

The Spar Group Ltd - Climate Change 2018

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 the 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 44 countries and has 240 distribution centres that serve 13 million customers every day. The SPAR Group Ltd, headquartered in Durban, South Africa, is present in nine countries, has 10 distribution centres and serves 3 768 retail members through 14 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 also have a greenfield operation in Sri Lanka, and own SPAR licences for Namibia, Botswana, Mozambique, Swaziland and Zambia, which are all serviced through the South African distribution centres.

Our most significant income is from South Africa where we operate six distribution centres and one Build it distribution centre. These supply and service 903 independently owned SPAR stores locally, as well as five countries on the African continent. We distribute goods to stores with a fleet of trucks and trailers owned by the group.

We have a total of 2 138 stores in the following formats in Southern Africa:

SPAR, SUPERSPAR, KWIKSPAR, 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	Select the number of past reporting years you will be providing emissions data for
Row 1	October 1 2016	September 30 2017	No	<Not Applicable>
Row 2	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Row 3	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Row 4	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>

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) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Board/Executive board	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 nonexecutive members. The direct responsibility for managing sustainability and climate change resides with the Group Strategy, Sustainability & Corporate Governance Executive who is a Board member.

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 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.

C1.2

(C1.2) Below board-level, provide the highest-level management 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.

The board has allocated the oversight of, and reporting on, organisational ethics, responsible corporate citizenship, sustainable development and stakeholder relationships to the 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 committee comprised of two independent non-executive directors and three executive members. 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 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.

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 sub committee 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 SPARs Enterprise and Risk Management (ERM) process.
Medium-term	3	10	Short, Medium and Long term horizons are defined in SPARs Enterprise and Risk Management (ERM) process.
Long-term	10	30	Short, Medium and Long term horizons are defined in SPARs 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	The 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.

The Enterprise Risk Management (ERM) Process is being driven from the Executive level (company level) down to functional levels at distribution centres (asset/business level). This has allowed for various parts of the business to get exposure to the critical risks and opportunities, and for DC specific risks and opportunities to be identified.

The Risk Committee, which reports to the Board, reviews the key risk indicators (KRIs) and devised action plans during bi-annual workshops. Climate change risk and opportunities associated with both the reputation of the company and physical impacts at business unit/asset level are considered during these workshops. Regular feedback sessions are held at internal conferences (company level) and at distribution centre executive meetings (business unit/asset level) throughout the year to communicate the management of existing risks and opportunities and assist in identifying potential new risks and opportunities.

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	How it's included: ERM framework identifies risks, where one of the top 12 risks states, "Political instability in SPAR markets hinder business through national or international events and fundamental shifts in economic systems due to policy changes". Example: the SPAR Group remains up-to-date with current regulation
Emerging regulation	Relevant, always included	How it's included: ERM framework identifies risks, where one of the top 12 risks states, "Political instability in SPAR markets hinder business through national or international events and fundamental shifts in economic systems due to policy changes". Furthermore, the SPAR Group remains up-to-date with emerging regulation, such as the pending carbon tax. Example: The SPAR Group identified Science Based Targets as an initiative to reduce GHG emissions, and therefore indirect carbon tax liability.
Technology	Relevant, sometimes included	How it's included: Risks associated with technological innovations that support the transition to a lower-carbon economy are sometimes included in risks assessments. Example: the SPAR Group conducted solar PV feasibility assessments and is rolling out PV at the distribution centers.
Legal	Relevant, always included	How it's included: Climate-related litigation claims are always included in risk assessments. Example: the SPAR Group remains up-to-date with legal matters.
Market	Relevant, always included	How it's included: ERM framework identifies risks, where one of the top 12 risks states, "New and existing competition, including foreign entrants, take market share through price, range and hygiene factors" Example: Market research and analysis
Reputation	Relevant, always included	How it's included: Risks associated with changing customer or community perceptions of SPAR climate change related efforts are included in risk assessments. Example: Market research and analysis. The SPAR Group is rolling out a campaign to reduce plastic bags.
Acute physical	Relevant, always included	How it's included: Event-driven climate risks (including impact of extreme weather events) are included in risks assessments. Example:
Chronic physical	Relevant, always included	How it's included: Longer-term shifts in climate patterns (including temperature increases, and drought) are included in risk assessments. Example: The drought in South Africa has been identified as a risk and water efficiency, and back up supply has been prioritized in highest risk areas.
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 12 risk.
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 12 risk.

C2.2d

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

SPAR's business strategy is continuously reviewed through an Enterprise Risk Management (ERM) framework 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 was thus developed in 2013, which contains key environmental targets and measurements. These have been set per distribution centre and are reported on to the Social and Ethics Committee on a quarterly basis.

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.

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 the implementation of targets to reduce water usage, waste generated, and 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 in the fleet, introducing biodiesel into the vehicle fleet fuel mix, reducing business travel by utilising video conferencing, initiating a programme to redesign SPAR-branded product packaging to reduce its environmental impact, and 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 a significantly greater focus on optimised route planning, as well as on increasing the 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 the 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.

Although reduced energy consumption results in reduced costs, SPAR acknowledges that the efficiencies gained through areas such as energy, water and waste management are unlikely to yield a noteworthy competitive advantage, as most of the other industry players are driving similar efficiencies. However, these efficiencies are critical to ensuring that SPAR can remain competitive and to operate within acceptable margin boundaries for its shareholders.

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 driver

Policy and legal: Increased operating costs (e.g., higher compliance costs, increased insurance premiums)

Company- specific description

If the carbon tax is implemented, it is expected that Eskom will pass through its carbon tax liability in the form of an increased electricity price, which will further increase the operational cost of SPAR. This will add to the already increasing grid electricity price increase of around 5% in the 2018/2019 Eskom financial year.

Time horizon

Short-term

Likelihood

Virtually certain

Magnitude of impact

Medium-high

Potential financial impact

250000

Explanation of financial impact

SPAR is actively managing the risk through annually updating its carbon footprint and tracking its emissions. By knowing the company's emissions, SPAR can calculate the potential financial implications and better prepare for the risk. SPAR also set a target to reduce its Scope 2 emissions and is in the process of implementing emission reduction projects to achieve this target and thereby reduce the potential impact of the carbon tax.

Management method

R45,000 on internal staff costs dedicated to this activity. Case Study: The SPAR Group identified Science Based Targets as an initiative to reduce the Group's GHG emissions, therefore reducing indirect carbon tax liability. SPAR has developed a Carbon Reduction Framework as a road-map to reduce emissions and meet our targets.

Cost of management

45000

Comment

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 driver

Technology: Reduced demand for products and services

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

Potential financial impact

20000000

Explanation of financial impact

SPAR believes that significant potential negative environmental impacts may be prevented or mitigated with its choice in suppliers. SPAR has also implemented various activities and programs to assist in the reduction of emissions in its supply chain, which will help minimise the overall impact of the carbon tax. Furthermore, we've started a more detailed Scope 3 accounting process, which allows for identifying where the largest risk areas are in the supply chain and where efforts should be targeted. All these methods minimise the potential impact that the supply chain's carbon tax will have on SPAR.

Management method

R45,000 for consultants fees to calculate Scope 3 emissions to identify hotspots. R45,000 for dedicated internal staff working on this topic. Case Study: The SPAR Group is rolling out an initiative to reduce the use of plastic bags. 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

90000

Comment

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 driver

Policy and legal: Increased operating costs (e.g., higher compliance costs, increased insurance premiums)

Company- specific description

If companies are to be taxed on their emissions in future, emissions reporting obligations will be implemented. It is unclear when reporting obligations will be implemented or the extent of accounting and reporting that will be required. 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 also have emissions verified.

Time horizon

Short-term

Likelihood

Virtually certain

Magnitude of impact

Medium-low

Potential financial impact

200000

Explanation of financial impact

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 and is also considering enhancing the scope of verification in future.

Management method

R45,000 on consultants fees for calculating carbon footprint and emissions tracking. R17 000 on internal staff dedicated to this activity. Case Study: The SPAR Group externally verified Scope 1 and 2 emissions.

Cost of management

62000

Comment

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 driver

Policy and legal: Increased operating costs (e.g., higher compliance costs, increased insurance premiums)

Company- specific description

There has been an increasing trend internationally for labels to display what the environmental impact has been in the making of the product. A similar trend may be introduced in South Africa, where energy efficiency standards and ratings on labels of product may be required. This may call for a revision in the design of the labelling. Although this represents another cost that the SPAR Group would potentially need to absorb, satisfying consumers' demand for sustainability conscious goods will be beneficial.

Time horizon

Medium-term

Likelihood

Likely

Magnitude of impact

Medium-low

Potential financial impact

0

Explanation of financial impact

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 our products and we closely monitor legislative developments in this field.

Management method

R32,000 on internal staff dedicated to this activity. Case Study: The SPAR Group is rolling out an initiative to reduce the use of plastic bags. 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

32000

Comment

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 driver

Increased operating costs (e.g., inadequate water supply for hydroelectric plants or to cool nuclear and fossil fuel plants)

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 DCs and diesel in the trucks) 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

Potential financial impact

2000000

Explanation of financial impact

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 million.

Management method

SPAR trains its personnel to be aware of energy losses when operating refrigeration equipment and has also implemented initiatives for reducing energy requirements of the refrigeration equipment. These include the 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

297000

Comment

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 driver

Increased operating costs (e.g., inadequate water supply for hydroelectric plants or to cool nuclear and fossil fuel plants)

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 the 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.

Time horizon

Medium-term

Likelihood

Likely

Magnitude of impact

Medium

Potential financial impact

129000000

Explanation of financial impact

SPAR might need to absorb some of the cost increases of food products to stay competitive. If this were to result in a 5% loss in operating profit, it could cost SPAR around R 129 million per year.

Management method

SPAR believes that significant potential negative environmental impacts may be prevented or mitigated with its choice in suppliers. We've therefore started surveying the top suppliers and screening new suppliers using environmental criteria. SPAR is also engaging with local farmers to assist them in sustainable farming practices, thereby making them more resilient to climate change impacts. R1 million on sustainable farming training and consulting fees.

Cost of management

1000000

Comment**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 driver

Technology: Reduced demand for products and services

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.

Time horizon

Short-term

Likelihood

About as likely as not

Magnitude of impact

High

Potential financial impact

4000000000

Explanation of financial impact

If this were to result in a 5% loss in revenue, it could cost SPAR around R 4000 million per year.

Management method

Reputational issues are managed through improving and broadening the communication process related to environmental issues that SPAR is addressing. The SPAR Guild Report that is shared with all SPAR retailers and DCs contains information around what SPAR is doing to address climate change and broader environmental issues. The SPAR Integrated Annual Report also contains a section dedicated to the Group's responses to climate change and its environmental responsibilities. It is anticipated that this communication will increase over time to more actively engage other stakeholders such as consumers and suppliers. The fact that sustainability has been integrated into the business strategy means that automatic exposure and awareness will be achieved. SPAR's focus on house brand innovation and renovation is key to and ensuring that it remains relevant and is able to take advantage of new trends and technologies. The Group is working actively with its suppliers to identify and introduce more

environmentally friendly products. Three existing product examples are SPAR charcoal briquettes, which are produced from sustainably sourced wood; the SPAR seafood range, which is currently being reviewed to ensure compliance with SASSI (South African Sustainable Seafood Initiative) guidelines; and the reduction in weight of SPAR PET bottles. Effective communication to consumers around such initiatives and products will play a role in ensuring that SPAR is perceived as responsible and innovative

Cost of management

15500

Comment

R15,500 on internal staff dedicated to this activity.

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 driver

Market: 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

Potential financial impact

4000000

Explanation of financial impact

If this were to result in a 5% loss in revenue, it could cost SPAR around R 3,112 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 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 driver

Increased revenue through demand for lower emissions products and services

Company- specific description

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

Time horizon

Medium-term

Likelihood

Likely

Magnitude of impact

Medium-low

Potential financial impact

50000000

Explanation of financial impact

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 50 million per year.

Strategy to realize opportunity

Over R132 000 invested in the SPAR Groups biodiesel programme. Case Study: The SPAR Group utilized 405 887 litres of biodiesel in the last financial year, reducing the Groups Scope 1 diesel emissions.

Cost to realize opportunity

132000

Comment

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 driver

Reduced operating costs (e.g., through efficiency gains and cost reductions)

Company- specific description

Climate change could result in a change in agricultural land usage patterns and production levels of certain natural resources. As a result, certain agricultural commodities may become viable in more central or convenient locations than before, resulting in lower transport costs for SPAR. New opportunities may arise for regional or local sourcing of natural input materials that were previously imported by suppliers for use in their products. Such opportunities could result in a reduction in input costs for certain products.

Time horizon

Long-term

Likelihood

About as likely as not

Magnitude of impact

Medium

Potential financial impact

16000000

Explanation of financial impact

Reduction in 10% of fuel costs alone will result in savings of about R 16 million per year for the SPAR fleet.

Strategy to realize opportunity

SPAR actively monitors the product sourcing landscape in order to identify potential new suppliers and sources of product, with a view to reducing costs whilst simultaneously driving innovation. Any shift in natural resources will be identified and incorporated into the business via this process. R264 000 has been spent on internal staff managing this opportunity (Monitoring system)

Cost to realize opportunity

264000

Comment

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 driver

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

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 able to demonstrate that it is addressing environmental and climate change issues, the overall 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, the SPAR brand would be seen favourably by the market. These issues could result in an increase in the demand for SPAR retail outlets and therefore for the SPAR Group's goods and services.

Time horizon

Short-term

Likelihood

Virtually certain

Magnitude of impact

Medium-high

Potential financial impact

1943000000

Explanation of financial impact

A 2% increase in revenue as a result of this opportunity will result in additional revenue of around R 1943 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 to the CDP. 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. Part of this innovation process includes identifying opportunities to reduce packaging, include recyclable, biodegradable and sustainable source materials and inks in both new and existing products. Case Study: SPAR charcoal briquettes are made from wood sourced from sustainable forests and donations are made to the World Wildlife Fund (WWF) for each bag sold.

Cost to realize opportunity

240000

Comment

R 240,000 spent on internal staff managing 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 driver

Returns on investment in low-emission technology

Company- specific description

SPAR invested in renewable energy (solar PV) at the South Rand distribution center, and plans to install at North Rand and Western Cape. Total installed capacity across the three sites will be 3.42 MWp

Time horizon

Current

Likelihood

Virtually certain

Magnitude of impact

Medium-high

Potential financial impact

2500000

Explanation of financial impact

In year 1 SPAR anticipate the South Rand solar PV plant to save over R2 500 000. The other distribution centers savings have been quantified and will be reported on when SPAR begin to realize the savings.

Strategy to realize opportunity

SPAR has invested in renewable energy at a cost of R37 000 000 at three distribution centers. Case Study: The South Rand distribution center will save the Group R2 500 000 in year 1.

Cost to realize opportunity

37000000

Comment**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 driver

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

Company- specific description

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

Time horizon

Long-term

Likelihood

Very likely

Magnitude of impact

Medium-high

Potential financial impact

9700000

Explanation of financial impact

The financial impact is estimated as SPAR's Scope 1 and 2 emissions multiplied by the scheduled carbon tax rate of R120 per tCO₂e. While SPAR's carbon tax impact will be indirect, and the exact tax rate will be a range between R48 - R120, the financial impact has been estimated using this high-level methodology as an initial step in understanding the impact of entities passing the their tax liability on to the consumer.

Strategy to realize opportunity

The SPAR Group has identified Science Based Targets as an initiative to set targets and reduce GHG emissions inline with the level of decarbonation required to keep global temperature increase to below 2 degree compared to preindustrial temperatures. SPAR's Carbon Reduction Framework outlines emissions reduction opportunities up to 2050. The framework provides a road map of opportunities which would save the Group over 158 000 000 kWh's of energy costing around R132 000 000. Identified opportunities include: - Battery charging - Lighting and HVAC - Refrigeration - Solar PV - Biodiesel - Electricity metering

Cost to realize opportunity

132000000

Comment**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	All seafood procurement of SPAR house brands takes place according to formal sustainable sourcing policy and our SASSI commitment rolled out throughout the supply chain. Magnitude: medium-high Timescale: current
Supply chain and/or value chain	Impacted for some suppliers, facilities, or product lines	SPAR screens suppliers using environmental criteria. 58% of farmers in the Freshline supply chain have been trained in biological farming methods. 25 emerging farmers have been trained in local g.a.p. sustainable agricultural practices. Magnitude: medium-high Timescale: current
Adaptation and mitigation activities	Impacted for some suppliers, facilities, or product lines	SPAR installed a solar PV system at the South Rand distribution centre and plan to roll out installations at North Rand and Western Cape. Magnitude: medium Timescale: medium term
Investment in R&D	Not yet impacted	Investment in R&D not yet impacted.
Operations	Not yet impacted	Substantive impact on our operations is not material compared to impact on our 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 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.
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 at three distribution centers. 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 an Enterprise Risk Management (ERM) framework 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 was thus developed in 2013, which contains key environmental targets and measurements. These have been set per distribution centre and are reported on to the Social and Ethics Committee on a quarterly basis.

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 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 the implementation of targets to reduce water usage, waste generated, and 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 in the fleet, introducing biodiesel into the vehicle fleet fuel mix, reducing business travel by utilising video conferencing, initiating a programme to redesign SPAR-branded product packaging to reduce its environmental impact, and various behavioural change initiatives focussed on both employees, franchises and customers. For more detail on specific initiatives, please see Question 3.3 of this submission.

In terms of SPAR's long-term strategy, the organisation's logistics model and strategy have been impacted by a significantly greater focus on optimised route planning, as well as on increasing the 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 the 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.

Although reduced energy consumption results in reduced costs, SPAR acknowledges that the efficiencies gained through areas such as energy, water and waste management are unlikely to yield a noteworthy competitive advantage, as most of the other industry players are driving similar efficiencies. However, these efficiencies are critical to ensuring that SPAR can remain competitive and to operate within acceptable margin boundaries for its shareholders. The 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 throughout its organisation strengthens the company's ability to deliver a superior service to its customers. In an industry context where independent retailers struggle to retain their identity and independence, access to practical best practice approaches to addressing climate change in retail, as well as the benefit of the buying power of SPAR for the procurement of 'green' technologies will become invaluable to SPAR's 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's commitment to creating authentic shared value is inherently linked to our values and our support of the 17 Sustainable Development Goals (SDGs). SPAR have related the SDG's to our values of entrepreneurship, value and family values.

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

% reduction from base year

2

Base year

2016

Start year

2016

Base year emissions covered by target (metric tons CO2e)

48632

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

% achieved (emissions)

2

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

% reduction from base year

2

Base year

2016

Start year

2016

Base year emissions covered by target (metric tons CO2e)

34351

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

% achieved (emissions)

43

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.

C4.2

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

Target

Renewable energy 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

0

% achieved in reporting year

0

Target Status

Underway

Please explain

SPAR have a target as part of our SBT to install renewable energy producing 10 235 MWh of energy by 2050. We have installed one solar PV plant, and are in construction phases of another two. However, none produced energy in the 2017 reporting period.

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 projects at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of projects	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	21	14728
To be implemented*	2	2787
Implementation commenced*	0	0
Implemented*	1	2127
Not to be implemented	0	0

C4.3b

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

Activity type

Low-carbon energy installation

Description of activity

Solar PV

Estimated annual CO2e savings (metric tonnes CO2e)

2127

Scope

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in CC0.4)

2571996

Investment required (unit currency – as specified in CC0.4)

26861717

Payback period

4 - 10 years

Estimated lifetime of the initiative

16-20 years

Comment

SPAR DC South Rand Solar PV installation

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. Even though there are currently no climate change related regulatory requirements or standards in place in South Africa, by investing in emissions reduction we are positioning ourselves to comply with future carbon or energy related legislation, such as the potential carbon tax.
Employee engagement	While leadership in the sustainability space is crucial for strong performance, the successful integration of sustainability into a business relies heavily on staff engagement. SPAR have focused heavily on engaging senior and middle management around the 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 the successful implementation of its strategy will be a lack of internal understanding and knowledge about sustainability. We have 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 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	The reduced energy requirements result in reduced operational costs to the company. Past savings are used to motivate future investment.
Other	Capital is freed up as and when required to undertake activities that will contribute towards meeting the company's targets.

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

The 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 up-to-date and efficient technologies and approaches. The 'green building' practices that SPAR incorporates into the design and operation of its own facilities are integrated into the retail store designs that are provided to the SPAR retailers. Through its buying power, SPAR is able to provide the retailers with access to the latest technologies at prices that the independent retailer would otherwise be unlikely to secure. This enables the retailers to procure the equipment required to implement the new store designs and layouts which then ensure that they are able to operate at maximum efficiency and therefore reduce or avoid a fair degree of GHG emissions. SPAR's central distribution model also enables a number of its suppliers to reduce or avoid carbon emissions related to distribution. These suppliers need only deliver to a few centrally located facilities, rather than to over 1 864 stores that the SPAR Group services. Through operating vehicles that carry full loads on a less frequent basis, these suppliers are able to avoid significant mileage and therefore emissions. SPAR's research into packaging improvements will enable producers of packaging materials upstream to reduce emissions associated with the production thereof, reduce transport emissions by using lighter materials, and reduce downstream end-of-life emissions of the packaging materials as it will allow for more to be recycled.

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 franchises to reduce emissions. Impacts of the other initiatives could not be quantified. Due to a lack of direct measurements or usage data, energy consumption of franchises were estimated based on the number and types of stores, average floor space per type of store, and the SAN204:2011 Energy Efficiency in Buildings standard, from which a national average maximum energy requirement per square metre of a large commercial shop was obtained. It was assumed that green building practices and energy efficiency has enabled a 2% reduction in energy requirements of all franchises.

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)

39010

Comment

Scope 2 (location-based)

Base year start

October 1 2015

Base year end

September 30 2016

Base year emissions (metric tons CO2e)

43974

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.

Defra Voluntary 2017 Reporting Guidelines

IPCC Guidelines for National Greenhouse Gas Inventories, 2006

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

C6. Emissions data

C6.1

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

Row 1

Gross global Scope 1 emissions (metric tons CO2e)

36557

End-year of reporting period

<Not Applicable>

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

C6.3

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

Row 1

Scope 2, location-based

45020

Scope 2, market-based (if applicable)

<Not Applicable>

End-year of reporting period

<Not Applicable>

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 the running of the stores are from electricity usage, diesel consumption for generators, and leakages 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 the 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 the SPAR Group operational boundary changing almost annually. To avoid restating the base year, 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

919275

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

Purchased goods and services includes emissions for Plastic Bags, Water Supply and Water Treatment

Capital goods

Evaluation status

Not relevant, calculated

Metric tonnes CO2e

0

Emissions calculation methodology

Not applicable

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

0

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

17734

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 the extraction and refining of the 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, not yet calculated

Metric tonnes CO2e

0

Emissions calculation methodology

Not applicable

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

0

Explanation

This will entail the supply of goods to our DCs. Data on this emission source could not be sourced for this year's reporting.

Waste generated in operations

Evaluation status

Relevant, calculated

Metric tonnes CO2e

502

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 our 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

126

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, and vehicle allowances associated with business travel.

Employee commuting

Evaluation status

Relevant, calculated

Metric tonnes CO2e

4361.92

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

Based on data from an in-house employee travel survey that was conducted.

Upstream leased assets

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

0

Emissions calculation methodology

Not applicable

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

0

Explanation

SPAR has no upstream leased assets.

Downstream transportation and distribution

Evaluation status

Relevant, not yet calculated

Metric tonnes CO2e

0

Emissions calculation methodology

Not applicable

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

0

Explanation

Downstream transportation and distribution was not available in 2017.

Processing of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

0

Emissions calculation methodology

Not applicable

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

0

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

Metric tonnes CO2e

0

Emissions calculation methodology

Not applicable

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

0

Explanation

Goods sold by SPAR have very little, if any, direct emissions associated with them in the usage phase and therefore this category is not relevant. The indirect emissions from the usage phase, emissions associated with transport of customers and refrigeration and cooking of food products, is large, but it is not possible to estimate these emissions.

End of life treatment of sold products

Evaluation status

Relevant, not yet calculated

Metric tonnes CO2e

0

Emissions calculation methodology

Not applicable

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

0

Explanation

Goods sold by SPAR have very little, if any, direct emissions associated with them in the usage phase and therefore this category is not relevant. The indirect emissions from the usage phase, emissions associated with transport of customers and refrigeration and cooking of food products, is large, but it is not possible to estimate these emissions.

Downstream leased assets

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

0

Emissions calculation methodology

Not applicable

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

0

Explanation

Spar periodically rent out buildings to franchisees, but the associated emissions are very small and are accounted for under franchises

Franchises

Evaluation status

Relevant, not yet calculated

Metric tonnes CO2e

0

Emissions calculation methodology

Not applicable

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

0

Explanation

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

Investments

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

0

Emissions calculation methodology

Not applicable

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

0

Explanation

SPAR has no material investments.

Other (upstream)

Evaluation status

Not evaluated

Metric tonnes CO2e

0

Emissions calculation methodology

Not applicable

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

0

Explanation

Not applicable

Other (downstream)

Evaluation status

Not evaluated

Metric tonnes CO2e

0

Emissions calculation methodology

Not applicable

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

0

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

0.85

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

81578

Metric denominator

Other, please specify (Unit of Revenue (R'Mill))

Metric denominator: Unit total

95500

Scope 2 figure used

Location-based

% change from previous year

36

Direction of change

Decreased

Reason for change

SPARs revenue increased while emissions remained stable

Intensity figure

0.00036

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

81578

Metric denominator

Other, please specify (Cased Dispatched)

Metric denominator: Unit total

223600000

Scope 2 figure used

Location-based

% change from previous year

0

Direction of change

No change

Reason for change

0.24% changed compared to last year.

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization have greenhouse gas emissions other than carbon dioxide?

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	33631	IPCC Fourth Assessment Report (AR4 - 100 year)
CH4	10	IPCC Fourth Assessment Report (AR4 - 100 year)
N2O	262	IPCC Fourth Assessment Report (AR4 - 100 year)
HFCs	2655	IPCC Fifth Assessment Report (AR5 – 100 year)
Please select		Please select

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	36557

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	29
Distribution Centers	36528

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	29	-29.819594	30.861389
Western Cape DC	1749	-34.010027	18.477246
South Rand DC	10102	-26.177395	28.216182
North Rand DC	5138	-25.972252	28.232412
Lowveld DC	1879	-25.463142	30.970154
KZN DC	11239	-29.721837	31.003911
Eastern Cape DC	6253	-33.950531	25.60762
Build It	167	-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	33777
Stationary Combustion	125
Fugitive Emissions	2655

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	45020	0	47894	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	654	0
Distribution Centers	44366	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	654	0
Western Cape DC	10474	0
South Rand DC	8002	0
North Rand DC	4812	0
Lowveld DC	2471	0
KZN DC	12627	0
Eastern Cape DC	5620	0
Build It	360	0

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	45020	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?

Decreased

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	0	No change	0	SPAR installed renewable energy during the financial year, however the plants only started producing energy in FY2018.
Other emissions reduction activities	1406	Decreased	2	Scope 2 emissions decreased by 2% compared to last year due emission reduction initiatives reducing Scope 1 fugitive emissions.
Divestment	0	No change	0	Not applicable
Acquisitions	0	No change	0	Not applicable
Mergers	0	No change	0	Not applicable
Change in output	0	No change	0	Not applicable
Change in methodology	0	No change	0	Not applicable
Change in boundary	0	No change	0	Not applicable
Change in physical operating conditions	0	No change	0	Not applicable
Unidentified	0	No change	0	Not applicable
Other	0	No change	0	No other changes 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	No

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)	0	129009	129009
Consumption of purchased or acquired electricity	<Not Applicable>	0	47894	47894
Consumption of purchased or acquired heat	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired steam	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Total energy consumption	<Not Applicable>	0	176903	176903

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 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

477

MWh fuel consumed for the self-generation of electricity

477

MWh fuel consumed for self-generation of heat

0

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

C8.2d

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

Diesel

Emission factor

2.67193

Unit

metric tons CO₂e per liter

Emission factor source

DEFRA 2017

Comment

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

<Not Applicable>

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

<Not Applicable>

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

<Not Applicable>

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 use

Metric value

47894027

Metric numerator

kWh

Metric denominator (intensity metric only)

Not applicable

% change from previous year

2

Direction of change

Increased

Please explain

SPAR tracks total kWh consumption of the DC's and head office, electricity emissions increased by 2% in 2017.

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_2018_V1.0.pdf

Page/ section reference

Conclusion

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_2018_V1.0.pdf

Page/ section reference

Conclusion

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 commissioned external consultants to advise on an Internal Carbon Pricing Roll-Out. The objectives were to design and implement an internal Carbon pricing methodology which will result in the following outcomes: - 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.

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

Promulgation of Carbon Tax is expected in South Africa during early 2019 at R120 per tonne of CO2e, with certain tax free thresholds. The price was 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)

% Scope 3 emissions as reported in C6.5

0

Rationale for the coverage of your engagement

During the 2017 financial year, we started formal engagement with our house brand suppliers on a range of sustainability matters. All suppliers were asked to complete a questionnaire concerning their environmental management systems, specifically focusing on energy use, transport, greenhouse gasses, waste and waste water, water use, emissions, pollution prevention and treatment of hazardous substances. The feedback, which encompassed 60% of our house brand suppliers, enabled us to start gauging the maturity of their approach and understand what is currently being measured. This, in turn, reflects the extent to which they are geared for the future and for the longevity of their business. Our engagement further included site visits during which suppliers shared further information that provided us with the opportunity to build on our relationship and increase awareness of our collective environmental responsibilities.

Impact of engagement, including measures of success

The scope included operations and potential environmental impacts and whether they offer training to their employees on these matters. This allows us to compare sustainability indicators across suppliers. Our next step is to start gathering and consolidating data, while also assessing risks per site. Ultimately, we would like to drive and demonstrate improvement throughout the supply chain, thereby progressing from basic compliance to industry-leading performance. Our aim is to contribute to efficiency improvements and ensure that our suppliers are sustainable and secure.

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 is driving a model of localised sourcing of fresh produce by improving its fresh supply chain in rural areas. The inclusion of emerging smallholder farmers reduces transport costs, improves lead times and increases freshness and shelf-life. These farmers are mentored by commercial farmers and technical service providers in terms of farming techniques, spraying, harvesting and regulations, and are assessed against the localg.a.p. farming standard. SPAR's flagship enterprise development programme, which aims to establish three sustainable, commercial rural food hubs, continues to make significant progress.

Impact of engagement, including measures of success

The success of the model requires the support of 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, in June 2016. By September 2017, five emerging farmers were supplying produce to 10 SPAR retailers. Excess produce is sold to food processors. 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 and a decision on the third should soon be finalised. The aim is to have all up and running by December 2018, with 100 trained smallholder farmers supplying them regularly. Each hub will be supplied by a group of about 30 farmers with about 1 000 tonnes of produce a year.

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 the impact that they have on the environment and also the impact that the final product will have at the end of its life. The engagements with packaging material suppliers are prioritised due to the large role that packaging materials play in the SPAR-branded products.

Impact of engagement, including measures of success

Extensive work in partnership with packaging third-party service provider to use recycled cardboard for packaging house brands. Our approved SPAR packaging suppliers have undertaken to channel their waste into our recycling programme, and to use the recycled cardboard from our distribution centres (and participating retail stores) in our SPAR branded packaging. In this way, we are closing the loop in our cardboard waste cycle and contributing to our overarching goal of reducing our waste to landfill. Recycling includes the recycling of vehicle lubricants and refrigeration oils.

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

Size of engagement

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 franchises (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. This engagement is prioritised given that the franchises are the “face” of SPAR Group that the public sees. Furthermore, the SPAR Group incentivises the roll out of SMART metering to independently owned stores.

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 to share knowledge and gain support for the programme, which can assist in wider adaptation resilience in South African agriculture.	Use SPAR's approach to local sourcing and sustainable farming as a learning opportunity and potential adaptation measure for the South African agriculture sector.

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.

How have you, or are you attempting to, influence the position?

The SPAR Group's one of the company's executives sits on the board of the CGCSA. Through the CGCSA, SPAR advocates for environmentally friendly systems in the retail sector that will help reduce emissions causing climate change.

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.

How have you, or are you attempting to, influence the position?

Being a member of the NBI, SPAR attends discussions on climate regulation, using this as a platform to make comments and transfer learning from our experience.

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 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 together with other interested bodies put pressure on the Namibian Hake Association to have their facility Marine Stewardship Council (MSC) certified. This is a part of our commitment to improve our business through incorporating sustainability best practice principles while still considering social, economic and ecological challenges. Once the Namibian Hake Association has been MSC certified, our 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).

We also engaged with the Indian Ocean Tuna Commission (IOTC), the Regional Fisheries Management Organisation that controls fishing activity in the Indian Ocean requesting that they adopt 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.

SPAR therefore understands that if we are to ensure the survival of our marine ecosystems and continue to enjoy seafood, we need to ensure that our seafood is responsibly procured and supports sustainable and well managed fisheries and aquaculture operations.

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_Abridged-IR_-2017_11287_14Dec_1230_SA.pdf

Content elements

Governance

Strategy

Risks & opportunities

Emissions figures

Other metrics

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 Risk Sustainability & Corporate Governance Executive	Board/Executive board

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	Public or Non-Public Submission	I am submitting to
I am submitting my response	Public	Investors

Please confirm below

I have read and accept the applicable Terms