

The Spar Group Ltd - Water 2018

W0. Introduction

W0.1

(W0.1) Give a general description of 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

W0.2

(W0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date
Reporting year	October 1 2016	September 30 2017

W0.3

(W0.3) Select the countries/regions for which you will be supplying data.

South Africa

W0.4

(W0.4) Select the currency used for all financial information disclosed throughout your response.

ZAR

W0.5

(W0.5) Select the option that best describes the reporting boundary for companies, entities, or groups for which water impacts on your business are being reported.

Companies, entities or groups over which operational control is exercised

W0.6

(W0.6) Within this boundary, are there any geographies, facilities, water aspects, or other exclusions from your disclosure?

Yes

W0.6a

(W0.6a) Please report the exclusions.

Exclusion	Please explain
SPAR Group owned stores	While the Group's focus is on supporting voluntary traders, the Group does own a few stores. These stores are purchased primarily for defensive reasons to secure key retail sites and are therefore not intended as long-term assets of the organisation. Due to difficult economic times we have seen a large increase of these numbers.
SPAR Group operations outside of South Africa	The Scope of SPAR Groups disclosure is limited to the organisations operations within South Africa and we hope to extend this to our foreign business in the near future.

W1. Current state

W1.1

(W1.1) Rate the importance (current and future) of water quality and water quantity to the success of your business.

	Direct use importance rating	Indirect use importance rating	Please explain
Sufficient amounts of good quality freshwater available for use	Important	Important	Direct: The use of water is imperative in SPAR stores and distribution centres to maintain a hygienic environment for the storage of food products Indirect: This would impact agricultural activities and suppliers posing a risk to the availability of food sources and increasing costs to procure products
Sufficient amounts of recycled, brackish and/or produced water available for use	Neutral	Have not evaluated	Direct: Recycled Water is used for activities such as washing trucks, ablution facilities and watering on site and neighbouring gardens. Indirect: The SPAR Group have not evaluated indirect importance of recycled, brackish and/or produced water available for use as this is not as material as direct use.

W1.2

(W1.2) Across all your operations, what proportion of the following water aspects are regularly measured and monitored?

	% of sites/facilities/operations	Please explain
Water withdrawals – total volumes	100%	Measured for the 8 distribution centers and head office
Water withdrawals – volumes from water stressed areas	100%	Measured for the Group's Distribution Centers which are situated in water stressed areas.
Water withdrawals – volumes by source	100%	Measured for the 8 distribution centers and head office
Produced water associated with your metals & mining sector activities - total volumes	<Not Applicable>	<Not Applicable>
Produced water associated with your oil & gas sector activities - total volumes	<Not Applicable>	<Not Applicable>
Water withdrawals quality	Not monitored	Water withdrawals quality data is currently not measured by the SPAR Group.
Water discharges – total volumes	100%	Estimated for the 8 distribution centers and head office
Water discharges – volumes by destination	100%	Measured for the distribution centers and head office
Water discharges – volumes by treatment method	100%	All sewage is discharged through the municipal sewerage system and is treated by the local municipality.
Water discharge quality – by standard effluent parameters	Not monitored	Water discharge quality data is not measured by the SPAR Group.
Water discharge quality – temperature	Not monitored	Water discharge quality data is not measured by the SPAR Group.
Water consumption – total volume	100%	Estimated for the 8 distribution centers and Head Office based on withdrawal minus discharge.
Water recycled/reused	Less than 1%	The SPAR Group has recycling systems implemented at two sites. However it is only measured at one site. The Group is in the process of installing meters.
The provision of fully-functioning, safely managed WASH services to all workers	Less than 1%	WASH services data is not separately measured by the Group.

W1.2b

(W1.2b) What are the total volumes of water withdrawn, discharged, and consumed across all your operations, and how do these volumes compare to the previous reporting year?

	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Total withdrawals	214	About the same	The SPAR group has implemented a number of water saving initiatives at all 8 distribution centres including central office. The SPAR Group withdrew 206 mega litres from municipal sources, and 8 mega litres from rainwater. Compared to last reporting period of 211 mega litres (from municipal sources).
Total discharges	185	About the same	The Group discharges water via municipal systems. The water is treated by the relevant local municipality. The Group does not meter its water disposal. Four of the sewage sites are billed as 90 % of its total withdrawals, therefore water disposal was estimated for all the sites as 90%.
Total consumption	29	About the same	Water consumption is estimated as total water withdrawal minus water discharge. Four of the sites sewage is billed as 90 % of total withdrawals, so water disposal data was estimated for all sites as 90 % of withdrawals.

W1.2d

(W1.2d) Provide the proportion of your total withdrawals sourced from water stressed areas.

	% withdrawn from stressed areas	Comparison with previous reporting year	Identification tool	Please explain
Row 1	16	Lower	Other, please specify (Municipal Bills)	2 sites were identified to be in water stressed areas. These sites withdrew 16 % of total withdrawal compared to last reporting period where the sites withdrew 29 % of total withdrawal.

W1.2h

(W1.2h) Provide total water withdrawal data by source.

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water, including rainwater, water from wetlands, rivers, and lakes	Relevant	8	This is our first year of measurement	The SPAR Group has rainwater harvesting installed at several of its sites. The data included here is only stated for available data and not the entire Group.
Brackish surface water/seawater	Not relevant	<Not Applicable>	<Not Applicable>	SPAR does not withdraw from this water source
Groundwater – renewable	Not relevant	<Not Applicable>	<Not Applicable>	The SPAR Group withdraws water from a renewable ground water source at one site however these withdrawals only started after our 2017 financial year end.
Groundwater – non-renewable	Not relevant	<Not Applicable>	<Not Applicable>	SPAR does not withdraw from this water source
Produced water	Relevant but volume unknown	<Not Applicable>	<Not Applicable>	The Group has water recycling systems implemented at several of its sites however this is currently not measured.
Third party sources	Relevant	206	About the same	The SPAR Group withdrew 206 mega litres from municipal sources. Compared to last reporting period where the group withdrew 211 mega litres.

W1.2i

(W1.2i) Provide total water discharge data by destination.

	Relevance	Volume (megaliters/year)	Comparison with previous reporting year	Please explain
Fresh surface water	Not relevant	<Not Applicable>	<Not Applicable>	The Group does not discharge water into fresh surface water
Brackish surface water/seawater	Not relevant	<Not Applicable>	<Not Applicable>	The Group does not discharge water into brackish water
Groundwater	Not relevant	<Not Applicable>	<Not Applicable>	The Group does not discharge water into ground water
Third-party destinations	Relevant	185	About the same	The Group discharges water via municipal systems. The water is treated by the relevant local municipality. The Group does not meter its water disposal. Four of the sites sewage is billed as 90 % of its total withdrawals, therefore water disposal was estimated for all sites as 90 %.

W1.2j

(W1.2j) What proportion of your total water use do you recycle or reuse?

	% recycled and reused	Comparison with previous reporting year	Please explain
Row 1	Less than 1%	This is our first year of measurement	Eastern Cape: Water generated during the refrigeration frost cycle is caught and stored in tanks which is used in the garden and in ablution facilities and truck washing bays. KwaZulu Natal: Water purification systems are in place which recycles the truck washing bays and this water is reused. Recycling systems are in place for crate washings. Water is purified and reused. Western Cape: Ozone system in Ammonia Plant will be used to save water. Water is collected from the groundwater source and stored in tanks with rainwater, reducing reliance on municipal water usage.

W1.4

(W1.4) Do you engage with your value chain on water-related issues?

Yes, our suppliers

W1.4a

(W1.4a) What proportion of suppliers do you request to report on their water use, risks and/or management information and what proportion of your procurement spend does this represent?

Row 1

% of suppliers by number

51-75%

% of total procurement spend

51-75

Rationale for this coverage

In 2017, SPAR started a formal engagement process 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 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.

Impact of the engagement and measures of success

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. 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

W1.4b

(W1.4b) Provide details of any other water-related supplier engagement activity.

Type of engagement

No other supplier engagements

Details of engagement

<Not Applicable>

% of suppliers by number

<Not Applicable>

% of total procurement spend

<Not Applicable>

Rationale for the coverage of your engagement

SPAR focuses on alternative sources for energy, fuel and water, combined with extensive recycling capability, ensure cost savings in the supply chain.

Impact of the engagement and measures of success

<Not Applicable>

Comment

<Not Applicable>

W2. Business impacts

W2.1

(W2.1) Has your organization experienced any detrimental water-related impacts?

Yes

W2.1a

(W2.1a) Describe the water-related detrimental impacts experienced by your organization, your response, and total financial impact.

Country/Region

South Africa

River basin

Berg-Olifants

Type of impact driver

Physical

Primary impact driver

Drought

Primary impact

Increased capital costs

Description of impact

South Africa is experiencing a drought which significantly impacted the Western Cape region. The city implemented scaling water restrictions, and increased water tariffs.

Primary response

Adopt water efficiency, water re-use, recycling and conservation practices

Total financial impact

466000

Description of response

Additional rainwater catchment is to be installed in 2018 which will collect and store water in tanks. Water will be pumped and utilised in the washing of trucks as well as the ablutions. Rainwater catchment is estimated to cost R280 000. The ozone system in the NH3 plant is currently used to save and used to wash trucks. The site drilled a borehole in June 2017 at a cost of R186 000, 100m underground. The borehole provides 10 000l/hour. Water is pumped from the borehole into tanks, forming part of a new water system which will have a mix of 60% borehole water, 20% rainwater and 20% municipal if necessary. The aim is for site to be water independent by 2019. A water assessment was undertaken in July 2017

W2.2

(W2.2) In the reporting year, was your organization subject to any fines, enforcement orders, and/or other penalties for water-related regulatory violations?

No

W3. Procedures

W3.3

(W3.3) Does your organization undertake a water-related risk assessment?

Yes, water-related risks are assessed

W3.3a

(W3.3a) Select the options that best describe your procedures for identifying and assessing water-related risks.

Direct operations

Coverage

Full

Risk assessment procedure

Water risks are assessed as part of other company-wide risk assessment system

Frequency of assessment

Six-monthly or more frequently

How far into the future are risks considered?

2 to 5 years

Type of tools and methods used

Enterprise Risk Management

Tools and methods used

Other, please specify (Internal Company methods)

Comment

The SPAR Group identified four material relationships which have a substantive impact on the group's sustainability, namely retailers, suppliers, consumers and communities. The four relationships are vital to the growth of the organisation. Primary water risks assessed and prioritized for the Group and value chain include water rationing implemented across the distribution centres; and the impact of El Nino driven drought in South Africa.

Supply chain

Coverage

None

Risk assessment procedure

<Not Applicable>

Frequency of assessment

<Not Applicable>

How far into the future are risks considered?

<Not Applicable>

Type of tools and methods used

<Not Applicable>

Tools and methods used

<Not Applicable>

Comment

Water risks are assessed for all distribution centres and are considered from the current state up until three years into the future. Water risks are considered under the primary concern that long term infrastructure failure would negatively affect the business.

Other stages of the value chain

Coverage

None

Risk assessment procedure

<Not Applicable>

Frequency of assessment

<Not Applicable>

How far into the future are risks considered?

<Not Applicable>

Type of tools and methods used

<Not Applicable>

Tools and methods used

<Not Applicable>

Comment

Water risks are assessed for all distribution centres and are considered from the current state up until three years into the future.

Water risks are considered under the primary concern that long term infrastructure failure would negatively affect the business.

W3.3b

(W3.3b) Which of the following contextual issues are considered in your organization's water-related risk assessments?

	Relevance & inclusion	Please explain
Water availability at a basin/catchment level	Relevant, always included	Water availability risks are assessed as issues arise.
Water quality at a basin/catchment level	Relevant, not included	Water quality is relevant however it is not always included in risk assessments. The risks are assessed on an ad hoc basis as issues arise.
Stakeholder conflicts concerning water resources at a basin/catchment level	Not considered	Current stakeholder conflicts concerning water resources has not yet been evaluated in risk assessments.
Implications of water on your key commodities/raw materials	Relevant, always included	Implications of water on key commodities/raw materials risks are assessed as issues arise.
Water-related regulatory frameworks	Relevant, not included	Regulatory frameworks are relevant however they are not yet included in risk assessments.
Status of ecosystems and habitats	Relevant, always included	Current status of ecosystems and habitats at a local level have been evaluated and are included in risk assessments.
Access to fully-functioning, safely managed WASH services for all employees	Relevant, always included	Current assess to fully functioning WASH services for all employees have been evaluated and included in risk assessments.
Other contextual issues, please specify	Not considered	No other water risks have been evaluated in risk assessments.

W3.3c

(W3.3c) Which of the following stakeholders are considered in your organization’s water-related risk assessments?

	Relevance & inclusion	Please explain
Customers	Relevant, always included	Customers are factored into SPAR's water risk assessments.
Employees	Relevant, always included	Employees are factored into SPARs water risk assessments.
Investors	Relevant, always included	Investors are factored into SPARs water risk assessments.
Local communities	Relevant, not included	Local communities are relevant to SPARs water risk assessment however they have not yet been factored into the Groups water risk assessments.
NGOs	Not considered	NGOs impact on water risks has not yet been evaluated.
Other water users at a basin/catchment level	Not considered	Other water users at a local level impact on water risks has not yet been evaluated.
Regulators	Relevant, always included	Regulators are factored into SPARs water risk assessments.
River basin management authorities	Relevant, not included	River basin management authorities are relevant to SPARs water risk assessment, however they have not yet been included.
Statutory special interest groups at a local level	Not considered	Special interest groups impact on water risks has not yet been evaluated.
Suppliers	Relevant, always included	Suppliers are relevant to SPARs water risk assessments
Water utilities at a local level	Relevant, not included	Water utilities / suppliers / municipalities are relevant to SPARs water risk assessment however they have not yet been factored in.
Other stakeholder, please specify	Not considered	Other stakeholder impacts on water risks has not yet been evaluated.

W3.3d

(W3.3d) Describe your organization’s process for identifying, assessing, and responding to water-related risks within your direct operations and other stages of your value chain.

The SPAR Group identified four material relationships which have substantive impact on the group’s sustainability, namely retailers, suppliers, consumers and communities. The four relationships are vital to the growth of the organisation. Water risks were identified and evaluated as long term infrastructure failure that would negatively affect the business as well as impacting these four groups, namely retailers, suppliers, consumers and communities. The primary water risks assessed and prioritized for the Group and value chain include water rationing implemented across the distribution centres; and the impact of the El Nino driven drought in South Africa. The effects of the water risks were evaluated by analysing and prioritizing water risks relevant to the Group’s operations and through engagement with the Group’s distribution centres.

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.

W4. Risks and opportunities

W4.1

(W4.1) Have you identified any inherent water-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes, both in direct operations and the rest of our value chain

W4.1a

(W4.1a) How does your organization define substantive financial or strategic impact on your business?

The SPAR Group identified four material relationships which have a substantive impact on the group's sustainability, namely retailers, suppliers, consumers and communities. The four relationships are vital to the growth of the organisation.

The group defines a direct substantial change as an impact that affects the Groups distribution centres, i.e. affecting the number of cases dispatched, operating expenses and revenue.

The group defines an indirect substantial change as an impact affecting the Groups independent retailers, supplier, consumers and communities.

W4.1b

(W4.1b) What is the total number of facilities exposed to water risks with the potential to have a substantive financial or strategic impact on your business, and what proportion of your company-wide facilities does this represent?

	Total number of facilities exposed to water risk	% company-wide facilities this represents	Comment
Row 1	1	1-25	South Africa remains a water scarce country and as such our facilities across the country remain exposed to water risks. Our Western Cape facility was directly affected by the El Nino driven drought. The facility was forced to implement drastic water interventions such as the installation of borehole and water storage tanks, to ensure that operations could continue unhindered.

W4.1c

(W4.1c) By river basin, what is the number and proportion of facilities exposed to water risks that could have a substantive impact on your business, and what is the potential business impact associated with those facilities?

Country/Region

South Africa

River basin

Berg-Olifants

Number of facilities exposed to water risk

1

% company-wide facilities this represents

1-25

Production value for the metals & mining activities associated with these facilities

<Not Applicable>

% company's annual electricity generation that could be affected by these facilities

<Not Applicable>

% company's global oil & gas production volume that could be affected by these facilities

<Not Applicable>

% company's total global revenue that could be affected

1-25

Comment

Western Cape DC

Country/Region

South Africa

River basin

Mzimvubu-Tsitsikamma

Number of facilities exposed to water risk

1

% company-wide facilities this represents

1-25

Production value for the metals & mining activities associated with these facilities

<Not Applicable>

% company's annual electricity generation that could be affected by these facilities

<Not Applicable>

% company's global oil & gas production volume that could be affected by these facilities

<Not Applicable>

% company's total global revenue that could be affected

1-25

Comment

SPAR DC Eastern Cape

W4.2

(W4.2) Provide details of identified risks in your direct operations with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

Country/Region

South Africa

River basin

Other, please specify (South Africa Water Management Areas)

Type of risk

Physical

Primary risk driver

Drought

Primary potential impact

Supply chain disruption

Company-specific description

Rainfall no longer falls within designated catchment areas and municipal infrastructure has not made provisions for climate change. In certain areas there have been severe droughts are impacting local farmers who provide produce to the market, similarly flooding. Water scarcity has a huge impact on food production.

Timeframe

Current up to 1 year

Magnitude of potential impact

Medium-high

Likelihood

Virtually certain

Potential financial impact

0

Explanation of financial impact

Potential financial impact has not been determined.

Primary response to risk

Water-related capital expenditure

Description of response

As a result of water scarcity, water rationing continued to take place within municipalities. Several of the distribution centres are located within municipalities where water rationing occurs. Only one distribution centre has been directly affected by water rationing. The site installed a borehole and water storage tanks and improved water monitoring to ensure operations could continue. Additionally, the SPAR Group has identified rainwater capture and greywater systems as a method to reduce the risk of water rationing. The Group is committed to extending water recycling programmes to all distribution centres.

Cost of response

466000

Explanation of cost of response

Additional rainwater catchment is to be installed in 2018 which will collect and store water in tanks. Water will be pumped and utilised in the washing of trucks as well as the ablutions. Rainwater catchment is estimated to cost R280 000. The ozone system in the NH3 plant is currently used to save water and used to wash trucks. One site drilled a borehole in June 2017 at a cost of R186 000, 100m underground. The borehole provides 10 000l/hour. Water is pumped from the borehole into tanks.

Country/Region

South Africa

River basin

Other, please specify (South Africa Water Management Areas)

Type of risk

Physical

Primary risk driver

Drought

Primary potential impact

Increased operating costs

Company-specific description

There is uncertainty around the future of water legislation in South Africa, specifically relating to water tariffs. Currently, water tariffs are low and this does not motivate for water efficiency. Should water tariffs increase significantly, it will impact our operating costs.

Timeframe

1 - 3 years

Magnitude of potential impact

High

Likelihood

More likely than not

Potential financial impact

0

Explanation of financial impact

Financial impact has not been quantified

Primary response to risk

Engage with regulators/policymakers

Description of response

The SPAR Groups remains up-to-date on water regulations. Should the Group ascertain that tariffs are likely to increase or regulation may change dramatically the Group plans to engage with policy makers.

Cost of response

0

Explanation of cost of response

Currently, the cost of the strategy is zero, as internal employees would engage with policy makers.

W4.2a

(W4.2a) Provide details of risks identified within your value chain (beyond direct operations) with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

Country/Region

South Africa

River basin

Berg-Olifants

Stage of value chain

Supply chain

Type of risk

Physical

Primary risk driver

Drought

Primary potential impact

Other, please specify (Water supply disruption)

Company-specific description

In 2015 South Africa experienced the worst drought since 1982 where five provinces were declared as agriculture disaster areas. The drought has been cited as the result of the 2015/2016 El Nino event which is one of the strongest on record. The in drought in South Africa has a significant impact on the agricultural sector, therefore impacting food security. Maize and livestock farming has been impacted driving food shortages and costs.

Timeframe

1 - 3 years

Magnitude of potential financial impact

High

Likelihood

More likely than not

Potential financial impact

0

Explanation of financial impact

Potential financial impact has been quantified

Primary response to risk

Other, please specify (Promote best practice and awareness)

Description of response

The impact of the drought in South Africa on the agricultural sector is significant. As a retailer, the SPAR Group and independently owned stores are at risk. In response to the risk, the SPAR Group conducts research regarding the scale and impact on the risk. Based on research conducted the SPAR Group promotes awareness in relation to efficient water usage. Furthermore, the Group engages with suppliers to assess those who are most significantly impacted.

Cost of response

0

Explanation of cost of response

The SPAR Groups response strategy has been absorbed internally, therefore associated costs are R0.

Country/Region

South Africa

River basin

Berg-Olifants

Stage of value chain

Supply chain

Type of risk

Reputation & markets

Primary risk driver

Other, please specify (Brand damage)

Primary potential impact

Company brand damage

Company-specific description

Sufficient availability of quality water is a risk to the SPAR Group, therefore the Group focused on the rehabilitation of a river in Eastern Cape as a method to mitigate the risk, as well as to improve our environmental performance in the region. The Group anticipates brands damage as a potential risk if we don't engage with the community, and attend to environmental concerns in the regions we operate.

Timeframe

1 - 3 years

Magnitude of potential financial impact

Medium-high

Likelihood

About as likely as not

Potential financial impact

0

Explanation of financial impact

No substantial direct impact on The Group.

Primary response to risk

River basin restoration

Description of response

In the region where our Eastern Cape Distribution Centre operates we undertook a project to rehabilitate the Swartkops River. We committed to R300 000 to assist with the rehabilitation. As a prominent business operating in the Eastern Cape region, and with our Eastern Cape Distribution Centre being close to the Swartkops River, the SPAR Groups acknowledges that we need to maintain a level of responsibility for the environment in which we operate. Therefore, we developed a strategy to assist with the rehabilitation of the Swartkops River, where we invested R25 000 (in 2017). Additionally, our strategy includes engaging with stakeholders to understand the level of river pollution, previous initiatives and the best steps forward.

Cost of response

25000

Explanation of cost of response

Invested R250 000 in 2016 and R25 000 in 2017.

Country/Region

South Africa

River basin

Other, please specify (South Africa Water Management Areas)

Stage of value chain

Supply chain

Type of risk

Physical

Primary risk driver

Flooding

Primary potential impact

Supply chain disruption

Company-specific description

Our supply chain relies on transport of perishable goods to-and-from our distribution centres. Flooding, which disrupts transport, may impact our supply chain distribution network, causing delays and potentially resulting on a loss of perishable items reaching our owned stores and independent retailers.

Timeframe

4 - 6 years

Magnitude of potential financial impact

Medium

Likelihood

About as likely as not

Potential financial impact

0

Explanation of financial impact

Potential financial impact has not been quantified

Primary response to risk

Map supplier water risk

Description of response

Our strategy is to analyse high risk flood areas and potential impacts on the Group. We aim to engage with suppliers should a high risk arise, or should an extreme flooding event occur. Through our engagement we can mitigate flooding risks through utilising alternative routes, minimising the volume of perishables transported, assisting vulnerable suppliers, etc.

Cost of response

0

Explanation of cost of response

Currently, the cost of the strategy has been absorbed internally as it is managed by employees.

W4.3

(W4.3) Have you identified any water-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes, we have identified opportunities, and some/all are being realized

W4.3a

(W4.3a) Provide details of opportunities currently being realized that could have a substantive financial or strategic impact on your business.

Type of opportunity

Efficiency

Primary water-related opportunity

Improved water efficiency in operations

Company-specific description & strategy to realize opportunity

The Group has identified various methods to improve the Groups water efficiency therefore reducing costs associated with the procurement of water from the relevant municipalities. These are by rainwater harvesting and recycling of water. We are also finding innovative ways of collecting water condensate from our Ammonia plant and utilizing this in our truck washbays. Water is also collected during refrigeration frost cycle and stored in tanks for use.

Estimated timeframe for realization

1 to 3 years

Magnitude of potential financial impact

Medium

Potential financial impact

0

Explanation of financial impact

Potential financial impact has not been quantified. Minimization of water use and reduction of water sourced from municipal sources. Rainwater harvesting and the use of reused / recycled water or collected rain water for everyday activities such as ablution facilities, watering of gardens and washing of trucks.

Type of opportunity

Resilience

Primary water-related opportunity

Increased resilience to impacts of climate change

Company-specific description & strategy to realize opportunity

The SPAR Group includes water withdrawals as part of the Groups scope 3 carbon disclosure. Therefore water savings can be expressed as kilo litres saved as well as GHG emissions reduced.

Estimated timeframe for realization

Current - up to 1 year

Magnitude of potential financial impact

Low-medium

Potential financial impact

0

Explanation of financial impact

Water data is kilolitres as well as GHG emisisions.

Type of opportunity

Resilience

Primary water-related opportunity

Increased supply chain resilience

Company-specific description & strategy to realize opportunity

The SPAR Group continues to monitor the impact of water in the supply chain specifically in relation to perishable suppliers. Assisting suppliers with their water efficiency results in the minimization of water usages and reduction of water sources from the municipality further increasing the resilience of the value chain.

Estimated timeframe for realization

1 to 3 years

Magnitude of potential financial impact

Medium

Potential financial impact

Explanation of financial impact

Minimization of water usages and reduction of water sourced from the municipality.

W5. Facility-level water accounting

W5.1

(W5.1) For each facility referenced in W4.1c, provide coordinates, total water accounting data and comparisons with the previous reporting year.

Facility reference number

Facility 1

Facility name (optional)

Western Cape Distribution Center

Country/Region

South Africa

River basin

Berg-Olifants

Latitude

34

Longitude

18.34

Primary power generation source for your electricity generation at this facility

<Not Applicable>

Oil & gas sector business division

<Not Applicable>

Total water withdrawals at this facility (megaliters/year)

2.3

Comparison of withdrawals with previous reporting year

Much lower

Total water discharges at this facility (megaliters/year)

2.07

Comparison of discharges with previous reporting year

Much lower

Total water consumption at this facility (megaliters/year)

0.23

Comparison of consumption with previous reporting year

Much lower

Please explain

Water withdrawals decreased significantly compared to 2016 as a result of SPAR responding to the water crisis. Water withdrawals are actual municipal measurements, discharges are estimated at 90% of withdrawals and consumption is estimated as withdrawal minus discharge.

Facility reference number

Facility 2

Facility name (optional)

Eastern Cape Distribution Center

Country/Region

South Africa

River basin

Mzimvubu-Tsitsikamma

Latitude

33.28

Longitude

25.4

Primary power generation source for your electricity generation at this facility

<Not Applicable>

Oil & gas sector business division

<Not Applicable>

Total water withdrawals at this facility (megaliters/year)

37.5

Comparison of withdrawals with previous reporting year

Lower

Total water discharges at this facility (megaliters/year)

27

Comparison of discharges with previous reporting year

Lower

Total water consumption at this facility (megaliters/year)

10.5

Comparison of consumption with previous reporting year

About the same

Please explain

Water withdrawals are actual municipal measurements, discharges are estimated at 90% of withdrawals and consumption is estimated as withdrawal minus discharge.

W5.1a

(W5.1a) For each facility referenced in W5.1, provide withdrawal data by water source.

Facility reference number

Facility 1

Facility name

Western Cape Distribution Center

Fresh surface water, including rainwater, water from wetlands, rivers and lakes

0

Brackish surface water/seawater

0

Groundwater - renewable

0

Groundwater - non-renewable

0

Produced water

0

Third party sources

2.3

Comment

Only municipal water data is monitored for the site

Facility reference number

Facility 2

Facility name

Eastern Cape Distribution Center

Fresh surface water, including rainwater, water from wetlands, rivers and lakes

7.5

Brackish surface water/seawater

0

Groundwater - renewable

0

Groundwater - non-renewable

0

Produced water

0

Third party sources

30

Comment

W5.1b

(W5.1b) For each facility referenced in W5.1, provide discharge data by destination.

Facility reference number

Facility 1

Facility name

Western Cape Distribution Center

Fresh surface water

0

Brackish surface water/Seawater

0

Groundwater

0

Third party destinations

2.07

Comment

Municipal discharge volume is estimated as 90% of withdrawals

Facility reference number

Facility 2

Facility name

Eastern Cape Distribution Center

Fresh surface water

0

Brackish surface water/Seawater

0

Groundwater

0

Third party destinations

27

Comment

Municipal discharge volume is estimated as 90% of withdrawals

W5.1c

(W5.1c) For each facility referenced in W5.1, provide the proportion of your total water use that is recycled or reused, and give the comparison with the previous reporting year.

Facility reference number

Facility 1

Facility name

Western Cape Distribution Center

% recycled or reused

Not monitored

Comparison with previous reporting year

About the same

Please explain

Recycled water is not monitored

Facility reference number

Facility 2

Facility name

Eastern Cape Distribution Center

% recycled or reused

Not monitored

Comparison with previous reporting year

About the same

Please explain

Recycled water is not monitored

W5.1d

(W5.1d) For the facilities referenced in W5.1, what proportion of water accounting data has been externally verified?

Water withdrawals – total volumes

% verified

Not verified

What standard and methodology was used?

Not verified

Water withdrawals – volume by source

% verified

Not verified

What standard and methodology was used?

Not verified

Water withdrawals – quality

% verified

Not verified

What standard and methodology was used?

Not verified

Water discharges – total volumes

% verified

Not verified

What standard and methodology was used?

Not verified

Water discharges – volume by destination

% verified

Not verified

What standard and methodology was used?

Not verified

Water discharges – volume by treatment method

% verified

Not verified

What standard and methodology was used?

Not verified

Water discharge quality – quality by standard effluent parameters

% verified

Not verified

What standard and methodology was used?

Not verified

Water discharge quality – temperature

% verified

Not verified

What standard and methodology was used?

Not verified

Water consumption – total volume

% verified

Not verified

What standard and methodology was used?

Not verified

Water recycled/reused

% verified

Not verified

What standard and methodology was used?

Not verified

W6. Governance

W6.1

(W6.1) Does your organization have a water policy?

No

W6.2

(W6.2) Is there board level oversight of water-related issues within your organization?

Yes

W6.2a

(W6.2a) Identify the position(s) of the individual(s) on the board with responsibility for water-related issues.

Position of individual	Please explain
Other, please specify (Executive Board)	The Group Strategy, Risk, Sustainability & Corporate Governance Executive is briefed as important water related matters arise.

W6.2b

(W6.2b) Provide further details on the board's oversight of water-related issues.

	Frequency that water-related issues are a scheduled agenda item	Governance mechanisms into which water-related issues are integrated	Please explain
Row 1	Scheduled - all meetings	Overseeing major capital expenditures Reviewing and guiding annual budgets	The SPAR group identified four material relationships which have a substantive impact on the group's sustainability namely retailers, suppliers, consumers and communities. To ensure that the Groups stakeholders are protected against water risks, the Group undertakes due diligence process, this includes investment in new opportunities, expanding to new retailers and engagement with potential suppliers.

W6.3

(W6.3) Below board level, provide the highest-level management position(s) or committee(s) with responsibility for water-related issues.

Name of the position(s) and/or committee(s)

Other committee, please specify (Social and Ethic Committee)

Responsibility

Both assessing and managing water-related risks and opportunities

Frequency of reporting to the board on water-related issues

Half-yearly

Please explain

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.

W6.5

(W6.5) Do you engage in activities that could either directly or indirectly influence public policy on water through any of the following?

Yes, direct engagement with policy makers

Yes, trade associations

W6.5a

(W6.5a) What processes do you have in place to ensure that all of your direct and indirect activities seeking to influence policy are consistent with your water policy/water commitments?

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.

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. 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.

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. 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.

W7. Business strategy

W7.1

(W7.1) Are water-related issues integrated into any aspects of your long-term strategic business plan, and if so how?

	Are water-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, water-related issues are integrated	11-15	Water related issues, specifically ensuring water supply and quality, are integrated into the Group's strategic business plan. Through the business strategy, the Group continues to tighten its operational performance standards to ensure that business operates efficiently and optimizes the use of the scarce resource. Initiatives include: - Tighter operational performance standards - Greater due diligence - Water resource considerations are factored into new product development - Establishment of sustainability goals. The long-term horizon stipulated is consistent with SPAR's risk management framework
Strategy for achieving long-term objectives	Yes, water-related issues are integrated	11-15	The Group continues to reduce its municipal water consumption to ensure that business operates efficiently and optimizes the use of its scarce resource. We look into innovative ways to harvest and reuse water. The SPAR Group identified four material relationships which have a substantive impact on the group's sustainability, namely retailers, suppliers, consumers and communities. The four relationships are vital to the growth of the organisation. To ensure that the group's stakeholders are protected against water risks, the Group undertakes enhanced due diligence in its procurement process. Water risks and opportunities are assessed as part of the due diligence process. This includes investment into new opportunities, expanding to new retailers and engagement with potential suppliers. The majority of our sites have water recycling systems installed and water recycling/ collection schemes are being explored on additional existing sites as well as the development of new sites and expansions. Water targets and goals (along with energy, waste and fuel), have been included as part of the Group's aim to improve its sustainability performance. The long-term horizon stipulated is consistent with SPAR's risk management framework
Financial planning	Yes, water-related issues are integrated	11-15	Water-related issues, specifically ensuring water supply and quality, are considered in financial planning. They are integrated into the organisation's business strategy and are impacted as significant risks arise. For example, the water crisis in the Western Cape impacted the allocation of budgets. The long-term horizon stipulated is consistent with SPAR's risk management framework

W7.2

(W7.2) What is the trend in your organization's water-related capital expenditure (CAPEX) and operating expenditure (OPEX) for the reporting year, and the anticipated trend for the next reporting year?

	Water-related CAPEX (+/- % change)	Anticipated forward trend for CAPEX (+/- % change)	Water-related OPEX (+/- % change)	Anticipated forward trend for OPEX (+/- % change)	Please explain
Row 1	0	0	0	0	SPAR Group does not track water CAPEX and OPEX

W7.3

(W7.3) Does your organization use climate-related scenario analysis to inform its business strategy?

	Use of climate-related scenario analysis	Comment
Row 1	No, but we anticipate doing so within the next two years	The SPAR Group is currently investigating the use of climate-related scenario planning. The SPAR Group recognises that climate change will have a severe impact on how the Group currently conducts business. The Group aims to use climate-related scenario analysis to inform its business strategy.

W7.4

(W7.4) Does your company use an internal price on water?

Row 1

Does your company use an internal price on water?

No, but we are currently exploring water valuation practices

Please explain

The SPAR Group's operations are situated in a water scarce country, several facilities have been directly affected by water shortages caused by drought within the country. The Group has identified water rationing as a high risk to the company's operations. The SPAR Group is therefore exploring water valuation practices to help inform best practice.

W8. Targets

W8.1

(W8.1) Describe your approach to setting and monitoring water-related targets and/or goals.

	Levels for targets and/or goals	Monitoring at corporate level	Approach to setting and monitoring targets and/or goals
Row 1	Company-wide targets and goals	Targets are monitored at the corporate level Goals are monitored at the corporate level	Targets and Goals are monitored at corporate level.

W8.1a

(W8.1a) Provide details of your water targets that are monitored at the corporate level, and the progress made.

Target reference number

Target 1

Category of target

Water withdrawals

Level

Business activity

Primary motivation

Cost savings

Description of target

30% reduction in use of municipal water

Quantitative metric

% reduction of water withdrawals from municipal supply

Baseline year

2012

Start year

2012

Target year

2017

% achieved

28

Please explain

Target of 30% reduction in use of municipal water by 2017. We achieved a 28% reduction.

(W8.1b) Provide details of your water goal(s) that are monitored at the corporate level and the progress made.

Goal

Other, please specify (Rainwater collection)

Level

Business activity

Motivation

Recommended sector best practice

Description of goal

All distribution centres aim to have rainwater collection facilities.

Baseline year

2012

Start year

2012

End year

2017

Progress

80% of distribution centers have rainwater collection facilities

Goal

Other, please specify (Recycling and reuse of water)

Level

Business activity

Motivation

Cost savings

Description of goal

All distribution centres aim to implement recycling and the reuse of water.

Baseline year

2012

Start year

2012

End year

2017

Progress

5 sites collect water for reuse

Goal

Engaging with local community

Level

Business activity

Motivation

Reduced environmental impact

Description of goal

Caring for local water systems where the SPAR Group operates.

Baseline year

2012

Start year

2012

End year

2017

Progress

Eastern Cape distribution center has undertaken a project involving the rehabilitation of the SwartskopsRiver. This is ongoing project which will remain for some time.

Goal

Other, please specify (Water preservation)

Level

Business activity

Motivation

Cost savings

Description of goal

Preserve water all distribution centers

Baseline year

2012

Start year

2012

End year

2017

Progress

Eastern Cape: Rainwater is collected from the roof and used to water the vegetation on site. Water generated during the refrigeration frost cycle is caught and stored in tanks, which is used in the garden and in the ablution facilities and truck washing bays. KwaZulu Natal: Water purification systems are in place which recycles the truck washing bays and this water is reused. Recycling systems are in place for crate washings. Water is purified and reused. Western Cape: Ozone system in Ammonia plant currently used to save water.

W9. Linkages and trade-offs

W9.1

(W9.1) Has your organization identified any linkages or tradeoffs between water and other environmental issues in its direct operations and/or other parts of its value chain?

Yes

W9.1a

(W9.1a) Describe the linkages or tradeoffs and the related management policy or action.

Linkage or tradeoff

Tradeoff

Type of linkage/tradeoff

Increased energy use

Description of linkage/tradeoff

Often solutions to water shortages are energy and infrastructure intensive. With South Africa's current energy 'crisis' the SPAR Group is aware that energy intensive water distribution may push water tariffs and further increase South Africa's GHG emissions and environmental impacts.

Policy or action

The linkage between water and energy further drives the Groups motivation for enhancing self-supply (rainwater harvesting) and recycling.

W10. Verification

W10.1

(W10.1) Do you verify any other water information reported in your CDP disclosure (not already covered by W5.1d)?

No, but we are actively considering verifying within the next two years

W11. Sign off

W-FI

(W-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.

W11.1

(W11.1) Provide details for the person that has signed off (approved) your CDP water response.

	Job title	Corresponding job category
Row 1	Risk and Sustainability Executive	Other, please specify (Executive)

W11.2

(W11.2) Please indicate whether your organization agrees for CDP to transfer your publicly disclosed data on your impact and risk response strategies to the CEO Water Mandate's Water Action Hub [applies only to W2.1a (response to impacts), W4.2 and W4.2a (response to risks)].

Yes

[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