the suitability and effectiveness of the health and safety management systems through internal compliance evaluation and management review.
- The provision of health and safety training through our internal training platforms and external training providers.
- The establishment of positive safety culture systems aimed at creating awareness of general health and safety practices inside the workplace.

GRI 2-25, 2-26, 403-3, 403-5, 403-7

## INCIDENTS AND ACCIDENTS

		2018	2019	2020	2021	2022
Employees	Number of fatalities	7	1	1	2	0
	Total injuries recorded (RSA)	2 037	1 940	3 572	2 370	2 403
	Number of lost time injuries					1 832
	Lost time injury frequency rate (LTIFR) (RSA) <sup>1</sup>	–	–	12.9	9.4	6.3
	Total number of hours worked					290 416 046
Members of public	Number of fatalities					0
Contractors	Number of fatalities	6	8	5	2	8
	Number of lost time injuries					102

GRI 403-9

<sup>1</sup> LTIFR calculated over 1 000 000 hours.

## LABOUR RELATION MANAGEMENT

Employees have a right to freedom of association and to join trade unions of their preference through which they can engage in collective bargaining. In 2022, we continued to work with trade unions in the countries in which we operate, as we have done for more than 40 years. We currently recognise 15 trade unions, and our largest union representation is the South African Commercial Catering and Allied Workers Union (SACCAWU). Since 2010, a framework agreement between the Group and Uni Global Union Alliance has been in place and continues to play an important role in promoting social dialogue and good industrial relations.

Our trade union relationships across our footprint have remained stable in the financial year under review. We engage with recognised trade unions on a regular basis and periodically negotiate collective bargaining agreements. The stability of our relations is supported by proactive quarterly meetings between the Group's People team and employee representatives. Through these meetings we identify potential labour concerns and give both parties an opportunity to address an issue before it reaches the stage of a formal dispute. The Covid-19 pandemic brought us closer together as we were forced to resolve issues of mutual concern and this has strengthened our relationships. No significant events were reported during the year and negotiations were concluded where relevant.

The Group supports the ILO's Protocol. This means we support freedom of association and the effective recognition of the right to collective bargaining, the elimination of all forms of forced or compulsory labour, the effective abolition of child labour, the elimination of discrimination in respect of employment and occupation, and a safe and healthy working environment.

There are well-established grievance mechanisms within the Group that employees can access. Monitoring of labour relation risks is ongoing. We also conduct robust investigations that take place following allegations.

GRI 2-25

	2021	2022
<b>RSA</b>		
Employees belonging to unions	32%	31%
Number of trade unions with recognised agreements	6	7
<b>Non-RSA</b>		
Employees belonging to unions	42%	53%
Number of trade unions with recognised agreements	11	8

GRI 2-30



2

## CUSTOMER CENTRICITY

Our ability to recognise and meet our customers' needs is central to our success. As the economic reality across our footprint remains strained and customer expectations increase, we maintain our relentless focus on affordability, accessibility and innovation. Our customers are increasingly aware of the environmental and social issues, and thus become more relevant when considering the development of our private-label brands.

### RELATED SDGs



Our product offering is tailored to the needs of our customers based across geographies and income groups.

Ubrand and Ritebrand products sold close to home in our Usave, Usave eKasi Box stores and OK franchise stores

We serve our millions of customers through our **23 trusted brands**

Increased the scope of products and reach of Sixty60

Sold **76.8 million** loaves of subsidised bread in this financial year



Linked customers' **Xtra Savings rewards** to Money Market account and Sixty60

Opened niche offerings to cater for customer needs, informed by data collection





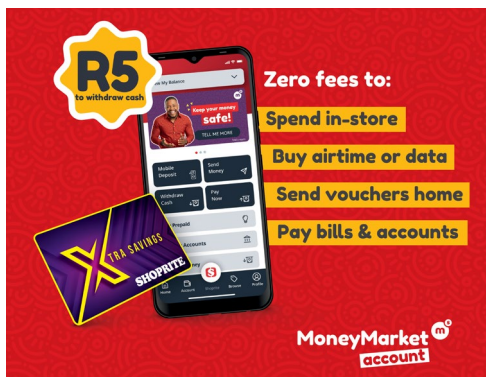
## Affordability and accessibility across brands

The Shoprite Group's customers continue to experience economic pressures. Pressure on the global economy has affected the affordability of all products. This has been driven by increases in the cost of agricultural inputs, packaging, manufacturing and transport. These have created a ripple effect on both local and imported products. To support our customers in these difficult times, we have focused on ensuring affordability across our brands.

We have increased accessibility to our customers by way of expanding the reach of Sixty60 and the amount of new customer offerings. This includes niche lines such as Petshop Science and Little Me. Each of our brands has a distinct purpose, providing value for money across a range of income groups. Housebrand and Ritebrand ensure key product categories remain affordable, while our premium private label brands provide value for money, democratising quality. We have identified staple private label products that we strive to keep affordable. We also work with suppliers to negotiate the cost of a basket of goods. In some instances, we will subsidise a product that is important to our customers. We exhaust all options before passing on cost increases to our customers.

## EXPANDING OUR R5 OFFERING

During this period under review, we expanded our R5 offerings to include financial services. Our R5 offerings, which includes our 600g in-house bread, nutritious R5 convenience meals and sanitary pads, exemplifies Shoprite's commitment to making sure essential product categories remain affordable and accessible. Customers can now withdraw cash from their Money Market account at our till points at a fixed fee of R5. There are no other hidden fees or any monthly fees associated with the Money Market account. Cash withdrawals from an ATM have long been one of the most expensive financial services transactions, hindering financial inclusion. The accessibility of our till points and the affordability of the service fee provides economical options to low-income consumers in another key area.



## MAINTAINING INFLATION-BEATING LOW PRICES

As food price inflation in South Africa increases to

**6.5%**

we have kept our internal food price inflation at

**3.9%**

(FY 2021: 3.8%)

We mitigate the impact of inflation by managing our stock levels and negotiating the best prices with our suppliers, considering the basket of goods purchased. Efficiencies in our own operations play an important role in keeping internal food price inflation low.

➔ Read more about these initiatives and their environmental impact on page 47

Our affordability-focused private labels, Ritebrand and Housebrand, provide customers with access to uncompromising quality through a range of staple products, at the lowest price possible. In the year under review, we have added an additional 676 products to our range of value and affordability-focused private-label products, ensuring more quality products remain affordable (FY 2021: 335).

Savings events or weekends such as Black Friday, our Red Weekend and our Usave four-day price slash promotions support our ability to put products on our shelves at inflation-beating prices. During these promotions, buying in large quantities gives us significant negotiation power on cost, making our customers' money go further.

## CASE STUDY

# Maintaining affordability and promoting food security

As the prices of agricultural inputs rise and fuel prices increase, so does the risk of our consumers experiencing food insecurity. The Group does its best to promote affordable, nutritious and protein-rich foods such as meat, eggs, dairy and soya beans.

To do this, the Group kept prices on these nutritional essentials as low as possible by showcasing products with excellent nutritional value for money to customers. This is off the back of the Household Affordability Index from March 2022, which highlighted that most consumers were buying core foods such as maize meal, rice, flour and sugar, instead of protein-rich foods that are nutritionally superior. Complete proteins found in the foods promoted by the Group are a cornerstone of a nutritious diet as they include all nine essential amino acids the body requires.

Meat is a valuable source of a diverse range of different nutrients needed by the body and thus is a valuable player in ensuring food security. Meat is often on the more expensive side; however, the Group works hard to ensure there are some options that are kept affordable. Dorsland and Karoo wors, which can be found at Shoprite and Checkers, costs less than traditional wors.

Furthermore, chicken feet and necks are a much-loved source of protein for many South Africans. Shoprite stocks Tin Stuff's tinned chicken feet and necks, which only cost R19.99 a can. These have a long shelf life and are an excellent source of protein. Shoprite also offers Value Ground Beef Mince, which retails for up to R10 per kilogram less, without compromising on the value of protein found in the meat. Other affordable meat options include frozen chicken, liver and pork, which is mostly cheaper than red meat or chicken.

Shoprite supermarkets provide tinned fish such as pilchards and sardines sold under the Ritebrand private-label brand. Besides being a super affordable option, these are one of the best sources of vitamin D and calcium and are integral to building bone and muscle health as well as omega-3 fatty acids that come with a range of health benefits.

Eggs are extremely high in protein with vitamin B12 and choline, which are essential dietary requirements for children. Eggs also contain fatty acids, essential for pregnant mothers. These wonderful sources of protein are available at varying price points to ensure there is an option for those customers who are struggling financially.

Another option the Group promotes to customers are pulses, which includes legumes such as beans, peas, chickpeas and lentils. These are a great addition to a balanced diet and are available either dried or in tinned form, both of which maintain the nutritional qualities of these foods. Shoprite and Checkers stock Pot O'Gold tinned products, which is an exclusive offering that provides good value for money.







## Affordability and accessibility across brands continued



### XTRA SAVINGS REWARDS

The Xtra Savings rewards programme has enabled us to understand and connect with our customers like never before. We have signed up more than half of South Africa to the Shoprite or Checkers Xtra Savings programmes, enabling us to provide customers with instant savings on thousands of products as well as personalised offers based on their unique purchase history.



Total Xtra Savings members

**24.7 million**

(FY 2021: 20.3 million)



Total customers' savings through Xtra Savings

**R9.4 billion**

(FY 2021: R5.3 billion)



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

### SMALLER-FORMAT USAVE

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

#### Usave

No-frills brand that offers a limited range of basic products at the lowest price possible in small-format stores.



IN 2022,  
WE OPENED

**5**

new Usave eKasi Box  
stores in South  
Africa

#### eKasi Box stores

Usave-branded flexible-format container stores, requiring only five or six shipping containers.



### OFFERING CUSTOMERS MORE CONVENIENCE THROUGH FINANCIAL AND LIFESTYLE SERVICES

Money Market counters in Group stores provide customers with access to essential financial and lifestyle services. Our financial services offering enables financial inclusion and has played a valuable role in supplying Covid-19 relief. Our lifestyle services have added to our customers' shopping experience and creates an ecosystem that makes their lives more convenient.

In this financial year, we took our service offering even further by putting a Money Market in our customers' pockets through the Shoprite app, WhatsApp and USSD. This links our customers to a Money Market account with free transactions. The only cost customers would incur is a flat withdrawal charge of R5. Customers can also use their Xtra Savings card to access their accounts in-store where we provide in-person support. Our Money Market account is accessible to South African citizens as well as foreigners living in the country, providing essential financial services to the unbanked. Withdrawal services are, however, available only on accounts that meet FICA requirements.

These digitally enabled financial services complement our savings stamps, trusted within the communities in which we operate. Customers know they can rely on the Group to provide certainty on their savings even in uncertain economic times.

In addition to paying out South African Social Services Agency (SASSA) grants to 1 656 690 beneficiaries every month (FY 2021: 1 090 098), 286 070 South Africans were able to access government Covid-19 relief grants through our Money Market counters. We have continued to facilitate payments to National Student Financial Aid Scheme (NSFAS) beneficiaries.

Money Market launched SuperSwift at the end of the 2021 calendar year, enabling cross-border money transfers, which cover several corridors with distribution partners in all countries.

In terms of lifestyle services, the Group was very proud to launch our own virtual mobile network called K'nect Mobile in 2021; this gives customers as much as 25% more airtime when topping up at tills in any of our stores.





## Affordability and accessibility across brands continued

### FINANCIAL SERVICES

We supported

**263 million**

financial service transactions  
(FY 2021: 272 million)

**2 311**

stores with financial services  
(FY 2021: 2 229)

#### Our services include:

Virtual vouchers

**179 281**

virtual vouchers processed  
(FY 2021: 2.3 million) to the value  
of R62 425 400



Contactless

transactions through  
tap-to-pay and  
scan-to-pay facilities



QR code payments

are available at

**24 953**

payment points  
(FY 2021: 27 406)



South African Social  
Services Agency  
(SASSA) grants

**1 656 690**

(FY 2021: 1 090 098)  
grants paid out every month



Facilitated

National Student Financial  
Aid Scheme (NSFAS)  
payments to beneficiaries



Money transfers to

**77**

different countries  
(FY 2021: 95)



MoneyMarket<sup>m</sup>

Shoprite Money Market Account  
used by

**1 629 540**

customers  
(FY 2021: 380 694)

Savings stamps  
available from

**4 686**

agents helping customers save  
for big purchases and special  
events  
(FY 2021: 4 834)



Simplified

**R20**

fixed fees for deposits  
at our tills



FNB bank card

replacement service  
costing only

**R60**



Paymenow

offers customers  
early access to already  
earned wages while  
supporting financial literacy



### LIFESTYLE SERVICES

k'nect  
SHOPRITE

Launched our  
virtual mobile  
network

K'nect  
Mobile



COMPUTICKET



Entry ninja

enables smaller  
event organisers  
to reach more  
participants

Petshop  
science

Petshop Science

offers pet insurance in our  
Petshop Science stores  
and online through the  
Checkers website



### Customer experience

We provide all our customers with quality products and exceptional customer service regardless of the price point they are buying at. South Africans can access world-class quality and variety through our in-store product offering. We also provide innovative solutions to our customers in an increasingly digitised world through our online shopping experience.

### GROWTH IN PRIVATE-LABEL RANGES

Our customers' demands have increased and, as a result, we have expanded the range of value-for-money options in our premium private-label categories. As customers vote with their wallets, it is clear we are meeting needs in a previously underserved market. We give people what they want; sustainably produced products made from quality ingredients, without compromise. We are particularly proud of the packaging of our products, designed with sustainability in mind.

In 2022, our private-label brands and product offering grew by 14.5% (FY 2021: 11.9%), adding a total of 1 285 (FY 2021: 717) new private-label products to our shelves. In total, our private-label offering now consists of 3 861 products (FY 2021: 3 501). In South Africa, private-label participation accounted for 18.8% (2021: 18.3%) of sales.

### OPENING MORE PREMIUM STORES AND EXPANDING OUR PREMIUM OFFERING

Our Checkers FreshX supermarkets offer customers a premium shopping experience, with world-class variety in our numerous in-store departments. In the year under review, we opened nine new FreshX branches (FY 2021: 13), bringing our total store count to 59 (FY 2021: 41).

We know customers want a wider range of premium products that not only create an exceptional in-store experience, but elevate every meal at home. Our premium private labels include Forage and Feast, Simple Truth, Oh My Goodness!, Foreign Ground Coffee and Private Barrel Whisky. In 2022, we added 609 new premium private-label products to our offering (FY 2021: 382). Simple Truth has continued to grow to meet customer demands for healthier and more environmentally friendly products and now includes 209 product lines, 39 of which were added in the year under review (FY 2021: 196).

Customers can entertain from start to finish with our private-label ranges, especially Forage and Feast. This is available at Checkers and Checkers Hyper stores and food products made with top-quality, responsibly sourced ingredients. Responsibly sourced ingredients include fish, palm oil and cocoa. The range covers all you need to make the in-home dining experience an exceptional one, from premium sustainably sourced seafood and decadent desserts, to crystal wine glasses and tablecloths.

In this financial year we opened up new store formats, such as Little Me, Petshop Science and Medirite Plus. These new store formats, which you can read more about on the next page, enable us to better provide for our customers' needs.



## Customer experience continued

### CASE STUDY

## New store formats

The data we gather on consumers enables us to identify opportunities to provide for our customers' needs through new store formats. This financial year, we further expanded our tailored product offering through dedicated Little Me departments in selected Checkers stores. Little Me offers a range of top baby brands, including maternity wear exclusively designed and manufactured by Cherry Melon, a local supplier. This includes the popular and affordable Miyu range, which is exclusive to Little Me. The success of Little Me has supported the opening of a stand-alone Little Me store in Drakenstein, Paarl.

To further expand our specialist offering, we have opened 21 dedicated Petshop Science stores, which feature everything pet owners could want or need, at supermarket prices as well as a stand-alone Medirite Plus store. Medirite Plus is a one-stop health and wellness destination, with affordable and accessible product ranges. These stand-alone stores offer a tranquil environment where customers can fill their prescriptions and pick up specialised healthcare items.



## EXPANDING OUR DELIVERY OPTIONS

The Group's one-hour on-demand grocery delivery service, Sixty60, continued to expand as more and more customers became accustomed to home delivery services.

**Sixty60 is available through 300**

**of our Checkers stores across all nine provinces in South Africa**

(FY 2021: 233)



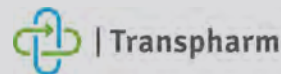
**2 141 306**

**Sixty60 app downloads**

**as of the end of the financial year**

The easy-to-navigate Sixty60 app allows customers to search for specific product categories such as gluten-free, free-range, vegan and vegetarian options as well as our Live Better product offering. This year we have further reduced the environmental impact of our Sixty60 bags by improving the recyclability of the stickers used to seal the bag.

In 2022, Checkers LiquorShop introduced an online service fulfilled by Checkers Food Services (CFS). Checkers Liquor online is available to individual consumers and businesses. CFS also offers delivery services to individual customers outside of Checkers' Sixty60 delivery range.



**Transpharm delivered on average**

**52 million**

**packages with essential medicines per month to Medirites and other pharmaceutical businesses**

(FY 2021: 48 million)

## Providing options to conscious consumers

Customers have become increasingly conscious of the impact of their consumption on their own health and that of the environment. As a result, they are seeking healthier product options and products that have a lower environmental impact. We aim to support our customers by making a variety of options available in our stores.

The environmental sustainability of private-label products remains top of mind in the development of all ranges. This requires that we engage with vendors to understand what they can offer early in the product development process. We promote suppliers who develop environmentally sustainable options to ensure conscious consumers have the widest variety of environmentally sustainable products available to them. This shift is aligned with global trends; products are not only affordable, but environmentally sustainable as well.

## DRIVING AWARENESS AND CREATING A DIALOGUE AROUND SUSTAINABILITY

We are proud to share the progress we have made on our sustainability journey and excited to include our customers in the journey to amplify our collective impact. In March 2022, we launched our first environmental campaign in Checkers, to drive further awareness and dialogue on environmental-related issues, while inviting our customers to join us in making better decisions for our planet. The 'Better for our planet' campaign focused on issues relevant to our own operations and the lives of our customers. Through the campaign, we were able to share the progress we have made on our environmental sustainability journey and encourage our customers to make better decisions as well.

Similar to the journey we are on to improve the sustainability of our products, many suppliers are launching product lines that are more environmentally sustainable. We support our suppliers in this through environmental marketing campaigns that promote environmentally sustainable products beyond our private-label offering. We provide customers with better-for-our-planet product options, while giving suppliers the opportunity to showcase the environmental attributes of their products.

### TAKING BIG STEPS FOR A SMALLER CARBON FOOTPRINT

We're reducing our carbon emissions by 35 000 tonnes per year to help fight climate change. We're committed to improving energy efficiency throughout our operations, and we'll keep investing in renewable energy to cut down our greenhouse gas emissions.

**SAVE ELECTRICITY IN YOUR OWN HOME**

LED bulbs use up to 75% less energy than regular bulbs and can last up to 25% longer – making them a really bright idea.

**CLEANER & GREENER ENERGY**

Introducing Checkers Sitara – now running on 100% renewable energy.

**COOLER FOR THE PLANET**

Over 900 of our trucks are cooled with solar power – saving more than 2.8 million kg of carbon emissions every year.

**POWERED BY THE SUN**

In 2021 we doubled our solar capacity. That's over 29 280 MWh of clean off-grid energy.

**Checkers**  
Better for our planet





## Providing options to conscious consumers continued

### CASE STUDY

## Checkers 'Better for our planet' environmental campaign

The 'Better for our planet' environmental campaign highlighted the lengths Checkers is going in order to mitigate its environmental impact and try move customers towards more sustainable behaviour. We provide customers with better-for-our-planet product options, while giving suppliers the opportunity to showcase the environmental attributes of their products.

To see more of our campaign visit <https://www.checkers.co.za/our-sustainability-journey>

### ALWAYS FROM A GOOD PLACE

We've added over 200 products with ingredients that are responsibly sourced so that you can pick better-for-the-planet products every time you shop.



#### CHOOSE RESPONSIBLY SOURCED INGREDIENTS WITH THESE PRODUCTS



### DRASTIC ABOUT REDUCING PLASTIC

In the last year we recycled over 4 500 tonnes of plastic, keeping it from landfills and supporting the circular economy. We're adopting a 'design for sustainability' approach to packaging for our own brands and aim for all packaging to be reusable, recyclable, or compostable by 2025.



#### REDUCE PLASTIC WITH THESE BETTER-FOR-THE-PLANET OPTIONS

##### RECYCLED, REUSABLE AND RECYCLABLE

Our Planet bag is 100% recycled, recyclable and durable enough to reuse. Since their launch in 2018, we've paid over R1.4 million to customers who reuse them.



##### ECO-FRIENDLY PACKAGING AND PRODUCT

Our Simple Truth products are not only formulated to be gentle on the environment, but also packaged in recycled and recyclable packaging.



### DOING MORE TO WASTE LESS

We've donated over R138 million worth of surplus food and goods to communities in need in the past year. We've also collected over 2.6 million litres of used cooking oil in our stores to be recycled into industrial products, including biodiesel.

#### FIGHT FOOD WASTE IN YOUR OWN HOME WITH THESE WASTE-BUSTERS

##### SINGLE SERVING VEGGIE PACKS

Get down on waste with these convenient just-enough veggie portions.



##### LIVING LETTUCE AND HERBS

Our Living Lettuce lettuce and herbs stay fresher for longer - because they're still growing!



##### SMART STORAGE SOLUTIONS

Store your pantry staples in glass, vacuum-sealed mason jars to keep them fresh and reduce food wastage.



## EXPANDING THE GROUP'S MARKET-LEADING PLANT-BASED OFFERING

Locally and internationally, we continue to see growth in demand for plant-based products for environmental and ethical reasons. We have partnered with the LIVEKINDLY Collective to ensure we provide a wider variety of products to our customers. By providing these products, we are helping them to be more environmentally responsible and an ethical consumer.

Our plant-based offering includes a total of **275 products** (FY 2021: 102)

## HEALTH-FOCUSED OFFERING/ENDORSEMENT AND CERTIFICATION OF PRIVATE-LABEL PRODUCTS

The Group continues to focus on health and wellbeing through Checkers' Simple Truth and Oh My Goodness! brands and its Live Better product offering. These products provide customers with the options they need to eat for better health through their everyday shopping experience.

Several of our private-label products enjoy endorsements from various foundations and certification bodies.

Endorsed by Beauty Without Cruelty



### SIMPLE TRUTH HOUSEHOLD CLEANING PRODUCTS



### NINE SIMPLE TRUTH PRODUCTS, INCLUDING WHOLEWHEAT FLAKES, PEANUT BUTTER, GLUTEN-FREE OATS AND GLUTEN-FREE HIGH-PROTEIN CEREALS



### TWO SIMPLE TRUTH GLUTEN-FREE HIGH-PROTEIN CEREALS



Endorsed by the Heart and Stroke Foundation



Certified by Diabetes South Africa



Low GI endorsement from the Glycemic Index Foundation of South Africa







## Providing options to conscious consumers continued

### MARKETING AND BRAND MANAGEMENT

The Shoprite Group places a lot of value on the trust our customers have in our brands. The marketing of our private-label brands and that of our suppliers is aligned with our values.

### OUR POSITION ON RESPONSIBLE MARKETING

The Shoprite Group recognises that responsible marketing will directly impact its business and the communities in which it operates. Therefore, the Group adheres to the Code of Advertising Practice, administered by the Advertising Regulatory Board (ARB). The Code of Advertising Practice is based on the International Code of Advertising Practice, which is prepared by the International Chamber of Commerce. This is internationally accepted as the basis for domestic systems of self-regulation. The principles laid down in the International Code are then contextualised to the particular circumstances of advertising in South Africa.

**The Shoprite Group's response to responsible marketing has the following objective:**

- To abide by the Code of Advertising Practice

**To this end, the Shoprite Group remains committed to ensuring that:**

- advertising is informative, factual, honest, decent and its content does not violate any of the laws of the country; and
- it will not prepare nor accept any advertising that conflicts with the Code and will withdraw any advertising deemed unacceptable by the ARB, Advertising Appeals Committee or Final Appeal Committee.

### RESPONSIBLE MARKETING PRACTICES

The Shoprite Group abides by the widely accredited Code of Advertising Practice administered by the Advertising Regulatory Board, which regulates the content of South African advertising. Through this, we ensure our marketing efforts are honest and transparent. While we work within the regulations and legislation in our marketing and labelling, we do go above and beyond to meet increasing customer demands.

To us, responsible marketing practices start in the product development process where we strive to develop quality and safety-assured products by following a rigorous internal private-label development process. Our product development process is managed from concept to launch by our food safety, compliance and regulatory team. They ensure our food is sourced from audited and approved suppliers and complies with relevant regulations from the Department of Health. Factories are audited regularly, and products tested on a monthly basis. This process provides our customers with transparency through ingredient lists and nutritional labelling.

Our food product development team has created several product offerings that are healthy and tasty. An example of this is our Simple Truth and Oh My Goodness! brands, developed with reduced sugar and salt content without compromising on taste.

All our private-label brands' labels are scrutinised to ensure our claims are substantiated. We only make claims on packaging when we have reports or data to support the claims through a third party. Newly developed ranges such as Forage and Feast are developed to ensure that most packaging is responsibly sourced, recyclable and that OPRLs are provided. Simple Truth, for example, has been developed with brand principles that incorporate key sustainability issues such as only using sustainably sourced palm oil. We promote products that are better for children, especially through our Oh My Goodness! range.

The packaging used for our Forage and Feast range was developed using design-for-sustainability principles.



### ADVERTISING MIX AND SOCIAL MEDIA PRESENCE

The Group uses a mix of advertising channels to offer customers tailored promotions. In a digitally enabled world, we are increasing our use of digital channels including SMS, WhatsApp and online promotions, offering personalisation that complements our traditional channels such as television, radio, leaflets and newspaper advertisements.

We also use these digital channels to get feedback from our customers. It has never been easier for customers to log a complaint, pay us a compliment, ask a question or get more information on a particular topic.

	Facebook	Twitter	YouTube	Instagram
<b>Checkers</b>	<b>1 266 188</b> (FY 2021: 1 175 165)	<b>263 350</b> (FY 2021: 248 120)	<b>12 850</b> (FY 2021: 9 170)	<b>138 218</b> (FY 2021: 108 532)
<b>SHOPRITE</b>	<b>1 270 732</b> (FY 2021: 1 182 400)	<b>210 500</b> (FY 2021: 195 464)	<b>9 210</b> (FY 2021: 8 680)	<b>65 800</b> (FY 2021: 45 640)

### AWARD-WINNING BRANDS

Our brands have once again received several awards and we are proud of the recognition they continue to receive.



**MICHELANGELO INTERNATIONAL WINE AND SPIRITS**

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



#### GREEN PRODUCT

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



#### PRISA PRISM

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



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





## Customer health and safety

Customer health and safety is a high priority in all customer-facing locations of our business as we strive to ensure all our products meet specific quality and safety standards. This requires that we focus on our stores, delivery channels and management of the supply chain. We endeavour to meet regulatory requirements and maintain the internal health and safety standards of our stores. This is supported by our continued focus on health and safety training in our operations.

Throughout the supply chain, multiple stakeholders influence our ability to safeguard food and product quality. Through continued engagement with these stakeholders, we strive to meet regulatory standards in our countries of operation and international best-practice standards.

GRI 2-25

### PRIORITISING FOOD SAFETY

Through various food safety interventions, employee training and store hygiene audits, we make sure food safety remains a key priority. In the year under review, we did not receive any significant negative food safety audit outcomes through diligent compliance with our food safety protocols.

GRI 416-2

The Shoprite Group's approach to food safety is built on the following three pillars:

- A focus on food safety when onboarding new suppliers.
- Ensuring food safety in our stores and DCs through independent audits and subsequent mitigation measures.
- Review customer complaints to identify potential issues on a weekly basis.

The Group recorded 12 supplier product recalls (FY 2021: three) in the year under review. The recalls were managed by our Quality Assurance Department and no customer incidents related to the products have been reported. One private-label product recall was recorded (FY 2021: zero).

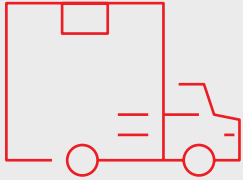
	Interventions focused on food safety	Employees trained on food safety	Store hygiene audits
2020	249 898	83 962	2 964
2021	1 119 374	53 825	2 820
2022	176 884	176 884	3 214

## ENSURING IN-STORE HEALTH AND SAFETY

The physical safety of our customers and employees is a priority in our stores. As a result, we take preventative action and play our role in the arrest and prosecution of criminals who undermine our operations. Our centralised command centre manages safety within our operations and uses technology and software systems to manage crime-related risks. The in-house team includes former police members, detectives and an expert criminal lawyer.

**11.0%**  
reduction in  
violent and  
serious crimes  
(FY 2021: 15.0%)





3

## SUPPLY CHAIN RESILIENCE

The Shoprite Group's extensive supply chain enables us to meet the varied needs of our customers. Our supply chain reaches from our suppliers, through our own logistics operations, to our stores and is managed through our fully integrated ERP system, spanning across our local, import and export activities.

Our continued investment in technologically enabled systems and infrastructure ensures we maintain and, in many cases, enhance efficiencies throughout our supply chain. Diligently managing all facets of our supply chain includes planning, forecasting, procurement, warehousing and distribution. Increased efficiencies not only enable us to keep our affordability promise, it also reduces our environmental footprint.

We have developed long-standing relationships with our suppliers, who are primarily local suppliers within the countries where we operate. This approach enables us to deliver on affordability while reducing our environmental impact. Our scale and route to market supports the development of local suppliers where possible and promotes overall availability within the country.

### RELATED SDGs



### How our supply chain enables retailing

Distribution centres  
**29**  
(FY 2021: 29)

STATE-OF-THE-ART DCs

FLEET OF TRUCKS AND TRAILERS

Drivers  
**1 531**  
(FY 2021: 1 234)

Trucks  
**903**  
(FY 2021: 820)

Trailers  
**1 360**  
(FY 2021: 1 273)

Trailers with solar PV panels  
**1 041**  
(FY 2021: 807)



SUPPLIERS

Employee training to improve efficiencies – DC employees, drivers and store employees

Advanced cold-chain management

Sophisticated information management system



DELIVERY TO OUR STORES

Cases of product delivered to our stores

**351.4 million**

(FY 2021: 338.8 million)





## Building a resilient supply chain

Through our 43 years of retail experience, we have learnt strong relationships with our suppliers are essential to our success.

### LOCAL SUPPLIER UNDERSTANDING AND SUPPORT

Most of our suppliers are locals in each of the markets in which we operate. As a result, our suppliers have a deep understanding of our operating environment and the challenges we face. We support local suppliers wherever possible as this enhances our ability to contribute to local economies and develop local and small suppliers while reducing our environmental impact.

Our private-label grocery products are 88% locally produced (FY 2021: 87%). In developing private-label ranges, we prioritise local suppliers, except when local supply does not meet demand, or where production is geographically bound, such as rice.

### MANAGING EXISTING AND EMERGING CHALLENGES IN THE SUPPLY CHAIN THROUGH PROACTIVE ENGAGEMENT

A high level of collaboration exists throughout our supply chain, from our suppliers to our stores, which supports us in managing crises such as the Covid-19 pandemic as well as the riots and floods experienced in South Africa. Our ability to exercise a high level of control over our supply chain from end to end allows us to rapidly implement changes. In difficult times, our supply chain has remained agile and resilient.

### DIVERSIFYING OUR SUPPLY CHAIN TO BUILD RESILIENCE

The volumes and range of products we need to procure necessitate that we work with a wide variety of suppliers, from large multinational companies to SMMEs.

Freshmark, the Shoprite Group's fresh produce procurement arm, procures from 434 growers in RSA and 685 growers in Non-RSA (FY 2021: 437 and 725). Our buyers engage directly with these growers on a regular basis. Procuring from a wide variety of growers and having an extensive DC network guarantees their produce is delivered fresh. Our buyers' regular visits to farms ensure they are able to identify opportunities and share insight with growers. In South Africa, 215 of our growers are SMMEs (FY 2021: 219), accounting for more than R350 million of the fresh produce we procure annually (FY 2021: R340 million). In a changing climate, increasing adaptability through diversification is essential in building a resilient supply chain.

#### CASE STUDY

## Let's grow together

The Shoprite Group provides valued support to small-scale farmers and their enterprises. One such example is the rise of the fresh produce company Urban Grown. Urban Grown was born out of the realisation of how much food waste occurs as a result of the proximity of farms to cities. The development of this partnership happened over three years. While the company supplied the hospitality industry with fresh produce, it kept the Group informed on its progress. Finally, it was agreed it would provide fresh produce for Freshmark, the Group's fruit and vegetable procurement, buying and distribution arm. Fresh produce that the company supplies to both retail and hospitality includes spinach, baby marrow, patty pans, baby cabbage, kale and herbs. Urban Grown fully owns its value chain and production to distribution. It is also a 100% black female-owned business that employs as many as 35 people, most of whom are women. The co-founders of Urban Grown, Nonhlanhla Mokoena-Chimhandamba and Simbarashe (Simba) Chimhandamba, are striving to inspire a new generation of farmers. By supporting our suppliers, we hope to grow together and build a more resilient supply chain and society.





## Reinforcing our ability to manage scale in our operations

Operating efficiently has always been part of our DNA. Improving efficiencies at the scale we operate supports our promise to continually provide our customers with affordable products while reducing our environmental impact. In 2022, we formalised our sustainability goals within our supply chain operations to focus on increasing the use of renewable energy, reducing emissions, improving water security, reducing waste, improving the sustainability of our packaging, and building capability through training.

## IMPROVING OUR FORECASTING AND REPLENISHMENT TO SUPPORT AFFORDABILITY AND REDUCE WASTE

We measure our ability to manage scale effectively through on-shelf availability as an indicator of whether stock is available when and where our customers need it. In this financial year, our on-shelf availability reached 97.5% in our South African stores (FY 2021: 97.8%).

Project Luminate, our artificial intelligence-enabled forecasting and replenishment tool for short shelf-life products, has brought about notable improvements in the replenishment process through automation. Replenishment automation speeds up the process and increases the accuracy of what is on shelves, reducing the resources needed and waste created in fulfilling customer needs. The tool has been implemented in our fresh chicken offering as well as our packaged fresh produce under our Freshmark brand. Following the success of the tool in these categories, we are in the process of implementing it in the dairy category. This improves how we monitor transactions by making them visible throughout the value chain, enabling us to centralise decision-making.

Optimising the products available on shelf to fulfil customer needs while reducing overstocking not only reduces waste to landfills, but it also decreases the resources needed to transport and store products, leaving capacity available for products that are in demand. The goal of our supply chain is to improve customer experience by having the products they want on shelf, while balancing the need to minimise waste to keep costs and our environmental impact low.

## BUILDING A RELIABLE AND EFFICIENT DISTRIBUTION NETWORK

Our centralised supply chain consists of 29 DCs, from which products are picked and dispatched to our stores by our fleet of trucks and trailers. Managing our end-to-end distributions network internally enables greater efficiencies across our footprint. Throughout the challenges we have faced in recent years – including the Covid-19 pandemic, unrest and recent floods in South Africa – our centralised distribution network has enabled us to respond quicker and ensure more consistent supply and service to our supermarkets.

Our extensive DC network brings us closer to a wide variety of suppliers and ensures our DCs in turn are closer to our stores. By reducing the distance travelled from supplier to DC and DC to store, we have developed the shortest and most responsive supply chain in South Africa. A short supply chain supports a wider variety of local suppliers and reduces the carbon footprint of the products we sell, lowers transportation costs and promotes the delivery of high-quality fresh produce.

Further investment in trucks that are more fuel-efficient is an important part of our approach when replacing trucks in our fleet. In a challenging year, this has helped off-set the increased cost of fuel.

Efforts to improve efficiencies in our supply chain can significantly decrease the overall cost of products on our shelves. These efforts – including changing to more fuel-efficient trucks, increasing our use of solar power, switching to more energy-efficient lighting, and improving how we handle waste – had a significant impact in the year under review.

➔ Read more about the environmental impact of these efforts on page 45

While we have made significant progress in improving our efficiencies, we continue to explore several opportunities to further reduce our environmental impact.

## Transparency and accountability throughout the supply chain

Beyond managing our own impacts, we work with suppliers to improve the overall social and environmental impact of our supply chain.

## SUPPLIER ENGAGEMENT ON SOCIAL AND ENVIRONMENTAL ISSUES

Our supplier code of conduct covers a range of social and environmental issues. Suppliers are taken through the supplier code of conduct in the vendor listing process, and all prospective suppliers need to commit to the code of conduct before becoming a supplier to the Group.

An annual Supplier Sustainability Survey was conducted during this reporting period to gain a better understanding of the climate- and water-related initiatives and information from suppliers. Findings from the survey suggested that the level of understanding of climate- and water- related issues and risks by some suppliers can be improved. This indicates there is a need for further engagement on these risks. To read more about our annual supplier survey and its findings please refer to our CDP disclosures.

Number of suppliers that have completed a supplier survey:

**204**

(FY 2021: 137)

In line with local and international trends, our suppliers are starting to proactively engage in social and environmental issues. Suppliers increasingly support initiatives in responsible sourcing and sustainable packaging, which we encourage through promotions.

Our suppliers are eager to assist the beneficiaries of many of our CSI programmes.

➔ Read more on page 41

### CASE STUDY

## Local bakery increases staff complement deal with Checkers

Local bakery Crispe Cookies has been a supplier to the Shoprite Group for 28 years and has almost doubled its staff capacity over the last five. A deal to supply Checkers with limited edition cupcakes for Easter meant it was able to take on four more staff members. Since 1996, the Shoprite Group has helped to grow this business by providing it access to our consumer market.







4

## SOCIO-ECONOMIC CONTRIBUTION

The Group not only trades in communities, we also strive to create value by being part of these communities. We do so by playing an active role in addressing unmet needs and building community resilience through a variety of programmes. Many households do not have sufficient resources to provide for their basic needs. We see this as an opportunity to make a difference in the lives of the most vulnerable in society by supporting the communities that enable our success.

We primarily implement local community development programmes at Group level. This benefits communities since we leverage our Group efficiencies of scale to bring about change within communities. In 2022, we conducted a CSI strategy review to ensure our CSI programme is aligned with the needs of our communities and our business strategy. As a result of the review, we have refined our CSI programmes to focus on hunger relief and food security. Our investment into communities includes a focus on skills development and youth unemployment.

GRI 413-1

### RELATED SDGs



## R335 million

invested into the communities  
in which we operate in RSA

(FY 2021: R274 million)



**Donated**  
**R147 million**  
in surplus food and  
goods in RSA<sup>1</sup>

(FY 2021: R124 million)

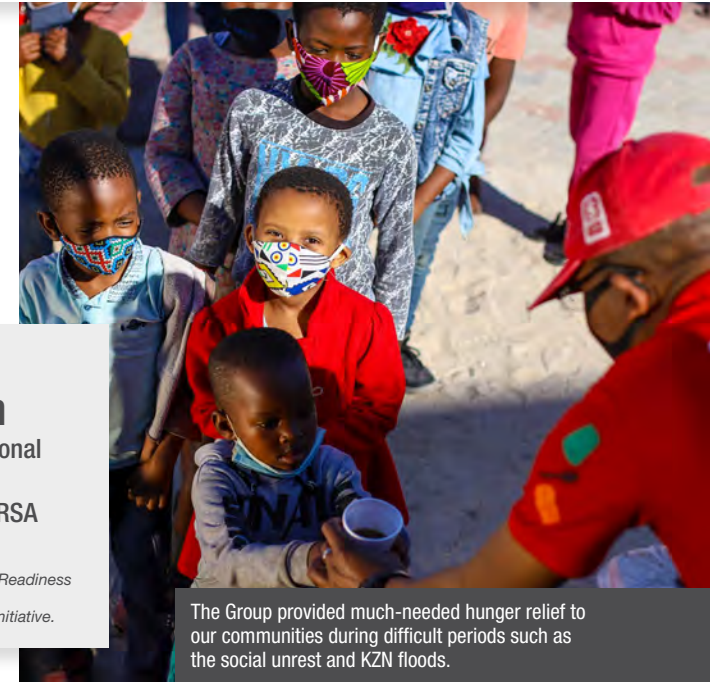
<sup>1</sup> Surplus donations are  
recorded at cost price.



**Invested**  
**R145 million**  
in training and educational  
programmes for  
unemployed youth<sup>2</sup> in RSA

(FY 2021: R105 million)

<sup>2</sup> Includes spend on the Retail Readiness  
programme (RRP) and Youth  
Employment Services (YES) Initiative.



The Group provided much-needed hunger relief to our communities during difficult periods such as the social unrest and KZN floods.

**Hunger relief – RSA**  
**R24 million**

(FY 2021: R22 million)

Served 185 732 meals per day to  
vulnerable communities through  
our CSI programmes  
(FY 2021: 152 795)

Served 5 291 100 hot meals  
through our Mobile Soup Kitchens  
(FY 2021: 4 873 133)



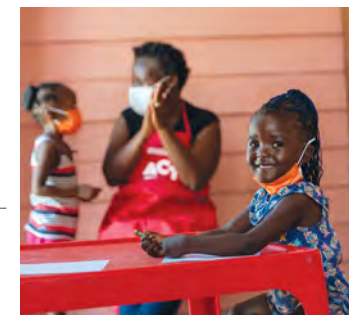
**CSI spend in RSA**  
**R43 million**  
(FY 2021: R44 million)

**Community support – RSA**  
**R16 million**

(FY 2021: R18 million)

Total investment into communities as % of net profit  
after tax (NPAT) – RSA 5.6% (FY 2021: 4.9%)

Supported 177 community food gardens to build  
community-level food security since inception of the  
programme in RSA (FY 2021: 146)



**Early childhood  
development – RSA**  
**R3 million**

(FY 2021: R3 million)

Supported 107 ECD centres  
(FY 2021: 103), benefiting  
7 151 children (FY 2021: 5 062)



## Our position on community development

We have developed a clear and ambitious CSI strategy that is in line with our purpose. CSI is the primary means through which we demonstrate our active involvement in communities, while our enterprise supplier development (ESD) programmes help to grow businesses and create jobs in the communities where we operate.

We primarily invest in programmes in the following areas:

### FOOD SECURITY AND HUNGER RELIEF

Our surplus food donations support hunger relief in partnership with beneficiary organisations. We focus on building resilience and combating the impact of climate change on low-income communities through our food gardens, and responding rapidly to deal with disaster-type events by providing hunger relief through our Mobile Soup Kitchens. Our ECD nutrition programme provides children with the nutritional support they need to relieve hunger and support their development at a critical time in their development.

### SKILLS DEVELOPMENT

We support training and educational programmes in South Africa linked to youth unemployment through our pivotal programmes, the YES Initiative and our Retail Readiness programme.

### ENTERPRISE SUPPLIER DEVELOPMENT

We build resilience and support sustainability in our supply chain through ESD investments and preferential procurement.

Our community development supports our values.

**DOING THE RIGHT THING:** We strive to make a positive difference in the communities beyond our own doors, while maintaining accountability, growing trust and putting our customers first throughout our provision of services.

**SAVING TO SHARE:** We #ActForChange to involve staff and customers and share surplus food to support people in need, while upholding a relentless focus on low costs, increased efficiency and sustainable environmental practices. Through these practices, we strive to become equally more socially and environmentally sustainable.

**DEVELOPING LOCAL:** We pursue opportunities for local and small suppliers by giving them access to our markets and supporting their development. We embrace economic transformation through job creation, skills development and career growth, particularly in terms of youth unemployment. We continuously invest in our people, helping us to grow from within.

## Contribution to hunger relief and food security

Our socio-economic contribution focuses primarily on food security and hunger relief through various programmes. We provide hunger relief to those in need through surplus food donations, and our Shoprite Mobile Soup Kitchens, while our food garden programmes strengthen food security within communities and at household level. Although the scale of our operations and programmes has a considerable impact, we amplify our impact by collaborating with other organisations, which do not have the same level of access to beneficiaries as we do.



Shoprite's trust in us has enabled us to implement and innovate in ways that unquestionably set a new standard for success in small-scale food security projects. Furthermore, a partner that pushes, motivates and enables us to continually improve our impact and methodologies is invaluable and should be individually recognised."

– Food and Trees for Africa, 2021 Annual Review



## FOOD DONATIONS

Surplus food donations are an essential part of our hierarchical approach to reducing food losses and waste. Donations have a dual benefit by reducing the negative environmental impact of food waste and by alleviating hunger through beneficiary organisations. After beneficiary organisations such as old age homes, orphanages, community centres and soup kitchens are identified, they are vetted internally and audited externally to ensure they can safely store, handle, prepare and serve all donated food.

In the year under review, we increased the amount of food we donate by 14.1% (FY 2021: 44.6%). Total food donations to 507 beneficiary organisations amounted to R157 million (FY 2021: 452 beneficiaries, R137 million donated). These donations enabled us to serve 45 957 844 meals in South Africa (FY 2021: 40 684 855 meals).

Surplus donation  
RSA

**R147 million**

(FY 2021: R124 million)

Surplus donation  
Non-RSA

**R11 million**

(FY 2021: R13 million)

Total food donations  
**= R157 million**

(FY 2021: R138 million)

**46.0 million meals**

(FY 2021: 40.7 million meals)

Throughout the donation process, all donated food items are tracked so we can monitor our impact. In previous years, donated products needed to be captured manually. At the end of the financial year, we implemented a system enabling stores to scan donated products. Improving efficiencies in this process increases the amount of food likely to be donated. We are in the process of simplifying the donation process from non-profit organisation (NPO) application and vetting to the surplus food handover process.

We use reusable surplus food collection boxes to transport food to further reduce the environmental impact of surplus food in our operations.

Training of our staff is a key enabler of our surplus food donations. We ensure our staff are given training on our process, procedure and policy in terms of surplus food donations.





## Contribution to hunger relief and food security continued

### DISASTER RESILIENCE AND PREPAREDNESS

We support the communities in which we operate when natural disasters occur like the KwaZulu-Natal floods and events like the July unrest in 2021. Our 26 Mobile Soup Kitchens in South Africa, and three in Angola, Namibia and Zambia, are often among the first to respond to communities in distress (FY 2021: 26 and three).

Since establishing our Mobile Soup Kitchen initiative in 2007, we have served more than

**53.3 million meals**

Our Mobile Soup Kitchens were limited to food drop-offs during hard lockdowns, which has lifted significantly. By the end of the financial year, we were able to serve communities regularly in person and we are proud to have served 5 291 100 warm meals (FY 2021: 4 873 133), representing a year-on-year increase of 8.6%. These communities continue to express their gratitude for the meals we served, as we have become an entrenched part of the community. We do, however, remain aware of the demands we are unable to meet as the number of those in need continues to expand. In 2022, we added an additional Mobile Soup Kitchen to our fleet in Namibia.

#### Our fleet of Mobile Soup Kitchens includes:

##### Mobile Soup Kitchens in South Africa:

**26**

(FY 2021: 26)

##### Mobile Soup Kitchens in Non-RSA:

**3**

(FY 2021: 3)



In the wake of the #KZNfloods, Shoprite South Africa and Checkers, a long-standing partner in our Disaster Response Soup Kitchen initiative, provided 35 000 cans of food and 12 000 litres of water towards our relief efforts.”

– Gift of the Givers

#### CASE STUDY

### Disaster relief in action

There has been an increase in the amount of climate-related disasters, most notably the KwaZulu-Natal floods earlier this year. The Group heeded the call for help and immediately mobilised its soup trucks to offer food relief to those affected by the floods. A donation of R30 000 was made together with energy drinks and snacks for frontline workers. Thousands of meals were served a day in the province. Furthermore, 35 000 cans of food and 12 000 litres of water, worth R450 000, were donated to those in need. The Group encouraged consumers to donate through their R5 contributions to our #ActForChange fund at Shoprite, Checkers and Usave supermarkets across the country.

In November last year, the Group stepped in to help those affected by the devastating floods on the Garden Route. We again acted swiftly to offer much-needed relief to those affected by floods in East London, with our Mobile Soup Kitchens and food parcels distributed through the Gift of the Givers.

We assisted during the flooding in Deelpan and Centurion, and with the cleanups in Ladysmith. It is usually the poor who bear the brunt of climate change; therefore, it is imperative we are there in times of need. This is what it means to be a business with heart and to act in the spirit of ubuntu.



Providing hunger relief at Quarry Road in Durban during the KZN floods.



The Dladla Garden in Pietermaritzburg, KwaZulu-Natal was one of 29 food gardens in the province to receive garden resources to help them start and sustain their food gardens.



## Contribution to hunger relief and food security continued

### SUPPORTING COMMUNITY FOOD SECURITY THROUGH FOOD GARDENS

In recent years, adverse events – including the Covid-19 pandemic and the unrest in South Africa – emphasised the importance of community and household level food security. We assist through our community and household food gardens. The training and employment opportunities provided by the gardens further helped communities by creating income-generating opportunities. These gardens address food security and build resilience against climate disasters, while building skills and creating income-generating opportunities at community and household levels.

Since the programme's inception, we have supported

**177 food gardens**

in South Africa and six in Non-RSA countries  
(2021: 146 and three)

Since the programme's inception, we have supported 177 food gardens in South Africa and six in Non-RSA countries (FY 2021: 146 and three). This has amounted to a total investment of R42 million (FY 2021: R34 million) and includes R8 million invested in the year under review (FY 2021: R8 million). In 2022, we established 31 food gardens.

Our implementation partner, Food and Trees for Africa, conducts community-needs assessments, ensuring these funds are deployed to have the greatest possible impact. The mentorship and training provided covers everything beneficiaries need to know, from the basics of seed and water management to entrepreneurship.

In the year under review, our food gardens produced a harvest of 31 538 kg (FY 2021: 66 403 kg). The gardens also provided 2 796 community members with training opportunities to learn about food gardening (FY 2021: 2 560). Our Market Days, which restarted only in 2022 after being affected by the Covid-19 pandemic, provide beneficiaries the opportunity to sell their produce in a formal retail environment. In 2022, 102 food gardens sold surplus produce through our two Market Days (FY 2021: 14 food gardens and five Market Days).



COMMUNITY  
FOOD GARDENS  
ESTABLISHED IN  
SOUTH AFRICA

Production gardens

**15**

(FY 2021: 12)

Social gardens

**16**

(FY 2021: nine)

Household gardens

**884**

(FY 2021: 2 074)

Leano Agri Food Garden based in Gauteng.

Our food gardens provided 954 408 meals (FY 2021: 846 432), while our household garden programme provided 164 976 meals (FY 2021: 122 544) to beneficiaries in the year under review. Our food garden programmes have indirectly impacted 53 515 beneficiaries (FY 2021: 45 480) since inception, with 8 035 beneficiaries benefiting in the year under review (FY 2021: 16 950).

We have increased our food garden support in Non-RSA countries by supporting three food gardens in Lesotho. The Group is working towards increasing its food garden footprint in countries outside of South Africa.

### FOOD GARDENS AT HOME

The Group supports food security and climate change resilience at a household level by equipping community members with Garden in a Bucket and Reel Gardening kits to start their own household food gardens. Members receive the necessary training on how to maintain their gardens. The kits contain essential resources such as a variety of seedlings, fertiliser and garden tools. Each kit secures produce for a family of four for a year. In 2022, we reached 884 homes, or 3 536 beneficiaries, through our household food garden programme (FY 2021: 2 074 homes, or 8 296 beneficiaries).

### PLANTING TREES

Since 2018, the Group has been committed to supporting the Avian Park Community Garden and linked household gardens. Located in Worcester, the Avian Park community has been a beneficiary of the Trees & Gardens for Home campaign. The campaign issues 500 trees to 250 community members with the aim of creating a greener environment, developing skills in the community and mitigating the effects of climate change. The initiative offers short-term employment for community members participating in the campaign. The same campaign was launched at The Thoughtful Path community food garden, located in the Munsieville community in Gauteng, during the reporting period.

During the year under review, we donated

**500 indigenous and fruit trees**

to 250 members of the Munsieville community.  
(2021: 500 and 250)





## Contribution to hunger relief and food security continued

### ENABLING SUPPLIER DONATIONS TO OUR NETWORK OF BENEFICIARY ORGANISATIONS

Through years of working with a variety of beneficiary organisations, we have gained a thorough understanding of the challenges they face. While our donations have a significant impact, we recognise there is more that could be done. We are able to offer our suppliers an opportunity to implement their CSI through the work we have been doing, thereby playing an enabling role.

Through our relationships with beneficiary organisations and suppliers, we are often able to secure product donations from suppliers to help our network of beneficiaries. By creating a collaborative space, we can facilitate initiatives that have an impact on a larger scale than the individual partners could have. Our stakeholders see us as a reputable partner in effecting change where it is most needed.



**Reckitt** – we distributed Dettol hand sanitisers through our Mobile Soup Kitchens



**Tiger Brands** – Albany supports our Mobile Soup Kitchens with bread donations



**Pepsi Co** – Sasko supports our Mobile Soup Kitchens with bread donations



**McCain** – assists with co-funding food gardens in Gauteng



**Mars** – provided the Group with fortified soup



**UD** – sponsor of the Mobile Soup Kitchen trucks



**FUSO** – sponsor of the Mobile Soup Kitchen trucks



Freshmark has continued to play a role in connecting beneficiary organisations directly with fresh produce suppliers that have surplus produce.

In 2022, Freshmark facilitated direct donations to **8** beneficiary organisations (FY 2021: 11)

Surplus produce is often wasted at an agricultural level. Through our intervention between suppliers and beneficiary organisations, we facilitate waste reduction while alleviating hunger.



Checkers Drakenstein store in Paarl, Western Cape, South Africa.



Shoprite and McCain South Africa joined hands to assist with the development of community food gardens at Siyonqoba Centre for People Living with Disabilities and the Tholakele Centre of Hope, based in Gauteng.



## Early childhood development support

The Shoprite Group provides ECD support to enhance the day-to-day experience of the children in these centres at a critical time in their developmental journey. Our employees' children often attend the ECD centres we assist, reinforcing the connection we have with these centres. We partner with underprivileged ECDs to ensure adequate nutrition in the meals served and to provide practitioner skills training and development.

This year, we refined our core focus to no longer include improving infrastructure and providing the resources available to ECD centres. As there is a continual need for assistance in this area, we have aligned our support where strategic advantages exist: nutritional requirements.

➔ Read more about how we are partnering in the supply chain to support infrastructure indirectly on page 41

In 2022, we helped  
**107**  
ECD centres  
(FY 2021: 103)

These ECD centres supported  
**7 151** children  
through their operations.  
We support ECDs in  
South Africa and Lesotho  
(FY 2021: 5 062)

Kgolagano Day Care Centre in Rustenburg.

## NUTRITIONAL SUPPORT

Adequate nutrition is an essential part of creating an environment where learning can take place.

In the year under review, we provided  
**381 590** meals  
to children through ECD centres  
(FY 2021: 291 837)

Our focus on nutrition provides a meal either at breakfast or lunch to children up to the age of five years every school day. Our implementation partner, The Lunchbox Fund – an NPO focused on the nutritional needs of children – aids us in making sure all meals are nutritionally balanced. Their meals provide nourishment for physical health, growth and boost mental concentration. These meals are provided with the aim to reduce the risk of stunted growth in children.

## ECD PRACTITIONER TRAINING

We provide ECD centres with much-needed training, presented by the Early Care Foundation. The foundation focuses on training practitioners to develop their day-care centres into safe, stimulating places for children in the community.

We provided training to  
**186** ECD practitioners  
(2021: 84)

- **C.A.R.E. programme** – provides practitioners with training on early childhood nutrition, learning and day-to-day classroom activities.
- **Money Management programme** – provides ECD principals with training that encourages the financial sustainability of the ECD centres. In 2022, the programme achieved SETA accreditation, which supports the long-term learning prospects of participants.
- **Child Development programme** – the programme is delivered in support, to mentor the ECD centres and focuses on providing emergent ECD practitioners with a good grounding in the understanding of early childhood development.
- In 2022, we expanded our training to include fire training, presented by **Working on Fire**.

## Community support

Our efforts to assist communities extend beyond what we have direct control over. We support our customers and employees in making a difference.

## EMPLOYEE VOLUNTEERISM

We encourage our employees to volunteer through multiple internal communication platforms such as SiyaRinga and our internal newspaper. Our employees are active volunteers within their communities, which we promote through our Business with Heart initiative. Through this, we match donations made by our employees.

## FUNDRAISING INITIATIVES

We support fundraising initiatives for various worthy causes beyond our own. Through our extensive footprint and scale, we raise funds via customer donations through purchases, in-store fundraising events and customer donations at our till points. The funds raised are distributed to vetted NGOs across South Africa.

In 2022, we distributed funds to Gift of the Givers, Meals on Wheels, Operation Hunger, Red Cross and Rise Against Hunger. In addition, we distributed funds to two specific campaigns, namely Let's Rebuild SA – which supported communities after the riots experienced in 2021 – and the KwaZulu-Natal floods.

We further enabled customers to make a difference at minimal cost to themselves in the year under review. Customers can make a donation for as little as R5 to the Act For Change Fund. In addition, the Group donates a meal for every three swipes customers make using their Xtra Savings card through our Swipe for Good programme.

#ActForChange Fund –  
customer donations at till point  
**R1 257 091**  
(FY 2021: R1 409 930)

➔ Refer to page 42 for more information on how we support communities through fundraising

	Donations through purchases	In-store fundraising events	Donations in tins placed at till points
2020	R1 588 002	R899 258	R450 203
2021	R1 254 605	R1 174 432	R351 288
2022	R1 545 820	R1 246 183	R309 921





## Community support continued

### THE APPLIANCE BANK

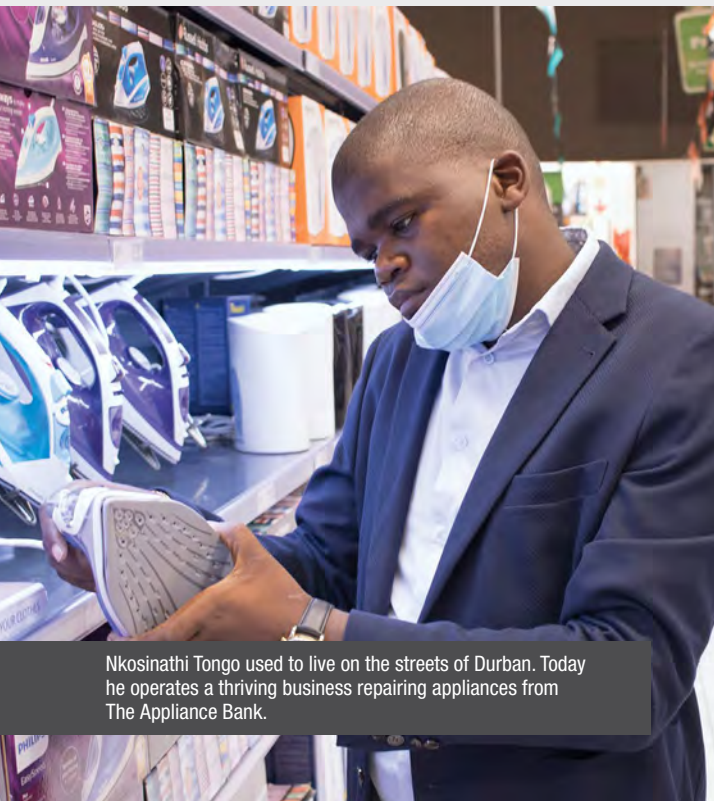
In 2022, we donated

**R4 million**

(FY 2021: R5 million)

in goods from 15 participating stores to The Appliance Bank

The Appliance Bank provides unemployed community members with training in the technical skills needed to repair damaged appliances. Participants are then able to earn an income from selling repaired appliances and by offering repair services in their communities. Training includes broader financial, business and life skills needed to run a successful business. The programme not only creates income-generating opportunities, but reduces the amount of electrical appliance waste going to landfills.



Nkosinathi Tongo used to live on the streets of Durban. Today he operates a thriving business repairing appliances from The Appliance Bank.

### Developing the youth through learning initiatives

#### YOUTH DEVELOPMENT AND TRAINING

The Shoprite Group continues to invest in youth development through various initiatives. We aim to attract and develop youth who are in line with our employment equity goals and aspirations, differently abled and come from diverse areas. Our investment in youth development and training spans across employed and unemployed youth. We believe we are able to offer the youth of South Africa an attractive early career in the retail business.

The YES Initiative and Retail Readiness programme continue to serve as key unemployed youth development programmes.

In 2022, we trained a total of

**6 016**

(FY 2021: 6 247)

unemployed youth through our Retail Readiness programme and our participation in the YES Initiative.

YES Initiative	2021	2022
Unemployed youth trained	2 707	1 900
Number of participants offered jobs within the Group	300	456
Investment per year	R67 891 939	R86 669 853

Retail Readiness	2021	2022
Unemployed youth trained	3 540	4 116
Participants that completed the programme	67.0%	78.0%
Number of participants offered jobs within the Group	2 014	790
Average absorption rate	55.6%	19.0%
Investment per year	R37 188 971	R58 135 950
Investment since inception	R484 078 163	R542 214 113



Phenyo Mogale (25) from Bapong, Rustenburg, was unemployed when he joined the YES Initiative in September 2020. Just eight months later he was a trainee manager at Shoprite Moruleng.

"Working in several departments empowered me with valuable skills and I grabbed every opportunity that came my way with both hands."

– Phenyo Mogale, Trainee Manager at Shoprite Moruleng

We were able to support the YES Initiative as a strategic contributor by offering employment for YES learners at the various new ventures that the Group is undertaking.

**309**

YES unemployed youth were placed at **supplier development initiatives**

**1 591**

YES unemployed youth were placed at our **retail operations**

**302**

YES unemployed youth were placed at **OUTsurance**

**7**

YES unemployed youth were placed at **Packa-Ching**



## Supplier diversity and development

The Group relies on a diverse network of suppliers. Our supply chain has proven itself to be resilient in the face of various challenges including the Covid-19 pandemic and the riots and floods experienced in South Africa in the past financial year. Our resilience can in large part be attributed to the diversity of our supply chain.

### BOLSTERING OUR CAPACITY TO SUPPORT SMALL BUSINESSES

Our experience within the retail sector and the scale of our operations places us in a unique position to nurture and grow SMMEs to become large-scale suppliers. We have always supported SMMEs by providing a route to market. In 2022, however, we developed a tailored approach in our buying function to support SMMEs. Developing SMMEs' capacity to supply at a larger scale, supports the diversity of our network.

Our appointment of Maude Modise, Group Manager: Enterprise and Supplier Development, exemplifies our long-term commitment to supporting the development of SMMEs. Through this dedicated role, and the resources committed to it, we will be better able to support SMMEs to unlock their potential.

### ENCOURAGING PREFERENTIAL PROCUREMENT

The Shoprite Group focuses on growing expenditure on SMME suppliers, particularly on black-owned and black women-owned businesses. Providing access to market through our stores gives SMMEs the opportunity to grow their businesses. As they grow, we are able to increase our expenditure, provided their products are well received by our customers.

In South Africa, we spent

**R12.6 billion**

on black women-owned suppliers in the year under review

(FY 2021: R8.5 billion)

	2021	2022
Growth in expenditure on SMMEs	32.0%	4.1%
Supplier spend on black-owned SMMEs	1.8%	1.7%
Supplier spend on black-owned suppliers	9.2%	10.8%
Supplier spend on black women-owned suppliers	5.5%	7.2%
Supplier spend on SMMEs	4.7%	4.4%

## INVESTING IN SMMEs

Our investment focus with regard to SMMEs is to provide them with financial capital and access to the formal retail market.

In 2022, we continued to support the three equity investments in LBB Foods, Red Baron Agri and Zulzi On Demand that were made through our existing partner Thuthuka Nathi Venture (Pty) Ltd.

The Group has committed  
**R50.5 million**  
to SME development

SHOPRITE  
**NEXT**  
CAPITAL

In 2022, we decided we would like to ramp up our contribution to ESD and CSI by incorporating a special purpose vehicle called Shoprite Next Capital. This company will be tasked with the following objective: building a sustainable ESD ecosystem that will assist in scaling existing ESD/CSI projects within the Shoprite Group. Shoprite Next Capital will lend itself to SMME trade assistance and provide the support necessary to encourage growth of these businesses. This will take place through compliance assistance, working capital assistance and training. Investment will follow companies that perform, building stronger partnerships and scale.

The Group – through the Shoprite Hustle competition held in 2021 – provided an opportunity for small business owners to grow their SMMEs, by way of access to financing and other means of support.

### BUILDING A RESILIENT SUPPLY CHAIN – LOCAL SMME SUPPLIER SUPPORT

All suppliers are required to provide certificates that meet strict compliance requirements. Owing to a lack of experience, SMME suppliers often struggle to understand and subsequently obtain the necessary certification to meet these requirements. We provide SMME suppliers with support in obtaining certification.

➔ Read more about our ESD initiatives on page 38

Through our support of SMME suppliers, some have become national suppliers. An example of this is Nossab Fisheries, which started as an SMME and now supplies fish to our national private-label brand, Cape Point. Nossab's growth has created jobs and received WWF SASSI training.

➔ Read more about our sustainable fishing training initiative on page 60

CASE STUDY

## Shoprite Hustle

The Group stepped up its support of entrepreneurship with the 2021 Shoprite Hustle competition. This competition celebrates established and promising small business owners and help them grow their businesses. Those who entered, competed for a share of more than R1 million in prizes. Twenty deserving winners stood the chance to win R50 000 in a suitcase, a laptop, digital and social media support and access to Startup Circles' Ignition programme. This competition showcases the Group's recognition of the importance of developing SMMEs in South Africa.

**SHOPRITE**  
**HUSTLE**  
**2021**  
**SUPPORTING**  
**SMALL BUSINESSES**



Mpumi Motsabi from Toys With Roots, one of our previous Shoprite Hustle winners.





5

## ENVIRONMENTAL STEWARDSHIP

We rely on the environment to provide the resources needed throughout our operations. As society develops, so does its impact on the environment; we see this in the communities where we operate, in our supply chain and our own operations. As the largest fast-moving consumer goods retailer on the African continent and the largest private-sector employer in South Africa, we play an active role in addressing these issues and acknowledge our responsibility to operate sustainably in the countries where we operate. We do so by focusing on the material matters we have identified, leveraging our key enablers and building resilience within these communities.

We strive to continuously reduce our environmental impact by increasing our operational efficiencies. This not only reduces our environmental impact, but it also realises significant cost savings that we share with our customers through the affordability of our products.

### RELATED SDGs



Submitted targets to the SBTi

Increased our surplus **FOOD DONATIONS** by **8.0%**

Reduced our **WATER USE** intensity by **7.5%**

Reduced our **CARBON EMISSION** intensity by **3.3%**  
Scope 1 and Scope 2 intensity reduction.

Total **CARBON EMISSIONS**  
(Scope 1, 2 and 3):  
**19 166 695 tCO<sub>2</sub>e**  
(FY 2021: 18 692 017 tCO<sub>2</sub>e)

**ELECTRICITY CONSUMPTION** reduced by **399.3 million kWh** through our LED lamp replacement project

Increased the installed capacity of our **PV** system by **82.1%**

**91.3%** of our in-store packaging is **REUSABLE, RECYCLABLE OR COMPOSTABLE**

**AVERAGE RECYCLED CONTENT** used for our in-store packaging **68.0%**

Paid **R857 629** in rebates to our customers for using our **REUSABLE PLANET BAGS**

**77.0%** of our private-label products **HAVE ON-PACK RECYCLING LABELS**



## Climate change – energy and emissions

We see the impact of climate change in our operations and in the communities and supply chains we rely on. In 2022, the scale and intensity of this impact was particularly evident in the floods experienced in KwaZulu-Natal that damaged infrastructure and had a high cost of life. The emissions of our operations indirectly contribute to these impacts, and we have therefore prioritised mitigation and adaptation efforts wherever possible. The Group's renewable energy targets can be found with the Group's CDP climate change response. This includes unquantified, process targets.

Through mitigation, we reduced our carbon emission intensity by

**3.3%**

(FY 2021: 5.2%).

OUR EMISSIONS ARE:

Scope 1

**527 012 tCO<sub>2</sub>e**

(FY 2021: 563 355 tCO<sub>2</sub>e)

Scope 2

**1 872 913 tCO<sub>2</sub>e**

(FY 2021: 1 867 528 tCO<sub>2</sub>e)

Scope 3

**16 705 791 tCO<sub>2</sub>e**

(FY 2021: 16 249 912 tCO<sub>2</sub>e)

Total carbon emissions  
(Scope 1, 2 and 3)

**19 166 695 tCO<sub>2</sub>e**

(FY 2021: 18 692 017 tCO<sub>2</sub>e)



Electricity used

**1 911 388 MWh**

(FY 2021: 1 942 355 MWh)



Fuel used

**54 739 951 litres**

(FY 2021: 58 605 440 litres)



Total energy consumed

**2 458 451 MWh**

(FY 2021: 2 525 546 MWh)

THIS  
SUPPORTS OUR  
CLIMATE CHANGE  
COMMITMENT

**6**



We continue investigating and piloting energy-efficient options across our supply chain.

## OUR POSITION ON CLIMATE CHANGE

The Shoprite Group recognises that climate change, driven by global greenhouse gas emissions, will directly and indirectly impact its business and the communities in which it operates. Therefore, the Group supports the UNFCCC goal of limiting global temperature rise to below 1.5°C above pre-industrial levels.

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

Reducing greenhouse gas emissions and continuously improving energy efficiency in its direct operations, and its supply chain by engaging with suppliers.

Strengthening the resilience and adaptive capacity of its operations and that of the communities in which it operates.

To this end, the Shoprite Group remains committed to the following:



**1**

Embracing energy efficiency throughout its operations (in stores, distribution centres and transportation), and using more renewable energy to reduce greenhouse gas emissions.

**2**

Setting science-based greenhouse gas emission reduction targets for the medium and long term, as well as renewable energy usage targets.

**3**

Strengthening the resilience and adaptive capacity of its operations and supply chain to ensure responsible business continuity, and that of the local communities in which it operates.

**4**

Collaborating and partnering with key stakeholders including regulators, suppliers, NGOs and other organisations to address this critical global issue.

**5**

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

**6**

Reporting and disclosing its plans, efforts and performances related to climate change mitigation and adaptation.

## PROGRESS TOWARDS SCIENCE-BASED TARGETS

We must act with urgency to limit global temperature rise to below 1.5°C above pre-industrial levels, as our window to make the necessary changes closes rapidly. Globally, we must halve emissions before 2030 and achieve net-zero before 2050 to avoid the most devastating impact of climate change.

Because the Group is aware of the impact climate change poses, we have committed to supporting the UNFCCC goal of limiting global temperature rise to below 1.5°C above pre-industrial levels. This commitment is in line with the SBTi's urgent call for corporate climate action and we have committed to setting near-term Company-wide emission reduction targets in line with climate science with the SBTi, as well as renewable energy usage targets. In 2022, we submitted our targets for validation and are awaiting approval.

THIS  
SUPPORTS OUR  
CLIMATE CHANGE  
COMMITMENT

**2 AND 4**







## Climate change – energy and emissions continued

### REPORTING ON OUR PROGRESS

Our reporting is aligned with several international reporting frameworks and guidelines. While this report outlines our plans, efforts and performance related to climate change mitigation and adaptation, our TCFD report is a focused report that provides detailed disclosures on the climate-related risks and opportunities we face. Our submission to the CDP climate change platform is aligned with our TCFD report.

Our Scope 1 and 2 emissions have third-party verification or assurance processes in place and details regarding this assurance can be found within our CDP climate change response.

### TCFD

In what is our second year of TCFD reporting, we integrated renewable energy key performance indicators (KPI) into executive incentive structures and we submitted our science-based targets to the SBTi for validation and are awaiting approval.

➔ Read more about these developments on page 9 and page 46 respectively.

➔ Our TCFD index can be found in Appendix 3 on page 65

### CDP

This year marks our 12th year of submission to the CDP. Our CDP climate change score is ranked within the B category (FY 2021: A-). Visit our website to access our CDP climate change response report.

CDP Climate Change Response

THIS  
SUPPORTS OUR  
CLIMATE CHANGE  
COMMITMENT

6

### INVESTING IN ENERGY EFFICIENCY INITIATIVES

Before the implementation of our LED replacement project, electricity consumption through lighting represented approximately 20% of store consumption. Our LED replacement project has significantly reduced our electricity consumption through lighting and is set to be completed in South African stores and DCs by the end of the 2022 calendar year. In the year under review, we retrofitted 280 (FY 2021: 371) supermarkets, furniture outlets and DCs, investing a further R48.4 million (FY 2021: R60.8 million).

The installation of LED lighting has reduced our total associated consumption in stores by 11.8% on average. In total, we have saved 399.3 million kWh, 150.4 million kWh of which was saved this year (FY 2021: 248.9 million kWh and 125.7 million kWh). The LED project has saved 412 839 tonnes of CO<sub>2</sub>e (FY 2021: 253 115 tonnes of CO<sub>2</sub>e) and R289 million in electricity cost in the year under review (FY 2021: R210 million). We are in the process of replacing existing T8 tubes in Non-RSA countries including Botswana, Eswatini, Lesotho and Namibia, and there is a rollout plan for the remaining countries.

### INCREASING OUR USE OF RENEWABLE ENERGY

In the year under review, we made notable progress in our use of renewable energy and have set three-year targets for increasing the percentage of renewable electricity we consume, from our 2021 baseline year. In 2022, 2.8% (FY 2021: 0.5%) of our electricity came from renewable sources, exceeding our target of 2.5%.

In 2022, we consumed 54 138 of renewable energy, which reduced our emissions by 57 480 tCO<sub>2</sub>e (FY 2021: 10 993 MWh and 11 249 tCO<sub>2</sub>e). We increased the installed capacity of our solar PV systems by 82.1% (FY 2021: 350.0%) at 62 sites (FY 2021: 32), increasing our total installed capacity to 26 606 (FY 2021: 14 331 kWp). We now have 58 sites in South Africa and four in Namibia (FY 2021: 28 and four).

Installing solar PV on trailers has been a priority since trucks with solar PV trailers can be switched off while the refrigeration and the tailgate lift continue to run on solar power. We increased the number of trailers in our fleet with solar PV to 1 041 (FY 2021: 807) in 2022.

The consumption of renewable electricity saved  
**57 480 tCO<sub>2</sub>e**  
in this financial year  
(FY 2021: 11 249 tCO<sub>2</sub>e).

Renewable electricity consumed – annual  
On sites  
**54 138 MWh**  
(FY 2021: 10 993 MWh)

Solar power generated by PV panels – annual  
On trailers  
**1 422 MWh**  
(FY 2021: 1 206 MWh)

	2021 <sup>1</sup>	2022 <sup>1</sup>	Cumulative
Electricity use reduction owing to LED project (kWh)	125 694 550	150 435 988	399 322 207
Electricity cost reduction owing to LED project	R210 260 267	R288 692 240	R685 439 950
Investment in LED project	R60 830 136	R48 365 563	R264 324 392
tCO <sub>2</sub> e saved as a result of LED project	128 627	159 724	412 839

<sup>1</sup> Since project inception, 2018.

THIS  
SUPPORTS OUR  
CLIMATE CHANGE  
COMMITMENT

1

Our commitment to procuring 434 000 MWh of renewable energy a year from a specialist energy trader through our renewable energy procurement project is still in place. The project experienced challenges, particularly in wheeling the electricity from the generation site to our operations, as the co-ordination of multiple stakeholders has increased the complexity of the project. We continue to work with our energy trading partner and provide support wherever possible. We do, however, acknowledge the limited influence we have in this space. Support and decisive action are needed from all parties concerned, including the national energy regulator, Eskom, the municipalities affected and landlords of the buildings we operate in, to ensure projects of this scale are executed. While we are making progress in certain areas, we must act collectively at scale to mitigate the harshest impacts of climate change.

Our solar PV installation in Knysna.

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CLIMATE CHANGE  
COMMITMENT

1 AND 4





## Climate change – energy and emissions continued

### CASE STUDY

## Checkers Sitari powers its way to first premium SA supermarket running entirely on renewable energy

Earlier this year, Checkers Sitari, situated in Somerset West in the Western Cape, became South Africa's first premium supermarket and shopping centre to run completely off renewable energy, with the introduction of a 635 kWp rooftop solar PV installation. This is following an agreement with Eskom's Renewable Energy Tariff (RET) programme, which ensures Checkers and other tenants can run entirely on renewable energy sources.

These developments mean that Sitari Village Mall, owned by the Shoprite Group, can generate 35% of its energy from its rooftop solar PV system and the remaining 65% can be sourced from Eskom's wind plant. As a result 1 752 MWh of renewable energy will come via the RET programme.

This is one example of where the Group is mitigating its carbon footprint and improving energy efficiency across its operations. The Group more than doubled its solar capacity this last financial year. Developments such as Sitari shows the Group's commitment to strengthening the resilience and adaptive capacity of our operations and that of our communities.



## REDUCING OUR SCOPE 3 CARBON EMISSIONS

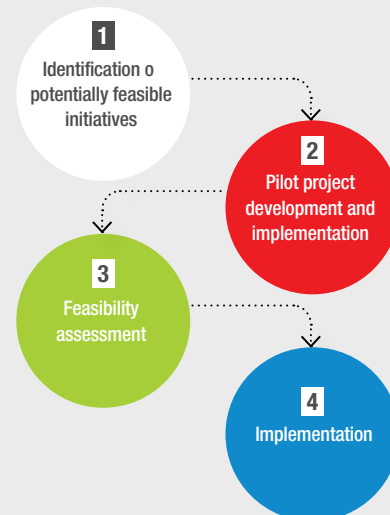
Several opportunities exist to reduce our Scope 3 emissions, including recycling, reusing, diverting waste from landfills and helping customers reduce their emissions. Yet, we recognise the decarbonisation of the national grid will have the biggest impact on reducing our Scope 3 emissions.

	2021	2022
tCO <sub>2</sub> e saved through recycling	28 226	166 773
tCO <sub>2</sub> e saved through cardboard reuse	1 325	5 635
tCO <sub>2</sub> e saved through diverting food waste from landfill	8 391	18 721
tCO <sub>2</sub> e saved by customers through Sixty60	650	7 999



## FINDING NEW SOLUTIONS THROUGH ENERGY EFFICIENCY RESEARCH

We continuously investigate energy-efficient alternatives to increase the efficiency of the resources we use and, in many cases, to reduce the associated cost.



In this last year, we piloted the outsourcing of refrigeration as a service. This was done at six of our stores in Namibia. Outsourcing this service allows us to install energy-efficient systems that are serviced and monitored by a specialist third party. The results of the pilot project showed significant benefits and we have subsequently signed contracts with a service provider who will take ownership of the refrigeration systems within the identified stores, except for the cabinets still owned by the Group. Outsourcing refrigeration as a service improves the efficiency of refrigeration by minimising the resources used and waste created through leaks.

We continue to investigate other energy-efficient solutions:



Adding glass doors to fridges.



Introducing more glass top, jumbo reach-in fridges where they are most effective.



Incorporating induction stoves in our kitchens.



Upgraded air conditioning and cooling equipment and best available technologies to reduce emissions of hydrochlorofluorocarbons (HCFC).







## Climate change – energy and emissions continued

### MONITORING AND MANAGING OUR ELECTRICITY USAGE

A centralised system connects our network of electricity meters and enables us to monitor our electricity usage. This system allows us to verify and optimise our measured usage against our utility accounts.

To date we have installed

**1 276 online electricity meters**

to expand the sites connected to our centralised system.

(FY 2021: 1 070)

While the hardware of the system is up to date and effective, we are in the process of replacing our software solution to enhance the analysis from the system further.

THIS  
SUPPORTS OUR  
CLIMATE CHANGE  
COMMITMENT  
**1 AND 3**



### MANAGING THE ENERGY CONSUMPTION OF THE GROUP'S FLEET

We continuously strive to increase the energy efficiency of our fleet through route and network optimisation, which includes sourcing locally and developing a network of distribution centres, increasing the energy efficiency of our trucks and by training drivers on reducing energy consumption. Through this relentless focus, we can lower the comparative impact of the distance our fleet travels every year.

In the year under review, reverse logistics or backhauling whereby our drivers pick up products from suppliers, saved 1 023 tonnes in CO<sub>2</sub> emissions (FY 2021: 940 tonnes). While this does not reduce our own emissions, it reduces the environmental impact of our broader supply chain.

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CLIMATE CHANGE  
COMMITMENT  
**1, 3 AND 5**



Kilometres driven  
by our fleet

**89 million**

(FY 2021: 85.6 million km)

Number of drivers

**1 531**

(FY 2021: 1 234)

Number of driver  
training hours

**20 241**

(FY 2021: 18 709)

Number of driver-  
training initiatives in the  
reporting period

**7 601**

(FY 2021: 3 033)

Number of drivers  
trained per year

**1 107**

(FY 2021: 1 269)

Backhauling (km)

**900 116**

(FY 2021: 845 324)

Growth in backhauling  
trips

**7.5%**

(FY 2021: 3.5%)



Newly installed electricity meter at Usave Tarkastad.





## Sustainable packaging

Packaging is an enabler of the modern retail environment. The Shoprite Group acknowledges the usefulness of packaging as it prevents food waste, yet it is a major source of waste if not managed responsibly. We support the circular economy approach whereby packaging waste is diverted from landfills to recycling facilities instead of the linear make-use-dispose approach.

The packaging materials used in our private-label product ranges and in the products we package in-store make up most of the materials we manage within the scope of our control. Our private-label products are made based on specifications set by a multidisciplinary team including food safety, marketing, procurement and packaging departments. We strive to set requirements that minimise our impact on the environment through our design-for-sustainability approach. Our in-store products include food sold at our delis, bakeries and fish shops. The packaging of these products is sourced and designed with sustainability in mind, without compromising on food safety.

In 2022, we set targets to take measured action in making our packaging more sustainable. We are on track to achieve our targets for the percentage of reusable and compostable in-store packaging and the percentage of recycled content of in-store packaging. We are on track to achieve targets we set regarding the percentage of private-label packaging that is reusable, recyclable or compostable as well as the percentage of private-label packaging content recycled.

Our position statement on sustainable packaging highlights our commitments, while this section of the report outlines our performance against these commitments.

## OUR POSITION ON SUSTAINABLE PACKAGING

By keeping the customer first in everything it does, it acknowledges the growing awareness and interest in packaging, particularly the use of plastic packaging, whether single use or not. The Group recognises the environmental degradation caused by packaging, be it on land or in marine environments, and its potential to become an environmental crisis if not addressed in a co-ordinated and collaborative manner.

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

To this end, the Shoprite Group's commitments to Sustainable Packaging includes the following:

- 1 Adopting a design-for-sustainability approach to packaging based on life cycle thinking and innovations, particularly for our own brands, including correct and non-confusing reusable, recyclable or compostable labelling.
- 2 Embracing the circular economy concept, even in our own operations, which supports extended producer responsibility of packaging, including in-store recycling of certain waste streams.
- 3 Setting commitments and targets to use sustainable packaging, especially for our own brands and in-store formats (such as carrier bags and fresh food packaging) including:
  - a. 100% of packaging to be reusable or recyclable or compostable by 2025.
  - b. 30% average recycled content across all packaging by 2025.
- 4 Collaborating and partnering with key stakeholders including regulators, suppliers and other organisations equally concerned about this issue.
- 5 Supporting local community recycling initiatives.
- 6 Sharing and promoting sustainable packaging information with employees, customers, suppliers and investors by reporting and being transparent about our efforts and performance.



## IMPROVING THE SUSTAINABILITY OF OUR IN-STORE PACKAGING

We are proud that all our in-store paper and paperboard packaging used in our delis, bakeries and fresh fish departments is Forest Stewardship Council or Sustainable Forestry Initiative certified.

Average recycled content used for our in-store packaging

**68.0%**

(FY 2021: 67.0%)

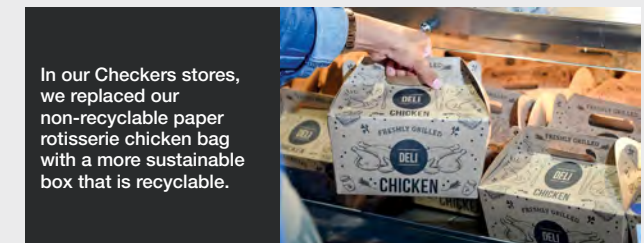
In-store packaging that is reusable, recyclable or compostable

**91.3%**

(FY 2021: 91.0%)

GRI 301-2

Although we have not yet reached our target of 100% of our in-store packaging – used in our delis, bakeries and fresh fish departments – being reusable, recyclable or compostable, we made good progress in transitioning key packaging categories. These changes include:



We continued the consolidation of our deli and bakery packaging options. Rationalising the packaging used in-store forms part of our hierarchical approach to waste, which prioritises the reduction of waste through design. In the year under review, we removed 140 packaging items.

Technology is a vital enabler of our progress. We are in the process of building packaging needs into our recipes and reordering system that will allow us to better manage packaging stocks and losses from a centralised Group level.

THIS SUPPORTS OUR SUSTAINABLE PACKAGING COMMITMENT 1, 2 AND 3







## Sustainable packaging continued

### RECYCLED CONTENT AND RECYCLABILITY OF PRIVATE-LABEL PRODUCTS

The packaging used for our private-label products – particularly Forage and Feast, Simple Truth and Oh My Goodness! – is designed with sustainability principles in mind, including using recyclable materials. Increasing the recycled content used in our private-label packaging is an important part of contributing to the circular economy.

- Our packaging for our Simple Truth cleaning consumables range contains 57.7% post-consumer recycled content.
- Our Crystal Valley milk bottle caps are now white to increase the ease of recyclability.
- Our Renew foam bath range uses a recyclable bottle, with a recyclable cap. The caps in the range are now the same natural colour, which increases the ease of recyclability.

We remain committed to increasing the sustainability attributes of our fruit and vegetable packaging under the Freshmark brand. At year end, 56.0% (FY 2021: 52.0%) of our Freshmark packaging could be categorised as recyclable, reusable or compostable.

### RECYCLING LABELS ON PRIVATE-LABEL PACKAGING

Indicating whether packaging is recyclable is an essential part of increasing recycling rates as it helps guide customers when they recycle. On-pack recycling labels are widely recognised and used to provide customers with a consistent message on the recyclability of a product. In 2022, we continued to standardise these recycling labels used on our private-label packaging.

Private-label products with on-pack recycling labels

**77.0%**

(FY 2021: 45.0%)

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

**584**

(FY 2021: 156)

### APPOINTING SPECIALISTS AND RESEARCHING ALTERNATIVES

This year, we have appointed a Packaging Sustainability Officer to strengthen our team's capabilities in sustainable packaging. Developing expertise within our packaging team to support our commitments exemplifies our commitment to increasing the sustainability of our packaging. Through this role, we can research, pilot and implement alternatives to the packaging we currently use.

### STAYING ABREAST OF DEVELOPMENTS IN THE PACKAGING INDUSTRY

During the year under review, we presented a supplier training webinar to communicate our packaging commitments and engage them on the developments in Extended Producer Responsibility (EPR). This aims to ensure producers take responsibility for the full life cycle of products they put into the market. Under the new EPR regulations, retailers and brand owners are included in the definition of producers.

EPR regulations and plans in South Africa are supported by existing industry producer responsibility organisations, representing material subsectors in the industry, which we support. By engaging suppliers on developments in the industry, we are taking a leadership role, encouraging them to take part in these developments. Monthly meetings with in-store packaging suppliers and Producer Responsibility Organisations encourages clear communication and sustainability in the industry.



We continue looking for options to improve the design of our packaging to enhance recyclability.







## Sustainable packaging continued

### SUPPORTING INNOVATIVE SUPPLIER PACKAGING

Our Freshmark 400 g PolyShield beetroot tub won the Institute of Packaging's Gold Pack award in the food packaging category. The packaging, developed by our supplier and exclusively supplied to us, has infused the label in the packaging and is fully recyclable.



### RECYCLABLE AND REUSABLE SHOPPING BAG OPTIONS

Throughout our operations, we offer recyclable and reusable shopping bag options at our tills. This assists customers in making more sustainable choices. In South Africa, we provide shopping bags in our Shoprite, Checkers and Usave stores that are 100% recyclable and made from 100% post-consumer waste recycled material.

We incentivise shoppers to reuse shopping bags through our Planet bags and our rebate programme.

In 2022, we have paid out rebates to the value of

**R857 629**

(2021: R637 391)

	2021	2022
Total number of recyclable shopping bags sold	705 991 740	772 195 993
Recycled plastic used in recyclable shopping bags (tonnes)	7 816	8 795
Reusable bags sold (Planet bags)	1 477 496	2 868 033
Value of rebates given on reusable bags (Planet bags)	R637 391	R857 629
Total value of rebates given on reusable bags (Planet bags) since inception	674 865	880 725

THIS SUPPORTS  
OUR SUSTAINABLE  
PACKAGING  
COMMITMENT  
**1, 2 AND 3**



Our Sixty60 paper delivery bags are recyclable and contain a minimum of 60% recycled content, which can be given back to drivers once a customer has collected 10. The stores then send these on to the DCs along with other recyclable packaging waste from our operations. This year, we improved the paper labels used with the bag. They are fully recyclable and can be recycled along with the paper bag.







## Sustainable packaging continued

### SUPPORTING LOCAL COMMUNITY RECYCLING – PACKA-CHING

Our partnership with Packa-Ching has gone from strength to strength in the year under review. Packa-Ching incentivises community members to close the loop on packaging waste through a buy-back programme, providing environmental and economic benefits to multiple stakeholders. Packa-Ching opened its first static buy-back centre at the Mall of Thembisa, after hosting a pop-up unit at the mall last year. We now support a total of four entrepreneurs through the programme.

	2021	2022
Entrepreneurs supported	3	4
Entrepreneurs supported since inception	7	12
Weight of recyclable material collected (kg)	2 062 702	3 009 766
Weight of recyclable material collected since inception (kg)	3 238 839	6 248 605
Money paid into mobile wallets per year	R1 718 486	R2 556 554

THIS  
SUPPORTS  
OUR  
SUSTAINABLE  
PACKAGING  
COMMITMENT  
4 AND 5



Clement Adams  
(Johencar Recycling),  
Wendy van Rensburg  
(Shoprite Sustainability  
Manager) and Patricia Pillay  
(CEO of Polycy).



# BRING KA-CHING

a Polycy initiative

SHOPRITE



### CASE STUDY

## Launch of second Packa-Ching recycling unit in Cape Town

The Packa-Ching initiative, which is co-sponsored by the Shoprite Group, launched the second mobile buy-back centre in Cape Town. This is off the back of successful implementation of programmes in communities such as Langa, Phillippi and Mitchells Plain.

The new recycling unit will be based in Blackheath, and will buy recyclable packaging material such as plastics, glass, cans and paper from surrounding communities including Delft and Stellenbosch. The material is weighed and payment is given to contributors via a cashless eWallet system.

This programme has a positive impact on the communities involved as it makes recycling more accessible and promotes waste removal. It provides an income-earning opportunity for those who bring recyclable materials to the unit. This facilitates a circular economy while creating jobs for those who run the units. Packa-Ching's impact is far reaching, servicing more than 79 communities and schools across South Africa and has diverted more than five million kilograms of waste from landfill. In doing so it has given more than R4 million back to these communities.

The Group supports eight other Packa-Ching buy-back centres in South Africa. These are found in and around the Mall of Thembisa, Buffalo City, Thabazimbi, Katlehong, Newcastle, Gqeberha and Cape Town. In Cape Town, the unit moves between Bonteheuwel, Langa, Mitchells Plain, Gugulethu, Joe Slovo, Lavender Hill and Phillippi.



Community members bringing their recycling to be weighed.



## Circularity and waste

Primary sources of waste within our operations include secondary packaging (like cardboard and plastic) and unsold food. While we can control the waste generated in our own operations, we are aware of the waste that occurs upstream in our supply chain in the production of the products we sell, as well as downstream in the disposal of products by customers. Our approach to this, as well as within our own operations, focuses on diverting waste from landfills by embracing the circular economy and aligning our efforts with the waste management hierarchy.

GRI 306-1, 306-2

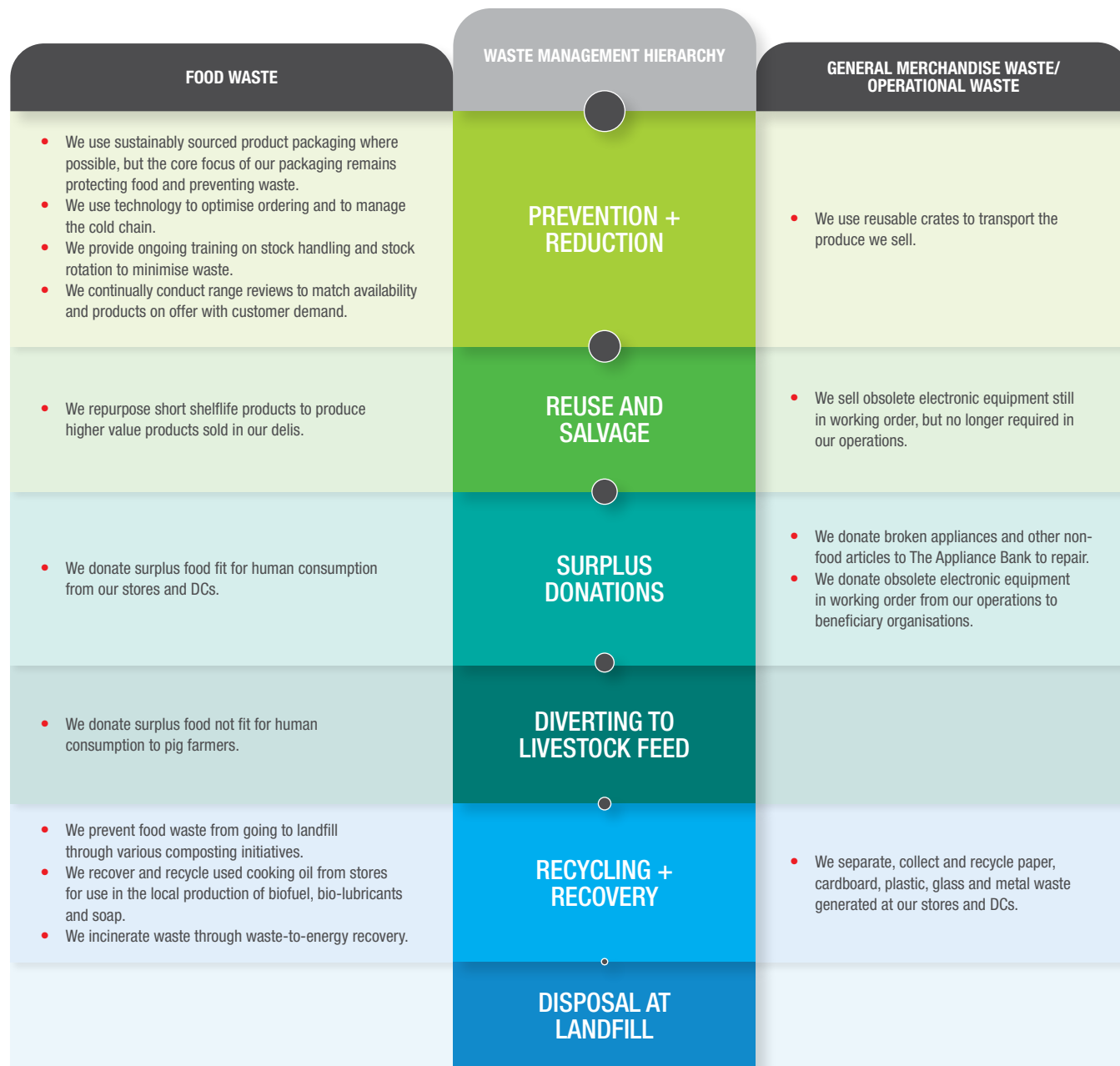
## FOOD WASTE

Food waste not only has a negative impact on the environment, but also represents a lost opportunity to address hunger and food security.

As part of our commitment to reducing food waste, we are a core signatory of the Consumer Goods Council of South Africa's food loss and waste voluntary agreement.



Our composting unit at our Canelands DC helps us divert organic waste from landfill.







## Circularity and waste continued

### OUR POSITION ON FOOD LOSSES AND WASTE

The Group recognises and acknowledges the social, environmental and economic impacts of food loss and food waste in all the regions and communities in which it operates and remains committed to addressing this complex issue across its value chain.

According to the Food and Agriculture Organisation (FAO)<sup>1</sup>, approximately one-third of food produced for human consumption is lost or wasted globally. This amounts to about 1.3 billion tonnes per year, occurring along the entire food chain. In developing countries, food losses and waste occur mainly at the beginning of the food chain (harvesting and storage), while in developed countries, food losses and waste occurs largely at the end of the food chain (retail and consumption).

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

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

#### To this end, the Shoprite Group commits to the following:

- 1 Adopting a hierarchical approach in dealing with food losses and food waste. Reviewing our entire value chain, from R&D and sourcing to consumption (i.e. from farm-to-fork).
- 2 Identifying opportunities to reduce food losses and waste.
- 3 Collaborating and partnering with other organisations equally committed to addressing these challenges.
- 4 Training and developing our people across the organisation to become champions in the reduction of food losses and food waste.
- 5 Sharing information with customers to reduce food waste.
- 6 Setting targets to continuously improve our performance related to food losses and waste.
- 7 Reporting on and being transparent about our efforts and performance.
- 8 Embracing innovation and technology across the organisation to reduce food waste.

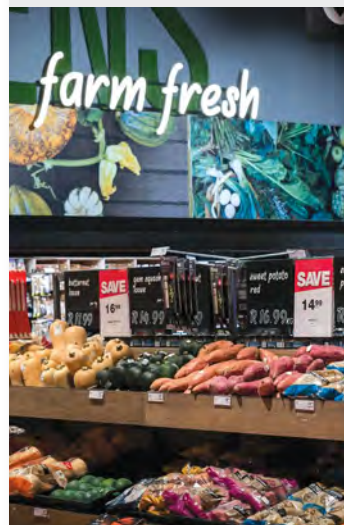
<sup>1</sup> FAO. 2011. *Global food losses and food waste – Extent, causes and prevention*.

### IMPROVING OUR FORECASTING AND ORDERING

The implementation of Project Luminate has seen a 10.0% reduction in waste in key categories, while at the same time there was an increase of over 17.1% in sales in these categories. This is owing to improved ordering and replenishment, resulting in better stock availability.

➔ Refer to page 36 to find out more about the role forecasting and ordering plays in our supply chain

THIS  
SUPPORTS OUR  
FOOD LOSSES  
AND WASTE  
COMMITMENT  
2



### REDUCING FOOD WASTE THROUGH TRAINING AND INTERNAL COMMUNICATIONS

We are on a journey to embed a culture of food waste reduction in our Group. Employees throughout our operations have the potential to help us reduce the food waste generated. Therefore training is, essential to ensure best practice is shared and implemented.

#### Our in-store food-handling training emphasises the following:

- Perishables, frozen produce, fruit and vegetables and convenience products must be refrigerated within 10 minutes of delivery.
- Stock rotation.
- First-in, first-out.
- Careful handling principles.

In the year under review, we developed training material to reinforce principles essential to maintaining the cold chain when receiving refrigerated products. The set of videos highlights the role of the receiving team in maintaining the cold chain, to ensure product quality and ultimately to minimise food waste. The videos are supported with printed communication displayed in receiving areas.

Donating surplus food has a significant impact on reducing our food waste. In the year under review, we launched training on surplus food donations through our digital learning platform, which includes video training material. The training is offered to all service departments, branch managers and other staff directly involved in the food donation process and outlines everyone's role to optimise the amount of surplus food donated and ensure the process is done in a dignified manner while respecting food safety and hygiene.

Internal communications channels are used to share information on what the Group is doing to support various sustainability-related issues and provide information on how employees can have a direct impact. This includes SiyaRinga and our newsletter, #OurShoprite.

In 2022 we covered:

- Updates on the Group's disaster relief efforts in response to various fires and floods across the country, and the social unrest experienced in KwaZulu-Natal and Gauteng.
- Serving communities on Mandela Day.
- Arbour Day initiatives, encouraging employees to plant a tree.
- Energy efficiency and tips to save electricity.
- Recycling of cardboard, plastic and wipes used in stores.
- Water-saving tips.

THIS  
SUPPORTS OUR  
FOOD LOSSES  
AND WASTE  
COMMITMENT  
4





## Circularity and waste continued

### INCREASING SURPLUS DONATIONS

We strive to prevent and reduce the food waste we generate, but our relentless efforts to match customers' needs with on-shelf availability inevitably generates a scenario where we have products that are still fit for human consumption, but not able to sell. When food goes unsold, our surplus donation process aims to get it to those who need it most.

In 2022, our surplus food donations amounted to

**3 267 tonnes**

(FY 2021: 3 025 tonnes), an 8% increase from the previous year.

➔ Refer to page 38 for more information on how beneficiary organisations benefit from our donation of surplus food

In addition, we support the reduction of food waste in our supply chain by connecting suppliers with surplus produce with our beneficiary organisations. This has a dual benefit as it reduces food waste at agricultural level and alleviates hunger in vulnerable communities.

➔ Read more about how we facilitate donations from our suppliers on page 41



### IMPLEMENTING FOOD WASTE RECOVERY SOLUTIONS

If surplus food is no longer edible, we convert it to animal feed, compost, or energy. We utilise several food waste recovery solutions that serve as input into other industrial processes, aligning with SDG 12.3 to reduce food waste by half by 2030.

In 2022, 2 852 tonnes of organic waste were diverted to animal feed. We continued to provide Farmer Angus, one of our suppliers, with organic waste from our Basson DC in Brackenfell. The waste from our operations, therefore, serves as an input into its organic farming operation, creating a circular economy.

We use on-site composters and off-site biodigesters to turn organic waste from our stores and DCs into compost and energy. This offers a clean solution on-site as they safely remove potential contaminants and odorous elements, while producing safe, environmentally friendly, and rich organic compost.

The on-site composters at our Canelands DC produce compost that is used in our gardens. In the year under review, 536 tonnes of food waste was composted (FY 2021: 236 tonnes), reducing the total amount of waste sent to landfills. The Centurion DC is piloting on-site solutions to divert organic waste from landfill. It aims to find the most efficient system given the amount of space afforded and waste that needs to be processed.

In this financial year, we converted 720 tonnes of waste to energy (FY 2021: 44 tonnes). This has been supported by working with our service providers to find suitable diversion options for organic waste and is a direct result of better separation of waste at source. Cooking oil from our delis in our South African operation, for example, is converted to industrial products, including biodiesel.

In 2022, we recovered and converted

**933 619 litres**

of used cooking oil from our stores

(2021: 904 479 litres)

THIS  
SUPPORTS OUR  
FOOD LOSSES  
AND WASTE  
COMMITMENT

3



### Operational waste

We are committed to mitigating the amount of waste that arises in the handling of the products we sell. This includes the cardboard and plastic used to transport goods. We have set Group waste recycling targets to take measured action.

We are on track to reaching our Group waste recycling targets, in terms of cardboard recycling and plastic recycling.

### REDUCING THE CARDBOARD AND PLASTIC USED IN OUR OPERATIONS

We use backhauling from our stores to our DCs to reuse and recycle plastic and cardboard in our operations. Closing the loop on plastic and cardboard reduces the impact of our operations from a waste-generation perspective and contributes to reducing our CO<sub>2</sub> emissions.

Where we are unable to backhaul, we rely on service providers to assist in recycling cardboard and plastic from our operations.

	2021 (tonnes)	2022 (tonnes)
Cardboard recycled	40 327	43 931
Cardboard reused	2 464	2 172
Plastic recycled	4 653	5 449
Circular economy: plastic waste recycled into own shopping bags	4 262	4 078
Recycled plastic used in recyclable shopping bags	7 816	8 795
Total plastic waste diverted from landfills	8 207	10 243
Paper recycled	130	382

We reduce the need for cardboard and plastic in our operations by using reusable and recyclable plastic crates and pallet corners. This year, we increased the number of reusable plastic crates in our pool to transport fresh produce to stores by purchasing 503 475 additional crates. Using reusable containers reduces the disposable containers and improves the protection and ventilation of fresh produce. Once the crates reach the end of use, they are recycled. Because of the size and scale of our operations, small changes such as these can make a big difference.

Supporting locally produced trollies and baskets with a minimum of 35% recycled content forms part of our approach to reducing our impact and supports the circular economy.





## Operational waste continued

### RECYCLING SANITISING WIPES

As we continue to support better hygiene practices brought on by the Covid-19 pandemic, we are aware of the increased environmental cost of providing sanitising wipes to wipe down trolley handles. In response, we provide fully recyclable wipes in our stores. The scale of our operations makes it viable to recycle single-use wipes along with the buckets they are provided in.

Through the recycling of sanitising wipes, we are able to create a circular economy. The recycled wipes were used to create an eco-friendly jungle gym, which we donated to the Qedusizi Day Care Centre in Brakpan.

#### CASE STUDY

## Recycling sanitising wipes and creating circular economies

Since the onset of the pandemic, retailers have been faced with many environmental challenges including a massive increase in the quantity of sanitary wipes. For the Group, this has amounted to tens of thousands of kilograms a month. Because of this, in October 2021, the Group became the first retailer to recycle sanitary wipes at all its supermarkets in South Africa.

The wipes are made out of 100% recyclable polypropylene and used to sanitise trolleys and baskets. The wipes are then sent for recycling. The bucket that holds the wipes and the stickers used are also 100% polypropylene and recyclable. Because of the number of wipes used and the inclusion of the buckets and stickers, the volume of recyclable material is sufficient to make it viable to send for recycling.

The Group partnered with Sani-Touch to provide it with 100% recyclable wipes and has embarked on a programme to isolate used wipes and make sure it is sent for recycling rather than being thrown away with general waste and ending in landfill.

The increased quantity of wipes, and the opportunity to source locally resulted in the Group moving more wipe products across to the locally sourced polypropylene. By recycling the bulk of the used wipes, the Group is creating jobs and encouraging investment in recycling facilities.

The recycled wipes went into building an eco-friendly jungle gym, which was donated to the Qedusizi Day Care Centre in Brakpan. By doing so, the Group created a circular economy and supported ECD.

Hudson Diphofa (33) is an entrepreneur who started a business called Structural Poly Plastic Furniture & Projects after he was retrenched owing to the pandemic. Hudson uses recycled material to manufacture outdoor furniture projects.

While mitigating the environmental impact of the Group, this initiative showcased Shoprite's support of ECD and the Group's commitment to finding innovative solutions to a more circular economy.

### REDUCING THE ENVIRONMENTAL FOOTPRINT OF OUR OFFICES

Refurbishments at our Home Office in Brackenfell have allowed us to adopt environmentally responsible practices and materials, to ensure we reduce our consumption of natural resources, like water and energy.

#### BLINDS



- High solar reflectance value to reduce amount of heat ingress into offices and reduce cooling requirements
- GREENGUARD Certification

#### DRYWALLS



- Global GreenTag certification
- Life cycle analysis was conducted in production process of drywalls

#### FLOORING



- Complies with Global GreenTag standards
- GREENGUARD Certification
- Indoor Air Comfort Gold Certification

#### FURNITURE



- Built using recycled materials
- GREENGUARD Certification

#### MECHANICAL SYSTEMS



- Energy-efficient air-conditioning systems

#### STRUCTURAL



- Efforts made to reduce the cement content

#### ENERGY



- Energy-efficient LED lamps
- 1 Megawatt carport solar PV installation



Home Office, Brackenfell, South Africa.

### Electronic waste

We responsibly manage the disposal of the electronics used in our operations. Our process for managing obsolete equipment includes donating, recycling and disposing of electronic waste as needed. We work with reputable and vetted service providers to ensure visibility of the entire disposal process. In the year under review, we recycled and repurposed 28 322 tonnes of electronic waste (FY 2021: 13 722 tonnes).





## Water security

We rely on water as an essential resource throughout our operation. Even though we are not a significant user of water, we minimise our consumption wherever possible and engage multiple stakeholders to better manage this shared resource.



### OUR POSITION ON WATER SECURITY

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

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

#### To this end, the Shoprite Group remains committed to:

- 1 Using water, as a natural and scarce resource, responsibly and efficiently throughout its direct operations, and engaging with suppliers to do similar.
- 2 Reducing pollution and improving the treatment of wastewater from its operations.
- 3 Strengthening the resilience and adaptive capacity of its operations and supply chain to ensure responsible business continuity, and that of the local communities in which it operates.
- 4 Collaborating and partnering with key stakeholders including regulators, suppliers, NGOs, local communities and other organisations to address water security issues.
- 5 Sharing water security information with employees, customers, suppliers and investors by reporting and disclosing its plans, efforts and performances related to water security.

## REPORTING ON OUR PROGRESS

In 2022, we submitted our annual water security disclosure to the CDP platform for the fourth time. We maintained our CDP water rating of A-, which is considered a leadership level submission within the industry. We are the only South African retailer with a leadership rating.

Withdrawal from sources and discharge to destinations is disclosed in CDP for the last 12 years.

[Visit our website to access our CDP water security response report](#)

THIS  
SUPPORTS OUR  
WATER SECURITY  
COMMITMENT

5



## MONITORING WATER CONSUMPTION IN OUR OPERATIONS

We do not generally consume a significant amount of water in our operations. Since we operate in water-scarce areas, we remain aware of the importance of efficiently managing our consumption. We use the WWF Water Risk Filter to better understand the risks we face in the diverse landscapes we operate in. These details are reported on in our CDP submission. The online tool has updated water prediction models that help companies assess and respond to water-related risks.

The WWF Water Risk Filter considers risks at a basin level. This means each of the Group's 2 525 facilities are mapped into the WWF Risk Filter to determine water availability, the water quality risk, ecosystem and habitat risks, and the risk of conflicts concerning water resources. The implications on key commodities/raw materials and water-related regulatory frameworks are also considered.

We continued our installation of water loggers to better manage our water consumption. In 2022, we installed 108 online water loggers (FY 2021:18) that assisted in identifying leaks, ultimately reducing our water consumption.

We did not withdraw any water from non-renewable fresh or groundwater sources in South Africa and continued to discharge all wastewater in South Africa to municipal wastewater treatment facilities. All wastewater from stores and DCs undergoes on-site pre-treatment before being discharged to municipal wastewater treatment facilities. Our employees are trained in the appropriate management of wastewater and the cleaning of pre-treatment equipment.

Each one of our 2 525 facilities has a water management plan. As 32.6% of our facilities exist within water stressed regions, we engage municipalities in each of these areas.

Our progress made against quantified targets to reduce our water use across the whole Company is disclosed in our CDP water security response.

In the reporting period, our total water consumption was

**4.5 million kilolitres**

(FY 2021: 4.8 million kilolitres),

which amounts to a

**7.5% reduction**

in our water consumption

(FY 2021: 6.1% reduction).

THIS  
SUPPORTS OUR  
WATER SECURITY  
COMMITMENT

1 AND 2







## Water security continued

### BUILDING WATER RESILIENCE WITHIN COMMUNITIES

We recognise that providing access to water to build resilience is as important as teaching communities how to use this precious resource sustainably. As a result, we maintain Playpumps in the communities in which we operate and include water conservation training modules in our community food garden training material.

In our support of food gardens, water infrastructure needs are assessed. If a need exists, we provide support in fixing any water-related infrastructure, issuing water tanks or establishing boreholes.

Number of people across RSA who are supplied with clean drinking water

**13 178**  
(2021: 13 242)

Number of communities supported

**27**  
(FY 2021: 23)

THIS  
SUPPORTS OUR  
WATER SECURITY  
COMMITMENT  
**3 AND 4**



### SELLING PURIFIED WATER WITHOUT THE PACKAGING WASTE

Clean drinking water, that is purified, is made readily available to our customers in Shoprite and Checkers stores. Customers can now fill up using reusable containers at a very affordable price.

With customers using their own reusable containers, we are able to significantly reduce the amount of waste contributed through the selling of water. This is soon to be implemented at other stores across the Group.

### Deforestation, biodiversity loss and sustainable land management

Maintaining the biodiversity within our natural systems is essential to our long-term sustainability. We recognise that we need to understand and manage our impacts proactively.

#### OUR POSITION ON BIODIVERSITY AND RESPONSIBLE SOURCING

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

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

#### To this end, the Shoprite Group commits to:

- 1 Increasing the mainstreaming of biodiversity into the Group's direct operations to articulate key biodiversity dependencies and identify opportunities to reduce biodiversity harm.
- 2 Adopting the biodiversity loss mitigation hierarchy of avoidance, minimisation, restoration or rehabilitation and offsetting; and applying a 'no net loss' approach for its own operations; or a 'net gain' approach where appropriate.
- 3 Collaborating and partnering with suppliers and other organisations to promote responsible sourcing of key agricultural, aquatic and forestry products.
- 4 Sharing information related to responsible sourcing with employees and customers to build knowledge and create awareness.
- 5 Setting plans and targets to continuously reduce biodiversity loss and improve responsible sourcing.
- 6 Reporting and being transparent with our efforts and performance.

#### CASE STUDY

### Biodiversity impact study

We do not yet have a thorough understanding of the impact of our own operations or that of our products and supply chain on biodiversity. To develop our understanding, we have requested support from the Endangered Wildlife Trust to undertake an assessment of our biodiversity footprint according to the Biological Diversity Protocol. Ten sites are included in this assessment, including distribution centres, shopping centres and vacant land. While direct operations are the focus of this initial assessment, we recognise measuring the biodiversity footprint of our supply chains as the goal in the medium term. This approach demonstrates our leadership in the retail sector as we will be able to take informed action in our own operations and encourage increased biodiversity awareness and action throughout our supply chain.

GRI 304-2





## Deforestation, biodiversity loss and sustainable land management continued

### REPORTING ON OUR PROGRESS

In 2022, we made our first submission to CDP Forests and received a B- ranking. Visit our website to access our CDP forests response report.

CDP Forests Response

### SUPPORTING SUSTAINABLE AGRICULTURE IN SOUTH AFRICA

The Shoprite Group supports sustainable agriculture in South Africa through its Sustainable Initiative of South Africa (SIZA) membership and requires all suppliers to obtain good agricultural practice certification through localg.a.p. or GLOBALG.A.P.

Going forward we are eager to learn more about our grower's sustainability efforts and the obstacles they face to adopting more sustainable practices.

#### SIZA

Freshmark became a member of SIZA in September 2020. SIZA provides agricultural stakeholders within South Africa with a platform to conduct ethical and environmentally sustainable trade and ensures there is transparency in our supply chain. Its focus on continuous improvement in practices over time aligns with Freshmark's existing approach. The SIZA Environmental Assurance Model is based on eight principles including healthy soil practices, water-use efficiency, prevention of contamination to soil and water bodies, and restoration of natural ecosystems.

Where possible, we encourage suppliers to become SIZA certified.

#### GLOBALG.A.P and localg.a.p.

All our suppliers are required to comply with localg.a.p or GLOBALG.A.P., which supports the quality, safety and sustainability of the produce on our shelves.

The Group played a pioneering role in the creation of localg.a.p. certifications in South Africa. This supports SMME suppliers in overcoming barriers to market access and help SMMEs to begin their journey of sustainability.

GLOBALG.A.P. features rigorous sustainability criteria on biodiversity, water, plastics, pest management and more.

### THE GROUP'S FREE-RANGE OFFERING

Our Simple Truth label is trusted to provide quality free-range meat products including free-range chicken, lamb and eggs. Certified natural lamb has gone from strength to strength under the Simple Truth label in 2022. As we see demand increase, we are building our network of suppliers to ensure we can meet demand in future. Our free-range meat offering is guided and regulated by the South African Meat Industry Company (SAMIC) that inspects and audits our operations on a regular basis.

Our partnership with Farmer Angus supplies free-range eggs and a range of charcuterie meat products through regenerative agriculture and continues to add more options to our free-range offering.

### THE GROUP'S SUSTAINABLE SEAFOOD OFFERING

Our partnership with the WWF's SASSI promotes the sustainable procurement and consumption of seafood. It informs our approach to sustainable seafood and we are committed to SASSI's voluntary compliance framework for procuring seafood products.

In 2017, we committed to sourcing only sustainably sourced seafood products for our Cape Point, and Forage and Feast brands and started WWF SASSI training that was also provided to two suppliers. In the financial year under review, we approached WWF SASSI to expand the sustainable fisheries training offered to all our local fishery suppliers. Subsequently, we shared sustainable fisheries training with all our fishery suppliers, 47 of which attended the dedicated workshop to drive awareness and understanding of sustainable seafood practices.

Through the voluntary SASSI compliance framework, we support the protection of wild species and prevention of fishing endangered species. This is to help customers to make decisions on responsible sourcing.



### RESPONSIBLE SOURCING OF OUR FRESH FOODS AND PRIVATE-LABEL PRODUCTS

Several of the ingredients in our private-label products and food sold in our fresh foods departments are sourced with sustainability in mind.

#### Forage and Feast



- Sustainably sources cocoa used in all confectionary and hot chocolate.
- Sustainably sourced palm oil used as certified by the Roundtable on Sustainable Palm Oil.

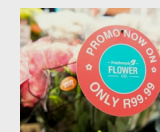
#### Simple Truth



Exclusively available at Checkers nationwide.

- Sustainably sourced palm oil used as certified by the Roundtable on Sustainable Palm Oil.

#### In-store cut flower



- All our fynbos suppliers are certified for their sustainable farming practices.





## Appendix 1: Compliance training

	Intervention hours	Number of people trained
Anti-Bribery and Corruption and Fraud	314	314
Anti-Money Laundering	28 994	28 994
Competition Law	15	11
Consumer Protection Laws	3 467	3 467
Corporate Governance and Ethics	0	0
Credit Law	384	96
Data Protection Privacy and Cyber Laws	76 188	75 993
Environmental and Sustainability	2 076	2 040
Financial Services Insurance, Money Transfers	26 233	23 454
Food Safety and Hygiene	181 786	176 884
Health and Safety	330 301	281 074
Labour and Employment Law	12 128	585
Licences and Permits	8 471	3 123
Liquor Laws	2 541	2 541
Skills Development and Training	5 280	330



## Appendix 2: GRI index

Standard	Disclosure	Description	Reference	Omission
GRI 2 General Disclosures	2-1	Organisational details	Integrated Report, page 06	
	2-2	Entities included in the organisation's sustainability reporting	Sustainability Report, page 01	
	2-3	Reporting period, frequency and contact point	Sustainability Report, page 01	
	2-4	Restatements of information	Sustainability Report, page 01	
	2-5	External assurance	Integrated Report, page 06	
	2-6	Activities, value chain and other business relationships	Integrated Report, page 02	
	2-7	Employees	Sustainability Report, page 19	<b>Part omitted</b> Reporting requirements: e <b>Reason</b> Not applicable <b>Explanation</b> Shoprite employee data reported here was not subject to variations, such as seasonal fluctuations
	2-9	Governance structure and composition	Integrated Report, page 35	
	2-10	Nomination and selection of the highest governance body	Integrated Report, page 35	
	2-11	Chair of the highest governance body	Integrated Report, page 35	
	2-12	Role of the highest governance body in overseeing the management of impacts	Integrated Report, page 39	
	2-13	Delegation of responsibility for managing impacts	Integrated Report, page 40	
	2-14	Role of the highest governance body in sustainability reporting	Sustainability Report, page 01	
	2-15	Conflicts of interest	Integrated Report, page 42	
	2-16	Communication of critical concerns	Integrated Report, page 39	
	2-17	Collective knowledge of the highest governance body	Integrated Report, page 38	



## Appendix 2: GRI index continued

Standard	Disclosure	Description	Reference	Omission
	2-18	Evaluation of the performance of the highest governance body	Integrated Report, page 81	
	2-19	Remuneration policies	Integrated Report, page 79	
	2-20	Process to determine remuneration	Integrated Report, page 80	
	2-21	Annual total compensation ratio	Integrated Report, page 81	Evaluating and embedding fair and ethical remuneration practices. Metrics relevant to pay ratio and pay gap disclosure will be thoroughly researched and analysed.
	2-22	Statement on sustainable development strategy	Sustainability Report, page 02	
	2-23	Policy commitments	Sustainability Report, page 04 Integrated Report, page 39	
	2-24	Embedding policy commitments	Sustainability Report, page 20 Integrated Report, page 39	
	2-25	Processes to remediate negative impacts	Sustainability Report, page 25, 33 Integrated Report, page 39	
	2-26	Mechanisms for seeking advice and raising concerns	Sustainability Report, page 25 Integrated Report, page 42	
	2-27	Compliance with laws and regulations	Sustainability Report, page 04 Integrated Report, page 42	
	2-28	Membership associations	Sustainability Report, page 14	
	2-29	Approach to stakeholder engagement	Integrated Report, page 31	
	2-30	Collective bargaining agreements	Sustainability Report, page 25	

Standard	Disclosure	Description	Reference	Omission
GRI 3 Material Topics	3-1	Process to determine material topics	Integrated Report, page 06	
	3-2	List of material topics	Integrated Report, page 28	
	3-3	Management of material topics	Integrated Report, page 29, 45, 52, 67, 74 Sustainability Report	
GRI 201 Economic Performance	201-2	Financial implications and other risks and opportunities due to climate change	CDP Climate change response, C2	
GRI 203 Indirect Economic Impacts	203-2	Significant indirect economic impacts	Integrated Report, page 25	
GRI 301 Materials	301-2	Recycled input materials used	Sustainability Report, page 50	
GRI 302 Energy	302-1	Energy consumption within the organisation	Sustainability Report, page 69	
	302-2	Energy consumption outside of the organisation	CDP Climate change response, section C6.5	
	302-3	Energy intensity	Sustainability Report, page 69	
	302-4	Reduction of energy consumption	Sustainability Report, page 69	
	302-5	Reduction in energy requirements of products and services	Sustainability Report, page 69	
GRI 303 Water and Effluent	303-1	Interactions with water as a shared resource	CDP Water security response, section W3	
	303-2	Management of water discharge-related impacts	CDP Water security response, section W1.2	
	303-3	Water withdrawal	CDP Water security response, section W1.2b, W1.2h	
	303-4	Water discharge	CDP Water security response, section W1.2b, W1.2i	





## Appendix 2: GRI index continued

Standard	Disclosure	Description	Reference	Omission
GRI 303 Water and Effluent	303-5	Water consumption	CDP Water security response, section W1.2b, W1.2d	<b>Part omitted</b> Reporting requirements: c, d <b>Reason</b> Information unavailable <b>Explanation</b> Not reported and method of calculation is not mentioned
GRI 304 Biodiversity	304-2	Significant impacts of activities, products and services on biodiversity	→ Sustainability Report, page 59	
GRI 305 Emissions	305-1	Direct (Scope 1) GHG emissions	→ Sustainability Report, page 69	
	305-2	Energy indirect (Scope 2) GHG emissions	→ Sustainability Report, page 69	
	305-3	Other indirect (Scope 3) GHG emissions	→ Sustainability Report, page 69	
	305-4	GHG emissions intensity	→ Sustainability Report, page 69	
	305-5	Reduction of GHG emissions	→ Sustainability Report, page 69	
	305-6	Emissions of ozone-depleting substances (ODS)	CDP Climate change response, section C6.5	
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	CDP Climate change response, section C7.1a	<b>Part omitted</b> Reporting requirements: a ii–vii <b>Reason</b> Not applicable <b>Explanation</b> These emissions not significant and therefore not reported in CDP, other than NOx
GRI 306 Waste	306-1	Waste generation and significant waste-related impacts	→ Sustainability Report, page 54	
	306-2	Management of significant waste-related impacts	→ Sustainability Report, page 54	

Standard	Disclosure	Description	Reference	Omission
GRI 401 Employment	401-1	New employee hires and staff turnover	→ Sustainability Report, page 21	<b>Part omitted</b> Reporting requirements: a <b>Reason</b> Information unavailable <b>Explanation</b> Shoprite records its new employees by age group and its staff turnover rates by full-time and part-time employees
GRI 403 Occupational Health and Safety	403-3	Occupational health services	→ Sustainability Report, page 25	
	403-5	Worker training on occupational health and safety	→ Sustainability Report, page 25	
	403-6	Promotion of worker health	→ Sustainability Report, page 25	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	→ Sustainability Report, page 25	
	403-8	Workers covered by an occupational health and safety management system	→ Sustainability Report, page 25	
	403-9	Work-related injuries	→ Sustainability Report, page 25	<b>Part omitted</b> Reporting requirements related to all employees <b>Reason</b> Information unavailable <b>Explanation</b> Disclosure relates to RSA employees only



## Appendix 2: GRI index continued

Standard	Disclosure	Description	Reference	Omission
<p>GRI 404</p> <p><b>Training and Education</b></p>	404-1	Average hours of training per year per employee	→ Sustainability Report, page 22	<p><b>Part omitted</b> Reporting requirements: a</p> <p><b>Reason</b> Information unavailable</p> <p><b>Explanation</b> Average hours of training unavailable by gender and employee category</p>
	404-2	Programmes for upgrading employee skills and transition assistance programmes	→ Sustainability Report, page 22	<p><b>Part omitted</b> Reporting requirements: b</p> <p><b>Reason</b> Not applicable</p> <p><b>Explanation</b> Transition assistance programmes not provided</p>
<p>GRI 405</p> <p><b>Diversity and Equal Opportunity</b></p>	405-1	Diversity of governance bodies and employees	→ Sustainability Report, page 19	<p><b>Part omitted</b> Reporting requirements: a ii</p> <p><b>Reason</b> Information unavailable</p> <p><b>Explanation</b> Shoprite reports its diversity by age as employees under the age of 35</p>
<p>GRI 413</p> <p><b>Local Communities</b></p>	413-1	Operations with local community engagement, impact assessments and development programmes	→ Sustainability Report, page 37	
<p>GRI 416</p> <p><b>Customer Health and Safety</b></p>	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	→ Sustainability Report, page 33	







## Appendix 3: TCFD Index

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

By way of this Index, we highlight our efforts to integrate and align our operations with the TCFD recommendations. This is our second TCFD reporting year. We remain fully committed to the Framework and its approach and intend to deepen our efforts further in the next few years.

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

We indicate below where TCFD-related information is disclosed in our 2022 CDP climate change submission, with additional references from our Sustainability Report and Integrated Report, using the four sections as a frame.

CDP's disclosure platform provides the mechanism for reporting in line with the TCFD recommendations.

This year marks our 12th year of submission to the CDP. Our CDP climate change score is ranked within the B category (FY 2021: A-).

[Visit our website to access our CDP climate change response report](#)



### Governance

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

	Disclosure	CDP	SR/IR	Additional information
a)	Describe the Board's oversight of climate-related risks and opportunities, including:	C1.1a, C1.1b and C1.1d	➔ Sustainability Report: Sustainability Manager's message, page 17	The Board is our highest level of governance and is supported by the Social and Ethics Committee, which provides direct oversight of ESG-related matters, including climate change. In 2022, new members were appointed to the SEC bringing ESG-related skills.
	Process and frequency of information			
	Influence on business planning and goals	C1.1b		
	How the Board assesses progress against goals			
b)	Management's role in assessing and managing climate-related risks and opportunities, including:	C1.2, C1.2a, C1.3 and C1.3a	➔ Sustainability Report: Sustainability Manager's message, page 17	Our CEO and Executive Management provide the day-to-day leadership and management needed to drive change in key sustainability issues, including climate change.  Our dedicated sustainability team provides guidance for management on ESG matters.  ESG KPIs are presented in monthly divisional meetings and finance meetings.  In this reporting period, the short-term incentive scheme for the EXCO was changed to include a 20% weighting to non-financial measures. The non-financial measures include renewable energy consumption (solar PV contribution), waste recycling (plastics and cardboard recycling) and sustainable packaging usage (reusable, recycled and compostable).
	Description of the associated organisational structure			
	Processes by which management is informed			
	How management monitors climate-related issues			



## Appendix 3: TCFD Index continued

### Strategy

The potential material impacts of climate-related risks and opportunities on our business, strategy, and financial planning.

	Disclosure	CDP	SR/IR	Additional information
a)	Climate-related risks and opportunities identified over the short, medium, and long term, including:	C2.1	➔ Sustainability Report: Who we are, page 08	
	Description of time horizons	C2.1a		
	Description of the specific climate-related issues If relevant, description of their risks and opportunities by sector and/or geography	C2.2a, C2.3a and C2.4a	➔ Sustainability Report: Providing options to conscious consumers, page 30	
	Description of the process(es) used to determine which risks and opportunities could have a material financial impact	C2.1b and C2.2	➔ Sustainability Report: Risk management and compliance, page 13	
b)	Impact of climate-related risks and opportunities on our business, strategy, and financial planning, including for:	C2.3a, C2.4a, C3.3 and C3.4		
	Products and services, supply chain and/or value chain, adaptation and mitigation activities, investment in research and development and operations	C4.3a, C4.3b and C4.5a	➔ Sustainability Report: Environmental Stewardship, page 45; Position Statement on Climate Change, page 46	
	How climate-related issues serve as an input to the financial planning process, the time period(s) used, and how these risks and opportunities are prioritised	C3.4 and C3.4a	➔ Sustainability Report: Understanding water consumption in our operations, page 58	Expected costs are integrated through our budgeting processes and meetings. We also have project approval processes which include capital expenditures related to climate risk related. An example includes installing water meters.  ➔ Sustainability Report: Understanding water consumption in our operations, page 58
	Impact on financial planning for: operating costs and revenues, capital expenditures and capital allocation, acquisitions or divestments and access to capital	C3.4		
	Description of climate-related scenarios used to inform strategy and financial planning	C3.4		

	Disclosure	CDP	SR/IR	Additional information
c)	The resilience of our strategies, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	C3.1, C3.2, C3.2a and C3.2b	➔ Progress towards science-based targets, page 46	Community (and hence consumer) resilience strengthened contributions to community food gardens and water conservation. Operational resilience improved by the use of water store tanks and pumps, with plans for a water master plan; warehouse placement to reduce route distances; use of AI and technology to minimise food waste
	How resilient the strategies are to climate-related risks and opportunities, taking into consideration a transition to a lower-carbon economy consistent with a 2°C or lower scenario			
	Where the strategies may be affected by climate-related risks and opportunities.			
	How the strategies might change to address such potential risks and opportunities			
	The climate-related scenarios and associated time horizon(s) considered			



Solar PV at Checkers Oudtshoorn.







## Appendix 3: TCFD Index continued

### Risk management

How we have identified, assessed and managed climate-related risks.

	Disclosure	CDP	SR/IR	Additional information
a)	Our processes for identifying and assessing climate-related risks	C2.1a and C2.1b		
	Description of considerations of existing and emerging regulatory requirements related to climate change as well as other relevant factors considered	C2.2 and C2.2a	 Integrated Report, Risks and opportunities, page 27  Sustainability Report: Environmental Risks, page 13	
	Processes for assessing the potential size and scope of identified climate-related risks	C2.1b		
	Definitions of risk terminology used or references to existing risk classification frameworks used	C2.2		
	Determining the relative significance of climate-related risks in relation to other risks	C2.2		
b)	Our processes for managing climate-related risks	C2.1a and C2.1b		
	How decisions to mitigate, transfer, accept or control those risks are made	C2.2		
	Processes for prioritising climate-related risks, including how materiality determinations are made	C2.1b		
c)	How processes for identifying, assessing and managing climate-related risks are integrated into our overall risk management	C2.1a, C2.1b, C2.2 and C2.2a		

### Metrics and targets

The metrics and targets used to assess and manage relevant material climate-related risks and opportunities.

	Disclosure	CDP	SR/IR	Additional information
a)	The metrics used to assess climate-related risks and opportunities in line with our strategy and risk management process	C2.3a, C2.4a, C4.1a, C4.1b, C4.2a and C9.1		
b)	Scope 1, Scope 2, and Scope 3 greenhouse gas (GHG) emissions, and the related risks	C5 and C6		
	GHG emissions and associated metrics provided for historical periods to allow for trend analysis			
	Description of the methodologies used to calculate or estimate the metrics			
c)	Targets used to manage climate-related risks and opportunities and performance against targets, including:	C4.1, C4.1a, C4.1b, C4.2 and C4.2a		Shoprite has committed to a Net Zero target by 2050.
	Description of target as absolute or intensity based, and if it has time frames, base year, and KPIs to assess progress			
	Description of efficiency or financial goals, financial loss tolerances, avoided GHG emissions through the entire product life cycle, or net revenue goals for products and services designed for a lower carbon economy	C4.5a		



## APPENDIX 4: UNGC Index

### Human rights

#### PRINCIPLE 1:

Businesses should support and respect the protection of internationally proclaimed human rights

#### PRINCIPLE 2:

Make sure they are not complicit in human rights abuses

➔ Refer to page 20

### Labour

#### PRINCIPLE 3:

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

#### PRINCIPLE 4:

The elimination of all forms of forced and compulsory labour

#### PRINCIPLE 5:

The effective abolition of child labour

#### PRINCIPLE 6:

The elimination of discrimination in respect of employment and occupation

➔ Refer to page 24 and 25

### Environment

#### PRINCIPLE 7:

Businesses should support a precautionary approach to environmental challenges

#### PRINCIPLE 8:

Undertake initiatives to promote greater environmental responsibility

#### PRINCIPLE 9:

Encourage the development and diffusion of environmentally friendly technologies

➔ Refer to page 45

### Anti-corruption

#### PRINCIPLE 10:

Businesses should work against corruption in all its forms, including extortion and bribery

➔ Refer to page 42 in the Integrated Report







## APPENDIX 5: Key sustainability indicators

### GHG EMISSIONS

GRI 305-1, 305-2, 305-3, 305-4, 305-5

#### Shoprite Group's Scope 1 and 2 emissions, 2021–2022

GHG emissions	Units	2021	2022	% Change
Scope 1 GHG emissions	tCO <sub>2</sub> e	563 355	527 012	(6.5%)
Scope 2 GHG emissions	tCO <sub>2</sub> e	1 867 528	1 872 913	0.3%
<b>Total Scope 1 and Scope 2 GHG emissions</b>	tCO <sub>2</sub> e	<b>2 430 883</b>	<b>2 399 925</b>	<b>(1.3%)</b>

*Note: Scope 1 and 2 emissions are provided for all assets for which Shoprite has operational control. Scope 1 emissions factors for fuels and gases use DEFRA 2021 emissions factors. Scope 2 emissions factors for electricity consumption use the relevant emissions factors provided by Eskom for South Africa and the International Energy Agency 2019 emissions factors for all other countries. Unless otherwise stated, Scope 2 emissions refer to market-based emissions. CO<sub>2</sub>e refers to carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>) and nitrous oxide (N<sub>2</sub>O) expressed as having the equivalent global warming impact as CO<sub>2</sub>.*

#### Shoprite Group's market- versus location-based GHG emissions, 2022

GHG emissions	Units	Market-based	Location-based
Scope 2 GHG emissions	tCO <sub>2</sub> e	1 872 913	1 933 892
Scope 2 GHG emissions intensity	tCO <sub>2</sub> e/m <sup>2</sup>	0.378	0.390

#### Shoprite Group's Scope 3 emissions, 2021–2022

GHG emissions	Units	2021	2022	% Change
Scope 3 GHG emissions	tCO <sub>2</sub> e	16 249 912	16 705 791	2.8%

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

#### Shoprite Group's energy intensity, 2021–2022

GHG emissions	Units	2021	2022	% Change
Scope 1 and 2 GHG emissions per gross leasable area (GLA)	tCO <sub>2</sub> e/m <sup>2</sup>	0.501	0.484	(3.4%)
Scope 1 and 2 GHG emissions per turnover	tCO <sub>2</sub> e/ R'000	0.0147	0.0130	(11.6%)

*Note: CO<sub>2</sub>e refers to CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O expressed as having the equivalent global warming impact as CO<sub>2</sub>.*

#### Shoprite Group's emission reduction initiatives, 2022

Emission reduction initiative description	Units	Scope reduced	Emissions reduced by
LED retrofit	tCO <sub>2</sub> e	Scope 2	17 895
Rooftop solar PV	tCO <sub>2</sub> e	Scope 2	46 231
Reverse logistics	tCO <sub>2</sub> e	Scope 1	1 023
Rooftop solar PV for trailers	tCO <sub>2</sub> e	Scope 1	935

*Note: CO<sub>2</sub>e refers to CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O expressed as having the equivalent global warming impact as CO<sub>2</sub>.*

### ENERGY USAGE

GRI 302-1, 302-3, 302-4, 302-5

#### Shoprite Group's direct energy usage, 2021–2022

Direct energy	Units	2021	2022	% Change
Diesel	MWh	553 515	519 397	(6.2%)
Petrol	MWh	29 676	27 666	(6.8%)
Scope 1 (fuel and gas)	MWh	583 191	547 063	(9.6%)
Purchased electricity (grid)	MWh	1 931 362	1 857 250	(3.8%)
Renewable electricity purchased	MWh	10 993	54 138	392.5%
Scope 2 (electricity)	MWh	1 942 355	1 911 388	(1.6%)
<b>Total energy consumption</b>	MWh	<b>2 525 546</b>	<b>2 458 451</b>	<b>(2.7%)</b>

*Note: Conversion factors for fuels and gases use DEFRA 2021 emissions factors. Purchased electricity is recorded by Shoprite's online electricity monitoring software and the capture of invoices from electricity suppliers.*

#### Shoprite Group's energy intensity ratios, 2021–2022

Energy intensity	Units	2021	2022	% Change
Scope 1 and 2 per GLA	MWh/m <sup>2</sup>	0.5200	0.4952	(4.8%)
Scope 1 and 2 per turnover	kWh/R	0.0153	0.0134	(12.4%)

#### Shoprite Group's energy reduction initiatives, 2022

Energy reduction initiative description	Units	Type of energy	Emissions reduced by
LED retrofit	MWh	Electricity	16 855
Rooftop solar PV	MWh	Electricity	43 145
Reverse logistics	MWh	Fuel	3 796
Rooftop solar PV for trailers	MWh	Fuel	2 776

### WATER USAGE

#### Shoprite Group's water usage, 2021–2022

Direct energy	Units	2021	2022	% Change
Groundwater	kL	89 380	98 568	10.3%
Municipal water	kL	4 709 661	4 436 739	(5.8%)



## APPENDIX 5: Key sustainability indicators continued

### WASTE

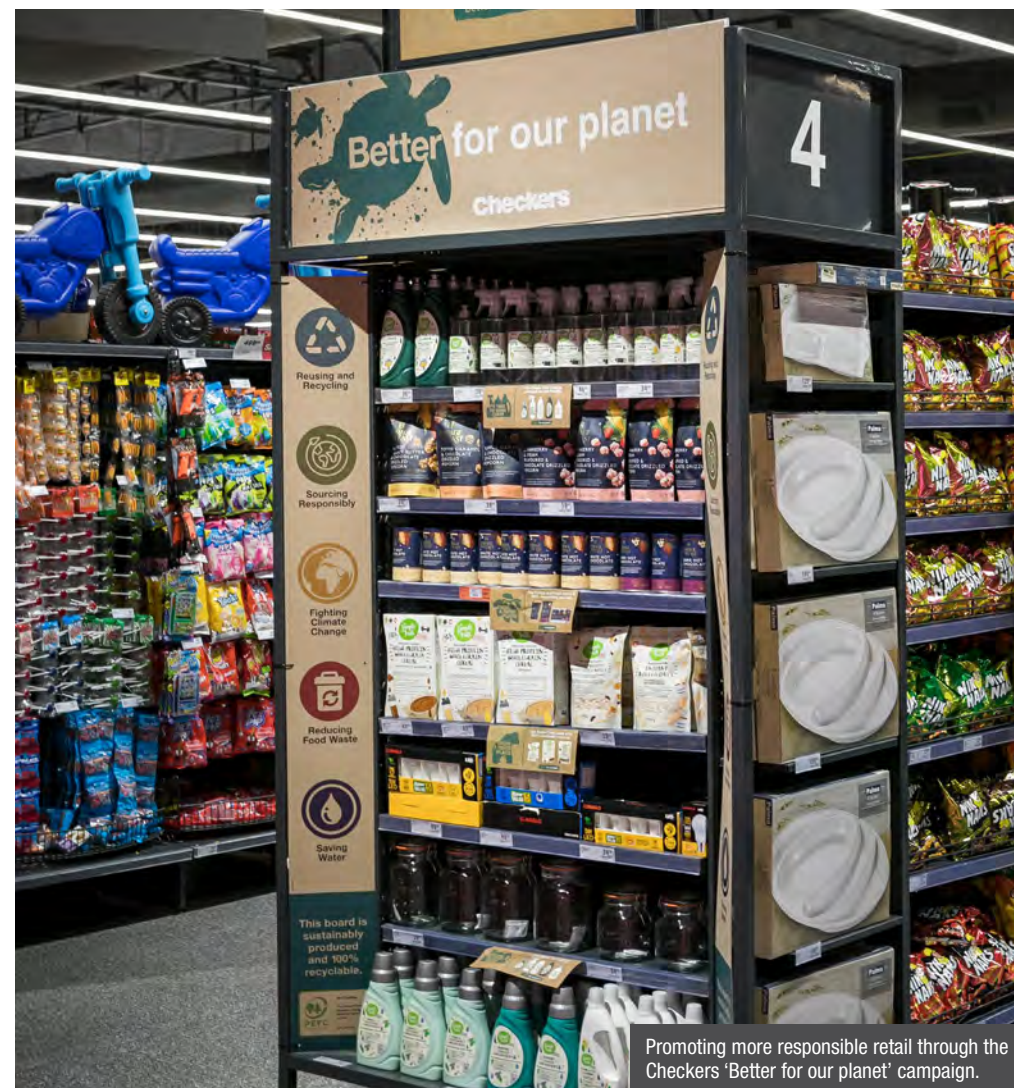
#### Shoprite Group's waste, 2021–2022

Waste category	Units	FY 2021	FY 2022	% change
Plastic waste diverted from landfills and the environment	Tonnes	8 207	10 243	24.8%
e-Waste diverted from landfill	Tonnes	13.7	28.3	106.4%
Food waste to composting	Tonnes	236	536	127.1%
Food waste to energy	Tonnes	44	720	1 536.4%
Food waste to animal feed	Tonnes	–	2 852	–
Surplus food donations	Tonnes	3 025	3 267	8.0%
Organic waste diverted from landfill	Tonnes	3 305	7 375	123.2%
tCO <sub>2</sub> e saved through diverting food waste from landfill	Tonnes	8 391	18 721	123.1%

### REUSE AND RECYCLING

#### Shoprite Group's reuse and recycling, 2021–2022

Material reused or recycled	Units	FY 2021	FY 2022	% change
Cardboard recycled at sites via service providers	Tonnes	2 238	2 748	22.8%
Paper recycled at sites	Tonnes	–	130	–
Plastic recycled at sites via service providers	Tonnes	259	201	(22.4%)
Total cardboard reused and recycled	Tonnes	42 791	46 102	7.7%
Total plastic recycled	Tonnes	4 653	5 449	17.1%
Total paper recycled	Tonnes	–	382	–



Promoting more responsible retail through the Checkers 'Better for our planet' campaign.





# Abbreviations and acronyms

<b>(Pty) Ltd</b>	Proprietary Limited
<b>&lt;IR&gt;</b>	Integrated Reporting
<b>&lt;IR&gt; Framework</b>	Integrated Reporting Framework
<b>AGM</b>	Annual General Meeting
<b>B-BBEE</b>	Broad-based black economic empowerment
<b>CDP</b>	Carbon Disclosure Project
<b>CEO</b>	Chief Executive Officer
<b>CFS</b>	Checkers Food Services
<b>COSO</b>	Committee of Sponsoring Organisations
<b>COVID-19</b>	Coronavirus (SARS-CoV-2)
<b>CSI</b>	Corporate social investment
<b>DC</b>	Distribution centre
<b>DTIC</b>	The Department of Trade, Industry and Competition
<b>ECD</b>	Early childhood development
<b>EPR</b>	Extended Producer Responsibility
<b>ERM</b>	Enterprise risk management
<b>ERP</b>	Enterprise resource planning
<b>ESD</b>	Enterprise supplier development
<b>ESG</b>	Environmental, social and governance
<b>FAO</b>	Food and Agriculture Organisation
<b>FSC</b>	Forest Stewardship Council
<b>FY</b>	Financial year
<b>GHG</b>	Greenhouse gas
<b>GRI</b>	Global Reporting Initiative
<b>HCFC</b>	Hydrochlorofluorocarbons

<b>HVAC</b>	Heating, ventilation and air conditioning
<b>IEL</b>	Individual e-learning
<b>IIRC</b>	International Integrated Reporting Council
<b>ILO</b>	International Labour Organisation
<b>ISO</b>	International Organization of Standardization
<b>King IV</b>	King IV Code on Corporate Governance 2016, published as part of the King IV Report™
<b>KPI</b>	Key performance indicator
<b>kWh/MWh</b>	Kilowatt-hour and megawatt-hour
<b>LED</b>	Light-emitting diode
<b>LTIFR</b>	Lost time injury frequency rate
<b>NAFAU</b>	Namibian Food and Allied Workers Union
<b>NGO</b>	Non-governmental organisation
<b>NPAT</b>	Net profit after tax
<b>NPO</b>	Non-profit organisation
<b>NQF</b>	National Qualifications Framework
<b>NSFAS</b>	National Student Financial Aid Scheme
<b>OPRL</b>	On-pack recycling label
<b>PDI</b>	Previously disadvantaged individual
<b>PMO</b>	Portfolio Management Office
<b>PV</b>	Photovoltaic (conversion of light into electricity)
<b>QR</b>	Quick response
<b>RET</b>	Renewable Energy Tariff
<b>RRP</b>	Retail Readiness Programme
<b>RSA</b>	Republic of South Africa

<b>SACCAWU</b>	South African Commercial, Catering and Allied Workers Union
<b>SANAS</b>	South African National Accreditation System
<b>SANS</b>	South African National Standard
<b>SASSA</b>	South African Social Security Agency
<b>SASSI</b>	Southern African Sustainable Seafood Initiative
<b>SBTi</b>	Science Based Targets initiative
<b>SDG</b>	Sustainable Development Goal
<b>SEC</b>	Social and Ethics Committee
<b>SENS</b>	Stock Exchange News Service
<b>SFI</b>	The Sustainable Forestry Initiative
<b>SIZA</b>	Sustainable Agriculture in South Africa
<b>SMME</b>	Small, medium and micro enterprise
<b>SMS</b>	Short Message Service
<b>tCO<sub>2</sub>e</b>	Tonnes of carbon dioxide equivalent
<b>TCFD</b>	Task Force on Climate-related Financial Disclosures
<b>TVET</b>	Technical and vocational education and training
<b>UN</b>	United Nations
<b>UNFCCC</b>	United Nations Framework Convention on Climate Change
<b>UNGC</b>	United Nations Global Compact
<b>USSD</b>	Unstructured Supplementary Service Data
<b>WWF</b>	World Wide Fund for Nature
<b>WWF-SASSI</b>	World Wide Fund for Nature Southern African Sustainable Seafood Initiative
<b>YES</b>	Youth Employment Services



Our female truck drivers: Livhuwani Netshithuthuni and Germina Hunadi Rasesemola, together with our Chief People Office, Athene Van Mazijk and our Driver Trainer, Nomusa Caroline Hlongwane.



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