

# MASSMART

## Environmental Policy

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## 1. Preamble

The role of business has changed and our stakeholders expect more from us. In particular, they expect us to play, in addition to our economic role, a role as a responsible Corporate Citizen wherever we can. Massmart recognises that empathetic environmental management is an essential element of the good Corporate Citizenship and high ethical standards of conduct to which we aspire. Indeed we commit ourselves in our Ethical Code of Conduct to: **“Always act as a compassionate and responsible Corporate Citizen that is in touch with the issues facing the communities in which we operate”** and **“to demonstrate sensitivity to the impact that our activities and our trading partners activities have on the natural environment.”**

It is sometimes easy to overlook the fact that “clean industries”, such as the retail industry, do have a significant direct and indirect impact on the natural environment.

- ▶ We participate in designing, developing and occupying retail space that affects local traffic conditions, environmental aesthetics and the availability of green space in urban communities.
- ▶ Our stores consume energy for lighting, heating, air conditioning, refrigeration and many other uses. This means that we contribute, depending on local energy sources, to the depletion of fossil fuels and, in the case of older refrigeration units, to the emission of chlorofluorocarbons (CFC's) which are harmful to the biosphere.
- ▶ Our stores also consume water and precious raw materials that are used in stationery, packaging, store fixtures and fittings.
- ▶ We produce a great deal of waste, notably paper based materials but also toxic waste from printer cartridges and inks that may be used in our promotional materials.
- ▶ We and our suppliers use fuel and electricity, thereby emitting and contributing to the emission of harmful greenhouse gases.
- ▶ We occupy an influential role in supplier product lifecycles, from the ingredients that go into the products that we sell to the materials into which they are packaged.

Our position is therefore clear; our activities will, if not managed with sensitivity, have an irresponsibly negative impact on the natural environment – so it follows that we have a duty to adopt “eco-efficient” practices that

enable us to minimize Massmart's potential negative impact on the natural environment.

## **2. Objective**

Massmart is committed to the view that the natural environment is not inherited from our ancestors, but that it is borrowed from our children. We are in addition, as a highly competitive commercial entity, also committed to rendering superior returns to our shareholders.

Our principle objective in the context of this policy is therefore to provide superior returns to our shareholders in an environmentally responsible manner. We will therefore ensure that our operations comply in all respects with the provisions of the Occupational Health and Safety Act, as well as with all relevant national, provincial and local environmental legislation and regulations. We will specifically ensure that all Massmart entities comply with the relevant provisions of the National Environmental Management Act (NEMA) of 1998, the essential elements of which require that:

- ▶ Development must be socially, environmentally and economically sustainable.
- ▶ Organizations must select best practice environmental options that optimize environmental benefits or that minimize environmental damage, at a cost that is viable for society in the short and long-terms.
- ▶ Organizations should report on the environmental impact of their activities.

This objective is not inconsistent with our traditional commercial imperatives, since it challenges us to discover forms of resourcefulness, cost consciousness and resource efficiency that will result in positive outcomes in areas such as lower raw materials consumption, lower energy consumption and less wastage.

## **3. Primary Principles Governing Environmental Management at Massmart**

The effectiveness of this policy is predicated upon our ability to ensure that our operations are conducted in terms of an aspirational set of practical and commercially achievable environmental guidelines. We will as such, in the execution of our commercial activities, endeavour to leverage opportunities to apply the following environmental principles, the identification of which has been influenced by the CERES Principles:

- ▶ We will only occupy retail properties for which a rigorous Environmental Impact Assessment (EIA) has been conducted and that comply fully with

all relevant national, provincial and local Urban Planning and Environmental legislation and regulations.

- ▶ We will be committed to creating a safe, healthy, comfortable and pleasant in-store ambiance and environment that contributes positively to the retail experience of our customers and the workplace experience of our staff.
- ▶ We will only procure merchandise that meets prescribed national and international safety, health and environmental standards. We will also endeavour to, within the ambit of commercial reality, give preference to suppliers who achieve internationally recognised environmental standards of performance such as ISO 14000 Certification.
- ▶ We will ensure that the handling, storage and sale of hazardous substances, such as pool chemicals and pesticides comply with prescribed legislative requirements and in terms of recognised industry practice. This will include the establishing effective processes to prevent and handle incidents associated with hazardous substances and product tampering.
- ▶ We will continue to ensure that the plastic shopping bags that are distributed to customers in our stores are reusable and at least 30 microns in thickness.
- ▶ We will endeavour to reduce, and where possible, eliminate waste through recycling. We will handle and dispose of our waste through safe and responsible methods. Our active re-cycling programme will discriminate between aluminium, plastic, steel, glass, cardboard, food waste and toxic waste. We anticipate that this will be achieved primarily through the recycling of stationery and packaging but also through the safe disposal of food waste and potentially toxic items such as batteries and used toner cartridges.
- ▶ We will endeavour to reduce, for internal use, products and services that cause environmental damage or that pose health or safety hazards. We anticipate achieving this primarily by giving preference to environmentally responsible service providers and to products with low toxicity. This could include using; paper products that are not bleached with chlorine, low toxicity cleaning detergents, integrated pest management and printing services that utilize non-toxic inks.
- ▶ We accept the impact of carbon emissions on climate change and recognize that South Africa, as one of the highest per capita emitters of CO<sub>2</sub> in the world, should embrace technologies and strategies to reduce the production of greenhouse gases. We will therefore endeavor to optimize sensible opportunities to reduce our own carbon emissions,

primarily through demand side energy management initiatives aimed at reducing energy consumption in our stores and offices.

- ▶ We will endeavour to limit our store and office consumption of water. We anticipate that this will be achieved by exploring the use of water saving devices on toilet flushing mechanisms, taps, staff shower heads and by creating staff awareness about the need to conserve water.

We will pursue these principles with demonstrated vigour, as well as with a keen insight into an intelligent application of the trade off's that sometimes need to be made in order to integrate the imperatives of commercial, social and environmental sustainability.

#### **4. Application Monitoring & Reporting**

Overall accountability for ensuring effective compliance with the Environmental Policy will rest with the Chief Executive Officer who will also be responsible for ensuring that the Board of Directors remains fully informed about pertinent environmental issues. We will give practical effect to this policy by:

- ▶ Establishing “retail appropriate” internal Environmental Performance Benchmarks in areas such as; procurement of environmentally friendly products and services for internal use, procurement of merchandise that meets legislated safety, health and environmental requirements, re-cycling of store and office consumable waste, minimizing the consumption of energy and water and reducing harmful emissions.
- ▶ Delegating discretionary accountability to the individual Chain Managing Directors and their respective Executive Committees to establish commercially viable Environmental Management Processes that support the implementation of the principles described in this policy. Their main responsibilities will include defining achievable Environmental Performance Targets and detailed procedures for the issues covered in this policy that they deem to be relevant to their operational activities.
- ▶ Prescribing minimum supplier health, safety and environmental standards of conduct in Trading Agreements and/or contracts.
- ▶ Tasking the Internal Audit Department to establish, with the input of external experts, an Environmental Audit Programme that is specific to the South African retail industry. Our goal will be to conduct an Environmental Audit of all Massmart's operating entities on an annual basis. The objectives of this Environmental Audit will be to assess compliance with relevant environmental legislation and chain specific Environmental

Management Processes, as well as the progress made toward achieving internally agreed environmental performance targets.

- ▶ Reporting, through our Sustainability Reporting process, on the status of our environmental initiatives as well as on the progress that we have made toward achieving targeted environmental standards of performance.
- ▶ Creating awareness of relevant environmental issues and best practices amongst key staff that have the opportunity to directly influence environmental standards at Massmart. This awareness campaign will specifically target Executive Committee Members, Merchants, Store Planning staff, Store Managers, Buyers of Internal Use Products/Services and Logistics staff.

Finally, we will be mindful in the implementation of this policy, to always balance the legitimate interests and concerns of all our stakeholders in a way that contributes meaningfully to the ongoing success of our business.