

# OUR IMPACT



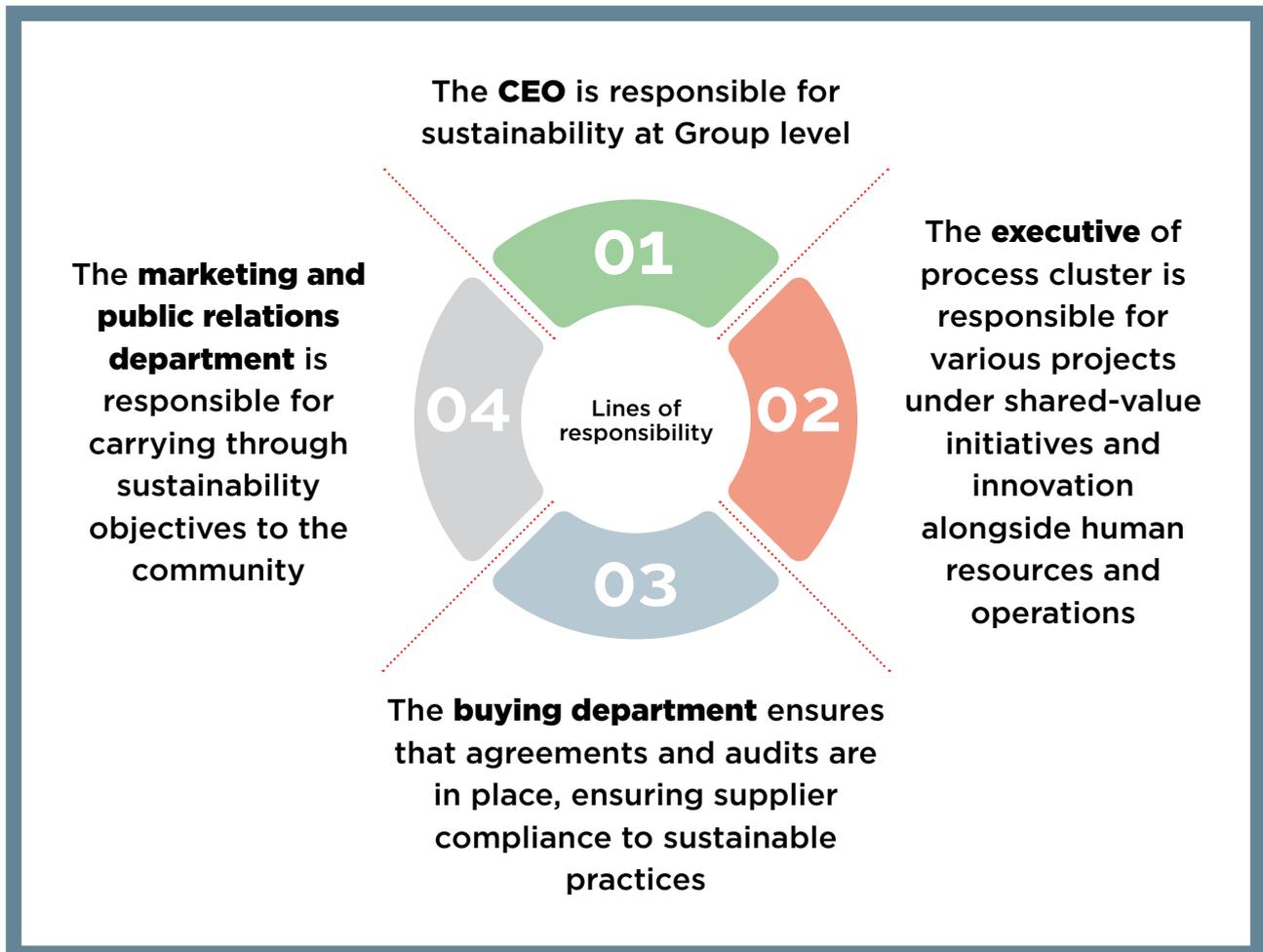
# Our impact

Sustainable practices form an essential part of the strategic objectives developed by Choppies. The strategy focuses on a circular economy concept in all matters related to sustainability.

The Board has reviewed and approved these objectives, which have been structured to address sustainability in one form or another.

Our objectives currently include serving the underserved, promoting healthy living, ensuring local economic growth, re-engineering supply chains, ensuring that stakeholders follow sustainable practices, focusing on resource efficiency and reducing waste on a sustainable basis.

Our circular economic outlook encompasses renewable energy sources, plastic reduction, setting up recycling stations and resource minimisation. Our commitment to sustainability would also minimise the impact our supply chain has on people and the environment. We expect to have a positive influence right from the manufacturer through to environmentally friendly disposals by our customers. The buying department must ensure the long-term shared value strategy initiatives are providing a fruitful outcome for our communities.



# Stakeholder engagement

We are committed to communicating with all of our stakeholders freely, transparently, and on time.

Our stakeholder engagement allows us to better define our business strategy, make smarter decisions, and improve our economic, environmental, and social performance. As a result, we attempt to understand our stakeholders' perspectives and requirements, create expectations for areas of mutual concern, act on those expectations, and keep our stakeholders updated on our progress.

We engage with our stakeholders through a variety of channels, including our website, bi-annual results releases, the integrated annual report, regulatory pronouncements from the BSE and JSE, one-on-one meetings, customer surveys, and continuous informal talks.

We will keep working to improve our engagement techniques, and we see communication and relationship management with our stakeholders as essential to our long-term viability and a key component of our business strategy.



Our key stakeholders and the issues that concern them are highlighted below:

## Financiers

<b>Key interests</b>	<ul style="list-style-type: none"> <li>• Effective debt reduction and management</li> <li>• Regular discussions with funders</li> <li>• Compliance with various loan covenants and undertakings</li> <li>• Liquidity management for solvency</li> <li>• Sustainable growth.</li> </ul>
<b>Main issues in FY21</b>	<ul style="list-style-type: none"> <li>• Timely reporting and covenant compliance</li> </ul>
<b>Engagement</b>	<ul style="list-style-type: none"> <li>• Regular meetings</li> <li>• Concluded a new debt restructuring plan (see note 29 of the annual financial statements)</li> <li>• Regular tracking of finance covenants</li> <li>• Repayment of loans in terms of agreed timelines.</li> </ul>

## Suppliers

### Key interests

- Building relationships to ensure business continuity
- Honouring agreed terms of payment
- Honouring agreed terms of service
- Clear communication of expectations.

### Main issues in FY21

- Our suppliers seek sustainable relationships and efficient, effective access to our markets through our supply chain. They want to expand their businesses with our support.

### Engagement

- Regular contact with suppliers
- Maintaining close relationships with suppliers
- Implementing enterprise and supplier development initiatives
- Implementation and monitoring of service level agreements
- Sound commercial contracts
- Participate in new product testing and marketing
- Product support for healthy living.

## Customers

### Key interests

- High product quality as great value for money
- Convenience of location of stores and trading hours
- Competitive pricing structures
- High service levels
- Availability and variety of products
- Extensive relationship building.

### Main issues in FY21

- Our customers want value for their money and we strive to provide this
- Clean hygiene and environmentally friendly products and other customer concerns.

### Engagement

- Customer-centric business model
- Feedback from customers informs enhancement of products
- Conscious effort to meet expectations where applicable
- Continual product and service quality monitoring
- Facilitation of promotions
- Online delivery
- Strive to determine what customer wants.

# Stakeholder engagement continued

## Shareholders

<p><b>Key interests</b></p>	<ul style="list-style-type: none"> <li>• Board and management stability</li> <li>• Earnings and sustainable growth</li> <li>• Share price performance</li> <li>• Risk and mitigation strategies</li> <li>• Payment of dividends</li> <li>• Diversified footprint and segments</li> <li>• Strong management team</li> <li>• Restructuring or selling failing businesses</li> <li>• Sound governance.</li> </ul>
<p><b>Main issues in FY21</b></p>	<ul style="list-style-type: none"> <li>• Restoration of breakdown in corporate governance</li> <li>• Succession plan for CEO.</li> </ul>
<p><b>Engagement</b></p>	<ul style="list-style-type: none"> <li>• Results releases</li> <li>• Roadshows</li> <li>• Annual General Meeting</li> <li>• Regularly updated through XNews/SENS</li> <li>• Integrated Annual Report</li> <li>• Trading updates</li> <li>• Website updates.</li> </ul>

## Employees

<p><b>Key interests</b></p>	<ul style="list-style-type: none"> <li>• Job security and fair treatment</li> <li>• Learning and development</li> <li>• Safe workplace</li> <li>• Competitive remuneration</li> <li>• Recognition of performance</li> <li>• Transparent and regular communication.</li> </ul>
<p><b>Main issues in FY21</b></p>	<ul style="list-style-type: none"> <li>• Protection measures against Covid-19</li> <li>• Our employees want to develop their skills and careers in a safe and healthy working environment with opportunities for growth and empowerment.</li> </ul>
<p><b>Engagement</b></p>	<ul style="list-style-type: none"> <li>• Regular staff engagement and communication, both at Group and segmental levels</li> <li>• Training facilitated, based on individual goals and Company-specific requirements</li> <li>• Staff development initiatives</li> <li>• Annual appraisals</li> <li>• Code of ethics</li> <li>• Covid-19 protection and training</li> <li>• Whistle-blowing function and improved governance policies</li> <li>• Training to support skills development initiatives.</li> </ul>

## Regulators and government

<p><b>Key interests</b></p>	<ul style="list-style-type: none"> <li>• Compliance with all relevant laws and regulations</li> <li>• Transparent reporting.</li> </ul>
<p><b>Main issues in FY21</b></p>	<ul style="list-style-type: none"> <li>• Regulators want to ensure that we comply with regulations and that we are creating jobs and economic opportunities in the countries where we operate.</li> </ul>
<p><b>Engagement</b></p>	<ul style="list-style-type: none"> <li>• Regular contact with regulator, registrar, BSE and JSE.</li> </ul>

## Communities

<p><b>Key interests</b></p>	<ul style="list-style-type: none"> <li>• Social licence to operate</li> <li>• Employment opportunities</li> <li>• Environmental sustainability</li> <li>• Donating to local upliftment projects</li> <li>• Shared-value initiatives.</li> </ul>
<p><b>Main issues in FY21</b></p>	<ul style="list-style-type: none"> <li>• Many of the communities where we operate are characterised by high unemployment and relatively low income levels. In general, communities want upliftment through access to jobs and the formal economy. They seek opportunities for better lives through companies like ours. In addition, communities want assurance that we will not exploit them</li> <li>• Implementation of the shared value concept as a key strategic objective.</li> </ul>
<p><b>Engagement</b></p>	<ul style="list-style-type: none"> <li>• Regular review and assessment of CSI projects</li> <li>• Monitoring of the implementation of the Group's CSI strategy and projects</li> <li>• Corporate social responsibility initiatives.</li> </ul>

## Media

<p><b>Key interests</b></p>	<ul style="list-style-type: none"> <li>• Understanding the Choppies business</li> <li>• Integrity of reporting.</li> </ul>
<p><b>Main issues in FY21</b></p>	<ul style="list-style-type: none"> <li>• Transparency regarding governance.</li> </ul>
<p><b>Engagement</b></p>	<ul style="list-style-type: none"> <li>• Circulation of press releases</li> <li>• Media alerts through SENS/X-News announcements</li> <li>• Specific direct engagements.</li> </ul>

## Employee representation

<p><b>Key interests</b></p>	<ul style="list-style-type: none"> <li>• Advancing matters of mutual interest</li> <li>• Change management programmes</li> <li>• Partnering to effect workplace transformation.</li> </ul>
<p><b>Main issues in FY21</b></p>	<ul style="list-style-type: none"> <li>• Unions are concerned about wages, work scheduling practices for full-time and part-time employees, transportation, and late trading hours. These are common features of the retail industry</li> <li>• Address the issues through the consultation process.</li> </ul>
<p><b>Engagement</b></p>	<ul style="list-style-type: none"> <li>• Regular consultation on reward and employment conditions</li> <li>• Consultation on transformation</li> <li>• Local economic development and corporate social investment</li> <li>• Skills development</li> <li>• Covid-19 safety protocols.</li> </ul>

We will keep working to improve our engagement techniques, and we see communication and relationship management with our stakeholders as essential to our long-term viability and a key component of our business strategy.

# Our people

Choppies' people-focused approach attempts to build an employee value proposition that will empower, recognise and reward the talent needed to achieve our objectives. Across all operations and business segments, employees are treated equally and given similar opportunities. We collaborate with our communities and are constantly on the lookout for new opportunities, technology, and ideas. Our workforce currently stands at 9 746 people across four countries.

As our frontline brand ambassadors, we seek to attract and retain high-calibre personnel who are critical to our success and long-term viability. The Company continues to place a premium on providing excellent working conditions as well as ample possibilities for advancement and development.

Choppies is an equal-opportunity employer that does not accept discrimination at any level. We employ the largest contingent of people with disabilities in the private sector in Botswana and encourage this in our other countries of operation. No incidences of discrimination and labour unrest were reported during the year.

A whistleblowing system is in place and all complaints received during the year were addressed.

## Employees by job level and gender

Employees at 30 June 2021

Botswana	Namibia	Zambia	Zimbabwe	Total
<b>Total</b> 6 743	<b>Total</b> 359	<b>Total</b> 1 158	<b>Total</b> 1 486	<b>Total</b> 9 746
Male 3 378	Male 167	Male 703	Male 780	Male 5 028
Female 3 365	Female 192	Female 455	Female 706	Female 4 718

## Total number of jobs created during the year

Botswana	Namibia	Zambia	Zimbabwe	Total
<b>Total</b> 471	<b>Total</b> 33	<b>Total</b> 297	<b>Total</b> 234	<b>Total</b> 1 035

We spent BWP8 million on training and upskilled 3 008 employees, thereby improving their quality of life.

### Skills development and training

Employees are the most essential stakeholders in the shared-value project, thus skills training is a critical component of the plan. Choppies also guarantees that employees receive on-the-job training on the code of conduct. The main feature of the training programme should be:

- Relevant to Choppies
- Measurable outcomes
- Ability to demonstrate the training learnings at the work place.

The goal is also to ensure that every person in the organisation receives at least one 10-hour training every two years. An external consultant provides a training plan for newly hired supervisors and interns. The 11 modules have all been created and will be implemented in the coming year.

In addition, as part of a three-year plan, Choppies has made skills development one of the 15 objectives set forward by top management. The head of Human Resources is in charge of skills development and training, with the help of an outside consultant.

Due to restrictions on gatherings as a result of Covid-19 training was disrupted. However, within these restrictions we resumed last year's training programmes to address the group of employees who had not been trained the previous year. The majority of the training took place in the last three quarters of the year. The Human Resource Development Council has accredited all of the courses that are offered and the companies providing the training are all accredited.

During the year, the following training programmes took place:

- Customer service training **1 653 attendees**
- Forklift training **286 attendees**
- Basic First Aid **81 attendees**
- Disciplinary hearing training **49 attendees**
- Merchandising skills **26 attendees**
- Managing people **537 attendees**
- Supervisory skills **46 attendees**
- Occupational health and safety **330 attendees**.

The total amount spent on training was BWP8.0 million. The aim was to use the entire allocated training expense of BWP11 million, however due to Covid-19 limits, we were only able to use 73% of the budget.

The Choppies Graduate Trainee Programme exposes graduates to opportunities in the retail industry, providing formal training in all areas of the fast moving consumer goods market. During the year, 20 Batswana graduates benefited from the programme and 16 candidates completed their training and have since been employed at Choppies and promoted to assistant manager.

### Health and safety

The safety of our employees is a top priority and Choppies subscribes to a zero-harm policy and we are committed to preventing accidents that may affect our employees, equipment, facilities or customers.

Following a review of our external audits conducted by Encyclo Investment (Pty) Ltd, it was determined that on a cost-benefit basis it would be more beneficial to conduct internal hygiene audits. Therefore, internal hygiene audit methods were implemented and have proven to be more effective as these are conducted more frequently and by auditors more familiar with our operations.

In order to maintain the subjective review in audits, external audits were conducted during the year.

In order to address the time lag between the actual audit and the actions to address issues raised in the audit, we use technology to ensure speedy address of any issues. Audits are done on an electronic platform which facilitates timely communication to the right department. A team of 20 personnel continually monitor operations and sanitary standards through video surveillance.

During the year we had 39 work-place accidents with the majority taking place in the butchery department as a result of bypassing safety instructions. There were also a few forklift accidents. The Group does not measure the lost-time injury frequency rate as we have determined that the value, even if tracked, would be insignificant. The number of workplace accidents provides a better indication of how well the organisation handles safety issues.

Similar to safety audits, hygiene audits have also been converted into an internal exercise. External audits are done on request and are used to maintain the randomness element. Live monitoring is done through the use of cameras to make sure that all parameters are followed and action is taken as soon as an incident is spotted.

## Our communities

Choppies has an effective corporate social investment (“CSI”) policy in line with the Company’s commitment to the upliftment of communities in which we operate. As at 30 June 2021 the total CSI contributions amounted to BWP887 344 (2020: BWP6.2 million). The prior year included once-off contributions to the Covid-19 Presidential Relief Fund of BWP3.4 million. The Group’s CSI policies aim to ensure that we properly maintain our social licence to operate by considering human rights as well as the social, economic and environmental impacts of what we do as a business. Choppies is committed to ensuring that any business undertakings are conducted as ethically as possible.

### Donations for the period 2020 to 2021

<i>Beneficiary</i>	<b>BWP</b>
Houses for the destitute	<b>424 800</b>
Sports promotion donations and sponsorship	<b>225 331</b>
Baboloki Thebe Sports personnel sponsorship	<b>53 500</b>
Grocery and other donations to various unprivileged groups and community activities	<b>183 714</b>
<b>Total</b>	<b>887 344</b>

Beneficiaries during the year included the following:



#### **National Athlete Baboloki Thebe during a training session**

Choppies Distribution Centre (Pty) Ltd has entered into a sponsorship agreement with Motswana athlete Baboloki Thebe as part of his participation in various elite competitions.

**Date:** July 2020 to date

**Value:** BWP53 499



**Seneo Perry of restoring the world giving a lecture during the Okavango Delta Documentary viewing at SOS Tlokweng**

Seneo Perry, environmentalist and Botswana tourism ambassador was sponsored by Choppies for a film documentary viewing at the Tlokweng SOS children's home. The documentary was shot at the Okavango Delta and it was based on preserving the last remaining wetland in Africa.

**Event:** Documentary viewing  
**Date:** September 2020



**Zambian National team during their match with Zebras (Botswana National Football team)**

Choppies sponsored the Botswana Football Association from June to November 2020. This was a conclusion of a three-year sponsorship agreement between the two parties that commenced in 2018.

**Event:** BFA Sponsorship  
**Date:** June 2020 - November 2020  
**Value:** BWP225 330



**IDM Students during a training session at Choppies Northgate**

Choppies Botswana signed a memorandum of understanding with the Institute of Developmental Management (IDM). This facilitated the conceptualisation of relevant training solutions to benefit IDM students. This opportunity provides training, mentorship, the acquisition and practical skills to actively participate in the economy.

**Event:** Choppies signs MOU with IDM  
**Date:** October 2020

# Our communities continued

## His Honour the Vice President Slumber Tsogwane with Ms Ashley Thaba along with delegates at the gender-based violence campaign event.

Choppies sponsored a campaign in Rakops in the Boteti area to fight gender-based violence. BWP300 Choppies' gift vouchers were distributed amongst 12 wards in Rakops.

**Event:** Gender-Based Violence Campaign  
**Date:** November 2020  
**Value:** BWP3 600 Choppies' gift vouchers



## My African Dream music competition contestants during a boot camp

Choppies' through Footprints Advertising, sponsored the 2021 My African Dream music competition with BWP50 000.

**Event:** My African Dream  
**Date:** March 2021  
**Value:** BWP50 000



From left to right Chef Thuto (IDM Culinary School) Choppies CEO Ram Ottapathu, IDM Country Director and IDM Regional Director



**One of the ladies groups during a phaphatha tasting session in Mogoditshane**

Choppies Botswana entered into a partnership with Itsose Mosadi, an initiative aimed at supporting the endeavours of women in small medium and micro enterprises. The initiative is a partnership with various women's societies to ensure the buying of supplies at discounted rates and the supply of baked goods for sale and providing a market for the sale of their goods.

**Event:** Itsose Mosadi Partnership  
**Date:** April 2021

**His Honour the Vice President Slumber Tsogwane with beneficiary Ms Sentsho Gorewang and sister at the Serowe house hand over**



**House donated by Choppies in Serowe**

Choppies donated a house in Serowe under the National Housing Appeal. His Honour the Vice President Slumber Tsogwane officially handed the house keys to the beneficiary.

**Event:** National Housing Appeal  
**Date:** May 2021  
**Value:** BWP110 000

**Itsose Mosadi representatives with various ladies in Mochudi during a phaphatha tasting session**



# Our environment

Choppies operates in four different countries and is committed to ensuring a minimal impact on the environment in all regions of operations. The Group has made significant progress in determining and enhancing the organisation's environmental performance.

An environmental policy was drafted and approved by the Board during the year. The Group made pleasing progress towards meeting its environmental goals. The Group placed greater emphasis on waste management during the financial year, whereas in previous years the focus was on safe garbage disposal, to ensure that minimal waste was generated.

Due to the impact of Covid-19, there has been a drop in activity in the production department, which has eased the implementation of many of the waste management efforts. Reports were changed to incorporate demand forecasting into production predictions, the number of SKUs was reduced, and production planning skills were taught, resulting in a reduction in food waste. Based on a random survey, the net result of these activities was a 30% reduction in food waste.

Despite Covid-19 having a significant impact on the sorting and recycling of plastic and paper waste, the Group continued to seek waste disposal alternatives. During the lockdown, demand for recyclable paper and plastic garbage was nearly non-existent due to a downturn in the recycling business and a dramatic drop in demand. Although Choppies worked with suppliers to minimise the impact, the amount of waste transported to landfills increased.

Choppies continues to use environmentally friendly refrigerants for replacement capex, which is typically used to upgrade low-efficiency open freezers to more elegant-looking high-efficiency display freezers. A new transportation software is now being developed, which should help us reduce our carbon footprint significantly.

We introduced a number of measures to conserve resources such as energy and water including:

- Progress was made in converting the electrical energy source from the current source of thermal to solar – one store in Namibia was converted to a solar powered one
- All the remaining stores in the country will also be converted during the current financial year
- Commenced discussions in the other countries.

The rapid rise in the cost of water has hastened the development of schemes to recycle water from filters and sewers. During the current year, 20 stores are projected to be brought under the new water management system. Water use was unchanged from the previous year.

Electricity and water consumption is tracked on a month-by-month basis.

A major change has been a move from open skips to underground ones in a few stores. This was done to reduce fly infestations, spill overs and misuse of waste disposal facilities by outsiders.

Working with suppliers to eliminate 100 tonnes of plastic per year and reducing food waste (wet waste) by 20% through improved planning are explicit targets outlined.

We have not calculated our carbon footprint, but switching to low-energy equipment, using environmentally friendly refrigerants, and improving fleet efficiency has significantly decreased our carbon footprint. In three years, our target is to convert at least 30% of stores in each region to alternate energy. All stores in Namibia will be converted to run on solar electricity.

Whenever products can be recycled or reused every effort is made in supporting or achieving this.

During the year we did not receive any significant fines for non-compliance with environmental laws.

## New partnership and food-waste policy

When a new supplier is brought on board, the Company requires a self-declaration of ethical sourcing. Food made in-house follows a production schedule, ensuring little waste in accordance with the food-waste policy. The availability of various methods for utilising raw resources also ensures that food waste is kept to a minimum.

We have arrangements in place with suppliers to handle expired food goods, which are disposed of in accordance with the law, either by us or by our suppliers. Several actions are taken in collaboration with suppliers to reduce waste. These included reducing the plastic content in packaging for bakery products, moving away from plastic content for homebrand water bottles and switching from using plastic to greaseproof paper in some takeaway products.

