Welcome to your CDP Climate Change Questionnaire 2019

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

The SPAR Group Ltd (SPAR or the group) is a warehousing and distribution business listed on the Johannesburg Stock Exchange (JSE) in the Food and Drug Retailers sector. The Group owns SPAR retail brand, but, essentially, supports a network of independent retailers who trade under our brand through our distribution centres.

We form part of SPAR International, which is present in 48 countries and has 242 distribution centres that serve 13.5 million customers every day. The SPAR Group Ltd, headquartered in Durban, South Africa, is present in ten countries, has 8 distribution centres and serves 3 768 retail members through 8 store formats every day. SPAR international granted the South African licence to SPAR in 1963. Today, we have similar SPAR operations in Ireland (including South West England) and Switzerland. We are also a joint shareholder in SPAR Sri Lanka and SPAR Zambia, and own SPAR licences for Namibia, Botswana, Mozambique and Angola, which are all serviced through the South African distribution centres.

Our most significant income is from South Africa where we operate six distribution centres, one Build it distribution centre and S Buys distribution centre which supply building and pharmaceutical products respectively. These supply and service 909 independently owned SPAR stores within South Africa. We distribute goods to stores with a fleet of trucks and trailers owned by the group.

We have a total of 2 236 stores in the following formats in Southern Africa:
SPAR, SUPERSPAR, KWIKSPAR, SPAR Express Build it, SaveMor, Pharmacy at SPAR and TOPS at SPAR.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date	Indicate if you are providing emissions data for past reporting years
Row 1	October 1, 2017	September 30, 2018	No

C0.3

(C0.3) Select the countries/regions for which you will be supplying data.

South Africa

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

ZAR

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your consolidation approach to your Scope 1 and Scope 2 greenhouse gas inventory.

Operational control

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Board-level committee	The Social and Ethics Committee of the Board has overall accountability for the sustainability and climate change agenda of the Group. The Committee is made up of executive and non--executive members. The committee is mandated by the Board with specific functions and responsibilities.
Other C-Suite Officer	The direct responsibility for managing sustainability and climate change, including identification, assessment and management of climate-related risks, resides with the Group Strategy, Sustainability and Risk Executive. The Group Strategy, Sustainability and Risk Executive is part of the Group's Executive management team and has a permanent invitation to the social and ethics committee and to the Board

C1.1b

(C1.1b) Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Please explain
Scheduled – all meetings	Reviewing and guiding strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding annual budgets Reviewing and guiding business plans Setting performance objectives Monitoring implementation and performance of objectives Overseeing major capital expenditures, acquisitions and divestitures Monitoring and overseeing progress against goals and targets for addressing climate-related issues	The Board has allocated the oversight of, and reporting on, organisational ethics, responsible corporate citizenship, sustainable development and stakeholder relationships to the Social and Ethics committee. The committee meets formally twice a year. The Chairman of the Board and the CEO attend meetings by invitation. The committee oversees the company's social and organisational activities relating to the environment and its stakeholders, and monitors company's sustainability performance to ensure that company's ethics supports its culture, it is seen as a responsible citizen and that there is a balance between the company and the needs, interest and expectations of all stakeholders.

C1.2

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on climate-related issues

Other committee, please specify Social and Ethics Committee	Both assessing and managing climate-related risks and opportunities	Half-yearly

C1.2a

(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).

The board has allocated an oversight of, and reporting of organisational ethics, responsible corporate citizenship, sustainable development and stakeholder relations to the Social and Ethics committee. Members of the committee and its Chairman are appointed by the board on the recommendation of the Nomination Committee and in consultation with the Chairman of the committee. During the year under review, the Social and Ethics Committee comprised of two independent non-executive directors and one executive members. The committee meets formally twice a year. The Chairman of the Board, the CEO, the Group Strategy, Sustainability and Risk Executive, the Group Human Resources Executive and the Group's Company Secretary attend meetings by permanent invitation.

The committee oversees the company's social and organisational activities relating to the environment and it stakeholders, and monitors the company's sustainability performance to ensure that the company's ethics supports its culture, it is seen as a responsible citizen and that there is a balance between the company and the needs, interest and expectations of all stakeholders.

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

Yes

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).

Who is entitled to benefit from these incentives?

Executive officer

Types of incentives

Monetary reward

Activity incentivized

Energy reduction target

Comment

The Executive has a key performance indicator (KPI) which is specifically related to targets and an incentive bonus is partly related. These are reviewed on an annual basis. This Executive also reports bi-annually to the Social and Ethics Committee, a subcommittee of the Board, on these issues.

Who is entitled to benefit from these incentives?

Other, please specify

Fleet drivers

Types of incentives

Monetary reward

Activity incentivized

Emissions reduction target

Comment

Fuel incentive for drivers is set up where a target consumption per vehicle is set and each driver is measured against this tallying up how many litres they have saved. The total value saved is then shared between the drivers based on their contribution to the savings. The savings are calculated on a monthly basis.

Who is entitled to benefit from these incentives?

Other, please specify

Outbound and Maintenance Managers

Types of incentives

Monetary reward

Activity incentivized

Emissions reduction target

Comment

The Outbound and some Maintenance Managers have fuel consumption as part of their annual targets and that is a % of their total target for incentive.

C2. Risks and opportunities

C2.1

(C2.1) Describe what your organization considers to be short-, medium- and long-term horizons.

	From (years)	To (years)	Comment
Short-term	0	3	Short, Medium- and Long-term horizons are defined in SPAR's Enterprise and Risk Management (ERM) process.
Medium-term	3	10	Short, Medium- and Long-term horizons are defined in SPAR's Enterprise and Risk Management (ERM) process.
Long-term	10	30	Short, Medium- and Long-term horizons are defined in SPAR's Enterprise and Risk Management (ERM) process.

C2.2

(C2.2) Select the option that best describes how your organization's processes for identifying, assessing, and managing climate-related issues are integrated into your overall risk management.

Integrated into multi-disciplinary company-wide risk identification, assessment, and management processes

C2.2a

(C2.2a) Select the options that best describe your organization's frequency and time horizon for identifying and assessing climate-related risks.

	Frequency of monitoring	How far into the future are risks considered?	Comment
Row 1	Six-monthly or more frequently	>6 years	SPAR Group implemented the BarnOwl Enterprise Risk Management (ERM) process, which is an intensive and robust process whereby the materiality of risks and opportunities for the business are identified, assigned to owners, linked to key risk indicators (KRIs) and associated with action plans to take advantage of the opportunity or mitigate the risk.

C2.2b

(C2.2b) Provide further details on your organization's process(es) for identifying and assessing climate-related risks.

SPAR Group's climate-related risks are identified and assessed through the BarnOwl Enterprise Risk Management process. The process extends from the Executive level (company level) down to functional levels at SPAR distribution centres (asset/business level). The current risk management process allows various business units and functions to get exposure to critical risks and opportunities identified at the company level as well as for specific risks and opportunities that have been identified at the Distribution Centre level to feed back into the group level risk management framework. Regular feedback sessions are held at internal conferences (company level) and executive meetings at distribution centres (business unit/asset level) throughout the year to communicate to the management of existing risks and opportunities and assist in identifying potential new risks and opportunities in order to maintain the company's Risk Register.

Risks are managed by the Board through the Risk Committee to ensure that risks are managed and mitigated. The Committee bi-annually identifies and reviews the key risk indicators (KRIs) which are assigned to each risk, including climate-related risks. KRIs determine the likelihood and the impact of risks within the Risk Register and devises detailed action plan to mitigate key risks. The Group Strategy, Sustainability and Risk Executive attends all risk committee and Board meetings by invitation.

All climate-related risks are identified and assessed within SPAR's long-term horizon, between 10- and 30-years time frame. Climate-related risks which are identified at the Distribution Centre level are consolidated at the Group level before being assessed. SPAR assesses climate-related risks using the magnitude of the impact of the risk and the likelihood of risk occurrence factors, which are determined by the KRIs. Assessment of climate-related risks also allows the prioritisation of the risk by the Risk Committee to be incorporated. Following SPAR's risk assessment process, top 20 risks of the company are identified. Currently, certain climate-related risks are established within the top 5 SPAR's risks. Specifically, fuel usage has been established as the biggest risk to the business while natural disasters such as droughts and flooding as the 4th biggest risk to the SPAR Group.

C2.2c

(C2.2c) Which of the following risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	SPAR's ERM process identifies risks, and currently, one of the top 20 risks states, "Political instability in SPAR's markets hinder business through national or international events and fundamental shifts in economic systems due to policy changes". SPAR considers and manages current regulation risks that is relevant to SPAR, introduced by policy changes around climate change by staying up to date with current climate-related legislation. SPAR receives regular communication from data service provider, which reviews all new

		relevant legislation (e.g. new information on Carbon Tax, Waste legislation) and then sends it on to the company secretary. This risk is relevant to SPAR as policy changes can cause fundamental shifts in economic systems, and things can escalate quickly in a country with high political instability as South Africa.
Emerging regulation	Relevant, always included	SPAR's ERM process identifies risks, where one of the top 20 risks states, "Political instability in SPAR markets hinder business through national or international events and fundamental shifts in economic systems due to policy changes". SPAR considers and manages current regulation risks that is relevant to SPAR, introduced by policy changes around climate change by staying up to date with emerging climate-related legislation. An example of emerging regulation risks that is relevant to SPAR, is Carbon Tax (it was pending during the reporting period). SPAR has identified Science Based Targets as an initiative to reduce GHG Emissions and therefore, reduce indirect carbon tax liability. This risk is relevant to SPAR as policy changes can cause fundamental shifts in economic systems, and things can escalate quickly in a country with high political instability as South Africa.
Technology	Relevant, sometimes included	Risks associated with technological innovations that support the transition to a lower-carbon economy are included in risks assessments. SPAR Group conducted solar PV feasibility assessments and is rolling out Solar PV installations at its distribution centres. This risk is relevant to SPAR as assessing this risk allows SPAR to keep up with innovation and not be left behind its competitors in the long term (at a competitive disadvantage). If South Africa progresses and introduces new legislation and SPAR has not implemented new technology, it would be left a competitive disadvantage.
Legal	Relevant, always included	Climate-related litigation claims are always included in risk assessments. SPAR considers and manages climate-related litigation risks that are relevant to SPAR by staying up to date with current and emerging climate-related legislation and this way managing potential litigation claims that could arise due to non-compliance. SPAR's Company Secretary receives regular communication from data service provider, which reviews all new relevant legislation (e.g. new information on

		Carbon Tax, Waste legislation) and then this information is shared with the relevant departments. Management of this risk is relevant to SPAR as it enables SPAR to comply with the latest legislation and to avoid climate-related litigation claims.
Market	Relevant, always included	SPAR's ERM process identifies risks, where one of the top 20 risks states, "New and existing competition, including foreign entrants, take market share through price, range and hygiene factors". This risk is relevant to SPAR as the company could lose market share due to not addressing climate-related risks and taking climate change actions. SPAR recognises that markets constantly change and therefore, SPAR continues to proactively manage this risk. SPAR manages this risk through continuous market research and analysis as well taking climate change actions and initiatives such as Science Based Targets (SBTs) or installation of solar PV facilities to reduce energy consumption. SPAR's market research and analysis around SPAR's consumer perception has provided evidence that consumers will choose to shop at retail store based on their knowledge around actions retailer is taking to reduce climate change impacts. SPAR's climate change actions and initiatives enable SPAR to manage this risk.
Reputation	Relevant, always included	Risks associated with changing customer or community perceptions around SPAR's climate change related efforts are included in risk assessments. This risk is relevant to SPAR as the company could lose market share due to changing customer or community perceptions on SPAR's actions (or inactions) around climate change and climate change impacts. SPAR manages this risk through continuous market research and analysis as well as taking climate change actions and initiatives. SPAR's market research and analysis which included consumer perception has supported the notion that consumers will choose to shop at a retailer based on their knowledge about what the retailer is doing with regards to climate change and actions retailer is taking to reduce climate change impact.

		SPAR's climate change actions and initiatives such as SBTs or installation of solar PV facilities to reduce energy consumption enable SPAR to manage this risk. Additionally, SPAR has rolled out a campaign to reduce plastic ending up in landfill by creating carrier bags made from recycled material and brown paper carrier bags. This will increase the company's reputation and demonstrate its climate change actions to customers and communities. SPAR recognises that consumer perceptions constantly change, and the above approach enables SPAR to proactively manage this risk.
Acute physical	Relevant, always included	Event-driven climate risks (including impact of extreme weather events) are included in risks assessments. SPAR recognises business risks introduced by increased severity of extreme weather events and natural disasters as a result of climate change. SPAR manages this risk by ensuring that distribution centres are prepared for natural disasters, which occur more frequently as a result of climate change. For example, to address recent droughts, Western Cape Distribution Centre has installed adiabatic cooling systems and water collection measures such as drilling of boreholes in order to reduce vulnerability and exposure to drought.
Chronic physical	Relevant, always included	Longer-term shifts in climate patterns (including temperature increases, and drought) are included in risk assessments. SPAR recognises business risks introduced by increased longer term shifts in climate patterns. Western Cape and Eastern Cape provinces in South Africa have been identified as high-risk areas. Additionally, Gauteng region according to climate models has also been identified as a high-risk area as there are no local water sources as water comes in from other provinces. SPAR's Distribution Centres which are located in Western Cape, Eastern Cape and Gauteng regions are located in high-risk areas and therefore, are more likely to be exposed to chronic physical climate change risks. For this reason, SPAR's distribution centres in Western Cape, Eastern Cape and Gauteng have been prioritised for water efficiency and back up supply initiatives and actions.

Upstream	Relevant, always included	Upstream risks for suppliers are included in risk assessments. "Transformation issues including, for example, management, ownership, supply chain and enterprise development, are negatively impacting the business" is listed as a top 20 risk. SPAR recognises that climate related issues such as increased fuel prices or cost of electricity, or additional water restrictions can all influence the supply chain, which in turn will negatively impact business as SPAR will not be able to deliver goods and services to its customers. Additionally, climate change impacts the poor the most as they are the most vulnerable to climate change. This could introduce negative impacts on SPAR's lower income segment staff and customers through increased food prices due to increased fuel prices and drought. SPAR manages this risk through assessing its business operations to ensure that the company looks after the communities within which it operates, and that company's employees are provided with food to address food security issue.
Downstream	Relevant, always included	Downstream risks for SPAR retailers are included in risk assessments. "Poor adherence to implementation of group initiatives by retailers, thereby limiting our ability to market offerings on a national basis which results in financial and reputational damage" is listed as a top 20 risk. SPAR manages this risk through encouraging its retailers to adhere to group initiatives such as installations of energy efficiency systems (Solar PV facilities, LED lighting) or water efficiency systems (rainwater collection tanks). Due to the fact that retailers are independent and SPAR cannot impose groups' emissions reductions targets and commitments onto its retailers, implementation of climate actions among SPAR's retailers is often slower and could hinder SPAR from making bigger impact.

C2.2d

(C2.2d) Describe your process(es) for managing climate-related risks and opportunities.

SPAR's business strategy is continuously reviewed using Enterprise Risk Management (ERM) framework allowing incorporation of key sustainability issues and integration of sustainability thinking into all aspects of the business. A strategic focus area within the ERM framework is

"sustainable systems". It is through this process climate change has been identified as one of the leading risks associated in "sustainable systems" category. SPAR developed a five-year environmental action plan in 2013, which contains key environmental targets and measurements. The targets and measurements have been set per distribution centre and are reported to the Social and Ethics Committee on a quarterly basis. SPAR has started with the development of an updated environmental action plan, which aligns its retail and climate-related risks and opportunities with the new business strategy, new commitments, targets and group policies, incorporating SPAR's SBTs and carbon reduction framework. The plan will be guided by Global Reporting Initiative guidelines and principles and SDGs.

Regulatory risks in the form of fuel and energy taxes, physical risks in the form of changing weather patterns and reputational risks - all influence SPAR's strategy. SPAR operates significant physical infrastructure in the form of buildings and distribution fleets which are energy intensive. Being reliant on Eskom grid electricity, SPAR has attained a significant carbon footprint, however, regulatory changes that might impact on the cost of fossil fuel energy are still considered to have the greatest potential impact on the business. SPAR's key risk indicators (KRIs) assigned to all risks and opportunities are reviewed at bi-annual workshops. Regular feedback sessions are also held at internal conferences (company level) and at distribution centre executive meetings (business unit/asset level) throughout the year to communicate progress. These processes have influenced the business to more accurately capture and report data on water usage, waste generated, and electricity and fuel consumption.

Considerable business decisions influenced by climate change aspects relate to the company's key capital investments. More specifically, climate change regulatory issues that drive the need for energy efficiency (fuel and electricity) have driven the organisation to continually modify their vehicle specifications for all new vehicles purchased, to monitor drivers and to adopt various 'green building' principles and practices that reduce the consumption of electricity and facilitate the recycling of water.

The most important component of the short-term strategy which has been influenced by climate change is setting targets to reduce water, electricity and diesel consumption and waste generation. This has led to the implementation of various projects to assist in reaching these targets. Some short-term initiatives include energy efficiency measures in buildings, implementing more environmentally friendly refrigeration technologies and refrigerants, minimising waste and recycling programmes, a fleet management programme to reduce fuel consumption, introducing biodiesel into fleet fuel mix, reducing business travel through video conferencing, initiating a programme to redesign SPAR-branded product packaging to reduce its environmental impact and various behavioural change initiatives focused on employees, franchises and customers. SPAR has implemented solar PV installations at 3 DCs (which is 50% of SPAR's warehouses). SPAR also continues with installation of LED lighting in all DCs.

In terms of SPAR's long-term strategy, organisation's logistics model and strategy have been impacted by a significantly greater focus on optimised route planning as well as on increasing fuel efficiency of the vehicles carrying the goods. We are in continuous discussions with suppliers for back-hauling opportunities to reduce our fuel consumption. This is an on-going process with a focus on continuous improvement of the SPAR vehicle fleet over the long-term.

The business has, in addition, altered its technology strategy and specifications for large-scale infrastructure investments, such as vehicles, buildings and equipment, to incorporate 'green' technologies wherever possible. Climate change issues are increasingly influencing SPAR's product strategy from a house brand perspective. It is anticipated that this will become an increasing focus over time, with the current study to reduce the environmental impact of the house brand packaging as the first step in this process. Climate change issues also influence long-term strategy behind SPAR's service offering to its customers. SPAR is currently running two long-term programmes focusing on sustainable sourcing of food products, including SPAR seafood range.

Reduced energy consumption results in reduced costs and these efficiencies are critical to ensuring that SPAR can remain competitive.

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Transition risk

Primary climate-related risk driver

Policy and legal: Increased pricing of GHG emissions

Type of financial impact

Increased operating costs (e.g., higher compliance costs, increased insurance premiums)

Company- specific description

SPAR Group has identified carbon tax liability in the form of an increased electricity price (if Eskom passes its carbon tax liability onto consumers) as one of climate-related risks which could have a substantive impact on the company's business. While it is not likely that Eskom (a public electricity utility in South Africa) will be taxed in the first phase of carbon tax (ending in 2022), nonetheless, it presents SPAR with a long-term risk,

should Eskom be taxed in the subsequent phases of the carbon tax. While it is difficult to quantify the direct impact of carbon tax on SPAR through electricity price increases at this point, continues monitoring and quantifying impact from electricity price increases.

Time horizon

Short-term

Likelihood

Virtually certain

Magnitude of impact

Medium-high

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

7,204,380

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

If we were to assume that the financial impact would be as a result of the increase in price of electricity for the 2018/2019 year. The estimated cost of electricity for 2017/2018 is R 48 644 043 (44 553 987 kWh multiplied by an average tariff rate of 109.18c. An average 15% increase for 2019-2020 period on the average tariff rate would result in electricity price of R55 848 423, leading to R 7 204 380 increase.

Management method

The SPAR Group has identified Science Based Targets, which set Scope 1 and Scope 2 emissions reductions targets, 59% for BUILDINGS and 41% TRANSPORT sectors by 2050. Additionally, the company has developed Carbon Reduction Framework as a roadmap for reducing SPAR's emissions and meeting emissions reductions targets, and therefore, reducing potential carbon tax liability. Both the framework and SBT identifies reduction of energy usage through installation of solar PV in various SPAR's Distribution Centres among the key actions in achieving emissions reductions. During the reporting period, SPAR's solar PV facility in South Rand Distribution Centre was operational, already generating energy savings and reduced emissions.

Cost of management

350,150

Comment

Management of carbon footprint and tracking its emissions involves 10 internal staff members with an average annual cost of R112 000. Regions give about an hour of their time monthly while central office manages this risk full time, which totals about 3 months

spent managing this risk. Consulting costs for the development of Science Based Targets and carbon reduction framework were R 238 150. The cost of management this risk is estimated to be R 350 150.

Identifier

Risk 2

Where in the value chain does the risk driver occur?

Supply chain

Risk type

Transition risk

Primary climate-related risk driver

Policy and legal: Increased pricing of GHG emissions

Type of financial impact

Reduced demand for goods and/or services due to shift in consumer preferences

Company- specific description

SPAR's supply chain will also be impacted by the potential carbon tax. There is a risk that the financial implications of the carbon tax will be passed on to SPAR from its suppliers, which will mean that SPAR would either have to absorb these costs, or pass it on to its retailers and ultimately to the customer. This risk can lead to customers opting to shop at competing retailers rather than at SPAR.

Time horizon

Short-term

Likelihood

Virtually certain

Magnitude of impact

Medium-high

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

200,000,000

Potential financial impact figure – maximum (currency)

300,000,000

Explanation of financial impact figure

Potential financial impact has been estimating, assuming that taking no action to manage this risk, could lead to 2-3% increase in the Group's operational expenses, which would amount to R200 - R300 million.

Management method

SPAR believes that significant potential negative environmental impacts can be prevented or mitigated with the choice in suppliers. SPAR prioritises suppliers which work collaboratively, have goals/strategy and values that align with those of SPAR's and have prioritised climate change mitigation as part of their strategy. SPAR has also implemented various activities to assist in reducing its emissions across its supply chain. SPAR Group has started working on a more detailed Scope 3 accounting process which allows identification of largest risk areas in supply chain and where efforts should be targeted.

SPAR Group has rolled out an initiative to reduce plastic bag use through the #RethinkTheBag campaign, which promotes bringing your own bag, buying a SPAR paper bag, buying a SPAR canvas bag, carry groceries without a bag and only as a last resort buy a plastic bag. Since the launch of the brown paper bag in December 2017, SPAR has sold more than 4 million brown paper bags. This, combined with introduction of 100% recycled bag made from a minimum of 70% of post-consumer waste, has allowed SPAR to divert 3500 tonnes of waste from landfill annually.

Introduction of alternative and more sustainable packaging has been well received by consumers, increasing brand loyalty. The initiative has brought positive impact on SPAR's supply chain as it enabled SPAR to reduce the potential carbon tax liability in the form of increased electricity prices to its packaging suppliers.

Cost of management

90,000

Comment

R45,000 were spent on consulting fees to calculate Scope 3 emissions to identify emissions sources with greatest reduction opportunities and another R45,000 was dedicated internal staff working on this topic. 1 member of internal staff was involved in the management of this risk, dedicating an hour weekly. Provided cost is an annual figure.

Identifier

Risk 3

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Transition risk

Primary climate-related risk driver

Policy and legal: Enhanced emissions-reporting obligations

Type of financial impact

Increased operating costs (e.g., higher compliance costs, increased insurance premiums)

Company- specific description

Under the current South African Carbon Tax regime, emission reporting obligations became mandatory for companies, conducting certain activities. Although SPAR is actively calculating its carbon footprint, reporting obligations might place an additional burden on the company to report according to a specific standard and to have emissions verified. Additionally, changes to the National Environmental Management Act with regards to Industrial Waste Plan is likely to impact SPAR's scope 3 emissions and current reporting.

Time horizon

Short-term

Likelihood

Virtually certain

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

150,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

Three internal staff members work on reporting and monitoring emissions, which is estimated to be a total of one month over the duration of the year, amounting to R150 000.

Management method

SPAR is actively managing the risk through annually updating its carbon footprint and tracking its emissions. SPAR is in the process of improving its accounting practices for its energy and water data. SPAR has installed additional energy and water meters across all distribution centres to provide more accurate data from energy / water usage. This will enable better transparency and traceability of data and make data readily

available to for tracking and monitoring.

SPAR Group externally verifies its Scope 1 and 2 Emissions and is considering enhancing the scope of verification in future.

Cost of management

241,600

Comment

R129 600 was spent on consulting fees for calculating carbon footprint and emissions tracking. Additionally, R112 000 on internal staff dedicated to this activity. This includes internal staff involved on managing tracking carbon emissions which is eight maintenance mangers who spend 1 hour each month, a full-time sustainability specialist who spends 2 months on these activities, a sustainability manager and a sustainability executive, both of whom spend 1 hour a month for six months.

Identifier

Risk 4

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Transition risk

Primary climate-related risk driver

Market: Changing customer behavior

Type of financial impact

Increased operating costs (e.g., higher compliance costs, increased insurance premiums)

Company- specific description

There has been an increasing trend internationally for product labels to display the environmental impact that has occurred in the making of a product. A similar trend may be introduced in South Africa, where energy efficiency standards and ratings on labels of product may become obligatory. This may lead to the review of various labels designs to include energy, water usage or carbon footprint information. For SPAR Group, initially that would be the most applicable to paper (from FSC certified forests) and seafood (from MSC/ASC certified seafood) that it sources. Although this could introduce another cost that SPAR Group would potentially need to absorb, satisfying consumers' demand for sustainably conscious goods would be beneficial. SPAR's market research analysis on consumer perceptions has demonstrated that most of SPAR's consumers are

increasingly aware of where their products are sourced from. Currently, SPAR's paper packaging is sourced from sustainable FSC forestries.

Time horizon

Medium-term

Likelihood

Likely

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

Potential financial impact has not been evaluated.

SPAR is in the process of conducting various studies to reduce the environmental impact of its products, these include sustainable sourcing and redesigning its packaging. In general, SPAR tries to be as transparent as possible with the labelling on its products and closely monitors legislative developments in this field.

Management method

SPAR is in the process of conducting various studies to reduce environmental impact of its products, these include sustainable sourcing and redesigning of its packaging for recyclability. To date, SPAR has redesigned its plastic carrier bags that are both 100% recyclable and 100% recycled with a minimum of 70% post-consumer waste, this diverts 3500 tonnes of waste annually from landfill. SPAR Group is rolling out an initiative to reduce the use of plastic bags.

In addition to reducing environmental impact from plastics through waste diversion and emission reductions, this initiative also supports the local economy through encouraging collection of plastics, thus creating a circular economy. SPAR also promotes the uptake of paper bags, and while the price of a paper bag is double that of the plastic bag, SPAR is trialling various measure to encourage consumers to reduce the usage of single use plastics. The #RethinkTheBag campaign promotes bringing your own bag, buying a SPAR paper bag, buying a SPAR canvas bag, carry groceries without a bag and only as a last resort buy a plastic bag.

Cost of management

480,000

Comment

2 members of internal staff dedicated to managing this risk full time with the executive working on the risk an hour a month. The monthly cost is R40 000, therefore, annual cost is R480 000.

Identifier

Risk 5

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Physical risk

Primary climate-related risk driver

Chronic: Rising mean temperatures

Type of financial impact

Increased operating costs (e.g., higher compliance costs, increased insurance premiums)

Company- specific description

SPAR operates refrigeration equipment both in the distribution centres and in trucks transporting goods to stores. Increasing mean atmospheric temperatures will require this equipment to work harder, increasing the energy consumption (electricity in Distribution Centres and diesel in fleet) to ensure that the refrigeration temperatures remain below the set points. An increasing mean temperature will also result in air conditioners working harder and for longer hours in the office buildings, increasing electricity consumption.

Time horizon

Medium-term

Likelihood

More likely than not

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

2,400,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

If electricity consumption were to increase by 5% as a result of increased refrigeration and air conditioner demand, it will increase SPAR's electricity bill by R 2.4 million.

Management method

SPAR Group trains its warehouse and administrative personnel to be aware of energy losses when operating refrigeration equipment through annual awareness campaigns across all regions. The company has also implemented initiatives for reducing energy requirements of refrigeration equipment through installation of timers on lighting and air-conditioning units, installation of high-speed doors and air curtains as well as the monitoring and adjusting of set point temperatures to reduce electricity consumption.

Cost of management

3,000,000

Comment

It is estimated that the cost of managing this risk is R3 million. This cost has been estimated using R250,000 per month figure, which is the cost of all maintenance managers across all regions, to calculate the annual figure. This is based on assumption that achieving efficiencies falls under the job scope of maintenance managers.

Identifier

Risk 6

Where in the value chain does the risk driver occur?

Supply chain

Risk type

Physical risk

Primary climate-related risk driver

Chronic: Changes in precipitation patterns and extreme variability in weather patterns

Type of financial impact

Increased operating costs (e.g., higher compliance costs, increased insurance premiums)

Company- specific description

Extreme weather events like extreme rainfall and droughts can severely impact on SPAR's supply chain. These events will have a negative impact on agricultural sector which can lead to increased food prices and potential lack of delivery of goods. This can lead to SPAR not being competitive with other retailers or not having certain products on the shelves.

During the 2017/2018 reporting year, extreme drought was experienced in some areas in the Limpopo Province. As a result, some of SPAR's commercial and small-scale farmers were unable to deliver sufficient product to SPAR stores. This resulted in a shortage of stock, leading to an increase in price of the available product. In addition to this, change to climatic conditions has increased the presence of false armyworm in Limpopo province, which has affected SPAR's sweetcorn crops grown in the region, further reducing available stock.

Time horizon

Medium-term

Likelihood

Likely

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

83,000,000

Potential financial impact figure – maximum (currency)

139,000,000

Explanation of financial impact figure

SPAR might need to absorb some of the cost increases of food products to stay competitive. If this were to result in a 3-5% loss in operating profit, it could cost SPAR between R83 - 139 million per year.

Management method

SPAR believes that significant potential negative environmental impacts may be prevented or mitigated with its choice in suppliers. SPAR has started surveying its top suppliers and screening new suppliers using environmental criteria. SPAR has already engaged with SPAR house brand suppliers where suppliers were asked to complete a questionnaire concerning their environmental management systems, specifically focusing on energy use, transport, greenhouse gasses, waste and wastewater, water

use, emissions, pollution prevention and treatment of hazardous substances. During the current reporting period, SPAR has continued engaging with local farmers to assist them in sustainable farming practices, thereby assisting them to become more resilient to climate change impacts.

SPAR has also assisted a supplier with R13.4million to investment in water efficient infrastructure. Additionally, SPAR has continued facilitating the development of the small-scale farming sector through the SPAR Rural Hub business. Small scale emerging farmers are mentored by commercial farmers and technical service providers, providing support around farming techniques, spraying, harvesting and regulations and also these farmers are assessed against the local GAP farming standard, which SPAR has developed in conjunction with Global GAP (more information on the local GAP standard is included under question 12.3a).

Cost of management

9,244,000

Comment

The cost of this risk response has been quantified by the investment in infrastructure, which totalled to R 7.4 million in 2017/2018 year.

Additionally, the cost of training local farmers (44 farmers) amounted to R 44 000 and the cost of 3 members of internal staff who manages small scaler farmers full time amounted to R 1.8 million.

Identifier

Risk 7

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Transition risk

Primary climate-related risk driver

Reputation: Shifts in consumer preferences

Type of financial impact

Reduced demand for goods and/or services due to shift in consumer preferences

Company- specific description

There is increasing pressure from stakeholders, including consumers and the broader public, for large corporates to address environmental issues, particularly climate change. It is becoming more important over time in the South African food retail industry that players play an active role in driving change throughout the value chain. If SPAR is unable to demonstrate that it is addressing environmental and climate change issues, the overall SPAR brand is likely to suffer over time. If the company were unable to respond effectively to market and consumer shifts as a result of climate change, the SPAR brand would be seen as out-of-date and undesirable. These issues could result in a decline in the demand for SPAR retail outlets and therefore for the SPAR Group's goods and services.

This risk could have greater impact on SPAR's stores with consumers in the higher income segment. In addition to this, Western Cape consumers are more sensitive to climate change because of the extreme drought in the previous financial year. SPAR would be at risk if it was seen to be a big water user and did not put measures in place to reduce its water usage.

Time horizon

Short-term

Likelihood

About as likely as not

Magnitude of impact

High

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

3,000,000,000

Potential financial impact figure – maximum (currency)

5,000,000,000

Explanation of financial impact figure

If this were to result in a 3 - 5% loss in revenue, it could cost SPAR around R5000 million per year.

The quantification assumes that if SPAR was too slow to act to take into account its consumers feedback on climate change action, this would reduce the number of customers instore as they would rather shop at a competitor which is actively reducing their impact on the environment. This could make owning a SPAR store less desirable,

resulting in a reduced number of purchased stores and a reduction in goods and services purchased from SPAR Group. Therefore, it is assumed as per SPAR's risk assessment projection that there could be a 5% loss of total revenue, and therefore, 2018 total profit of R101.0 billion would be reduced by 5%, resulting in R5 billion financial impact.

Management method

Reputational issues are managed through improving communication processes related to environmental issues that SPAR is addressing. SPAR's Annual Guild Report which is shared with all SPAR retailers and DCs contains information around actions to address climate change. SPAR's Integrated Annual Report also contains a section dedicated to its responses to climate change.

SPAR is planning for increased communication around climate change with its retailers and consumers through active participation of members in guild meetings and with consumers instore and online through social media.

Sustainability has been integrated into SPAR's business strategy, increasing exposure and awareness. SPAR's Strategy has recently been revised and now integrates climate change through active pursue of initiatives to reduce SPAR's carbon footprint. Reduction of waste and sustainable sourcing has also been included in the strategy. SPAR now evaluates new suppliers also considering supplier's commitments towards sustainable practices such as reduced energy and water usage, reduced waste and carbon footprint.

SPAR is working actively with its house brand suppliers to identify and introduce more environmentally friendly products. Existing product examples are SPAR's seafood range which complies with SASSI guidelines and reduction of weight for SPAR PET bottles which reduces transport costs and associated emissions.

Cost of management

360,000

Comment

1 member of staff continuously monitor above outlined activities at an estimated cost of R360 000.

Identifier

Risk 8

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Transition risk

Primary climate-related risk driver

Market: Changing customer behavior

Type of financial impact

Reduced demand for goods and/or services due to shift in consumer preferences

Company- specific description

Climate change could also impact the distribution of population, particularly in more rural areas. This is most relevant where severe water shortages and lasting droughts become the norm. It could also become relevant should particular areas be unusually hard -hit by climate change- related diseases which would impact the spending patterns of consumers in those areas. There are a large number of SPAR retail stores situated in rural areas. These stores are significant contributors to SPAR's overall volumes. Should these stores be forced to close down as a result of dwindling population numbers or declining disposable income levels, this could have a large impact on the demand for SPAR's goods and services.

Time horizon

Long-term

Likelihood

Likely

Magnitude of impact

Medium-high

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

3,000,000

Potential financial impact figure – maximum (currency)

5,000,000

Explanation of financial impact figure

If this were to result in a 3 - 5% loss in revenue, it could cost SPAR between R3000 - 5000 million per year.

Management method

SPAR's analysis process that is conducted prior to any new SPAR retail store being opened incorporates data such as population growth trends of the area, demographics

and other critical metrics. The process is also applied to existing to retail outlets support the forecasting approach mentioned above. Risks associated with shifting populations and spending patterns are largely addressed through this process. The only additional costs associated with the research around new and existing stores' physical locations may be driven by the need to purchase more data over time.

Cost of management

0

Comment

Cost of management has not been determined.

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Opp1

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Products and services

Primary climate-related opportunity driver

Development and/or expansion of low emission goods and services

Type of financial impact

Increased revenue through demand for lower emissions products and services

Company-specific description

If government was to implement compulsory biofuel regulation or increased taxes on liquid fuels, there would be a good market potential for SPAR to extend its current biofuels programme to include more vehicles, larger volumes and possibly extend it to external customers. As demand increases, SPAR's independently owned stores will be in a good position to provide used cooking oil as feedstock for biodiesel production.

SPAR stores sell their used cooking oil back the distribution centres, which is then then sold on to a supplier. Such oil is collected by the SPAR's regional distribution centres through a backhauling process. As a result of selling used oil to suppliers, biofuel can be provided to SPAR at a reduced rate.

Time horizon

Medium-term

Likelihood

Likely

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

55,500,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

Biodiesel could be an additional revenue stream for SPAR or just reduce the cost of fuel for the SPAR vehicle fleet, as biodiesel is already cheaper for SPAR than fossil fuel diesel. If a combined impact of reduced fuel costs and increased revenue due to an external market opportunity for SPAR biodiesel were to result in a 2% increase in operating profit, it would be an additional R 55.5 million per year.

Strategy to realize opportunity

Biodiesel could be an additional revenue stream for SPAR or just reduce the cost of fuel for the SPAR vehicle fleet, as biodiesel is already cheaper for SPAR than fossil fuel diesel. The cost/litre of biodiesel fluctuates between the regions with different pricing, on average, biodiesel is R2-R3 cheaper/litre than the current diesel price. SPAR Group utilized 263 474 litres of biodiesel in the last financial year, reducing the Group's Scope 1 diesel emissions.

Cost to realize opportunity

132,000

Comment

Implementation of infrastructure, specifically, hanging the onsite pumps to allow for pumping both fuels into the trucks amounted to R132 000.

Identifier
Opp2

Where in the value chain does the opportunity occur?
Direct operations

Opportunity type
Resource efficiency

Primary climate-related opportunity driver
Use of more efficient production and distribution processes

Type of financial impact
Reduced operating costs (e.g., through efficiency gains and cost reductions)

Company-specific description
SPAR has identified that certain agricultural products such as avocados, which SPAR's suppliers grow in Limpopo and Mpumalanga provinces in South Africa, have benefited from increased temperatures as this has extended their growing season by a few weeks and provided increased yields, resulting in a decreased need to import avocados during the local off season.

Additionally, sustainable agricultural practises which have been adopted by some of SPAR's suppliers have reduced need for water and agricultural chemicals, allowing farmers who have adopted these practises to provide sufficient produce during periods of drought.

Time horizon
Long-term

Likelihood
About as likely as not

Magnitude of impact
Medium

Are you able to provide a potential financial impact figure?
Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)
200,000,000

Potential financial impact figure – maximum (currency)
300,000,000

Explanation of financial impact figure

It has been estimated that as a result of increased resources efficiency, operating costs could decreased by 2-3%, amounting to R200 – 300 million.

Strategy to realize opportunity

SPAR actively monitors its product sourcing landscape in order to identify potential new suppliers and products, with to the aim of reducing costs whilst promoting innovation. Staff from SPAR Brands and SPAR Freshline regularly attend expos and conferences globally in order to source new and innovative products from potential new suppliers. SPAR Brands meets weekly with suppliers to discuss and drive innovation within product development. As part of SPAR Brands and Freshline there is a New Product Development Team (NPD) which works on engaging with suppliers and sourcing products that are in line with sustainability principles and promote circular economy. As a result of aligning SPAR's product procurement with the circular economy, SPAR has replaced its plastic carrier bags to be made from 100% recycled plastic with 70% post-consumer waste. This allowed SPAR to recover 3500 tonnes of plastic and support local economy.

Cost to realize opportunity

264,000

Comment

R264 000 has been spent for internal staff managing monitoring system on product sourcing landscape.

Identifier

Opp3

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Products and services

Primary climate-related opportunity driver

Shift in consumer preferences

Type of financial impact

Better competitive position to reflect shifting consumer preferences, resulting in increased revenues

Company-specific description

There is increasing pressure from stakeholders, including consumers and broader public, for large corporates to address environmental issues, particularly climate change. It is becoming more important over time in South African food retail industry that players play an active role in driving change across the value chain. If SPAR is able to demonstrate that it is addressing environmental and climate change issues, SPAR

brand is likely to benefit over time. If the company is perceived to be able to respond effectively to consumer shifts as a result of climate change, then SPAR brand would be seen favourably by the market. Such perceptions could result in an increase in the demand for SPAR retail outlets and therefore for the SPAR Group's goods and services.

SPAR stores which serve customers from a higher income segment are more likely to benefit from demonstrating that the Group is addressing environmental and climate change issues as consumers from a higher income segment are more aware of issues around climate change. As a result of SPAR addressing environmental and climate change issues and therefore meeting consumer shifts, there would be an increase in the number of consumers in store. This would have a positive impact on SPAR brand's reputation, encouraging higher uptake or purchasing of SPAR stores, potentially leading to an overall increase in sales for all SPAR goods and services.

By addressing climate change and environmental issues SPAR can ensure that its supply chain is more consistent and reliable. Measures that SPAR puts across the supply chain allow suppliers to be more resilient during times of change, enabling delivery of a continued product offering in SPAR stores. SPAR's wide offering of goods, despite sometimes adverse conditions, encourages consumers to shop at SPAR stores.

Time horizon

Short-term

Likelihood

Virtually certain

Magnitude of impact

Medium-high

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

2,020,000,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

A 2% increase in revenue as a result of this opportunity will result in additional revenue of around R 2020 million per year.

Strategy to realize opportunity

SPAR is actively reporting its management and actions on climate change issues in its annual integrated report as well as responds to the CDP Climate Change Disclosure Project. SPAR's product strategy process actively considers consumer trends and matches product with consumer needs. SPAR has a very active innovation process that has delivered over 650 new products over the past few years. The innovation process includes identifying opportunities to reduce packaging and to include recyclable, biodegradable and sustainably sourced materials in both new and existing products.

Case Study: SPAR Long Life Milk Cartons are 100% recyclable and are made from 87% renewable materials including a bio-based plastic lid which is made from sugar cane. This product has only recently been launched but we have received favourable feedback from our consumers, we will report on the progress of the product in the next reporting period.

Cost to realize opportunity

240,000

Comment

R 240,000 was spent on internal staff managing this opportunity, including SPAR Group Brands Manager and Brands team, consisting of 3 team members, who continuously work on this. The figure is an annual figure for internal staff working on the management of this opportunity.

Identifier

Opp4

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Energy source

Primary climate-related opportunity driver

Use of lower-emission sources of energy

Type of financial impact

Returns on investment in low-emission technology

Company-specific description

SPAR invested in renewable energy (solar PV) at the South Rand, North Rand and Western Cape distribution centres. Total installed capacity across the three sites is 3.448 MWp. Solar PV installation in South Rand distribution centre is already generating

energy during the reporting period while North Rand and Western Cape Distribution centre will become operational during 2019 financial year.

Time horizon

Current

Likelihood

Virtually certain

Magnitude of impact

Medium-high

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

1,966,875

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

In year 1 SPAR's South Rand solar PV plant saved R1 966 875. The other distribution centres savings will be reported on when in the next reporting period.

Strategy to realize opportunity

SPAR has invested in renewable energy, specifically, solar PV facilities, at a cost of R37 000 000 at three distribution centres.

Case Study: The South Rand distribution centre has already saved SPAR Group R1 966 875 in year 1 and has generated 1 283 117 kWh of energy.

Cost to realize opportunity

37,000,000

Comment

Investments made to solar PV facilities at 3 distribution centres.

Identifier

Opp5

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Energy source

Primary climate-related opportunity driver

Use of lower-emission sources of energy

Type of financial impact

Reduced exposure to GHG emissions and therefore less sensitivity to changes in cost of carbon

Company-specific description

SPAR Group developed a Carbon Reduction Framework which provides an outline for optimal pathways to achieve sustainable minimisation of SPAR's carbon footprint and provides a framework for meeting SPAR's Science Based Targets.

Time horizon

Long-term

Likelihood

Very likely

Magnitude of impact

Medium-high

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

9,700,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

Financial impact is estimated by multiplying SPAR's Scope 1 and 2 emissions and a carbon tax rate of R120 per tCO2e. Tax rate will range between R48 - R120 per tCO2e (depending on tax allowances), and while SPAR's carbon tax impact will be indirect, the financial impact has been estimated using this high-level methodology as an initial step in understanding the impact of carbon tax liabilities.

Strategy to realize opportunity

SPAR Group has identified Science Based Targets as an initiative to set targets and reduce GHG emissions in line with the level of decarbonisation required to keep global temperature increase to below 2°C compared to the preindustrial temperatures. SPAR's Carbon Reduction Framework outlines emissions reduction opportunities up to 2050. This framework provides a roadmap for opportunities which would save SPAR Group over 158 000 000 kWh's of energy and cost around R132 000 000.

Identified opportunities include:
- Battery charging
- Lighting and HVAC
- Refrigeration
- Solar PV
- Biodiesel
- Electricity metering

Cost to realize opportunity

132,000,000

Comment

The cost to realise this opportunity includes implementation of all emission reduction opportunities until 2050.

C2.5

(C2.5) Describe where and how the identified risks and opportunities have impacted your business.

	Impact	Description
Products and services	Impacted for some suppliers, facilities, or product lines	SPAR recognises that transition risks such as changing customer behaviour and shifts in consumer preferences are among its climate-related risks and could negatively impact demand for its products and services. One of the product categories that SPAR identifies could be significantly impacted is seafood. Changes in climatic conditions could pose a risk across seafood supply chain. SPAR, by procuring seafood that is sustainable sourced, aims to ensure a consistent supply chain. There is increasing pressure from consumers to address environmental and climate change issues. If consumers perceive that SPAR is not doing sufficient work on sustainable procurement, there is a risk that SPAR's brand reputation will be negatively impacted, resulting in reduced income for the Group. At the same time, addressing environmental and climate change issues allows SPAR to capitalise on opportunities from shift in consumer preferences. Consumers are looking for sustainably sourced seafood, and as a result of SPAR's sustainable seafood procurement practices, SPAR's market share has grown, and revenues have increased. All seafood procurement for SPAR house brands is executed following the sustainable sourcing policy and SPAR has extended

		its SASSI commitment across the entire supply chain. As SPAR is a SASSI participant, SPAR's Brands have started sourcing SPAR prawns from a more sustainable source. SPAR has received a number of consumer queries regarding its prawns, and have opted for a more sustainable source as previous supplier located in Mozambique was no longer able to supply prawns and the fishery has been overfished due to unsustainable fishing practices. Magnitude: medium-high Timescale: current
Supply chain and/or value chain	Impacted for some suppliers, facilities, or product lines	SPAR identifies that physical chronic climate-related risk such as changes in precipitation patterns and extreme variability in weather patterns can severely impact SPAR's supply chain. To address this climate-related risk, SPAR recognises that its suppliers have to adopt more sustainable agricultural practices in order to become more resilient to climate change impacts. This would enable reduced reliance on inputs such as water and chemicals, leading to reduced costs to the Group. Additionally, this would allow to ensure continuous supply of produce to SPAR business, in spite of potentially changing climatic conditions or adverse climate impacts. SPAR engages with farmers across its supply chain to encourage and promote uptake of sustainable farming practices. SPAR screens its suppliers using environmental criteria. Additionally, 75% of farmers in the Freshline supply chain have been trained in biological farming methods, allowing for farmers to ensure secure supply of produce, use the most water efficient systems, reduce the need for water as well as reduce production costs. SPAR's lettuce suppliers with the assistance from SPAR set up a new hydroponic system, allowing lettuce to be grown with 90% reduced water requirements compared to before. Additionally, SPAR trains farmers in local GAP Standard, which incorporates sustainable agricultural practices. 44 emerging farmers have already been trained on local GAP Standard (see more detailed information on local GAP Standard (see more information on local GAP Standard in question 12.3a). Local GAP Standard training has allowed for emerging farmers to build technical knowledge on how to farm during various conditions, and as seen from farmers in Limpopo province, enabled those farmers to continue supplying SPAR during the prevalent drought.

		Magnitude: medium-high Timescale: current
Adaptation and mitigation activities	Impacted for some suppliers, facilities, or product lines	SPAR has started operating a solar PV system at the South Rand distribution centre and has completed construction of installations at North Rand and Western Cape distribution centres. This identified opportunity addresses SPAR's risk of increased pricing of GHG emissions, increased cost of electricity and increased cost of fuels, associated with the introduction of carbon tax. Solar PV facilities reduce SPAR's reliance on Eskom's electricity supply as well as reduce risk to electricity price fluctuations, therefore, reducing the cost of operations. Additionally, solar PV facilities provide additional electricity supply during load shedding events, and therefore, reduces the amount of fuel required to run SPAR diesel generators. This will reduce the cost of fuels for SPAR, subsequently, reducing the cost of operations. SPAR has already started seeing above the anticipated return on investments from the installation of PV panels on its distribution centres, therefore reducing the pay off period and reducing overall costs. These reduced costs can be passed on to supply chain, and therefore, enable SPAR to provide its retailers and consumers with goods and services that are competitively priced. Magnitude: medium Timescale: medium term
Investment in R&D	Not yet impacted	Investment in R&D not yet impacted.
Operations	Not yet impacted	From materiality assessment on risk and opportunities it has been established that impact on operations is not material compared to impact on suppliers and retailers.
Other, please specify	Not evaluated	Other impacts have not yet been evaluated

C2.6

(C2.6) Describe where and how the identified risks and opportunities have been factored into your financial planning process.

	Relevance	Description
Revenues	Not impacted	SPAR's revenue has not been substantially impacted by climate change related risks and opportunities during the current reporting period. SPAR anticipates to derive additional significant savings from energy generated in solar PV facilities (3 solar PV facilities will already be fully operational) as well as incur additional costs due increased electricity and fuel costs because of carbon tax in the next reporting period.
Operating costs	Impacted for some suppliers, facilities, or product lines	SPAR's operating costs for energy and water are evaluated where installed initiatives aim to reduce operating costs. Magnitude: medium Timescale: medium term
Capital expenditures / capital allocation	Impacted for some suppliers, facilities, or product lines	SPAR invested in renewable energy (solar PV) at three SPAR Distribution Centres. Magnitude: medium Timescale: medium term
Acquisitions and divestments	Not impacted	SPAR's acquisitions and divestments have not been impacted.
Access to capital	Not impacted	Access to capital has not been impacted.
Assets	Not impacted	Assets have been impacted by improving the resilience of our distribution centers through renewable energy and efficiency initiatives.
Liabilities	Not impacted	Liabilities have not been impacted.
Other	Not evaluated	Other impacts have not been evaluated.

C3. Business Strategy

C3.1

(C3.1) Are climate-related issues integrated into your business strategy?

Yes

C3.1a

(C3.1a) Does your organization use climate-related scenario analysis to inform your business strategy?

Yes, qualitative and quantitative

C3.1c

(C3.1c) Explain how climate-related issues are integrated into your business objectives and strategy.

SPAR's business strategy is continuously reviewed through the Enterprise Risk Management (ERM) process that incorporates key sustainability issues and integrates sustainability thinking into all aspects of the business. A strategic focus area in the ERM framework is that of "sustainable systems". It is through this process climate change has been identified as one of the leading risks associated in the "sustainable systems" category. A five-year environmental action plan 2013-2018 was developed in 2013, which contains key environmental targets and measurements. These have been set for each distribution centre and are reported on to the Social and Ethics Committee on a quarterly basis. Additionally, SPAR has started with the development of an updated environmental action plan, which aligns its retail and climate-related risks and opportunities with the new business strategy, new commitments, targets and group policies, incorporating SPAR's SBTs and carbon reduction framework. The plan will be guided by GRI guidelines and principles and the Sustainable Development Goals (SDGs)

Regulatory risks in the form of fuel and energy taxes, physical risks in the form of changing weather patterns, and reputational risks all influence SPAR's strategy. SPAR operates significant physical infrastructure in the form of buildings and distribution fleets which are energy intensive. Being reliant on Eskom grid electricity, SPAR has attained a significant carbon footprint, however, regulatory changes that might impact on the cost of fossil fuel energy are still considered to have the greatest potential impact on the business. The key risk indicators (KRIs) assigned to all risks and opportunities are reviewed at bi-annual workshops. Regular feedback sessions are also held at internal conferences (company level) and at distribution centre executive meetings (business unit/asset level) throughout the year to communicate progress. These processes have influenced the business to more accurately capture and report data on water usage, waste generated, and electricity and fuel consumption. As in the previous reporting period, the most considerable business decisions influenced during this reporting period by climate change aspects relate to the company's key capital investments. More specifically, climate change regulatory issues that drive the need for energy efficiency (fuel and electricity) have driven the organisation to continually modify their vehicle specifications for all new purchased vehicles, to monitor drivers and to adopt various 'green building' principles and practices that reduce consumption of electricity and facilitate water recycling.

The most important component of the short-term strategy which has been influenced by climate change is the implementation of targets to reduce water usage, generation of waste as well as electricity and diesel consumption. This has led to the implementation of various projects to assist in reaching these targets. Some short-term initiatives include energy efficiency measures in buildings, implementing more environmentally friendly refrigeration technologies and

refrigerants, minimising waste production and recycling programmes, a fleet management programme to reduce fuel consumption, introducing biodiesel into fleet fuel mix, reducing business travel by utilising video conferencing, initiating a programme to redesign SPAR-branded product packaging as well as various behavioural change initiatives focussed on both employees, franchises and customers.

In terms of SPAR's long-term strategy, the organisation's logistics model and strategy have been impacted by placing greater focus on optimised route planning as well as on increasing fuel efficiency for vehicles carrying goods. SPAR is in continuous discussions with suppliers for back-hauling opportunities to reduce fuel consumption. This is an ongoing process with a focus on continuous improvement of SPAR's vehicle fleet in the long-term. Additionally, SPAR has altered its technology strategy and specifications for large scale infrastructure investments such as vehicles, buildings and equipment to incorporate 'green' technologies where possible. Climate change issues are increasingly influencing SPAR's product strategy from a house brand perspective. It is anticipated that the focus will increase over time, with conduction of studies around reduced of environmental impact of house brand packaging as a first step in this process. Climate change issues also influence long-term strategy behind SPAR's service offering to its customers. SPAR is currently running two long-term programmes focussing on sustainable sourcing of food products and development of SPAR's Rural Hubs.

Although reduced energy consumption results in reduced costs, SPAR acknowledges that efficiencies gained through areas such as energy, water and waste management are unlikely to yield a significant competitive advantage as most of the other industry players are driving similar efficiencies. However, these efficiencies are critical to ensure that SPAR remains competitive and operates within acceptable margin boundaries for its shareholders. A key competitive advantage that arises from SPAR's climate change strategy relates directly to SPAR's value proposition of 'providing leadership and a full support service to retailers to enable them to run sustainably profitable and professional businesses'. SPAR believes that addressing climate change strengthens company's ability to deliver a superior service to its customers.

C3.1d

(C3.1d) Provide details of your organization's use of climate-related scenario analysis.

Climate-related scenarios	Details
IEA Sustainable development scenario	SPAR has revised its strategy such that the strategy is aligned with the 17 Sustainable Development Goals (SDGs) and the work that is being implemented within SPAR Group ensures that SPAR remains true to its values which are underpinned by the SDGs. Objectives and targets that are currently set are guided by the SDGs.

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

Absolute target

C4.1a

(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.

Target reference number

Abs 1

Scope

Scope 1+2 (location-based)

% emissions in Scope

59

Targeted % reduction from base year

2

Base year

2016

Start year

2016

Base year emissions covered by target (metric tons CO2e)

48,632

Target year

2050

Is this a science-based target?

Yes, we consider this a science-based target, but this target has not been approved as science-based by the Science-Based Targets initiative

% of target achieved

7

Target status

Underway

Please explain

SPAR has committed to science-based targets for two sectors: buildings and transport. SPAR has committed to Science Based Targets, and has developed a number of scenarios for setting targets, i.e. at 1% growth versus 2.5% growth and at intervals from 2016 (base year), to 2025, 2035 and 2050 on both absolute and intensity emissions. We have reported on our 1% growth, absolute emission reduction by 2050 SBT's in this question for the BUILDINGS sector.

Target reference number

Abs 2

Scope

Scope 1+2 (location-based)

% emissions in Scope

41

Targeted % reduction from base year

2

Base year

2016

Start year

2016

Base year emissions covered by target (metric tons CO2e)

34,351

Target year

2050

Is this a science-based target?

Yes, we consider this a science-based target, but this target has not been approved as science-based by the Science-Based Targets initiative

% of target achieved

0

Target status

Underway

Please explain

SPAR has committed to science-based targets for two sectors: buildings and transport. SPAR has committed to Science Based Targets, and has developed a number of scenarios for setting targets, i.e. at 1% growth versus 2.5% growth and at intervals from 2016 (base year), to 2025, 2035 and 2050 on both absolute and intensity emissions. We have reported on our 1% growth, absolute emission reduction by 2050 SBT's in this question for the TRANSPORT sector. As per SPAR’s Science Based Targets emissions

projections, emissions for TRANPORT sector would continue to increase until 2035 in line with business growth, with significant reductions in emissions achieved only from 2035-2050.

C4.2

(C4.2) Provide details of other key climate-related targets not already reported in question C4.1/a/b.

Target

Renewable electricity production

KPI – Metric numerator

10 235

KPI – Metric denominator (intensity targets only)

Not applicable

Base year

2016

Start year

2016

Target year

2050

KPI in baseline year

0

KPI in target year

10,235

% achieved in reporting year

13

Target Status

Underway

Please explain

SPAR has a target as part of its SBT to install renewable energy producing 10 235 MWh of energy by 2050. SPAR has installed one solar PV plant, and have completed the construction of another two in October 2018. In 2017- 2018 reporting period, the installed solar PV plant has produced 1 283 MWh.

Part of emissions target

Abs 1: Building sector

Is this target part of an overarching initiative?

Science-based targets initiative

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

Yes

C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation		
To be implemented*		9,500
Implementation commenced*		
Implemented*	2	3,783
Not to be implemented		

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Initiative type

Low-carbon energy installation

Description of initiative

Solar PV

Estimated annual CO2e savings (metric tonnes CO2e)

1,828

Scope

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

2,145,682

Investment required (unit currency – as specified in C0.4)
26,861,717

Payback period
4 - 10 years

Estimated lifetime of the initiative
16-20 years

Comment
SPAR Distribution Centre South Rand Solar PV installation.

Initiative type
Energy efficiency: Building services

Description of initiative
Lighting

Estimated annual CO2e savings (metric tonnes CO2e)
1,954

Scope
Scope 2 (location-based)

Voluntary/Mandatory
Voluntary

Annual monetary savings (unit currency – as specified in C0.4)
533,125

Investment required (unit currency – as specified in C0.4)

Payback period

Estimated lifetime of the initiative

Comment
SPAR LED Lighting.

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment

Compliance with regulatory requirements/standards	Environmental compliance has been deemed a material aspect for SPAR, from both an economic and management indicator perspective. From an economic perspective, ensuring compliance helps to reduce financial risks that occur either directly through fines or indirectly through impacts on reputation. In some circumstances, non-compliance can lead to clean-up obligations or other costly environmental liabilities. The level of non-compliance within an organisation helps indicate the ability of management to ensure that operations conform to certain performance parameters. The carbon tax bill came into effect on 1st June 2019, this did not affect SPAR in the during the 2017-2018 reporting period. SPAR anticipates that the company will be impacted by carbon tax through electricity and fuel prices increases, and therefore, SPAR has invested in energy efficient technologies for the next 2-3 years. All regions aim to have 100% LED lighting and SPAR will continue to roll out installation of PV panels in remaining regions. SPAR has continued to invest in R&D around fuel efficient trucking and refrigeration, continues to purchase and replace fleet with new and more fuel-efficient engines and continues with improvements to route management system and with fuel-related incentives to drivers.
Employee engagement	While leadership in the sustainability space is crucial for strong performance, successful integration of sustainability principles and practices into business realities heavily relies on staff engagement. SPAR has placed increased focus on engaging senior and middle management around sustainability agenda. Communications, in the form of forums and engagement sessions place an emphasis on why sustainability is important to SPAR and its related strategy and commitments. SPAR has recognised that a potential stumbling block to successful implementation of its strategy will be a lack of internal understanding and knowledge about sustainability. SPAR has decided to pre-empt this and focus heavily on educating staff about sustainability. Examples of this would be the sustainability focus in SPAR's Senior and Executive Leadership Development Programme and the Management Growth Programme. SPAR is also investing in developing a formal sustainability-training programme for staff within key functions within the organisation.
Financial optimization calculations	Reduced energy requirements result in reduced operational costs to the company. Past savings are used to motivate future investment. Successful implementation of solar PV facility at South Rand distribution centre has motivated for construction of additional solar PV facilities at Western Cape and North Rand Distribution Centres. Energy generated from solar PV facility in South Rand Distribution Centre has been consistently above the projected savings. SR reduced their

	energy requirements by 22% from 9 228 096kWh in 2016-2017 to 7 542 562 kWh in 2017-2018, and such decrease was largely attributed to construction of solar PV facility.
Other	Capital is freed up as and when required to undertake activities that will contribute towards meeting company's targets. As a result of SPAR's commitments to SBTs and carbon reduction framework, there are a number of targets set out to be achieved by certain date. When agreed upon targets are required to be met, capital is diverted from other investments and focused on the investment in activities in order to achieve targets. For example, during Western Cape's severe drought, it was necessary to divert capital to the Western Cape Distribution Centre to invest in an adiabatic cooling system to ensure that refrigeration would be able to continue to run without a supply of water. As a result of SPAR's commitments to SBT, there has been a further roll out of solar panels across the regions including North Rand and Western Cape distribution centres.

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?

Yes

C4.5a

(C4.5a) Provide details of your products and/or services that you classify as low-carbon products or that enable a third party to avoid GHG emissions.

Level of aggregation

Company-wide

Description of product/Group of products

SPAR Group provides its independent retail customers with a full support service. This includes providing extensive support on store design and layout as well as efficiency optimisation techniques across all areas of retail operations. By leveraging both local expertise and international best practice through SPAR International, SPAR has developed, and continues to develop, store designs and layouts that make use of the most innovative and efficient technologies and approaches. The 'green building' practices that SPAR incorporates into the design and operation of its own facilities are integrated into retail store designs, which are then provided to SPAR retailers. Through its purchasing power, SPAR is able to provide retailers with access to the latest technologies at prices that independent retailers would otherwise be unlikely to secure.

This enables retailers to procure equipment required to implement new store designs and layouts, which then ensure that stores are able to operate at maximum efficiency and therefore reduce emissions.

SPAR's central distribution model also enables its suppliers to reduce emissions related to distribution. SPAR suppliers need to deliver only to a few centrally located facilities (Distribution Centres), rather than to over 2 236 stores that SPAR Group services. Through operating vehicles that carry full loads on a less frequent basis, suppliers are able to reduce mileage and therefore emissions associated with fuel consumption. SPAR's research into packaging improvements will enable producers of packaging materials upstream to reduce products' life cycle emissions

Are these low-carbon product(s) or do they enable avoided emissions?

Avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions

Other, please specify

Negotiating with suppliers to backhaul

% revenue from low carbon product(s) in the reporting year

0

Comment

It is estimated that green building practices and general energy efficiency recommendations enabled independently owned stores to reduce emissions. Benefits from other initiatives could not be quantified. Due to a lack of direct measurements or consumption data, energy consumption of independently owned stores were estimated based on the number and types of stores, average floor space per type of store, and the SANS 204:2011 Energy Efficiency in Buildings standard, which includes a national average maximum energy requirement per square metre of a large commercial shop. It was assumed that green building practices and energy efficiency has enabled a 2% reduction in energy requirements of all independently owned stores.

C5. Emissions methodology

C5.1

(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).

Scope 1

Base year start

October 1, 2015

Base year end

September 30, 2016

Base year emissions (metric tons CO2e)

39,010

Comment

Scope 2 (location-based)

Base year start

October 1, 2015

Base year end

September 30, 2016

Base year emissions (metric tons CO2e)

43,974

Comment

Scope 2 (market-based)

Base year start

October 1, 2015

Base year end

September 30, 2016

Base year emissions (metric tons CO2e)

0

Comment

C5.2

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions.

IPCC Guidelines for National Greenhouse Gas Inventories, 2006

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

Other, please specify

Defra Voluntary 2018 Reporting Guidelines

C5.2a

(C5.2a) Provide details of the standard, protocol, or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions.

DEFRA 2018 Voluntary Reporting Guidelines, which are publicly available and are updated annually.

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?

Reporting year

Gross global Scope 1 emissions (metric tons CO2e)

39,882

Start date

October 1, 2017

End date

September 30, 2018

Comment

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based

We are reporting a Scope 2, location-based figure

Scope 2, market-based

We have no operations where we are able to access electricity supplier emission factors or residual emissions factors and are unable to report a Scope 2, market-based figure

Comment

We have no operations where we are able to access electricity supplier emission factors or residual emissions factors and are unable to report a Scope 2, market-based figure. SPAR Distribution Centres are located in South Africa, where all grid electricity is supplied by a public electricity utility Eskom, and therefore, there are no alternative choices for grid supplied electricity.

C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO2e?

Reporting year

Scope 2, location-based

41,881

Start date

October 1, 2017

End date

September 30, 2018

Comment

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?

Yes

C6.4a

(C6.4a) Provide details of the sources of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure.

Source

Emissions of stores owned by SPAR Group. There are a number of stores owned by SPAR Group. Emissions associated with running stores are from electricity usage, diesel consumption for generators and leakage of refrigeration gasses.

Relevance of Scope 1 emissions from this source

Emissions are relevant but not yet calculated

Relevance of location-based Scope 2 emissions from this source

Emissions are relevant but not yet calculated

Relevance of market-based Scope 2 emissions from this source (if applicable)

No emissions from this source

Explain why this source is excluded

SPAR Group only temporarily owns these stores when there isn't a direct sale from one store owner to the next. This results in SPAR Group's organisational boundary changing almost annually. To avoid recalculation of the base year for emissions reductions targets, emissions from these stores are excluded.

C6.5

(C6.5) Account for your organization's Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status

Relevant, calculated

Metric tonnes CO2e

193

Emissions calculation methodology

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation

Purchased goods and services specifically, emissions from water supply and water treatment.

Capital goods

Evaluation status

Not relevant, explanation provided

Explanation

Capital goods are limited in our industry. We periodically purchase new vehicles and office equipment, but upstream emissions associated with these goods are estimated to be very small and therefore are not relevant.

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status

Relevant, calculated

Metric tonnes CO2e

2,774

Emissions calculation methodology

GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. DEFRA Emission factors.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation

Emissions associated with extraction and refining of fuel we consume are estimated, as well as the upstream emissions from power stations and the transmission and distribution losses.

Upstream transportation and distribution

Evaluation status

Relevant, calculated

Metric tonnes CO2e

436

Emissions calculation methodology

GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. DEFRA Emission factors.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation

This includes supply of goods to SPAR's Distribution Centres.

Waste generated in operations

Evaluation status

Relevant, calculated

Metric tonnes CO2e

603

Emissions calculation methodology

GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. DEFRA Emission factors.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation

Different waste volumes are recorded at all SPAR facilities and was used to estimate emissions associated with landfilling and recycling of specific waste streams.

Business travel

Evaluation status

Relevant, calculated

Metric tonnes CO2e

527

Emissions calculation methodology

GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. Defra emission factors.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

100

Explanation

This includes emissions estimated for car hire, flights and vehicle allowances associated with business travel.

Employee commuting

Evaluation status

Relevant, not yet calculated

Explanation

Employee commute survey was not conducted in 2017-2018 but SPAR anticipates having updated figures for next year reporting.

Upstream leased assets

Evaluation status

Not relevant, explanation provided

Explanation

SPAR has no upstream leased assets, and therefore, does not quantify emissions from this source

Downstream transportation and distribution

Evaluation status

Relevant, not yet calculated

Explanation

Downstream transportation and distribution information was not collected in 2017-2018 reporting period.

Processing of sold products

Evaluation status

Not relevant, explanation provided

Explanation

SPAR operates largely as a wholesaler of consumer goods that are sold on directly to consumers through SPAR retail stores. The impact on emissions of products sold by SPAR into retail store kitchens is deemed immaterial.

Use of sold products

Evaluation status

Not relevant, explanation provided

Explanation

SPAR's retail stores sell a wide variety of products. It is difficult to quantify indirect emissions associated with the use of SPAR products, and therefore, emissions from the use of sold products are not quantified and reported at this point.

End of life treatment of sold products

Evaluation status

Not relevant, explanation provided

Explanation

SPAR's retail stores sell a wide variety of products. It is difficult to quantify indirect emissions associated with the use of SPAR products, and therefore, emissions from the end life treatment of sold products are not quantified and reported at this point.

Downstream leased assets

Evaluation status

Not relevant, explanation provided

Explanation

SPAR periodically rents out buildings to independent retailers but associated emissions are very small and are accounted for under independent retailers.

Franchises

Evaluation status

Relevant, not yet calculated

Explanation

Emissions associated with the independent SPAR stores have not been calculated.

Investments

Evaluation status

Not relevant, explanation provided

Explanation

SPAR has no material investments and therefore, does not quantify emissions from this emissions source.

Other (upstream)

Evaluation status

Not evaluated

Explanation

Not applicable.

Other (downstream)

Evaluation status

Not evaluated

Explanation

Not applicable.

C6.7

(C6.7) Are carbon dioxide emissions from biologically sequestered carbon relevant to your organization?

No

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure

0.81

Metric numerator (Gross global combined Scope 1 and 2 emissions)

81,762

Metric denominator

Other, please specify

Unit of Revenue (R' Mill)

Metric denominator: Unit total

101,000

Scope 2 figure used

Location-based

% change from previous year

6

Direction of change

Decreased

Reason for change

SPAR's revenue increased due to business growth while emissions remained stable.

Intensity figure

0.00035

Metric numerator (Gross global combined Scope 1 and 2 emissions)

81,762

Metric denominator

Other, please specify

Case Dispatched

Metric denominator: Unit total

231,700,000

Scope 2 figure used

Location-based

% change from previous year

3

Direction of change

Decreased

Reason for change

Number of dispatched cases have increased due to business growth while emissions remained stable.

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?

Yes

C7.1a

(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).

Greenhouse gas	Scope 1 emissions (metric tons of CO2e)	GWP Reference
CO2	37,656	IPCC Fourth Assessment Report (AR4 - 100 year)
CH4	6	IPCC Fourth Assessment Report (AR4 - 100 year)

N2O	526	IPCC Fourth Assessment Report (AR4 - 100 year)
HFCs	1,692	IPCC Fourth Assessment Report (AR4 - 100 year)

C7.2

(C7.2) Break down your total gross global Scope 1 emissions by country/region.

Country/Region	Scope 1 emissions (metric tons CO2e)
South Africa	39,882

C7.3

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

By business division
By facility
By activity

C7.3a

(C7.3a) Break down your total gross global Scope 1 emissions by business division.

Business division	Scope 1 emissions (metric ton CO2e)
Head Office	197
Distribution Centers	39,685

C7.3b

(C7.3b) Break down your total gross global Scope 1 emissions by business facility.

Facility	Scope 1 emissions (metric tons CO2e)	Latitude	Longitude
Head Office	197	-29.819594	30.861389
Western Cape Distribution Centre	2,605	-34.010027	18.477246
South Rand Distribution Centre	11,263	-26.177395	28.216182
North Rand Distribution Centre	5,325	-25.972252	28.232412
Lowveld Distribution Centre	2,099	-25.463142	30.970154
KZN Distribution Centre	11,547	-29.721837	31.003911
Eastern Cape Distribution Centre	6,690	-33.950531	25.60762
Build It	157	-29.815828	30.868396

C7.3c

(C7.3c) Break down your total gross global Scope 1 emissions by business activity.

Activity	Scope 1 emissions (metric tons CO2e)
Mobile Combustion	37,891
Stationary Combustion	298
Fugitive Emissions	1,692

C7.5

(C7.5) Break down your total gross global Scope 2 emissions by country/region.

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted in market-based approach (MWh)
South Africa	41,881	0	44,554	0

C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

By business division
By facility
By activity

C7.6a

(C7.6a) Break down your total gross global Scope 2 emissions by business division.

Business division	Scope 2, location-based emissions (metric tons CO2e)	Scope 2, market-based emissions (metric tons CO2e)
Head Office	632	0
Distribution Centers	41,249	0

C7.6b

(C7.6b) Break down your total gross global Scope 2 emissions by business facility.

Facility	Scope 2 location-based emissions (metric tons CO2e)	Scope 2, market-based emissions (metric tons CO2e)
Head Office	632	0

Western Cape Distribution Centre	10,598	0
South Rand Distribution Centre	7,090	0
North Rand Distribution Centre	5,308	0
Lowveld Distribution Centre	31	0
KZN Distribution Centre	12,848	0
Eastern Cape Distribution Centre	5,025	0
Build It	348	

C7.6c

(C7.6c) Break down your total gross global Scope 2 emissions by business activity.

Activity	Scope 2, location-based emissions (metric tons CO2e)	Scope 2, market-based emissions (metric tons CO2e)
Purchased Electricity	41,881	0

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

Remained the same overall

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined) and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption				SPAR's solar PV plant in South Rand Distribution Centre has started generating energy in 2017-2018 reporting year. Renewable energy consumption has allowed SPAR to purchase

				less energy from the grid, resulting in emissions reductions.
Other emissions reduction activities	1,954	Decreased	0.04	SPAR has implemented LED Lighting initiative in 2017-2018 reporting year. Implementation of LED Lighting initiative has allowed SPAR to reduce its energy consumption (purchased from the grid), and therefore, reduce its emissions.
Divestment			0	Not applicable
Acquisitions				Not applicable
Mergers				Not applicable
Change in output				Not applicable
Change in methodology				Not applicable
Change in boundary				Not applicable
Change in physical operating conditions				Not applicable
Unidentified				Not applicable
Other				Not applicable

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Location-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 5% but less than or equal to 10%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertakes this energy-related activity
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	Yes

C8.2a

(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total MWh
Consumption of fuel (excluding feedstock)	LHV (lower heating value)			
Consumption of purchased or acquired electricity		0	44,554	44,554
Consumption of self-generated non-fuel renewable energy		1,812		1,812
Total energy consumption		1,812	188,835	190,647

C8.2b

(C8.2b) Select the applications of your organization's consumption of fuel.

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	Yes

Consumption of fuel for the generation of heat	Yes
Consumption of fuel for the generation of steam	No
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	No

C8.2c

(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

Fuels (excluding feedstocks)

Diesel

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

143,691

MWh fuel consumed for self-generation of electricity

1,127

MWh fuel consumed for self-generation of heat

142,564

Comment

Fuels (excluding feedstocks)

Petrol

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

590

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

590

Comment

C8.2d

(C8.2d) List the average emission factors of the fuels reported in C8.2c.

Diesel

Emission factor
2.68779

Unit
kg CO2e per liter

Emission factor source
DEFRA 2018

Comment
100% mineral diesel.

Petrol

Emission factor
2.30531

Unit
kg CO2 per liter

Emission factor source
DEFRA 2018

Comment
100% mineral petrol.

C8.2e

(C8.2e) Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.

	Total Gross generation (MWh)	Generation that is consumed by the organization (MWh)	Gross generation from renewable sources (MWh)	Generation from renewable sources that is consumed by the organization (MWh)
Electricity	1,812	1,812	1,812	1,812
Heat				
Steam				

Cooling				

C8.2f

(C8.2f) Provide details on the electricity, heat, steam and/or cooling amounts that were accounted for at a low-carbon emission factor in the market-based Scope 2 figure reported in C6.3.

Basis for applying a low-carbon emission factor

No purchases or generation of low-carbon electricity, heat, steam or cooling accounted with a low-carbon emission factor

Low-carbon technology type

Region of consumption of low-carbon electricity, heat, steam or cooling

MWh consumed associated with low-carbon electricity, heat, steam or cooling

Emission factor (in units of metric tons CO2e per MWh)

Comment

SPAR did not purchase any energy at a low carbon emission factor.

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

Description

Energy usage

Metric value

44,553,987

Metric numerator

kWh

Metric denominator (intensity metric only)

Not applicable

% change from previous year

7

Direction of change

Decreased

Please explain

SPAR monitors total kWh consumption in its Distribution Centres and head offices. Electricity emissions decreased by 7% in 2018. This was due to installation of Solar PV facilities in South Rand Distribution Centre, retrofitting of LED light fittings by the country as well as load shedding that occurred in South Africa on numerous occasions throughout 2017-2018.

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	No third-party verification or assurance

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 and/or Scope 2 emissions and attach the relevant statements.

Scope

Scope 1

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

SPAR Group_CFA Verification_Statement_2019_FINAL.pdf

Page/ section reference
All

Relevant standard
ISO14064-3

Proportion of reported emissions verified (%)
100

Scope
Scope 2 location-based

Verification or assurance cycle in place
Annual process

Status in the current reporting year
Complete

Type of verification or assurance
Limited assurance

Attach the statement

SPAR Group_CFA Verification_Statement_2019_FINAL.pdf

Page/ section reference
All

Relevant standard
ISO14064-3

Proportion of reported emissions verified (%)
100

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?

Yes

C10.2a

(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?

Disclosure module verification relates to	Data verified	Verification standard	Please explain

C6. Emissions data	Other, please specify Outside of Scopes: Non-Kyoto Gases	ISO 14064 - 3: 2006	Non-Kyoto gases emissions verified.

C11. Carbon pricing

C11.1

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?

No, and we do not anticipate being regulated in the next three years

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?

No

C11.3

(C11.3) Does your organization use an internal price on carbon?

Yes

C11.3a

(C11.3a) Provide details of how your organization uses an internal price on carbon.

Objective for implementing an internal carbon price

Navigate GHG regulations
Change internal behavior
Drive energy efficiency
Drive low-carbon investment
Identify and seize low-carbon opportunities

GHG Scope

Scope 1
Scope 2

Application

SPAR is developing an Internal Carbon Pricing methodology. The aim of internal Carbon pricing methodology is as follows:
- Facilitate SPAR Group in reaching its proposed GHG emission reduction targets (such as SBTs)
- Protect SPAR Group against risks relating to compliance with future carbon pricing systems proposed by Government, such as a Carbon Tax

- Encourage SPAR Group to make investments in low-carbon technologies
- Encourage SPAR Group to make sound investment decisions in terms of energy efficiency projects and future operational changes.

SPAR anticipates starting using Internal Carbon Pricing methodology at distribution centres as well as Group levels in making any climate-related decisions and evaluating feasibility of climate actions in the near future.

Actual price(s) used (Currency /metric ton)

120

Variance of price(s) used

R48 - R1300 / tonne CO2e

Type of internal carbon price

Shadow price
Internal fee

Impact & implication

Carbon Tax was promulgated in South Africa during early 2019 at R120 per tonne of CO2e, with certain tax-free thresholds. The price will be used to determine that:
- A Carbon Shadow Price will promote low-carbon investment decisions for new build projects and major capital investments
- A Carbon Fee will elevate energy efficiency projects and OPEX/maintenance-type investment decisions

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?

Yes, our suppliers
Yes, our customers

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement

Information collection (understanding supplier behavior)

Details of engagement

Collect climate change and carbon information at least annually from suppliers

% of suppliers by number

60

% total procurement spend (direct and indirect)

60

% Scope 3 emissions as reported in C6.5

0

Rationale for the coverage of your engagement

SPAR engages with its suppliers to collect information around suppliers' sustainability practices and maturity of supplier approach towards sustainability. The engagement, which started during the last reporting period, continued during the current reporting period, and it enables SPAR to prioritise suppliers which SPAR provides support and assistance to. Engagement with supplier includes their energy use, transport, greenhouse gasses, waste and wastewater, water use, emissions, pollution prevention and treatment of hazardous substances.

Impact of engagement, including measures of success

The scope of engagement relates to supplier operations and potential environmental impacts, including identification of suppliers to prioritise for training and support. This engagement has enabled SPAR to collect environmental information and is facilitating the development of environmental targets and goals as part of the Environmental Plan (SPAR's is developing its new environmental plan).

Ultimately, SPAR aims to drive and demonstrate improvement across the supply chain, and therefore, be able to advance from compliance to industry-leading performance. SPAR's aim is to contribute to efficiency improvements and ensure that SPAR's suppliers are sustainable and secure in the long term.

SPAR measures the success of this engagement through the increased supplier engagement, which will allow SPAR to better account for its Scope 3 emissions and be able to drive Scope 3 emissions reductions in future.

Comment

Type of engagement

Engagement & incentivization (changing supplier behavior)

Details of engagement

Other, please specify

Emerging farmer development programme

% of suppliers by number

1

% total procurement spend (direct and indirect)

1

% Scope 3 emissions as reported in C6.5

0

Rationale for the coverage of your engagement

SPAR as a food retailer is prioritising serving its communities with food that is nutritious, affordable and accessible. The SPAR Rural Hub model supports local emerging farmers that provide produce to local stores. The model is developed such that the supply chain is shortened, reducing transport and logistic costs, providing consumers with affordable and fresh produce.

Smallholder farmers are selected based on following criteria:
1. Farmers are or have been previously / currently are excluded from formal supply chains and do not have access to formal markets
2. Farm must be within a 50 km radius of the hub to keep transport and support costs manageable
3. Must demonstrate previous farming experience
4. Have 4 – 5 ha of land to farm with fencing and a reliable source of water

These farmers are mentored by commercial farmers and technical service providers, providing support around farming techniques, spraying, harvesting and regulations and also these farmers are assessed against the local GAP farming standard, which SPAR has developed in conjunction with the Global GAP (more information on the local GAP standard is included under question 12.3a).

Impact of engagement, including measures of success

SPAR measures the success of rural hubs and its supplier engagement model by the number of farmers that are able to successfully deliver produce to stores and farmer productivity, specifically, the amount of produce as well as area (ha) farmed.

The success of the small-scale farming development model requires support from a range of stakeholders, including farmers, communities, government, food manufacturers and wholesalers, retailers, financial institutions and funders. Following extensive planning and collaboration, the first rural hub was opened in Ofcolaco, Mopani, Limpopo province, in June 2016 and by September 2017, five emerging farmers were supplying produce to 10 SPAR retailers. A permanent packhouse has been operational since August 2017. During 2017, SPAR contributed a full mechanisation plan, the purchase of two delivery vehicles and refrigeration upgrade for the packhouse facility in Ofcolaco. The second hub, which commenced operations in October 2017, is in Mpumalanga province. During current reporting period there were 44 small scale farmers delivering to 52 SPAR stores and to a major Freshline supplier as well as to smaller retailers and the informal sector.

Comment

Type of engagement

Innovation & collaboration (changing markets)

Details of engagement

Run a campaign to encourage innovation to reduce climate impacts on products and services

% of suppliers by number

1

% total procurement spend (direct and indirect)

1

% Scope 3 emissions as reported in C6.5

0

Rationale for the coverage of your engagement

SPAR is conducting research to improve packaging materials, which involves the engagement of packaging material suppliers to reduce impact that packaging materials have on environment as well as lifecycle impact of final products. Engagements with packaging material suppliers are prioritised due to the large role that packaging materials play in the SPAR brand products. This engagement included 14% of SPAR branded suppliers as SPAR engaged with top 5 (out of 37) of its house-branded suppliers.

Impact of engagement, including measures of success

As part of this engagement, SPAR encourages its suppliers to uptake R&D to find ways to reduce the amount of packaging used in SPAR brand products and to redesign packaging to increase its recyclability. Engagement with suppliers has resulted in a development of a plastic carrier bag that is 100% recycled with a min 70% post-consumer waste. SPAR measures the success of this engagement by a % of packaging products that are recyclable. This includes products that contribute towards the circular economy or allow waste to be diverted from landfill as well as % of SPAR Brands products with packaging that is 100% recyclable and % made from a renewable resource. To date SPAR has achieved that 100% of SPAR Brand packaging boxes are made from recycled material. This supplier engagement has been implemented relatively recent and more outcomes from this engagement will be reported in the next year’s reporting.

Comment

C12.1b

(C12.1b) Give details of your climate-related engagement strategy with your customers.

Type of engagement

Collaboration & innovation

Details of engagement

Other – please provide information in column 5

% of customers by number

100

% Scope 3 emissions as reported in C6.5

0

Please explain the rationale for selecting this group of customers and scope of engagement

SPAR further engages with retailers (customers of SPAR Group) to assist them in reducing their carbon footprint. This is done by making recommendations on green building practices and assisting them with purchases of energy efficient technologies. Currently, 15% of SPAR stores have been engaged with around green building practices and SPAR Group has rolled out of SMART metering 15% of SPAR stores. This engagement has been prioritised given that independent retailers are the “face” of SPAR Group that the public sees

Impact of engagement, including measures of success

SMART metering benchmark reports are monitored on a monthly basis where stores’ energy consumption is anonymously benchmarked in terms of efficiency.

C12.3

(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?

Direct engagement with policy makers

Trade associations

Other

C12.3a

(C12.3a) On what issues have you been engaging directly with policy makers?

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution

Adaptation or resilience	Support	SPAR Group's stakeholder focus was driven by a strategy for increased local sourcing from emerging smallholder farmers. This programme includes assisting these farmers in achieving sustainable farming practices. SPAR engaged with the Department of Agriculture, Fisheries and Forestry (DAFF) to share knowledge and gain support for the programme, which can assist in wider adaptation resilience in South African agriculture. SPAR has engaged with DAFF through regular visits to farms for information sharing sessions	SPAR in conjunction with Global GAP has developed Local GAP Standard. The current standard for farmers providing retailers is Global GAP, yet it was found that it is an incredibly high standard and costly for local farmers and therefore, was hindering small scale farmers from entering the market. SPAR recognised that the Global GAP standard was developed by European countries and therefore, did not sufficiently accommodate for the circumstances experienced in South Africa. As a result, a local standard was developed so that it could be adopted as a steppingstone towards gaining the Global Gap certification.

C12.3b

(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?

Yes

C12.3c

(C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.

Trade association

Consumer Goods Council of South Africa (CGCSA)

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

The CGCSA engages with government and policy makers on all issues relating to the industry, one of which is climate change. The CGCSA supports systems, processes and principles that will enable trade to be better, faster, more efficient and environmentally friendly.

The CGCSA has engaged with its members that include large industry stakeholders in South Africa, around adopting the Sustainable Development goals. Industry meets to

discuss the SDGs and create action plans for industry to help adopt the global goals. The CGCSA facilitates these workshops and gets industry expertise to advise and guide members on how best to implement sustainable business practises. Other examples includes water efficiency within business, particularly during the drought experienced in the Western Cape province, when a number of key stakeholders including government, retailers, suppliers and water experts presented cases studies on how to reduce water usage Other topics include Amendment to the National Waste Act as well as responsible packaging workshops and climate actions plans, including integration and reporting on carbon tax.

How have you influenced, or are you attempting to influence their position?

SPAR Group's one of the executives sits on the board of the CGCSA. Through the CGCSA, SPAR advocates for sustainable business practices in the retail sector that would benefit both the environmental and business through increased efficiencies (water and energy), reduced waste and reduce emissions.

Trade association

National Business Initiative (NBI)

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

The NBI engages with government on climate change regulation and policy, voicing the comments and concerns of its business members and assisting government where it can in the transition to a low carbon economy. The NBI links business practise with national and global goals and objectives/ commitments. The NBI bridges the gap between government and industry by representing both parties. Issues that have been undertaken by the NBI in the last financial year was identifying SDGs that South Africa needs to focus on in order to meet commitments and creating a space for industry to understand how to go about doing business to contribute towards national goals.

How have you influenced, or are you attempting to influence their position?

As a member of the NBI, SPAR attends discussions on climate regulation, uses NBI as a platform to make comments around relevant current and emerging climate change legislation and enables learning from SPAR's experiences to other NBI members.

C12.3e

(C12.3e) Provide details of the other engagement activities that you undertake.

SPAR acknowledges that there is a global concern over the over-exploitation of seafood resources and the environmental impacts of fishing and aquaculture activities on marine ecosystems. Retailers and wholesalers who are major role players in the South African seafood industry can help drive positive change in fisheries by supporting sustainable seafood choices from legal and responsibly managed sources, creating market-driven incentives to catalyse at sea. SPAR aims to ensure that all its seafood is responsibly procured and supports sustainable and well managed fisheries and aquaculture operations.

SPAR together with other retailers, food wholesalers, fisheries suppliers and government wrote a letter of support to the Namibian government, requesting that better management practises be adopted by the Namibian Hake Industry. As a result of the letter and pressure from all retailer and suppliers, the NHI is currently undergoing an audit by the MSC to ensure that good fishing practises have been adopted and that the fishery is responsibly managed.
This is a part of SPAR's commitment to improve business through incorporating sustainability best practices Once the Namibian Hake Industry has been MSC certified, SPAR's Private Label will have all its species either listed as Green or under Improvement which is assessed by the WWF South Africa Sustainable Seafood Initiative (WWF-SASSI).

SPAR has also advocated through DAFF with a letter of support from all South African retailer and suppliers, requesting that Indian Ocean Tuna Commission (IOTC) adopts a 20% reduction in the catch of Yellowfin Tuna, in response to recent research that indicates that the stock could collapse within five years if immediate steps were not taken. As a result of this letter and engagement with the IOTC, the IOTC did adopted better management practises and there is now a harvest rule in place. Although this is not a resource that SPAR as a retailer relies on, this is a globally shared resource that was at risk due to poor management and overfishing. SPAR now continues to show its support for sustainable management practises within the IOTC by being a signatory on an advocacy letter through the ITCC annually.

C12.3f

(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

The Social and Ethics Committee, responsible for climate policy and strategy, reviews activities and engagements that influence policy and checks their alignment to overall strategy.

C12.4

(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication

In mainstream reports

Status

Complete

Attach the document

SPAR IAR 2018.pdf

Page/Section reference

79-122, 130-137, 163-174, 203, 222-225, 226-230, 231-239, 262-266

Content elements

Governance
Strategy
Risks & opportunities
Emissions figures
Other metrics

Comment

C14. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

C14.1

(C14.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Group Strategy, Sustainability and Risk Executive	Board/Executive board

Submit your response

In which language are you submitting your response?

English

Please confirm below

I have read and accept the applicable Terms