

C0. Introduction

C0.1

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

Our purpose is to inspire people to do and be more. This is why we exist and why we want to be the first-choice brand in the communities we serve.

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. SPAR strives to provide our independent retailers and their customers with the freshest fresh produce, bakery, home meal replacement, butchery and highest quality merchandise at the right price, every day.

The Group holds SPAR licences for and operates mainly in Southern Africa, Ireland (including South West England), Switzerland and Poland. The Group also has a joint venture arrangement in Sri Lanka. We serve a network of independent retailers who trade under our brands and are supplied through our distribution centres on a voluntary basis.

We are a member of SPAR International which granted SPAR its South African licence in 1963. The group operates 14 distribution centres serving 4 357 stores in four regions – Southern Africa, Ireland (including South West England), Switzerland and more recently Poland.

Of our turnover, 36.8% is generated in foreign currency. SPAR Head Office based in Pinetown, Durban, South Africa provides centralised services to the distribution centres in South Africa. SPAR in Ireland, Switzerland and Poland operate as standalone businesses and report through their own governance structures to the SPAR Board. We own the SPAR licences for Namibia, Botswana, Mozambique and Angola, serviced through our South African distribution centres.

SPAR South Africa has six regional distribution centres, and the Build it (building material imports) and S Buys (pharmaceutical) distribution centres. Distribution centres serve regions from a centralised location and usually consist of warehousing, cold storage and packing stations. Satellite warehousing hubs reduce transport costs on certain routes. Countries serviced outside South Africa include:

- South Rand – Lesotho
- North Rand – Botswana, Malawi, Zimbabwe
- KwaZulu-Natal – Seychelles
- Western Cape – Namibia
- Lowveld – Mozambique, Eswatini

We have a total of 2 414 stores in the following formats in Southern Africa: SPAR, SUPERSPAR, KWIKSPAR, SPAR Express, Build it, SaveMor, Pharmacy at SPAR and TOPS at SPAR. We distribute goods to stores with a fleet of trucks and trailers owned by the Group.

We acquire corporate-owned stores as they constitute strategically important sites. These stores are often refurbished and sold to new retailers. In the meantime, they offer the Group a unique opportunity to offer practical retail training and serve as a testing group for experimental products and services. We have 49 corporate-owned stores (2020).

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
Reporting year	October 1 2019	September 30 2020	No	<Not Applicable>

C0.3

(C0.3) Select the countries/areas 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 chosen approach for consolidating your GHG inventory.

Operational control

C1. Governance

C1.1

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

Yes

C1.1a

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

Position of individual(s)	Please explain
Board-level committee	The SPAR Group's Social and Ethics committee is appointed by the Board, and has the highest level of responsibility for the Group's social and organisational activities relating to the environment, climate change and its stakeholders. Members of the Social and Ethics Committee and its Chairman are appointed by the Board, and the Committee meets formally twice a year. The Chairman of the Board, the CEO, the Group Sustainability and Risk Executive, the Group Human Resources Executive and the Group Company Secretary attend meetings by permanent invitation. The Committee monitors the Group's sustainability and climate change performance to ensure that the Group'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. During FY2020, the Committee has approved revised SPAR's Sustainability Strategy and Policy and started integrating the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations into SPAR's strategy.

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	Scope of board-level oversight	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	<Not Applicable>	The Committee is mandated to consider the company's performance on employees, society, economy and the natural environment. During the past financial year the Committee received feedback on the following environment-related matters: • SPAR's CDP Submission • SPAR's Rural Hub • SPAR's Sustainability Initiatives • TCFD Recommendations The Social and Ethics Committee is responsible for reviewing and approving the Group's policies relating to ethics, social and economic development, good corporate citizenship, sustainable development and stakeholder relationships. During FY2020, the Committee approved SPAR's revised Sustainability Strategy and Policy as well as the Group's Energy, Water and Sustainable Procurement Policies. Going into 2021, the Committee will continue reviewing said policies and implement a formalised corporate compliance programme to monitor the Group's activities in this regard. The Committee also monitors how availability of natural capital and climate resilience contribute towards the achievement of the Group's strategic outcomes.

C1.2

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

Name of the position(s) and/or committee(s)	Reporting line	Responsibility	Coverage of responsibility	Frequency of reporting to the board on climate-related issues
Chief Sustainability Officer (CSO)	<Not Applicable>	Both assessing and managing climate-related risks and opportunities	<Not Applicable>	Half-yearly

C1.2a

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

The Group's Sustainability and Risk Executive (also known as the Chief Sustainability Officer) has a direct responsibility for managing sustainability and climate change issues, including identification, assessment and management of climate-related risks. The Group Sustainability Officer is part of the Group's Executive management team and has a permanent invitation to the Social and Ethics Committee. SPAR's Chief Sustainability Officer is driving the implementation of the Group's Sustainability Strategy and SPAR's Sustainability Policy as well as setting sustainability and climate goals, sustainability KPIs and sustainability action plans.

The Group's Sustainability and Risk Executive has an ultimate responsibility of the integration of SPAR's Sustainability Strategy, Sustainability Commitment "My SPAR, Our Tomorrow" and Climate Change Commitment of "Climate Neutral Organisation by 2050", the Group's Energy, Water and Sustainable Procurement Policies into the Group's overall strategy and achievement of strategic outcomes. These commitments outline SPAR's approach to the management and integration of sustainability issues, with climate change identified as one of the key areas of the Group's Sustainability Strategy.

C1.3

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

	Provide incentives for the management of climate-related issues	Comment
Row 1	Yes	SPAR has monetary incentives for the management of climate-related issues and attainment of energy and emissions reductions targets, which are reviewed either annually or monthly, depending on the position. Incentives for management of climate-related issues are applicable across organisation, ranging from executive level positions to a middle level management and to skilled workers.

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

Entitled to incentive	Type of incentive	Activity incentivized	Comment
Executive officer	Monetary reward	Emissions reduction target	The Group Risk and Sustainability Executive is incentivised to drive adoption of business practices for which enable realisation of the Group's strategic outcomes and purpose. Achieving strategic outcomes requires managing climate-related issues, mitigating climate related risks and adapting business practices to achieve emissions reductions.
Executive officer	Monetary reward	Energy reduction project Efficiency target	The Group Logistics Executive has a monetary incentive based on achieving efficiencies, both in distribution centres and in the Group's fleet. Achieving operational efficiencies includes energy reduction, renewable energy and reduced fuel consumption.
Other, please specify (Fleet Drivers)	Monetary reward	Emissions reduction target	Fleet drivers are provided with monetary incentivises to reduce fuel consumption. A fuel consumption target is set for each vehicle and each driver's performance against target is measured using the number of litres of fuel that was saved. The total monetary savings value is then shared among drivers based on their contribution to fuel savings. These savings are calculated on a monthly basis.
Other, please specify (Outbound and Maintenance Managers)	Monetary reward	Emissions reduction target	Outbound and some Maintenance Managers have fuel consumption as part of their annual targets. Maintenance Managers through their KPIs are incentive to drive efficiency within the warehouses, which includes energy and water reduction and efficiency.

C2. Risks and opportunities**C2.1****(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?**

Yes

C2.1a**(C2.1a) How does your organization define short-, medium- and long-term time horizons?**

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

C2.1b

(C2.1b) How does your organization define substantive financial or strategic impact on your business?

The SPAR Group identifies substantive financial or strategic impact, based on the likelihood and impact indicators.

For impact indicator, The Group has established six financial impact and six non-financial impact categories. The severity of impact could range from insignificant (Score of 1) to catastrophic (Score of 7). Each category has a set of criteria which determines the severity of impact. Examples of non-financial categories and their respective criteria of what is considered to be catastrophic impact is as such:

- Health & Safety – Multiple fatalities and significant irreversible effects >100 people
- Environmental & Community – Incident that causes disastrous environmental or societal impact with long term effect requiring major remediation. Will result in large scale class action.
- Reputation & Brand – Prominent and prolonged international media coverage. Public reprimand from Government. Significant negative impact on share price for months.
- Legal & Compliance – Major litigation or prosecution with damages and costs of >R50m. Custodial sentence for company executive. Prolonged closure of operations by authorities.
- Management Impact – Disaster with long term significant impact on the Group that requires senior executives to spend considerable time remediation for several months. Full implementation of Group-wide crisis management plan.
- Operations – Destruction of long-term major disruption of a DC or significant operations.

For likelihood indicator, the likelihood score ranges from improbable (Score of 1) to certain (Score of 6). Each risk is presented to the Executive Committee and regional risk teams. Each team then votes on the likelihood of the event occurring (from 1 – 6). An average rating scale is then used to determine the likelihood of the event occurring.

For each risk, likelihood and impact indicators are plotted on the risk graph, and the risk is considered to have a substantive financial or strategic impact when the likelihood indicator has a score between 4-6 and impact indicator has a score between 4-7.

C2.2

(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.

Value chain stage(s) covered

Direct operations
Upstream
Downstream

Risk management process

Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment

More than once a year

Time horizon(s) covered

Short-term
Medium-term
Long-term

Description of process

The SPAR Group's risk management ability is integral to the achievement of strategic objectives. The Group utilises Enterprise Risk Management framework to identify, assess, manage and respond to climate-related risks and opportunities. The Group's Board through the Risk Committee provides integrated oversight based on the inextricable link between strategy, risk, sustainability and performance management. Through a set of governance structures, policies and the enterprise risk management processes, SPAR is able to mitigate risk and support the organisation in being ethical and a good corporate citizen. The Committee meets half-annually and the Group's Sustainability and Risk Executive attends all the Risk Committee's and the Board's meetings by invitation. The Risk Committee monitors risks against SPAR's strategic focus areas so that the Group's Risk Register can be updated when needed. Progress against the strategic focus areas and an updated Risk Register form part of the quarterly reports to the Board and other Committees. The outcomes from risk assessments are reviewed by the Risk Committee and presented to the Board. These risks are used to guide strategy and influence budgeting of CAPEX and OPEX, in line with the Group's strategy. Risk Identification: The South African executive and management teams provide structure for both processes and input into risk and strategy discussions by considering past performance and a changing operating landscape. Those discussions are influenced by external political events, market and political conditions as well as operating landscape. Additionally, regular feedback on risk management from divisional risk teams, internal conferences and feedback sessions at SPAR's distribution centres are considered in the discussions. Among the outcomes of those discussions is identification of the Group's 12 strategic risks and opportunities, and all the Group's operational risks and opportunities are assigned to a strategic risk. Climate change risks are assigned to the Group's Strategic Risk 4 "Inability to address and deal with business sustainability challenges, leading to the business not being rated as a going concern". An operational risk that has been linked to the strategic risk is "The inability to deal with the impact of climate change or societal issues (...) can lead to financial loss". Risk mitigation action/opportunity that has been identified in response to this strategic risk is "SPAR has a dedicated Risk and Sustainability Executive who has a team focused on navigating the business towards implementing sustainable societal and environmental impact for the long term". Risk assessment and management: All identified strategic and operational risks and opportunities are included in the SPAR's Risk Register. Each risk is assigned a Key Risk Indicator (KRI), which are continuously reviewed and evaluated by SPAR's Risk & Sustainability team so that they continue to align with the Group's strategy and Sustainability Policy. Additionally, each risk is given a risk ranking, based on likelihood and impact criteria. Further information on risk impact criteria is outlined in Question 2.1b of the response. Each KRI is assigned to relevant risk manager, who then drives risk mitigation actions. SPAR has a team of function areas risk champions and a team of risk managers, consisting of a risk champion in each SPAR's distribution centre. Risk Communication: Regular feedback sessions are held at internal conferences (company level) and executive meetings at distribution centres (business unit/asset level) throughout the year to communicate to the management existing risks and opportunities and assist in identifying potential new risks and opportunities. Monthly risk meetings take place with divisional risk teams at SPAR's distribution centres, which provide the platform to communicate on the management of existing risks and identify new ones. Examples of identified climate risks and opportunities: SPAR's climate-related risks and opportunities are the outcomes of the above detailed enterprise risk management process. SPAR's climate change risk associated with reduced resilience to climate change impacts in the supply chain is linked to the identified Group's Strategic Risk 4. SPAR identifies that due to increased drought events and reduced precipitation, suppliers could be impacted, should they not undertake more sustainable practices. This identified climate risk, if unmitigated, could lead to significant environment/community impact, causing disastrous environmental or societal impact with long term effect requiring major remediation and having a potential to result in large scale class action. To address this risk, the SPAR Group trains suppliers on sustainable farming methods which reduce water requirements for farming and provide financial assistance to farmers to install water-efficient technologies such as hydroponic systems or tunnels. The Group further engages with suppliers to understand suppliers' climate change risks, to collect carbon and environmental performance data and to drive resource efficiency in suppliers' operations. Failure to address and mitigate SPAR's climate change risk associated with changing consumers perceptions of the SPAR Group's sustainability actions could result in financial damage for the Group. This could also lead to significant reputation and brand impact of prominent and prolonged international media coverage, public reprimand from Government or significant negative impact on share price for months. Adoption of circular economy approach to new product development and packaging, embedding resource stewardship across all business operations and driving sustainability practices in the supply chain allow the Group to mitigate identified climate risks whilst capitalising on new opportunities. SPAR's identified climate-related opportunities seek to address climate-related risks and include actions to mitigate often more than one identified climate risk. Climate-related opportunities such as renewable energy and alternative fuel sources contribute towards the Group' sustainability commitments towards responsible living and resource stewardship. Furthermore, SPAR's has made a commitment to Science Based Targets (SBTs) and has developed the Carbon Reduction Framework – both of these strategic actions guide identification and implementation of climate-related opportunities. To become a climate resilient business, SPAR has made a commitment to become a carbon neutral organisation by 2050.

C2.2a

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

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	Current regulation around climate change is always relevant to the SPAR Group and is always included in risks assessments to ensure compliance with existing legislation and to adapt to changing legislative and regulatory environment. Example of risk type: SPAR has identified Carbon Tax and its liability as a current regulatory climate-related risk that may have a substantive impact on the Group's direct operations, corporate-owned stores and suppliers. Under the Carbon Tax SPAR is liable for diesel and LPG usage in SPAR's distribution centres and corporate-owned stores. Furthermore, an increase in fuel and electricity prices introduced by the promulgation of Carbon Tax impacts SPAR's direct operations and suppliers across the Group's supply chain, increasing the cost of operations. Consideration in risk assessments: Current regulation risk of Carbon Tax and its liability is included as part of the Group's strategic risks which are reviewed quarterly by the Risk Committee. To identify any changes to the current legislation and regulations, SPAR receives regular alerts on any legislative changes. Furthermore, the Group obtains political insights from knowledgeable commentators who assist in creating scenarios to determine the potential impact on the Group's future business. Carbon Tax Risk has mitigative actions assigned, among which are renewable energy, alternative fuel sources and battery-electric truck refrigeration system.
Emerging regulation	Relevant, always included	Emerging regulation is always relevant to the SPAR Group and is always included in risks assessments so that the Group can take action to prepare for future legislation, reduce associated risks and mitigate potential impacts of future regulation.. Example of risk type: Increased GHG Emissions and environmental performance reporting obligations might place an additional burden on SPAR to account for, report and have emissions verified in accordance with different methodologies and reporting standards. Under the current Carbon Tax regime SPAR is liable to annually report emissions associated with LPG and diesel consumption in distribution centres and in 49 SPAR's corporate stores. Phase 2 of the Carbon Tax (scheduled to come into effect post-2022) could introduce additional emissions reporting obligations to SPAR. Additionally, impending introduction of the National Environmental Management: Waste Act (59:2008): Regulations regarding extended procurer responsibility could compel SPAR's to report on Scope 3 emissions associated with waste to the relevant authorities. Consideration in risk assessments: Increased reporting obligations is included as part of the Group's strategic risks which are reviewed quarterly by the Risk Committee. Staying-up-to date with the latest developments, commenting on any draft climate-related legislation and engagement with the industry and local authorities have been establish among mitigation actions to this risk. To identify any changes to the current legislation and regulations, SPAR receives regular alerts on any proposed legislative changes and stays up to date with current climate-related national and global climate policies, legislation and climate related events. SPAR monitors outcomes of international political events such as the UNFCCC COP as they drive current and future climate legislation in South Africa. Additionally, the Group also monitors international climate policies and climate-related reviews such as the Ratings Agency's Moody's Group review of the South Africa's response and preparedness to climate change. SPAR has started actively engaging with eThekweni, Ekurhuleni, Tshwane, and City of Cape Town municipalities around climate change regulations.
Technology	Relevant, always included	Risks associated with technological innovations that support transition to a lower-carbon economy are always included in risks assessments. Leveraging technological innovations can help SPAR to mitigate risks associated with increasing operational costs due to changing climatic conditions, comply with current and emerging legislation and disclose climate-related information to the Group's stakeholders. Example of risk type: SPAR has identified that changing climatic conditions, specifically, increasing temperatures, could lead to an increased usage of refrigeration equipment, increased associated electricity and fuel consumption and costs. Consideration in risk assessments: "Inability to leverage data and new technology, resulting in losing business to competition" has been identified as SPAR's Strategic Risk 3. The Group recognises that to address potential impacts associated with changing climatic conditions SPAR would have prioritise adoption of low-carbon technologies. Considering this risk in the Group's risk assessments enables prioritisation of time and monetary resources towards research and development and piloting of new and emerging energy efficient/lower-carbon technologies. Rollout of Solar PV and use of biofuels in selected Group's distribution centres as well as fuel efficient vehicles/engines have been identified among risk mitigation actions to this risk. SPAR is also actively piloting semi-rigid hybrid truck and exploring alternative fuel sources.
Legal	Relevant, always included	Climate-related litigation claims are always included in risk assessments as they could inflict negative financial impacts on the business and lead to a reduction in the Group's profitability. Example of risk type: Compliance with climate and environmental legislation is considered in the Carbon Tax and its liability risk for SPAR and its supply chain as well as through preparing for emerging legislation around enhanced emissions and environmental performance reporting. Consideration in risk assessments: Alerts on latest legislative changes provide the context against which strategic and operational climate risks are monitored and any new risks identified. Inclusion of current and emerging climate risks in the Group's Risk Register enables SPAR to comply with legislative requirements and ensure that no potential litigation claims arise due to non-compliance. SPAR has implemented a system which alerts various members of the organisation around new and/or changes to regulations and legislation (e.g. updates on the South African Carbon Tax and associated GHG Emissions Reporting regulations, the National Environmental Management: Waste Act (59:2008): Regulations regarding extended procurer responsibility). Such information is shared with the relevant departments within the Group, which take actions to change and adapt business practices to ensure compliance. For example, SPAR's sustainability team gets notified of any legislative changes around GHG Emissions.
Market	Relevant, always included	Market risks associated with shifts in supply and demand for products and services are always considered in SPAR's risk assessments as reduced demand for products in SPAR stores could reduce the Group's revenues, profitability and negatively influence the sustainability of the business. The SPAR Group recognises that shifting consumer perceptions around the Group's climate change actions as well as increasing public pressure to reduce emissions across the Group's operations and its product offering can influence the demand for the Group's products. Example of risk type: SPAR has identified increased market demand for more sustainable and environmental product labelling as one of the climate-related risks. SPAR's biennial market research and analysis has identified that SPAR's high LSM consumers expect to see that SPAR is actively involved in pursuing carbon and waste management programmes and implements water saving initiatives at a store level. SPAR's market research analysis on consumer perceptions has also demonstrated that most of SPAR's consumers are increasingly aware of where their products are sourced from. The analysis has provided further evidence that consumers' choice to shop at a retail store is influenced by the perceptions of retailer's actions to reduce climate change impacts. Consideration in risk assessments: "Inability to meet changing consumer needs in all aspects resulting in a decline in business and loss of market share" has been identified as SPAR's Strategic Risk 6. Increased market demand for more sustainable and environmental product labelling has been included is included as part of the Group's strategic risks. For SPAR, initially product labelling could be most applicable to paper and timber (from FSC certified forests), seafood (compliance with WWF-SASSI guidelines) and palm oil that the Group sources.
Reputation	Relevant, always included	Risks associated with changing customers or community perceptions around SPAR's climate change actions are always included in risk assessments. Example of risk type: SPAR has identified shifting consumer perceptions as one of its climate-related risks. SPAR recognises that the Group could lose market share due to changing customer or community perceptions on SPAR's actions (or inactions). Consideration in risk assessments: "Loved and respected as brand" is one of SPAR's strategic outcomes, and achievement of this outcome requires effective mitigation of strategic and operational climate-related risks. If SPAR was unable to demonstrate that the Group is addressing environmental and climate change issues, the reputation of SPAR brand might be negatively impacted over time. If the Group was unable to respond effectively to shifting consumer perceptions around climate change, the SPAR brand could be seen as out-of-date and undesirable. This could cause a decline in the demand for opening of new SPAR's stores, and therefore, reduced demand for the SPAR Group's products. SPAR's climate-related and indirectly water- and commodities-related risks are included in the Risk Register in order for SPAR to manage any associated reputational risks.
Acute physical	Relevant, always included	Increased severity and frequency of extreme weather events are always included in risk assessments as they could disrupt business operations and negatively impact revenues and profitability of the Group, specifically, across distribution centres as well as corporate and independently owned stores. Example of risk type: Drought in South Africa has been recognised among extreme weather events which will increase in frequency and potentially in magnitude over longer term. The SPAR Group has already experienced negative impact on business operations due to drought and associated water shortages and anticipates further impacts from future drought events. Consideration in risk assessments: SPAR has identified "Loss of business as a result of our inability to respond to a national disaster or business crisis due to a lack of scenario planning, non-existent contingency plans and poor response time" as the Group's Strategic Risk 8. Increased frequency of extreme weather events is included in SPAR's Risk Register, and in addition to establishing short-, medium- and long-term risk management strategies, SPAR has started scenario planning analysis for the business. Considering this climate-related risk type enables the Group to allocate sufficient time and monetary resources towards the improved preparedness to natural disasters. Additionally, inclusion of this risk in the Risk Register enables knowledge sharing between SPAR's business units (distribution centres) on the preparedness for natural disasters.
Chronic physical	Relevant, always included	Longer-term shifts in climate patterns (including temperature increases, reduced precipitation or sea level rise) can have longer term impacts on SPAR's operations and are always included in risk assessments so that the Group can take actions to adapt current business practices in anticipation of future changes. Example of risk type: SPAR has identified that changing climatic conditions, specifically, increasing temperatures, could lead to an increased usage of refrigeration equipment, increased associated electricity and fuel consumption and costs. Rising temperatures could also reduce precipitation and water availability for SPAR's direction operations and across the value chain. Consideration in risk assessments: SPAR has identified water scarce areas in the country, using the WWF Water Filter Tool. Such information provides the context against which strategic and operational Group's risks are identified and managed. The risk of "Increasing temperatures and reduced water availability" included is included as part of the Group's strategic risks, and this risk, among other risks, influences budgeting of CAPEX and OPEX, in line with the Group's strategy. To establish short-, medium- and long-term impact for the business from increasing temperatures and reduced water availability, SPAR has started scenario planning analysis and will be able to report on next year.

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 & Primary climate-related risk driver

Current regulation	Carbon pricing mechanisms
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Primary potential financial impact

Increased indirect (operating) costs

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

Carbon Tax Act in South Africa came into effect on 1 June 2019. The SPAR Group exceeds thresholds established by the Department of Environment, Fisheries and Forestry (DEFF), and SPAR is liable for Carbon Tax payments for LPG and diesel usage in distribution centres and in 49 SPAR's corporate stores. Each facility where emissions thresholds for prescribed activities is exceeded is registered with the relevant South African authority. Current structure of the Carbon Tax provides companies with a certain level of carbon tax allowances, however, currently, the SPAR Group is a subject only to the basic tax-free threshold allowance, which is set at 60% of the Carbon Tax liability. During the current financial year, Carbon Tax fuel levy was at 7ct/litre of petrol and at 8 ct/litre of diesel. As a result, the SPAR Group has experienced an increase in diesel and electricity prices, which increased SPAR's operational costs. Currently, Carbon Tax in South Africa is in the 1st Phase, which will conclude in 2022. There is also a risk to the SPAR Group that Carbon Tax calculations will continue to be re-evaluated and that the basic tax-free threshold allowance will be reduced over next 2 years. This would lead to an increased price of carbon over the next 5-10 years. Eskom (a public electricity utility in South Africa) is not taxed in the first phase of Carbon Tax as the utility already pays an environmental levy. However, a significant increase in electricity prices is expected in the 2nd Phase of the Carbon Tax, especially, if Eskom's Carbon Tax liability is passed on to the consumer. Additionally, the Group is liable to report to the DEFF on the Group's GHG Emissions as Carbon Tax payment calculations are based on the submitted GHG Emissions data. If the Group did not comply with the obligatory GHG Emissions reporting, SPAR could be liable to non-compliance/penalty costs.

Time horizon

Short-term

Likelihood

Virtually certain

Magnitude of impact

Medium-high

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

3706290

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Electricity tariff rate for 2019-2020 has increased by 6.90%, resulting in the average tariff rate to be 127.69 c/kWh (in 2018-2019, average tariff rate was 119.45 c/kWh). SPAR assumes that because of Carbon Tax and potential increase in pricing of GHG Emissions, the average tariff rate increase could be as high as 15% and average tariff rate could be 137.37 c/kWh. The current cost of electricity for FY2020 is R48 890 106 (38 288 124 kWh multiplied by an average tariff rate of 127.69 c/kWh. An average of 15% increase for FY2020 on the average tariff rate would result in electricity price to be R52 596 396, leading to an increase of R3 706 290.

Cost of response to risk

371159

Description of response and explanation of cost calculation

The Group has developed Energy Policy which outlines the commitment made to investing in renewable energy, energy efficient technology and energy management plans. Reduction of energy usage through the installation of solar PV and LED lighting in various SPAR's distribution centres are among key actions in achieving emissions reductions and mitigating Carbon Tax liability. SPAR's seven solar PV facilities across six distribution centres has an installed cumulative capacity of 6.89 MWp, generated energy savings of 8 042 MWh and emissions savings of 8 203 tCO₂e in FY2020. The Group aims to have all lighting to be 100% LED lighting, and continues with LED lighting retrofits across all distribution centres. LED lighting retrofit was completed in Eastern Cape distribution centre in FY2020 while KwaZulu-Natal distribution centre is in the process of completing LED lighting retrofit and installing lighting management system with occupancy sensors. SPAR also continues with fuel efficiency initiatives across the Group's distribution centres such as trialling and developing more fuel-efficient trucks (CNG engines), shifting to LPG forklifts and forklifts/trucks batteries replaced with more fuel efficient Lithium batteries (information is included in the Section on Risk 5, specifically, in Risk Response). Introduction of Carbon Tax has led to an increased energy consumption monitoring and energy reduction initiatives at SPAR corporate stores. Currently, smart energy meters are installed in 11 corporate stores, and the Group supports installation of solar PV in stores and LED lighting as well as curtains and doors for fridges. SPAR stores are also provided guidance around best practice for energy and water efficiency. The cost of response to this risk relates to the management of the Group's carbon footprint and tracking SPAR's emissions, which involves 10 internal staff members. Staff in regional distribution centres allocate about an hour monthly while the head office staff manages this risk full time, which amounts to 3 months spent managing this risk. The cost of management of this risk is estimated to be R371 159.

Comment

Identifier

Risk 2

Where in the value chain does the risk driver occur?

Upstream

Risk type & Primary climate-related risk driver

Emerging regulation	Carbon pricing mechanisms
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Primary potential financial impact

Increased indirect (operating) costs

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

SPAR's supply chain is also at risk of being impacted by the Carbon Tax. Currently, Carbon Tax is applicable to the Group's Scope 1 and Scope 2 emissions, and the Group has not noticed any major financial implications on SPAR's suppliers. However, the Carbon Tax in South Africa is in the 1st Phase, which will conclude in 2022. Phase 2 could introduce additional carbon tax liabilities on Scope 3 emissions, and there is a risk that any future financial implications from Carbon Tax on SPAR's suppliers in the form of increased electricity and fuel costs will be passed on to the Group. The Group would then have to absorb such costs or pass them on to the Group's retailers and ultimately to customers. As a result, consumers could opt to shop at competing retailers.

Time horizon

Short-term

Likelihood

Virtually certain

Magnitude of impact

Medium-high

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

18537555

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

If scope of Carbon Tax has increased in future and SPAR had to pay for the Group's Scope 1, Scope 2 and Scope 3 emissions, using this year's Carbon Tax rate of 127 R/tCO_{2e}, the estimated financial impact could be as high R18 537 555 (in FY2020 Scope 1, 2 and 3 emissions are 145 965 tCO_{2e}).

Cost of response to risk

92400

Description of response and explanation of cost calculation

SPAR prioritises suppliers which have sustainability goals that align with those of SPAR's and have prioritise climate change mitigation as part of their strategy. SPAR annually calculates suppliers' carbon footprint and through a questionnaire collects suppliers' information on climate risks and environmental performance (energy, water and waste) for 21 SPAR's suppliers for Freshline, Bean Tree and SPAR House brands. Following the completion of the questionnaire, suppliers' emissions reductions and resource efficiency opportunities are identified and communicated. The Group uses collected information for the creation of the baseline around climate risks that current SPAR house brands suppliers could have on the Group's operations. The collected information has also fed into the development of sustainability clauses in new and existing suppliers' agreements. One of SPAR's sustainability goal applicable to sourcing has been set to "Reduce supply chain carbon emissions by 2030". SPAR believes that potential negative impacts associated with Carbon Tax can be prevented or mitigated with supplier diversification and choice of suppliers. SPAR ensures that the Group has a 65 % primary supply and 35% secondary supply for its products and that there is always a secondary supplier. SPAR works closely with the Group's suppliers to optimise efficiency of transportation and delivery. This includes backhauling agreements with 60 suppliers, reducing the number of trips for both SPAR and suppliers and ensuring that trucks never run empty. SPAR's focus on reducing, reusing and recycling of plastics is extended to packaging suppliers so that they can reduce environmental impact and energy usage while mitigating potential future Carbon Tax liability. Introduction of SPAR's plastic carrier bags made from 100% recycled plastic containing no less 70% post-consumer waste has led to 40% emissions reduction associated with the production of the bag. The cost of response relates to consulting fees spent to calculate Scope 3 emissions (R45 000 spent on identifying emissions sources with greatest reduction opportunities) and on internal staff (R47 400 was the cost of internal staff). 1 member of internal staff was involved in the management of this risk, dedicating an hour weekly. Provided cost is an annual figure.

Comment

Identifier

Risk 3

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Current regulation	Enhanced emissions-reporting obligations
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Primary potential financial impact

Increased indirect (operating) costs

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

Under the current South African Carbon Tax regime, emission reporting obligations became mandatory for companies, conducting certain activities. SPAR is liable to annually report emissions associated with LPG and diesel usage in distribution centres and in 49 SPAR's corporate stores as SPAR's diesel generators exceed the installed capacity thresholds (10MWth) established by the Department of Environment, Fisheries and Forestry (DEFF). Even though SPAR is actively calculating its carbon footprint, reporting obligations might place an additional burden on the company to report and have emissions verified in accordance with different methodologies and reporting standards. An amendment to the GHG Reporting Regulations has been introduced in September 2020. While no significant changes to the current emissions reporting regime came into effect, nonetheless, GHG emissions and sustainability reporting legislative landscape is rapidly changing, and SPAR could have to comply with additional obligations within the next 2-5 years. Additionally, impending introduction of the National Environmental Management: Waste Act (59:2008): Regulations

regarding extended procurer responsibility will compel SPAR to bear greater degree of responsibility for SPAR's packaging products and the Group could be taxed for all waste that leaves its distribution centres and corporate stores. These new regulations could impact SPAR's Scope 3 emissions associated with waste, and how information around waste management has to be reported to the relevant authorities.

Time horizon

Short-term

Likelihood

Virtually certain

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

18537555

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

If scope of GHG Reporting obligations has increased in future and SPAR had to report on pay Carbon Tax for the Group's Scope 1, Scope 2 and Scope 3 emissions, using this year's Carbon Tax rate of 127 R/tCO2e, the estimated financial impact could be as high R18 537 555 (in FY2020 Scope 1, 2 and 3 emissions are 145 965 tCO2e).

Cost of response to risk

448858

Description of response and explanation of cost calculation

SPAR is actively managing the risk through annually calculating the Group's carbon footprint and data for Scope 1 and Scope 2 emissions is collected on a monthly basis and reviewed quarterly. The Group externally verifies its Scope 1, Scope 2 and Scope 3 emissions. During FY2020, SPAR has included for the first time in carbon footprint emissions associated with corporate stores (diesel and LPG usage and purchased electricity), which were also verified. The Group anticipates to start on reporting emissions associated with independent SPAR stores and start including emissions from SPAR brands suppliers within the next 2-5 years. The Group has also identified collection of independent stores' refrigerant gases data and calculation of associated emissions among the continuous Scope 3 emissions accounting improvements. SPAR continues to improve energy, water and waste data collection and management practices. All distribution centres have smart energy meters and the Group is exploring the feasibility of smart water meters. Additionally, the Group has installed 106 smart energy meters across corporate and independently owned stores. Currently, the Group is creating a mapping and a baseline for all food waste produced within the Group at the individual retailer level. SPAR is in the process of implementing SAP systems across the Group, which will help to track different waste streams in SPAR stores, and "Halve food waste in our operations by 2030" has been set as one of the Group's environmental goals. The Group plans over the next 2 years to seek solutions for diversion of food waste from landfill, for example to composting facilities. These actions would concurrently reduce SPAR's environmental impact towards waste generation and enable the Group to anticipate and prepare for future enhanced emissions reporting obligations. R206 276 was spent on consulting fees for calculating carbon footprint and emissions tracking. Smart energy meters cost is R122 582 annually. Additionally, R120 000 was spent on internal staff dedicated to this activity, specifically, eight maintenance managers who spend 1 hour each month, a sustainability specialist who spends 2 months, a sustainability manager and a sustainability executive, both of whom spend 1 hour a month for six months, on the above activities.

Comment

Identifier

Risk 4

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Market	Changing customer behavior
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Primary potential financial impact

Decreased revenues due to reduced demand for products and services

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

The SPAR Group is under increasing pressure from stakeholders, including consumers and the broader public, to address environmental issues, particularly climate change. SPAR's biennial market research and analysis has identified that SPAR's high LSM consumers expect to see that SPAR is actively involved in pursuing carbon and waste management programmes and implements water saving initiatives at a store level. SPAR's market research analysis on consumer perceptions has also demonstrated that most of SPAR's consumers are increasingly aware of where their products are sourced from. The analysis has provided further evidence that consumers' choice to shop at a retail store is influenced by the perceptions of retailer's actions to reduce climate change impacts. Internationally, a trend to disclose and display environmental impact associated with a product life cycle or sustainable certifications on product labels is increasing. A similar trend may emerge in South Africa, leading to a review of various product labels to include environmental impact information. For the SPAR Group, initially this could be most applicable to paper and timber (from FSC certified forests) and seafood (compliance with WWF-SASSI food labelling) that the Group sources. This could introduce licensing and marketing costs which would have to be potentially absorbed by the Group. Sustainable product labelling or certification requires adoption of certification not only by the Group but also by SPAR's suppliers across the entire value chain, which in turn might also require SPAR's first as well as second tier suppliers to become certified. In some instances adoption of certification could become costly to SPAR suppliers, especially, to the smaller ones. SPAR currently does not have full traceability of some of the global commodities that it sources (for example palm oil) and has identified the risk associated with the reputational damage that could be made to SPAR brand if unknowingly SPAR was indirectly supporting deforestation practices and consumers became aware of it.

Time horizon

Medium-term

Likelihood

Likely

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

786000000

Potential financial impact figure – maximum (currency)

1572000000

Explanation of financial impact figure

The Group estimates that failure to respond to changing consumer preferences and increased demand for products with sustainability labelling could lead to a decrease in revenue. It estimated that 1–2% decrease in SPAR Southern Africa FY2020 revenue of R78 605.4 million would be at R786 million – R1 572 million.

Cost of response to risk

588000

Description of response and explanation of cost calculation

The Group continuously seeks to offer its customers sustainable products with smaller environmental impact and reduced product emissions as well as to eliminate global deforestation practices. SPAR's paper packaging and timber sold through Build It distribution centre is sourced from sustainable FSC forestries and one the Group's environmental goal is "All paper and board used will be sustainably sourced by 2025". Coffee sold through SPAR Bean Tree Cafés has Rainforest Alliance Certification, the UTZ Certification or the Fairtrade Certification. SPAR is engaging with WWF Singapore, SPAR International and the Roundtable on Sustainable Palm Oil around procurement of the RSPO-certified palm oil and regularly communicates on the matter through the Sustainable Retailers Forum in South Africa. The Group is in the middle of supply chain mapping for palm oil consumed in SPAR's operations. SPAR is planning to launch its own Sustainable Label for SPAR branded products within next 2 years. The Group is committed to sourcing sustainable and environmentally responsible packaging and has set out three environmental goals for plastics. SPAR has adopted Circular Economy approach which is integrated into the design of packaging for the Group's products and drives reduction, reuse and recyclability of packaging and its materials. SPAR's short term focus is on 10 product categories which deliver 80% of SPAR's brand volumes. SPAR's plastic bags made from 100% recycled plastic containing no less 70% post-consumer waste has reduced emissions associated with producing the bag by 40% and diverted over 4 000 tonnes of waste from landfill. SPAR milk cartons have been replaced with unbleached board to ensure that cardboard is recyclable, reducing ink and bleach required to make the cardboard. SPAR also focus on recycling efforts to reduce the amount of virgin materials required for its products. Recycled plastic/cardboard from participating stores are brought to distribution centres and stores are paid for the waste. Plastics are then sold to a waste service provider. SPAR recycled 15 748 tonnes across distribution centres in FY2020. The cost of response to this risk relates to 2 members of internal staff, who are dedicated to managing this risk full time and an executive working on the risk for an hour each month at an annual cost of R508 000. Potential labelling and marketing licensing costs for FSC label are estimated at R10 000 - R80 000.

Comment**Identifier**

Risk 5

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Chronic physical	Rising mean temperatures
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Primary potential financial impact

Increased indirect (operating) costs

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

SPAR operates refrigeration equipment both in distribution centres and in trucks transporting goods to stores. Increasing mean atmospheric temperatures will require this equipment to work harder, increasing energy consumption (electricity in distribution centres) and diesel consumption in fleet to ensure that refrigeration temperatures remain below set points. Increasing refrigeration requirements in distribution centres could also lead to an increase in fugitive emissions from SPAR's closed loop refrigeration emissions, increasing the Group's Scope 1 emissions and potential liabilities. SPAR's internal modelling projects that the number of cold days for the next 10-20 years will decrease, requiring an increased usage of refrigeration in the Group's fleet and for air conditioners in office buildings, increasing fuel and electricity consumption. SPAR is starting scenario planning analysis, which will provide more detailed information on the potential impact from increased temperatures on SPAR's operations and suppliers in various regions in the short-, medium- and long-term.

Time horizon

Medium-term

Likelihood

More likely than not

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

13118101

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

If electricity consumption was to increase by 5% due to increased refrigeration and air conditioning requirements, electricity consumption instead of current 38 288 124 kWh would be 40 202 430 kWh. At a current average tariff rate for this year (127.69 c/kWh), the average current cost is R48 890 106. At 5% increase in consumption, the cost would be R51 334 483, making the financial impact R2 444 377. Additionally, if fuel consumption in fleet was to increase also by 5% due to increased refrigeration and air conditioning requirements, fuel consumption instead of current 14 621 545 litres would be 15 352 622 litres. At an average cost of diesel for 2020 of R14.60/litre this would result in an increased cost of R224 148 281 (current cost is R213 474 557), leading to R10 673 724 increase in the financial impact. Total financial impact includes financial impact associated with increased electricity cost and increased fuel cost.

Cost of response to risk

4260000

Description of response and explanation of cost calculation

To mitigate the risk of rising mean temperatures and associated increased energy and refrigeration requirements, the Group has implemented energy and fuel reduction initiatives and invests in R&D around trucking and refrigeration in trucks. SPAR established "Energy efficient technology" as one of the Group's climate goals as it supports the commitment to become carbon neutral by 2050, further driving CAPEX expenditures. The Group has implemented initiatives for reducing energy requirements in refrigeration equipment through installation of timers on lighting and air-conditioning units, installation of high-speed doors and air curtains as well as the monitoring and adjusting of set point temperatures. SPAR trains its warehouse and administrative personnel to be aware of energy losses when operating refrigeration equipment through annual awareness campaigns across all regions. The Group also trains fleet drivers to improve fuel efficiency and provides remuneration incentives for achieved reductions in fuel consumption. SPAR purchases fuel for the Group directly from fuel suppliers to ensure a better price for the fleet. SPAR's logistics team continues to analyse alternative ways to ensure load optimisation and effective routing solutions. The Group continues to prioritise delivery from source where possible, reducing the distance, cost and administration requirements of transportation to regional distribution centres. Over the past 18 months, the KwaZulu-Natal distribution centre has piloted various prototypes for the world's first commercially available battery-electric truck refrigeration system. This year SPAR KwaZulu-Natal distribution centre is trialling a semi-rigid hybrid where electricity will provide torque, resulting in a potential 25% reduction in fuel, and piloting CNG (Compressed Natural Gas) engines for trucks, which could be retrofitted to existing trucks. KwaZulu-Natal and Eastern Cape distribution centres are also trialling LPG forklifts while in existing forklifts batteries have been replaced by more fuel-efficient Lithium ion batteries. Western Cape distribution centre is trialling 4 Lithium ion batteries for refrigeration trucks. The cost of response to this risk is estimated at R4.26 million, consisting of R265 000 monthly cost for maintenance managers and R90 000 monthly cost of two head office staff.

Comment**Identifier**

Risk 6

Where in the value chain does the risk driver occur?

Upstream

Risk type & Primary climate-related risk driver

Chronic physical	Changes in precipitation patterns and extreme variability in weather patterns
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Primary potential financial impact

Decreased revenues due to reduced production capacity

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

Climate projections for South Africa show that the country will experience more extreme weather events such as flooding and drought. Such extreme events can lead to an increased SPAR's suppliers' vulnerability and therefore, could have a severe impact on SPAR's supply chain through increased food prices and potential disruptions to the delivery of goods. This could result in SPAR losing its competitive advantage or reduced availability of certain products to SPAR's customers. Since 2018, South Africa has been in the middle of the worst in 1000-years drought, with SPAR's suppliers in Eastern Cape, Western Cape and Limpopo the most affected. During FY2020, drought and its impact continued to be experienced in the Eastern Cape province. It has been observed that while supply remained relatively consistent for SPAR's Freshline Brand, certain produce such as tomatoes and potatoes were a subject to price volatility. Furthermore, SPAR's Freshline suppliers in Eastern Cape are looking to diversify operations and acquire new farming land in different climatic zones in South Africa.

Time horizon

Medium-term

Likelihood

Likely

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

61301000

Potential financial impact figure – maximum (currency)

122602000

Explanation of financial impact figure

It has been estimated that as a result of increased resource efficiency and increased resilience, operating costs could decrease by 1-2% (South African operating costs for FY2020 are R6 130.1 million), amounting to a decrease of R61.301 million – R122.602 million in operating costs.

Cost of response to risk

15366262

Description of response and explanation of cost calculation

In partnership with suppliers, SPAR is committed to adopting resource efficiency practices and promoting sustainable agricultural practices. This would increase SPAR's suppliers' resilience to changing climatic conditions. SPAR is starting scenario planning analysis, and the Group anticipates to be able to incorporate region-specific impacts from increased flooding and drought into the development of suppliers' capacity and resilience strategies. During FY2020, SPAR's Freshline team continued

training farmers in the supply chain on sustainable farming methods. SPAR also trains farmers in the localg.a.p., which incorporates sustainable agricultural practices. Localg.a.p is a stepping stone to safe and sustainable agriculture, and is a capacity building program towards GlobalG.A.P Certification. The GlobalG.A.P Certification includes requirements around sustainable water consumption and sustainable farming practices. One of SPAR's suppliers now responds to CDP Climate Change and Water Programmes. SPAR has offered loans for water efficient infrastructure to its suppliers, specifically, for undercover hydroponic lettuce production system, as it enables SPAR's lettuce producers to reduced required water amount for lettuce production and protects the crop from adverse weather events such as hail. SPAR annually calculates suppliers' carbon footprint and through a questionnaire collects suppliers' information on climate risks and environmental performance (energy, water and waste) for 21 of SPAR's suppliers for Freshline, Bean Tree and SPAR House brands. Following the completion of the questionnaire, suppliers' emissions reductions and resource efficiency opportunities are identified and communicated. Collected information has also fed into the development of sustainability guidelines in new and existing supplier level service agreements. One of SPAR's sustainability goal applicable to sourcing has been set to "Reduce supply chain carbon emissions by 2030". To date SPAR has offered R13.4 million of financial assistance/loans to lettuce producers. The cost of training local small scale farmers, which included localg.a.p, sustainable farming practices, integrated pest and disease control and water conservation, amounted to R166 262 and the cost of 3 members of internal staff who manage small scale farmers full time amounted to R1.8 million.

Comment

Identifier

Risk 7

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Reputation	Shifts in consumer preferences
------------	--------------------------------

Primary potential financial impact

Decreased revenues due to reduced demand for products and services

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

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. SPAR's biennial market research and analysis has shown that SPAR's consumers in high LSM category (customer segmentation measure, which utilises standard of living and disposable income) would like to see that SPAR is actively involved in pursuing carbon and waste reduction techniques, including Solar PV panels, waste management programmes and water saving initiatives at the store level. SPAR's biennial market research and analysis around SPAR's consumer perceptions has provided evidence that consumers choice to shop at a retail store is influenced by the by the perceptions of retailer's actions to reduce climate change impacts. If SPAR was unable to demonstrate that the Group is addressing environmental and climate change issues, the overall SPAR brand could suffer over time. SPAR currently has no full traceability of some of the global commodities that it sources (for example palm oil) and has identified the risk associated with the reputational damage that could be made to SPAR brand if unknowingly SPAR was indirectly supporting deforestation practices and consumers became aware of it. These issues could result in a decline in the demand for SPAR retail outlets and therefore for the SPAR Group's goods and services. This risk could have greater impact on SPAR's stores with consumers in the higher income segment. In addition to this, Western Cape and Eastern Cape consumers are more sensitive to climate change, specifically, to water-related issues, because of the extreme drought in the previous financial year.

Time horizon

Short-term

Likelihood

About as likely as not

Magnitude of impact

High

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

2358162000

Potential financial impact figure – maximum (currency)

3930270000

Explanation of financial impact figure

The quantification assumes that if SPAR was too slow to take into account consumers' feedback on climate change action, this would reduce the number of customers instore as they would opt to shop at a competitor which is actively reducing impact on the environment. This could make owning a SPAR store less desirable, resulting in a reduced number of purchased stores and a reduction in goods and services purchased from the SPAR Group. If this were to result in a 3-5% loss in SPAR Southern Africa FY2020 revenue of R78 065.4 million, it could amount to R2 358 million – R3 930 million.

Cost of response to risk

380000

Description of response and explanation of cost calculation

Reputational risks are managed through proactive communication related to environmental and climate change issues with SPAR's stakeholders. SPAR's biennial market research and analysis will be conducted during FY2021. SPAR communicates the Group's sustainability progress to customers in store, online through social media platforms and customer care lines. Any sustainability-related customer queries are consolidated and feedback is provided to SPAR's Risk & Sustainability department. Following the release of nature-based documentaries, for example "SeaSpiracy", SPAR has addressed sustainable seafood and water-related queries through social media. SPAR also produces regular advertorials outlining the Group's sustainability and climate goals and targets in various magazines and newspapers, for example in the South African Business Day and the Green Economy Journal. The #RethinkTheBag campaign promotes bringing your own bag, buying SPAR paper bag, buying SPAR canvas bag, carrying groceries without a bag and only as a last resort buying a plastic bag. SPAR is a founding member of the South African Plastic Pact which aims to reduce problematic plastics and plastic pollution through industry collaboration and innovation. SPAR is also an active participant in the South African Sustainable Retailers Forum. Sustainability progress and climate change actions are shared with SPAR's retailers and distribution centres through the Annual ESG Report, Annual Guild Reports

and Sustainability Days, held across different regions. Sustainability Day has already been held in the KwaZulu-Natal province, and one is planned for the Eastern Cape province. SPAR has taken an innovative approach to further employees' awareness of environmental impacts and carbon footprint through the rollout of AURORA app, where each employee can calculate and track their personal carbon footprint. Sustainability and climate change has been integrated into SPAR's business strategy, increasing exposure and awareness. SPAR's Sustainability Strategy has recently been revised and ambitious climate change, environmental and sustainability goals have been set. The Group has made a commitment to become a carbon neutral organisation by 2050. The cost of responding to this risk relates to 1 member of staff, who continuously monitors the above outlined activities at an estimated cost of R380 000.

Comment

Identifier

Risk 8

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Reputation	Other, please specify (Brand damage)
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Primary potential financial impact

Decreased revenues due to reduced demand for products and services

Climate risk type mapped to traditional financial services industry risk classification

<Not Applicable>

Company-specific description

Stores operating under SPAR Brand in South Africa are either corporate-owned or independently owned stores. The SPAR Group is responsible for operations and performance of corporate owned stores, however, the Group has been experiencing increased pressure to be responsible for all stores' performance in terms of food waste as well as energy and water usage, irrespective of ownership. Consumers and government cannot always differentiate between corporate and independently owned stores, presenting a risk to the Group when stores continue to operate in a business-as-usual manner without investing in energy and water efficiency technologies. Poor individual retailer performance and the Group's failure to respond to changing customer expectations could lead to reputational damage, and as a result, reduced financial returns. Additionally, without taking action to increase resilience to climate change impacts and increased preparedness for climate-related events, corporate owned stores might have to be closed for a period of time, therefore, reducing the Group's revenues, in case of such events occur.

Time horizon

Medium-term

Likelihood

More likely than not

Magnitude of impact

Medium-high

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

786054000

Potential financial impact figure – maximum (currency)

1572108000

Explanation of financial impact figure

The Group estimates that damage to brand reputation could lead to a decrease in revenue. 1–2% decrease in SPAR Southern Africa FY2020 revenue of R78 605.4 million would be estimated at R786 million – R1 572 million.

Cost of response to risk

206582

Description of response and explanation of cost calculation

The reputational risk is incorporated into the SPAR's risk management process and appropriate mitigation actions are allocated. Required actions and desired outcomes are attributed to a risk champion. SPAR supports environmental initiatives taking place at the store level. Smart energy meters are currently installed in 106 SPAR stores, both corporate and independently owned, which allow accurate energy consumption monitoring and tracking performance over time. SPAR also provides guidance and leadership to retailers to install solar PV at their stores. SPAR stores engage with local communities to reduce waste and incentivise waste collection using SPAR vouchers or cashback. The Group promotes adoption of water efficient practices and technologies among all SPAR stores. Some stores in the Eastern Cape region have rainwater collection tanks installed and boreholes drilled. The SPAR Group is considering smart water meters for SPAR stores, with the distribution centres being prioritised first. The Group has experienced flooding in the KwaZulu-Natal region in 2018. While only independently-owned stores were impacted by flooding, nonetheless, the lessons learnt are used in the scenario planning analysis, which the Group is currently undertaking. SPAR communicates about sustainability progress and climate change actions taking place across the Group, specifically, in distribution centres, across the supply chain, in corporate-owned and independent stores, to key stakeholders using the communication channels and platforms outlined in the "Description of risk response" section in Risk 7. This risk is managed with an estimated cost of R84 000. An executive and a risk champion each spend one day a month working on this risk. The cost of smart energy metering across SPAR stores and distribution centres is R122 582.

Comment

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) 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

Primary potential financial impact

Reduced indirect (operating) costs

Company-specific description

Introduction of Carbon Tax and associated increased fuel costs present the SPAR Group with an opportunity to utilise alternative fuel sources and reduce operational costs. SPAR stores sell their used cooking oil back to distribution centres which is then sold on to a supplier. Such oil is collected by the SPAR's regional distribution centres through a backhauling process. As a result of selling used oil to suppliers, biofuels are provided to SPAR at a reduced rate. The SPAR Group utilises biofuels in Lowveld and KwaZulu-Natal distribution centres. Currently, biodiesel production uses cooking oil, however, SPAR is also looking at piloting fuel made from food waste. If successful, fuel made from food waste would also contribute to SPAR's environmental goal of "halve food waste in our own operations by 2030".

Time horizon

Medium-term

Likelihood

Likely

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

602082

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Biodiesel contributes to reduced cost of fuel for the SPAR Group. Average cost of diesel during FY2020 was 14.60 R/litre, whereas biofuel cost was 11.85 R/litre, resulting in 2.75 R/litre saving. Total amount biofuels consumed during FY2020 was 218 939 litres, resulting in R602 082 savings.

Cost to realize opportunity

132000

Strategy to realize opportunity and explanation of cost calculation

The SPAR Group has developed Carbon Reduction Framework as a roadmap for reducing the Group's emissions and meeting emissions reductions targets, and therefore, reducing current and future Carbon Tax liability. Conversion of SPAR's all fleet vehicles to 100% biodiesel has been identified as one of the opportunities aimed at emissions reductions and achievement of the Group's Science Based Targets. The Group utilised 218 939 litres of biodiesel in FY2020, reducing SPAR's Scope 1 diesel emissions by 552 tonnes of CO₂e. Since 2016, SPAR has consumed 1 554 796 litres of biodiesel. SPAR is continuously working with the Group's suppliers to address supply, costing and quality issues with biodiesel. This includes working more closely with SPAR retailers to integrate circular economy approach within the biodiesel sector of the business. SPAR is looking at piloting fuel made from food waste. Biodiesel could reduce the cost of fuel for SPAR fleet, as biodiesel is cheaper for SPAR than diesel. The cost/litre of biodiesel fluctuates between the regions with different pricing, on average, biodiesel is R2-R3 cheaper/litre than the current price of diesel. Implementation of infrastructure, specifically, hanging the onsite pumps to allow for pumping both fuels into the trucks amounted to R132 000.

Comment**Identifier**

Opp2

Where in the value chain does the opportunity occur?

Upstream

Opportunity type

Resource efficiency

Primary climate-related opportunity driver

Other, please specify (Increased resources efficiency in supply chain operations)

Primary potential financial impact

Reduced indirect (operating) costs

Company-specific description

The SPAR Group recognises that achieving resource efficiency in the Group's supply chain can increase suppliers' resilience to climate change impacts. Climate change projections for South Africa suggest that more frequent and intense drought events could occur, making SPAR's suppliers at risk of reduced water availability. SPAR has identified Eastern Cape and Western Cape provinces with high likelihood of extreme drought events, making suppliers in those regions particularly vulnerable to reduced water availability. SPAR's Freshline suppliers in Eastern Cape have already experienced negative impacts from drought, relating to price volatility of selected produce such as tomatoes and potatoes. SPAR regularly engages with suppliers to understand their environmental performance, to drive resource efficiency in their operations and to

promote water conservation and better water management practices in farming operations. Annually through a questionnaire SPAR collects suppliers' energy, water and waste data as well as captures initiatives suppliers are taking towards resource efficiency. The questionnaire also enables SPAR to collect information on suppliers' climate change, risks and opportunities as well as risk mitigation plans and strategies. Adoption sustainability principles and practices across the supply chain also enables the Group to reduce environmental impact associated with products that are supplied to SPAR stores.

Time horizon

Long-term

Likelihood

About as likely as not

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

61301000

Potential financial impact figure – maximum (currency)

122602000

Explanation of financial impact figure

It has been estimated that as a result of increased resource efficiency, operating costs could decrease by 1-2% (South African operating costs for FY2020 are R6 130.1 million), amounting to a decrease of R61.301 million – R122.602 million in operating costs.

Cost to realize opportunity

15366262

Strategy to realize opportunity and explanation of cost calculation

SPAR continues engaging with local farmers to assist them in sustainable farming practices so as to ensure consistent produce during drought periods SPAR's Freshline team trains farmers in the Freshline supply chain on sustainable farming methods. SPAR also trains farmers in the localg.a.p., which incorporates sustainable agricultural practices. Localg.a.p is a stepping stone to safe and sustainable agriculture, and is a capacity building program towards GlobalG.A.P Certification. GlobalG.A.P Certification includes requirements around sustainable water consumption and sustainable farming practices. One of SPAR's suppliers now responds to CDP Climate Change and Water Programmes. All new suppliers to SPAR Brands must adhere to sustainable agricultural practices. Furthermore, potential sites with better access to consistent water supply were considered for farming development. SPAR is starting scenario planning analysis, and following the analysis, the Group anticipates to be able to incorporate region-specific impacts from increased drought into the development of suppliers' capacity and resilience strategies. SPAR has offered loans for water efficient infrastructure, specifically, for undercover hydroponic lettuce production system as it enables SPAR's lettuce producers to mitigate the impacts of climate change and require reduced water amounts for lettuce production. Undercover/protected farming is a big focus for SPAR's suppliers as they provide more consistent growing climate and protect crops during extreme events. To date SPAR has offered R13.4 million of financial assistance/loans to lettuce producers. The cost of training local farmers amounted to R166 262 and the cost of 3 members of staff who manage small scale farmers full time amounted to R1.8 million.

Comment

Identifier

Opp3

Where in the value chain does the opportunity occur?

Downstream

Opportunity type

Products and services

Primary climate-related opportunity driver

Shift in consumer preferences

Primary potential financial impact

Increased revenues resulting from increased demand for products and services

Company-specific description

There is an increasing pressure from stakeholders, including consumers and broader public, for large corporates to address environmental issues, particularly climate change. It is becoming more important over time in South African food retail industry that players play an active role in driving change across the value chain. If SPAR is able to demonstrate that it is addressing environmental and climate change issues, SPAR brand is likely to benefit over time. If the company is perceived to be able to respond effectively to consumer shifts as a result of climate change, then SPAR brand would be seen favourably by the market. Such perceptions could result in an increased demand for SPAR retail outlets, and therefore for the SPAR Group's products. SPAR stores which serve customers from a higher income segment are more likely to benefit from demonstrating that the Group is addressing environmental and climate change issues as consumers from a higher income segment are more aware of issues around climate change.

Time horizon

Short-term

Likelihood

Virtually certain

Magnitude of impact

Medium-high

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

1572108000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

A 2% increase in SPAR Southern Africa FY2020 revenue of R78 605.4 million as a result of this opportunity could lead to an additional revenue of around R1 572 million per year.

Cost to realize opportunity

854000

Strategy to realize opportunity and explanation of cost calculation

SPAR is actively reporting on its actions on climate change issues in the Group's annual Integrated Report and responds to the CDP Climate Change, Water and Forests Programmes. SPAR's product strategy and innovation process actively considers consumer trends and matches products with consumer needs. SPAR conducts consumer surveys/questionnaires every 2 years to gauge perceptions around SPAR Brand, operations and products. SPAR has adopted circular economy approach as part of the Group's strategy for all products and packaging. SPAR's product innovation process which has delivered over 650 new products over the past few years, prioritises resource efficiency and waste reduction, including identifying opportunities to reduce packaging and include recyclable, biodegradable and sustainably sourced materials in both new and existing products. Sustainability aspects such as energy and water efficiency and natural resource use (for example, for seafood, there are procurement guidelines to ensure that procured seafood is from a sustainable source) are integral considerations in SPAR's product innovation process. The Group is a founding member of the South African Plastics Pact and is committed to removing problematic plastics from the Group's supply chain, designing plastic packaging to be reusable, recyclable or compostable and increasing recycled content across all packaging. In 2018, SPAR has introduced 100% recycled plastic carrier bag with a minimum of 70% post-consumer plastic waste together with brown paper carrier bags, which are made from 100% renewable resource. To date, SPAR's 100% recycled plastic bag has resulted in over 4 000 tonnes of used plastic being diverted from landfills annually, and in producing the bag, 40% reduction of associated emissions has been achieved. SPAR's Long-Life milk cartons are 100% recyclable and are made from 87% renewable materials including a bio-based plastic lid which is made from sugar cane. Furthermore, SPAR milk cartons have been replaced with unbleached board to ensure that the cardboard is recyclable, reducing ink and bleach required to make the cardboard. R254 000 was spent on internal staff managing this opportunity, including the SPAR Group's brands manager and brands team, which consists of 3 team members who continuously work on this. SPAR brought on an additional packaging manager at the cost of R600 000 annually.

Comment**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

Primary potential financial impact

Reduced indirect (operating) costs

Company-specific description

SPAR invested in renewable energy (solar PV) at the South Rand, North Rand, Western Cape, KwaZulu-Natal (Dry and Perishables facilities), Lowveld and Eastern Cape distribution centres. Total installed capacity across seven facilities is 6.89 MWPeak. These solar PV installations have generated 8 042 MWh of energy during FY2020, and 14 543 MWh since the installation date, resulting in emissions savings of 8 203 tCO₂e during FY2020 and 13 630 tCO₂e to date.

Time horizon

Short-term

Likelihood

Virtually certain

Magnitude of impact

Medium-high

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

10604328

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Solar PV facilities SPAR's South Rand, North Rand, Western Cape, KwaZulu-Natal (Dry and Perishables), Lowveld and Eastern Cape distribution centres achieved financial savings of R10 604 328 in FY2020.

Cost to realize opportunity

70195468

Strategy to realize opportunity and explanation of cost calculation

SPAR has invested in renewable energy, specifically, solar PV facilities, at a cost of R70 195 468 at seven facilities (Capital cost). SPAR's South Rand, North Rand and Western Cape, KwaZulu-Natal (Dry and Perishables), Lowveld and Eastern Cape distribution centres saved R10 604 328 and generated 8 042 MWh of energy in FY2020. Furthermore, the financial savings and energy reductions achieved so far have encouraged SPAR to investigate feasibility of solar PV installations in other Group's facilities. KwaZulu-Natal distribution centre is looking at solar PV at their satellite distribution centre and Build It distribution centre is in consultation with the landlord on installation of Solar PVs. SPAR also provides guidance and leadership to stores which want to install their own solar PV.

Comment**Identifier**

Opp5

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Resilience

Primary climate-related opportunity driver

Participation in renewable energy programs and adoption of energy-efficiency measures

Primary potential financial impact

Other, please specify (Reduced exposure to GHG emissions and reduced sensitivity to changes in cost of carbon.)

Company-specific description

The SPAR Group has committed to Science Based Targets (SBTs), which set out Scope 1 and Scope 2 emissions reductions targets, 59% for BUILDINGS and 41% TRANSPORT sectors by 2050. Additionally, the Group has developed Carbon Reduction Framework as a roadmap for reducing the Group's emissions and meeting emissions reductions targets, and therefore, reducing current and future carbon tax liability. The current committed SBTs have been developed to align SPAR's climate change targets with the global target of 2°C degrees temperature increase above pre-industrial levels. Since the IPCC publication of the refined 1.5°C degrees temperature increase above pre-industrial levels target in 2019, SPAR is in the process of updating the Group's SBTs to align them with the updated global target of 1.5°C degrees. In line with the TCFD recommendations, SPAR has undertaken climate scenario analysis. The process aims to re-evaluate if the Group's current commitments and targets are sufficient. SPAR will review those recommendations in line with current SBT commitments in case those need to be reviewed/updated using new information. The revised SBTs will be submitted to the Science Based Targets Initiative for approval and SPAR has also made a commitment to become a carbon neutral organisation by 2050. The Group's Energy Policy outlines the commitment made to investing in renewable energy, energy efficient technology and energy management plans. In line with the Group's Sustainability Policy, SPAR has established climate goals, among which are the current SBTs, sourcing of all electricity from renewable sources and adoption of energy efficient technologies, which will further drive CAPEX expenditures on SPAR's emissions reductions.

Time horizon

Long-term

Likelihood

Very likely

Magnitude of impact

Medium-high

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

4104327

Potential financial impact figure – maximum (currency)

10220579

Explanation of financial impact figure

Financial impact is estimated by multiplying SPAR's Scope 1 and 2 emissions and 2020 carbon tax rate range between R51 - R127 per tCO₂e. If SPAR implemented emissions reductions actions and reduced the Group's carbon tax liability, the potentially avoided liability could be R4 104 327 – R10 220 579 (Scope 1 and Scope 2 emissions of 80 477 tCO₂e multiplied by the carbon tax range).

Cost to realize opportunity

132200000

Strategy to realize opportunity and explanation of cost calculation

SPAR's Carbon Reduction Framework outlines emissions reduction opportunities up to 2050. This framework provides a roadmap for opportunities which would save the Group over 158 000 000 kWh's of energy and cost around R132 000 000. Identified opportunities include: •Battery charging (changing batteries to more efficient ones which ensure longer usage and reduced charge time; also charging batteries during off-peak hours to reduce the associated costs). • Lighting and HVAC • Refrigeration • Solar PV • Biodiesel • Electricity metering The SPAR Group has already implementing various opportunities identified in the Carbon Reduction Framework, specifically Solar PV (for more detail refer to Opportunity 4 in this CDP response), Biodiesel (Opportunity 1), Lighting and HVAC (Response to Risk 1) and Electricity metering (Response to Risk 1). Furthermore, the Group has smart energy meters installed in all SPAR's distribution centres and in 106 SPAR corporate and independently-owned stores. As part of scenario planning analysis, through modelling/projections SPAR will consider how the Group's operations and sales data will be influenced by climatic impacts such as increased temperatures, reduced water availability and increased frequency of weather events such as droughts and flooding. The Group will be able to report on the detailed outcomes of scenario planning analysis next year. The cost to realise this opportunity includes implementation of all emission reduction opportunities (R132 000 000) until 2050 as well as scenario planning analysis with the cost of R200 000 for external consulting fees.

Comment**C3. Business Strategy****C3.1****(C3.1) Have climate-related risks and opportunities influenced your organization's strategy and/or financial planning?**

Yes

C3.1b

(C3.1b) Does your organization intend to publish a low-carbon transition plan in the next two years?

	Intention to publish a low-carbon transition plan	Intention to include the transition plan as a scheduled resolution item at Annual General Meetings (AGMs)	Comment
Row 1	Yes, in the next two years	Yes, we intend to include it as a scheduled AGM resolution item	SPAR has made a commitment to become a carbon neutral organisation by 2050. To support this commitment and in line with the Group's Sustainability Policy, SPAR has established strategic climate goals around emissions, energy, water and stakeholder engagement. SPAR has also developed a Carbon Reduction Framework, which is a roadmap to meet the Group's climate targets guiding the Group's strategic decisions around the implementation of low-carbon technologies and prioritisation of financial resources. The Group has committed to SBTs for Transport and Building Sectors. The current targets are in line with 2°C global emissions reductions compared to preindustrial levels. SPAR has adopted TCFD recommendations and in line with the recommendations has undertaken climate scenario analysis. The process aims to re-evaluate if the Group's current commitments and targets are sufficient. The reviewed SBTs will be submitted to the Science Based Targets Initiative for approval. All above mentioned actions and considerations will be incorporated into the SPAR Group's low carbon transition plan.

C3.2

(C3.2) Does your organization use climate-related scenario analysis to inform its strategy?

Yes, quantitative

C3.2a

(C3.2a) Provide details of your organization's use of climate-related scenario analysis.

Climate-related scenarios and models applied	Details
2DS	The SPAR Group has undertaken a quantitative climate-related scenario analysis, using IEA 2DS model, to develop the Group's Science Based Targets (SBTs). The 2DS is built on a projected limit of 2°C above pre-industrial levels, and the SPAR Group has adopted emissions reductions targets that are in line with the level of decarbonisation required to keep global temperature increase below 2°C above the pre-industrial levels. SPAR has committed to science-based targets for two sectors: buildings and transport, 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. Science-based targets and Carbon Reduction Framework (a roadmap to meet the Group's climate targets) guide the SPAR Group's strategic decisions around the implementation of low-carbon technologies, prioritisation of financial planning elements and resources. SPAR's climate-related scenario analysis and science-based targets for buildings and transport sectors have been developed using the Sectoral Decarbonisation Approach methodology. This methodology makes use of the IPCC's assessment reports to identify the temperature increase thresholds, representative concentration pathways as well as the global carbon budget. This information was then translated using the IEA's Energy Technology Perspectives reports which assist with developing sectoral carbon budgets, sectoral activity projections and sectoral intensities. The scenario analysis process incorporated SPAR's base year (2016) and target year (2050), activity data (at base year and projection in the target year), emissions data (Scope 1 and Scope 2 at base year) and sectorial classification. SPAR's fleet has been categorised under the Transport sector and SPAR's distribution centres under the Buildings sector. SPAR's Carbon Reduction Framework was developed to support the Group's journey in meeting the SBTs. The Framework incorporates quantitative targets, outlines emissions reductions opportunities that are available to the SPAR Group and evaluates financial feasibility of each opportunity. The current SBTs have been developed to align SPAR's climate change targets with the global target of 2°C degrees temperature increases. In 2019, the IPCC published a refined target of publication of 1.5°C temperature increase above the pre-industrial levels, and SPAR is currently updating the Group's SBTs to be in line with the updated 1.5°C target.

C3.3

(C3.3) Describe where and how climate-related risks and opportunities have influenced your strategy.

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	SPAR's sustainable product packaging and sustainable labelling strategy has been influenced by identified risks around increased demand for product labelling, reputational damage to SPAR brand if no actions around climate change were taken and the risk around increased supply chain emissions reporting and tax liability. The strategy covers SPAR's short- and medium-term horizon as it focuses on SPAR's current activities extending to next 5-10 years. SPAR has adopted the circular economy approach to drive sustainable packaging. The Group collaboratively works with supply chain and industry partners to remove unnecessary packaging, design new products with minimum packaging and reuse in mind as well as drive recycling and use of recycled materials in packaging. The Group offers SPAR's customers products with sustainability labelling as they have smaller environmental impact, reduced product emissions and eliminate global deforestation practices. SPAR is a founding member of the South African Plastic Pact which aims to reduce problematic plastics and plastic pollution through industry collaboration and innovation. SPAR's short term focus is on 10 product categories which deliver 80% of SPAR's brand volumes. SPAR's plastic bags made from 100% recycled plastic and containing no less 70% post-consumer waste has led to 40% emissions reduction associated with the production of the bag and diverted over 4 000 tonnes of waste from landfill. The Group also focuses on recycling efforts to reduce the amount of virgin materials required for its products and recycled 15 748 tonnes across distribution centres in FY2020. SPAR's paper packaging and timber sold through Build It distribution centre is sourced from sustainable FSC forestries and coffee that is sold through SPAR Bean Tree Cafés has Rainforest Alliance Certification, the UTZ Certification or the Fairtrade Certification. SPAR is planning to launch its own Sustainable product Label for SPAR branded products within next 2 years.
Supply chain and/or value chain	Yes	SPAR identifies that climate-related risks such as changes in precipitation patterns and increased variability in weather patterns can severely impact SPAR's supply chain. SPAR's has adopted sustainable procurement strategy which drives reduced usage of natural resources, long-term cost reductions and increased climate resilience for the Group's supply chain. The sustainable procurement strategy covers SPAR's short- and medium-term horizon as it focuses on SPAR's current activities extending to next 5-10 years. As part of the sustainable procurement strategy, SPAR engages with farmers across its supply chain to drive the uptake of sustainable farming practices. SPAR screens its suppliers using environmental criteria. 75% of farmers in the Freshline brand's supply chain have been trained in sustainable farming methods, allowing for farmers to deliver consistent supply of produce, reduce water consumption and decrease costs. SPAR also trains small scale farmers in localg.a.p., which incorporates sustainable agricultural practices. Localg.a.p is a stepping stone to safe and sustainable agriculture, and is a capacity building program towards GlobalG.A.P Certification. GlobalG.A.P Certification includes requirements around sustainable water consumption and sustainable farming practices. Achieving efficiency in supply chain pertains to a shortened supply chain and reduced number of trucks on the roads. This can help SPAR reduce fuel consumption and associated emissions. SPAR continues investing in the development of the Group's direct suppliers that enable SMME businesses such as a small scale farmers access to market. This results in reduced transportation and shorter supply chain.
Investment in R&D	Yes	SPAR has committed to carbon neutrality by 2050. The commitment together with SPAR's Science Based Targets and Carbon Reduction Framework drive investment in R&D of low carbon technologies. This strategy mitigates SPAR's climate-related risk related to increasing temperatures and associated increased refrigeration, fuel and electricity requirements. Furthermore, R&D and pilot projects around low carbon technologies assist with mitigation of emerging climate-related regulations, potentially reducing Carbon Tax liability. The strategic approach to R&D covers SPAR's long-term time horizon as it focuses on SPAR's activities until 2050. Over the past 18 months, the KwaZulu-Natal distribution centre has piloted various prototypes for the world's first commercially available battery-electric truck refrigeration system. This year SPAR KwaZulu-Natal distribution centre is trialling a semi-rigid hybrid where electricity will provide torque, resulting in a potential 25% reduction in fuel. SPAR also continues with fuel efficiency initiatives across the Group's distribution centres such as trialling and developing more fuel-efficient trucks (CNG engines), shifting to LPG forklifts and trucks batteries being replaced with more fuel-efficient Lithium batteries. The SPAR Group is piloting biofuels from food waste to reduce diesel consumption across the Group's fleet and owned vehicles. SPAR currently uses biofuels made from cooking oil but continues to experience problems with supply and quality of biofuels.
Operations	Yes	Achieving the SPAR Group's strategic outcome of sustainable stakeholder value compels the Group to reduce direct costs where possible. Cost of inputs such as electricity and fuels continue increasing in South Africa, and current as well as emerging climate legislation and compliance requirements might further escalate the costs. SPAR's has taken a strategic decision to reduce emissions and cost of electricity through the installations of solar PV. This decision of solar PV covers SPAR's short-, medium- and long-term time horizon it focuses on SPAR's current activities extending to next 15-20 years. SPAR has invested in renewable energy, specifically, solar PV facilities, at a cost of R70 195 468 at seven facilities (Capital cost). Total installed capacity across the seven facilities is 6.89 MWPeak. SPAR's South Rand, North Rand and Western Cape, KwaZulu-Natal (Dry and Perishables), Lowveld and Eastern Cape distribution centres saved R18 549 528, generated 14 543 MWh of energy and saved 13 630 tCO2e of emissions to date. In FY2020, solar energy accounted for 22% of SPAR's total electricity consumption. Generated financial savings and achieved energy reductions so far have encouraged SPAR to investigate feasibility of solar PV installations in other Group's facilities, namely, KwaZulu-Natal distribution centre is looking at solar PV at their satellite distribution center and Build It distribution centre is in consultation with the landlord on installation of Solar PV.

C3.4

(C3.4) Describe where and how climate-related risks and opportunities have influenced your financial planning.

	Financial planning elements that have been influenced	Description of influence
Row 1	Indirect costs Capital expenditures Capital allocation	The SPAR Group recognises that unmitigated climate-related risks could increase indirect costs to the business. At the same time, capitalising on climate-related opportunities can enable SPAR to uncover new revenue generating opportunities. Indirect costs: Identified climate-related risks arising from Carbon Tax and increasing mean temperatures could increase the Group's indirect costs through increased cost of electricity, water and fuel. SPAR aims to increase fuel, water and energy efficiency across its distribution centres. The Group has invested in solar PV facilities and currently is in the process of rolling out LED lighting in all distribution centres. SPAR has invested in water efficient technologies such as adiabatic cooling, boreholes as well as rainwater collection across all distribution centres. Regarding fuel efficiency, the Group provides financial incentives to fleet drivers to reduce fuel consumption. The time horizon for actions aimed at reducing indirect costs is current extending to next 5-10 years. Capital expenditure: SPAR's strategy to materialise identified climate-related opportunities that generate renewable energy and piloting of projects around battery electric trucks and biofuels requires capital expenditure which is considered in financial planning. The time horizon for capital expenditure is medium term (within the next 3-10 years). Capital allocation: Capital expenditure on climate-related opportunities and risks mitigation actions such renewable energy and piloting of low carbon technologies projects requires capital allocation when considering organisation's budgets. Under special circumstances, for example, when drought took place in Western Cape in 2018-2019, capital towards water efficient technologies was diverted from other activities. Similarly, SPAR has started with scenario planning to be able to project long-term climate impacts on SPAR's business activities. Unplanned capital was allocated to this strategic action, given its imperative to SPAR long-term business sustainability. Generally, when allocating capital, SPAR considers return on investment and payback period. However, the Group has developed an internal carbon pricing methodology, which is aimed to encourage investments in low-carbon technologies and to incorporate future carbon pricing into the Group's long-term financial planning. With this methodology the Group aims to determine a carbon shadow price which would promote low-carbon investment decisions for new build projects and major capital investments and carbon fee which would elevate energy efficiency projects and OPEX/maintenance-type investment decisions. The Group anticipates incorporating this methodology into the Group's financial planning within the next 3-5 years. To meet the Group's SBTs, SPAR has developed Carbon Reduction Framework. The Framework includes MACC (Marginal Abatement Cost Curve) for each identified low carbon option, which estimates investment required to achieve a tonne of CO2e emissions savings. The timeframe for the use of internal carbon pricing methodology, shadow price of carbon and MACCs is considered to be medium-term and will be implemented within the next 3-5 years. Case study: SPAR's capital expenditure invested in renewable energy at seven facilities is R70 195 468 (Capital cost). Total installed capacity across seven facilities is 6.89 MWPeak. SPAR's South Rand, North Rand and Western Cape, KwaZulu-Natal (Dry and Perishables), Lowveld and Eastern Cape distribution centres saved R18 549 528, generated 14 543 MWh of energy and saved 13 630 tCO2e of emissions to date. In FY2020, solar energy accounted for 22% of SPAR's total electricity consumption. Generated financial savings and achieved energy reductions so far has encouraged SPAR to investigate feasibility of solar PV installations in other Group's facilities, namely, KwaZulu-Natal distribution centre's satellite distribution centre and Build It distribution centre.

C3.4a

(C3.4a) Provide any additional information on how climate-related risks and opportunities have influenced your strategy and financial planning (optional).

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

Year target was set

2016

Target coverage

Company-wide

Scope(s) (or Scope 3 category)

Scope 2 (location-based)

Base year

2016

Covered emissions in base year (metric tons CO₂e)

48632

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)

59

Target year

2050

Targeted reduction from base year (%)

90.68

Covered emissions in target year (metric tons CO₂e) [auto-calculated]

4532.5024

Covered emissions in reporting year (metric tons CO₂e)

39054

% of target achieved [auto-calculated]

21.7190682916079

Target status in reporting year

Underway

Is this a science-based target?

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

Target ambition

2°C aligned

Please explain (including target coverage)

SPAR has committed to science-based targets for two sectors: buildings and transport, 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 emissions reduction by 2050 SBT's in this question for the BUILDINGS sector. The SPAR Group is reviewing Science Based Targets to align them with the revised 1.5°C instead of 2°C target, and these will be reported in the next year's disclosure. In 2016 (base year), Scope 2 emissions associated with electricity consumption were used to set the target for BUILDINGS SECTOR. The target is for SPAR to achieve 44 098 tCO₂e reduction by 2050 against base year emissions. Progress on target is evaluated by considering FY2020 Scope 2 emissions against base year Scope 2 emissions.

Target reference number

Abs 2

Year target was set

2016

Target coverage

Company-wide

Scope(s) (or Scope 3 category)

Scope 1

Base year

2016

Covered emissions in base year (metric tons CO₂e)

34351

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)

41

Target year

2050

Targeted reduction from base year (%)

3.92

Covered emissions in target year (metric tons CO2e) [auto-calculated]

33004.4408

Covered emissions in reporting year (metric tons CO2e)

39849

% of target achieved [auto-calculated]

-408.299909873996

Target status in reporting year

Underway

Is this a science-based target?

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

Target ambition

2°C aligned

Please explain (including target coverage)

SPAR has committed to science-based targets for two sectors: buildings and transport, and has developed a number of scenarios for setting targets, i.e. at 1% growth versus 2.5% growth and at intervals from 2016 (base year), to 2025, 2035 and 2050 on both absolute and intensity emissions. We have reported on our 1% growth, absolute emission reduction by 2050 SBT's in this question for the TRANSPORT sector. As per SPAR's Science Based Targets emissions projections, emissions for TRANSPORT sector would continue to increase until 2035 in line with business growth, with significant reductions in emissions achieved only from 2035-2050. The SPAR Group is reviewing Science Based Targets to align them with the revised 1.5°C instead of 2°C target, and these will be reported in the next year's disclosure. In 2016 (base year), Scope 1 emissions associated with diesel emissions in SPAR's fleet were used to set the target for TRANSPORT sector. The target is for SPAR to achieve 1 347 tCO2e reduction by 2050 against base year emissions. Progress on target is evaluated by considering FY2020 Scope 1 diesel emissions from SPAR's fleet against base year Scope 1 diesel emissions from SPAR's fleet.

C4.2

(C4.2) Did you have any other climate-related targets that were active in the reporting year?

Target(s) to increase low-carbon energy consumption or production

C4.2a

(C4.2a) Provide details of your target(s) to increase low-carbon energy consumption or production.

Target reference number

Low 1

Year target was set

2018

Target coverage

Company-wide

Target type: absolute or intensity

Absolute

Target type: energy carrier

Electricity

Target type: activity

Production

Target type: energy source

Renewable energy source(s) only

Metric (target numerator if reporting an intensity target)

MWh

Target denominator (intensity targets only)

<Not Applicable>

Base year

2018

Figure or percentage in base year

0

Target year

2050

Figure or percentage in target year

10235

Figure or percentage in reporting year

8042

% of target achieved [auto-calculated]

78.5735222276502

Target status in reporting year

Underway

Is this target part of an emissions target?

Abs 1: Building sector

Is this target part of an overarching initiative?

Science-based targets initiative

Please explain (including target coverage)

SPAR has a target as part of its SBTs to install renewable energy producing 10 235 MWh of energy by 2050. SPAR has installed seven solar PV plants and in FY2020 these solar PV plants have produced 8 042 MWh.

C4.3

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

Yes

C4.3a

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

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	2	2170
To be implemented*	0	0
Implementation commenced*	2	33641
Implemented*	6	13914
Not to be implemented	0	0

C4.3b

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

Initiative category & Initiative type

Low-carbon energy generation	Solar PV
------------------------------	----------

Estimated annual CO2e savings (metric tonnes CO2e)

2926

Scope(s)

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

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

3727891

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

32600106

Payback period

4-10 years

Estimated lifetime of the initiative

16-20 years

Comment

Solar PV installations were commissioned during FY2020 in SPAR Lowveld distribution centre, SPAR Eastern Cape distribution centre and SPAR KwaZulu-Natal distribution centre's Dry and Perishables facilities.

Initiative category & Initiative type

Energy efficiency in production processes	Fuel switch
---	-------------

Estimated annual CO2e savings (metric tonnes CO2e)

552

Scope(s)

Scope 1

Voluntary/Mandatory

Voluntary

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

602082

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

132000

Payback period

1-3 years

Estimated lifetime of the initiative

3-5 years

Comment

Consumption of biofuels in SPAR fleet in KwaZulu-Natal and Lowveld distribution centres.

Initiative category & Initiative type

Energy efficiency in production processes	Reuse of water
---	----------------

Estimated annual CO2e savings (metric tonnes CO2e)

3

Scope(s)

Scope 3

Voluntary/Mandatory

Voluntary

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

84481

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

5686000

Payback period

4-10 years

Estimated lifetime of the initiative

11-15 years

Comment

Initiative category & Initiative type

Waste reduction and material circularity	Waste reduction
--	-----------------

Estimated annual CO2e savings (metric tonnes CO2e)

7092

Scope(s)

Scope 3

Voluntary/Mandatory

Voluntary

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

0

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

0

Payback period

No payback

Estimated lifetime of the initiative

Ongoing

Comment

SPAR has recycled 15 478 tonnes of waste in FY2020, which translates to 7 092 tCO2e emissions savings.

Initiative category & Initiative type

Waste reduction and material circularity	Product or service design
--	---------------------------

Estimated annual CO2e savings (metric tonnes CO2e)

1833

Scope(s)

Scope 3

Voluntary/Mandatory

Voluntary

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

0

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

720000

Payback period

No payback

Estimated lifetime of the initiative

3-5 years

Comment

SPAR's recycled plastic bag has diverted 4 000 tonnes of waste in FY2020, which translates to 1 833 tCO2e emissions savings.

Initiative category & Initiative type

Energy efficiency in buildings	Lighting
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Estimated annual CO2e savings (metric tonnes CO2e)

1508

Scope(s)

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

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

0

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

557000

Payback period

4-10 years

Estimated lifetime of the initiative

6-10 years

Comment

SPAR has installed LED Lighting in SPAR Eastern Cape distribution centre during FY2020.

C4.3c

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

Method	Comment
Compliance with regulatory requirements/standards	Compliance with current regulation and anticipated future regulation around climate change drive emissions reductions activities. The Greenhouse Gas Emissions Regulations in South Africa came into effect in 2017 and Carbon Tax Act came into effect in 2019. Under the current legislation, SPAR is liable to report on and pay Carbon Tax for the use of diesel and LPG in stationary combustion sources. Investment in emissions reductions activities are driven by the reduced Carbon Tax liability for the Group. Compliance with the National Environmental Management: Waste Act (59:2008): Regulations regarding extended procurer responsibility, which extend responsibility to SPAR for the end-use of its packaging products, drive the Group to increase recyclability of packaging products. Increased recyclability involves increased use of recycled materials in packaging and increased recycling of packaging at the end of its lifetime. These actions contribute towards SPAR's emissions reductions.
Employee engagement	Investments geared towards achieving greater staff awareness and engagement around sustainability and climate change can promote emissions reductions activities. SPAR continuously strives to improve sustainability performance and has adopted innovative approach to further employees' awareness of carbon footprint through the rollout of AURORA app, where each employee can calculate and track their personal carbon footprint. SPAR runs employee campaigns which aim to raise awareness about the benefits of reducing electricity consumption and encourage behavioural change among staff. Sustainability has been promoted at the senior and executive management levels through the Senior and Executive Leadership Development Programme and the Management Growth Programme. SPAR managers-in-training programme includes presentation on sustainability principles and practices by the Group's Risk and Sustainability Executive. The SPAR Group provides monetary incentives to staff across various levels in organisation, specifically, to executive officers, fleet drivers and outbound and maintenance managers for the attainment of emissions, fuel and energy reduction targets. The Group is also currently reviewing personal KPIs for different roles to align them with the Group's sustainability goals.
Financial optimization calculations	Reduced operational costs and savings achieved from already implemented actions drive emissions reductions activities and motivate for further investments Successful implementation of solar PV facilities and achieved financial and energy savings at seven of SPAR's facilities have motivated for investigation of additional solar PV in Build It distribution centre and KwaZulu-Natal distribution centre's satellite distribution centre. SPAR has invested in renewable energy, specifically, solar PV facilities, at a cost of R70,195,468 at seven facilities (Capital cost). SPAR's South Rand, North Rand and Western Cape, KwaZulu-Natal (Dry and Perishables), Lowveld and Eastern Cape distribution centres generated R18 549 528 monetary savings to date since the first solar PV installation in 2018. Implemented energy efficiency and solar PV initiatives have reduced energy consumption and energy costs (operational costs) for the Group. 15% reduction in electricity consumption has been achieved by SPAR between FY2019 and FY2020, and such a decrease in electricity consumption has been largely attributed to the installation of solar PV facilities. Reduced electricity consumption directly translates to savings achieved on operational costs (for example, an average increase on electricity tariffs rate in South Africa in 2020 was 6.90%).
Other (Capital allocation)	Achievement of the Group's carbon neutrality by 2050 commitment required capital allocation. In order to meet SPAR's committed Science Based Targets and to implement Carbon Reduction Framework, the required capital was diverted from other activities. Monetary and emissions savings achieved from installed solar PV facilities motivate capital additional solar PV installations. Unplanned capital was allocated for the Group to undertake Scenario Planning Analysis, which considers climatic impacts on SPAR's operations and sales data, given the importance of the analysis towards the Group's long-term business strategy.

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

Group of products

Description of product/Group of products

SPAR has introduced 100% recycled plastic carried bag containing no less 70% post-consumer waste in 2018. To date, SPAR's 100% recycled plastic bag has reduced emissions associated with producing the bag by 40% and diverted over 4 000 tonnes of waste from landfill. The #RethinkTheBag campaign promotes bringing your own bag, buying SPAR paper bag, buying SPAR canvas bag, carrying groceries without a bag and only as a last resort buying a plastic bag. The SPAR Group also takes action to increase the amount of waste that is recycled and therefore, reducing the amount of raw virgin materials required for its products. Recycled plastic/cardboard from participating retail stores are brought to distribution centres, and stores are paid for their waste. Plastics are then sold to a waste service provider. The cardboard is sold to our cardboard box supplier and recycled cardboard is made into secondary and tertiary packaging for SPAR brand products. SPAR recycled 15 748 tonnes through distribution centres in FY2020. SPAR milk cartons have been replaced with unbleached board to ensure that cardboard is recyclable, reducing ink and bleach required to make cardboard.

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

Low-carbon product

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

Climate Bonds Taxonomy

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

0

% of total portfolio value

<Not Applicable>

Asset classes/ product types

<Not Applicable>

Comment

No revenues were generated from reduced packaging emissions .

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

Base year emissions in FY2016.

Scope 2 (location-based)

Base year start

October 1 2015

Base year end

September 30 2016

Base year emissions (metric tons CO2e)

43974

Comment

Base year emissions in FY2016.

Scope 2 (market-based)

Base year start

October 1 2015

Base year end

September 30 2016

Base year emissions (metric tons CO2e)

0

Comment

There were no market-based Scope 2 emissions.

C5.2

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

IPCC Guidelines for National Greenhouse Gas Inventories, 2006

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

Other, please specify (2020 Guidelines to DEFRA/DECC's GHG Conversion Factors for Company Reporting)

C5.2a

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

SPAR's carbon footprint was calculated following the Greenhouse Gas Protocol methodology. Emission factors that were used included IPCC Fourth Assessment Report, 2020 Guidelines to DEFRA/DECC's GHG Conversion Factors for Company Reporting and Eskom's grid emission factor.

Fuels, energy, water and waste (including wastewater) data is collected on a monthly basis. Refrigerant gases, downstream transportation and distribution and business travel data is collected annually. Employee commute survey is conducted once a year. Stores' energy, LPG and fuels data is collected annually for the entire year.

Collected data was reviewed for data consistency, accuracy and completeness. Emissions were calculated by multiplying activity data by the corresponding emission factor.

C6. Emissions data

C6.1

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

Reporting year

Gross global Scope 1 emissions (metric tons CO2e)

41424

Start date

<Not Applicable>

End date

<Not Applicable>

Comment

Mobile, Stationary and Fugitive emissions

C6.2

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

Row 1

Scope 2, location-based

We are reporting a Scope 2, location-based figure

Scope 2, market-based

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

Comment

We have no operations where we are able to access electricity supplier emission factors or residual emissions factors and are unable to report a Scope 2, market-based figure. SPAR's distribution centres are located in South Africa, where all grid electricity is supplied by a public electricity utility Eskom, and therefore, there are no alternative choices for grid supplied electricity. SPAR does not purchase non-Eskom supplied electricity.

C6.3

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

Reporting year

Scope 2, location-based

39054

Scope 2, market-based (if applicable)

<Not Applicable>

Start date

<Not Applicable>

End date

<Not Applicable>

Comment

Scope 2 Electricity: Emissions associated with SPAR's purchased electricity from Eskom.

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?

No

C6.5

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

Purchased goods and services

Evaluation status

Relevant, calculated

Metric tonnes CO2e

60

Emissions calculation methodology

This Scope 3 category includes emissions associated with municipal water consumption. SPAR has purchased 173 837 kl of municipal water during FY2020. Emissions were calculated in accordance to the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. Emission factors for municipal water supply from the 2020 Guidelines to DEFRA/DECC's GHG Conversion Factors for Company Reporting were used. Emissions calculations methodology: activity data x emission factor.

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

0

Please explain

All SPAR's distribution centres and head office obtain municipal water data from municipal water bills.

Capital goods

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Please explain

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 negligible to the overall footprint and therefore are not relevant.

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

Evaluation status

Relevant, calculated

Metric tonnes CO2e

14196

Emissions calculation methodology

This Scope 3 category includes emissions associated with extraction and refining of fuels (diesel, petrol and biofuels) that the Group uses and upstream emissions from electricity, including network transmission and distribution losses as well as extraction and refining of fuels to generate electricity. SPAR has purchased 14 851 326 litres of diesel, 62 936 litres of petrol, 218 939 litres of biodiesel as well as 38 288 124 kWh of grid electricity during FY2020. Emissions were calculated in accordance to the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. Emission factors for WTT Fuels and WTT UK & Overseas electricity from the 2020 Guidelines to DEFRA/DECC's GHG Conversion Factors for Company Reporting were used. Emissions calculations methodology: activity data x emission factor.

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

0

Please explain

Upstream transportation and distribution

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Please explain

Suppliers are responsible for delivering the produce to SPAR's distribution centres.

Waste generated in operations

Evaluation status

Relevant, calculated

Metric tonnes CO2e

952

Emissions calculation methodology

This Scope 3 category includes emissions associated with waste generated in SPAR distribution centres and water treatment of water consumed in those facilities. SPAR has generated 10 371 581 kilograms of various streams of waste, both recyclable and non-recyclable, and produced 156 453 kilolitres of water which had to be discharged and treated by municipal wastewater treatment plants during FY2020. Emissions were calculated in accordance to the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. Emission factors for water treatment and waste disposal from the 2020 Guidelines to DEFRA/DECC's GHG Conversion Factors for Company Reporting were used. Emissions calculations methodology: activity data x emission factor. If any of the waste streams were reported in volume units instead of mass units (for example, used cooking oil), density factors were applied to obtain waste data in units of mass.

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

0

Please explain

All waste data has been provided by SPAR's distribution centres and the head office, using information from waste providers. Municipal water treatment has been estimated for all distribution centres using the average discharge rate of 90% from four distribution centres.

Business travel

Evaluation status

Relevant, calculated

Metric tonnes CO2e

2589

Emissions calculation methodology

This Scope 3 category includes emissions associated with short and long haul flights and diesel and petrol allowances for business travel. No emissions from car hire were reported as such data was not available during FY2020. SPAR's employees have flown 6 871 226 passengerkm as well as have consumed 322 662 litres of diesel and 308 707 litres of petrol for business travel vehicle allowances. Emissions were calculated in accordance to the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. Emission factors for fuels from the 2020 Guidelines to DEFRA/DECC's GHG Conversion Factors for Company Reporting were used. Emissions calculations methodology: activity data x emission factor. Business travel vehicle allowance is estimated at 40% of the fuel consumption in vehicles is allocated for business purposes.

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

39

Please explain

Data for 39% of emissions in this category has been obtained from travel agents (business flights). The remainder 61% of emissions has been obtained from fuel allowances.

Employee commuting

Evaluation status

Relevant, calculated

Metric tonnes CO2e

5889

Emissions calculation methodology

This Scope 3 category includes emissions associated with employee commute to offices. Emissions from 3 441 SPAR employees were included and cumulatively via various modes of transport they travelled 42 421 236 kilometres in FY2020. Emissions were calculated in accordance to the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. Emission factors for business travel-land from the 2020 Guidelines to DEFRA/DECC's GHG Conversion Factors for Company Reporting were used. Emissions calculations methodology: activity data x emission factor.

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

0

Please explain

Employee commute survey was conducted during FY2020 to calculate emissions associated with SPAR's staff commuting to work.

Upstream leased assets

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Please explain

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

Downstream transportation and distribution

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

5044

Emissions calculation methodology

This Scope 3 category includes emissions associated with downstream transportation and distribution from SPAR's distribution centres to SPAR stores in vehicles not owned by SPAR. 1 876 716 litres of diesel were used for downstream transportation and distribution. Emissions were calculated in accordance to the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. Emission factors for fuels from the 2020 Guidelines to DEFRA/DECC's GHG Conversion Factors for Company Reporting were used. Emissions calculations methodology: activity data x emission factor.

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

100

Please explain

All data was provided by SPAR's external service providers.

Processing of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO₂e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Please explain

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 considered immaterial.

Use of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO₂e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Please explain

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

End of life treatment of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO₂e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Please explain

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

Downstream leased assets

Evaluation status

Not relevant, explanation provided

Metric tonnes CO₂e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Please explain

SPAR does not lease buildings (downstream leased assets) and therefore, does not quantify emissions from this emissions source.

Franchises

Evaluation status

Relevant, not yet calculated

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Please explain

Emissions associated with the independent SPAR stores have not been calculated. SPAR anticipates calculating emissions from this emissions source within next 3-5 years.

Investments

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Please explain

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

Other (upstream)

Evaluation status

Not evaluated

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

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

<Not Applicable>

Please explain

Not applicable

Other (downstream)

Evaluation status

Relevant, calculated

Metric tonnes CO2e

36758

Emissions calculation methodology

This Scope 3 category includes emissions associated with LPG and diesel consumption and purchased electricity in SPAR corporate owned stores. The SPAR Group only temporarily owns corporate stores when there is no direct sale from one store owner to the next, and therefore, the store could be under SPAR's ownership only for a short period of time. This year is the first year that SPAR has calculated emissions from its 49 corporate owned stores (FY2019: SPAR owned 55 stores). SPAR's corporate owned stores consumed 35 411 308 kWh of purchased electricity, 159 189 litres of diesel and 71 598 kilograms of LPG during FY2020. Emissions were calculated in accordance to the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. Emission factors for fuels from the 2020 Guidelines to DEFRA/DECC's GHG Conversion Factors for Company Reporting were used for LPG and diesel. Eskom's grid emission factor for 2020 was used for purchased electricity. Emissions calculations methodology: activity data x emission factor.

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

0

Please explain

All data was obtained internally from corporate owned SPAR stores.

C6.7

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

Yes

C6.7a

(C6.7a) Provide the emissions from biogenic carbon relevant to your organization in metric tons CO2.

	CO2 emissions from biogenic carbon (metric tons CO2)	Comment
Row 1	36	SPAR has consumed 218 939 litres of biofuels in FY2020. Biofuels which are produced from used cooking oil are one of SPAR's emission reductions initiatives.

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

1.02

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)

80477

Metric denominator

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

Metric denominator: Unit total

78605

Scope 2 figure used

Location-based

% change from previous year

8

Direction of change

Decreased

Reason for change

Scope 1 and Scope 2 emissions have decreased by 3% but revenue has increased by 6%, resulting in 8% decrease in emissions intensity. Last year revenue for the entire SPAR Group was used. However, since this CDP Response focuses only on Southern Africa region, this year and going forward only for Southern Africa revenues will be used. To be able to compare accurately the Group's this year's intensity metrics compared to last year's metrics, last year's intensity metrics using Southern Africa revenues were calculated (last year's intensity figure using Southern Africa revenue would have been 1.12).

Intensity figure

0.00032

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)

80477

Metric denominator

Other, please specify (Number of Cases Dispatched)

Metric denominator: Unit total

250300000

Scope 2 figure used

Location-based

% change from previous year

5

Direction of change

Decreased

Reason for change

Number of dispatched cases have increased due to business growth by 3% while Scope 1 and Scope 2 emissions decreased by 3%.

C7. Emissions breakdowns

C7.1

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

Yes

C7.1a

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

Greenhouse gas	Scope 1 emissions (metric tons of CO2e)	GWP Reference
CO2	39537	IPCC Fourth Assessment Report (AR4 - 100 year)
CH4	4	IPCC Fourth Assessment Report (AR4 - 100 year)
N2O	523	IPCC Fourth Assessment Report (AR4 - 100 year)
HFCs	1359	IPCC Fourth Assessment Report (AR4 - 100 year)

C7.2

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

Country/Region	Scope 1 emissions (metric tons CO2e)
South Africa	41424

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	113
Distribution Centres	41311

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	113	-29.819594	30.861389
Western Cape Distribution Centre	3132	-34.010027	18.477246
South Rand Distribution Centre	11762	-26.177395	28.216182
North Rand Distribution Centre	5182	-25.972252	28.232412
Lowveld Distribution Centre	2741	-25.463142	30.970154
KZN Distribution Centre	11539	-29.721837	31.003911
Eastern Cape Distribution Centre	6830	-33.950531	25.60762
Build It Distribution Centre	126	-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	39849
Stationary Combustion	215
Fugitive Emissions	1359

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 for in Scope 2 market-based approach (MWh)
South Africa	39054	0	38288	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 (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Head Office	632	
Distribution Centres	38422	

C7.6b

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

Facility	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Head Office	632	0
Western Cape Distribution Centre	9181	0
South Rand Distribution Centre	7187	0
North Rand Distribution Centre	4078	0
Lowveld Distribution Centre	3285	0
KZN Distribution Centre	9879	0
Eastern Cape Distribution Centre	4782	0
Build It Distribution Centre	31	0

C7.6c

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

Activity	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Purchased Electricity	39054	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	8203	Decreased	10	Change in Scope 1 and Scope 2: 8 203 tCO2e (total emissions saved as a result of SPAR's solar PV installations). Previous year Scope 1 and Scope 2: 82 896. Emission value percentage = (8 203 / 82 896) x 100%.
Other emissions reduction activities	2060	Decreased	2	Change in Scope 1 and Scope 2: 2 060 tCO2e. 1 508 tCO2e were saved as a result of LED lighting in SPAR Eastern Cape distribution centre + 552 tCO2e saved as a result of biofuels. Previous year Scope 1 and Scope 2: 82 896. Emission value percentage = (2 060 / 82 896) x 100%.
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	Not applicable.

C7.9b

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

Location-based

C8. Energy

C8.1

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

More than 0% but less than or equal to 5%

C8.2

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

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

C8.2a

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

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	LHV (lower heating value)	1600	151355	152955
Consumption of purchased or acquired electricity	<Not Applicable>	0	38288	38288
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>	8042	<Not Applicable>	8042
Total energy consumption	<Not Applicable>	9641	189643	199285

C8.2b

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

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	Yes
Consumption of fuel for the generation of heat	No
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

150782

MWh fuel consumed for self-generation of electricity

811

MWh fuel consumed for self-generation of heat

149971

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>

Emission factor

2.68787

Unit

kg CO2e per liter

Emissions factor source

2020 Guidelines to DEFRA/DECC's GHG Conversion Factors for Company Reporting.

Comment

Diesel consumption in company own fleet, transportation (forklifts) and diesel generators.

Fuels (excluding feedstocks)

Please select

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

573

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

573

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>

Emission factor

2.31467

Unit

kg CO2e per liter

Emissions factor source

2020 Guidelines to DEFRA/DECC's GHG Conversion Factors for Company Reporting

Comment

Petrol consumption in company owned fleet.

Fuels (excluding feedstocks)

Biodiesel

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

1600

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

1600

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>

Emission factor

0.1658

Unit

kg CO2e per liter

Emissions factor source

2020 Guidelines to DEFRA/DECC's GHG Conversion Factors for Company Reporting

Comment

Biodiesel, which was produced from used cooking oil, consumption in SPAR owned fleet.

C8.2d

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

	Total Gross generation (MWh)	Generation that is consumed by the organization (MWh)	Gross generation from renewable sources (MWh)	Generation from renewable sources that is consumed by the organization (MWh)
Electricity	8853	8853	8042	8042
Heat	0	0	0	0
Steam	0	0	0	0
Cooling	0	0	0	0

C9. Additional metrics

C9.1

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

Description

Energy usage

Metric value

38288124

Metric numerator

kWh

Metric denominator (intensity metric only)

Not applicable

% change from previous year

12

Direction of change

Decreased

Please explain

SPAR proactively monitors energy consumption (in kWh) in distribution centres and the head office as emissions associated with electricity consumption account for 48% of the Group's Scope 1 and 2 emissions. Electricity consumption has decreased by 12% in FY2020. This could be attributed to the installation of solar PV facilities in SPAR South Rand, North Rand, Western Cape, Eastern Cape, Lowveld and KwaZulu-Natal distribution centres and retrofitting of LED lighting across distribution centres.

Description

Other, please specify (Water usage)

Metric value

176811

Metric numerator

kilolitres

Metric denominator (intensity metric only)

% change from previous year

21

Direction of change

Decreased

Please explain

SPAR has implemented water efficient technologies in Western Cape and Eastern Cape distribution centres and has drilled a borehole in Western Cape distribution centre to reduce water consumption. Furthermore, during FY2020 municipal water consumption in Eastern Cape distribution centre has decreased due to municipal billing issues and in KwaZulu-Natal and Lowveld distribution centres due to incorrect water readings by municipal meters.

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	Third-party verification or assurance process in place

C10.1a

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

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_2020_REVISIED_V1.0.pdf

Page/ section reference

1-3

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

C10.1b

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

Scope 2 approach

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_2020_REVISIED_V1.0.pdf

Page/ section reference

1-3

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

C10.1c

(C10.1c) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Scope 3 category

Scope 3: Purchased goods and services

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_2020_REVISIED_V1.0.pdf

Page/section reference

1-3

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope 3 category

Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2)

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_2020_REVISIED_V1.0.pdf

Page/section reference

1-3

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope 3 category

Scope 3: Waste generated in operations

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_2020_REVISIED_V1.0.pdf

Page/section reference

1-3

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope 3 category

Scope 3: Business travel

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_2020_REVISIED_V1.0.pdf

Page/section reference

1-3

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope 3 category

Scope 3: Employee commuting

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_2020_REVISIED_V1.0.pdf

Page/section reference

1-3

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope 3 category

Scope 3: Downstream transportation and distribution

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_2020_REVISED_V1.0.pdf

Page/section reference

1-3

Relevant standard

ISO14064-3

Proportion of reported emissions verified (%)

100

Scope 3 category

Scope 3 (downstream)

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_2020_REVISED_V1.0.pdf

Page/section reference

1-3

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.	100% Non-Kyoto gases emissions verified.
C6. Emissions data	Other, please specify (Outside of Scopes: Biofuels.)	ISO 14064-3:2006.	100% biofuels 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)?**

Yes

C11.1a

(C11.1a) Select the carbon pricing regulation(s) which impacts your operations.

South Africa carbon tax

C11.1c

(C11.1c) Complete the following table for each of the tax systems you are regulated by.

South Africa carbon tax

Period start date

January 1 2020

Period end date

December 31 2020

% of total Scope 1 emissions covered by tax

97

Total cost of tax paid

1200802

Comment

The total cost of paid Carbon Tax covers 1 January 2020 – 31 December 2020 period. SPAR's Scope 1 emissions associated with diesel in generators (direct Carbon Tax liability) and mobile fuel consumption (through Carbon Tax fuel levy which is included in the price of fuel to avoid double taxation) are covered by the Carbon Tax, and they account for 97% of SPAR's Scope 1 emissions. Refrigerant gases are not covered by the South African Carbon Tax. SPAR's direct Carbon Tax liability was R14 679. In 2020, Carbon Tax fuel levy was 7ct/litre for petrol and 8ct/litre for diesel. SPAR has consumed 62 936 litres of petrol and 14 771 473 litres of diesel (excluding diesel used in generators), which has resulted in indirect Carbon Tax fuel levy cost of ZAR 1 186 123.

C11.1d

(C11.1d) What is your strategy for complying with the systems you are regulated by or anticipate being regulated by?

SPAR is collecting data for fuel, electricity and water consumption monthly, which is reviewed quarterly. This process enables the Group to timeously identify and correct any variances in data and data gaps. Using collected data, SPAR annually reports its emissions to the Department of Environment, Forestry & Fisheries (DEFF) to comply with the mandatory GHG Emissions Regulations. Carbon Tax is calculated based on the emissions reported to the DEFF.

The Group receives regular alerts for legislative updates relating to climate change to comply with the current legislation and prepare for any future obligatory requirements to the Group. To reduce SPAR's Carbon Tax liability, emissions reductions actions and initiatives are implemented by the Group. Reduction of carbon footprint is included as one of the Group's operational performance indicator, which is tracked on a monthly basis.

The Group has committed to Science Based Targets (SBTs), based on 2°C global temperatures increase, but with the revised IPCC targets for 1.5°C, SPAR is reviewing its Science Based Targets to be in line with 1.5°C increase. SPAR has made a commitment to become carbon neutral organisation by 2050 and has developed Carbon Reduction Framework, which provides a roadmap to achieve SBTs and guides emissions reduction actions. To establish short-, medium- and long-term impact for the business from increasing temperatures and reduced water availability, SPAR has started scenario planning analysis and will be able to report on it next year.

The Group has designed an Internal Carbon Pricing methodology and SPAR anticipates, following the outcomes of Scenario Planning Analysis, incorporating this methodology into decision making around climate change risks and opportunities.

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?

No, but we anticipate doing so in the next two years

C12. Engagement

C12.1

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

- Yes, our suppliers
- Yes, our customers
- Yes, other partners in the value chain

C12.1a

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

Type of engagement

Compliance & onboarding

Details of engagement

Included climate change in supplier selection / management mechanism

% of suppliers by number

30

% total procurement spend (direct and indirect)

67

% of supplier-related Scope 3 emissions as reported in C6.5

0

Rationale for the coverage of your engagement

SPAR's sustainable procurement approach places great emphasis on supply chain optimisation and resilience as well as reduced use of natural resources across the supply chain. For this reason, inclusion of sustainability guidelines and supplier environmental selection criteria is conveyed to all SPAR' Brand suppliers.

Impact of engagement, including measures of success

Sustainability guidelines have been conveyed to all existing SPAR suppliers SPAR is working to incorporate sustainability targets around climate change, water and commodities into the supplier service level agreements within the next 2 years.

Comment

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

31

% total procurement spend (direct and indirect)

67

% of supplier-related Scope 3 emissions as reported in C6.5

0

Rationale for the coverage of your engagement

Suppliers is one of SPAR's key stakeholders, and supply chain resilience is among critical factors in ensuring business longevity and sustainability. SPAR annually engages with 19 SPAR's 21 of SPAR Brand suppliers (5 Freshline, 1 Bean Tree and 15 House brands suppliers) to collect through a questionnaire information around suppliers' sustainability practices, climate risks identification and mitigation actions. These suppliers are selected for engagement because of they include top 15 contributors to SPAR House Brands (67% of total procurement spend) and suppliers of forest risk commodities such as palm oil, beef and coffee. Through this engagement, SPAR also collects information around suppliers' energy, water and fuel usage refrigerant gasses, food waste and product traceability. SPAR calculates carbon footprint for those suppliers annually and identify and communicate emissions reductions opportunities. Currently, suppliers respond to an internal questionnaire once a year, however, the Group is developing a baseline which will enable setting of suppliers' goals and targets. The engagement, which started in FY2019 continued during the current reporting period with baseline being in development during FY2020. SPAR is also developing an online tool which will allow suppliers to track their own sustainability performance.

Impact of engagement, including measures of success

This engagement has enabled SPAR to collect environmental information for the Group's supply chain which has been used in the revised Sustainability Policy, sustainability targets and goals. The Group also aims to set suppliers' sustainability goals and targets within the next 2 years. SPAR considers measures of success of this engagement to be developed goals and targets, which are currently still underway.

Comment

Type of engagement

Compliance & onboarding

Details of engagement

Other, please specify (Other – localg.a.p. assessments and GLOBALG.A.P audits)

% of suppliers by number

5

% total procurement spend (direct and indirect)

0

% of supplier-related Scope 3 emissions as reported in C6.5

0

Rationale for the coverage of your engagement

SPAR together the GLOBALG.A.P Standard has developed localg.a.p. The current standard for farmers providing to retailers is GLOBALG.A.P, yet it was found that it is an incredibly high standard and costly for local farmers and therefore, was hindering small scale farmers from entering the market. SPAR recognised that the GLOBALG.A.P standard was developed by European countries and therefore, did not sufficiently accommodate for circumstances in South Africa. As a result, a localg.a.p assessment

was developed so that it could be adopted as a steppingstone towards gaining the GLOBALG.A.P certification. SPAR trains farmers in the localg.a.p. implementation, which incorporates sustainable agricultural practices, including best growing practices and food safety aspects. The assessment promotes access to consistent water supply and efficient irrigation methods such as drip irrigation. Localg.a.p is a stepping stone to safe and sustainable agriculture, and is a capacity building program with three levels of assessment. Suppliers who get selected for the localg.a.p. are mainly small scale SPAR vegetable farmers.

Impact of engagement, including measures of success

During FY2020, 7 SPAR small scale farmers have successfully completed their localg.a.p assessments and received a Letter of Conformance and 3 farmers received GlobalG.A.P Certification. The GlobalG.A.P Certification includes requirements around sustainable water consumption and sustainable farming practices. One of SPAR's suppliers now responds to CDP Climate Change and Water Programmes.

Comment

Type of engagement

Engagement & incentivization (changing supplier behavior)

Details of engagement

Other, please specify (Supplier training)

% of suppliers by number

75

% total procurement spend (direct and indirect)

0

% of supplier-related Scope 3 emissions as reported in C6.5

0

Rationale for the coverage of your engagement

The SPAR Group recognises the importance of collective responsibility towards sustainable supply chain. SPAR engages with the Group's fresh produce suppliers that supply for SPAR's House Brand – Freshline. As fresh produce farmers are major water users, SPAR engages with suppliers around water saving practices and sustainable farming methods, providing training and assistance. With Freshline suppliers there are number of supplier agreements in place. Questions around those suppliers' business operations are not uncommon and suppliers are willing to provide information. Some of house brand suppliers already report to CDP and have information requested by SPAR available.

Impact of engagement, including measures of success

Among the key Group's actions around achieving resilience in the supply chain is training suppliers on sustainable farming methods. Such methods promote water efficiency and increased water retention through better soil management practices, resulting in reduced water usage in comparison to conventional farming practises. The success of this engagement is measured by the number of Freshline suppliers that have been trained on sustainable farming methods and SPAR aims to train 100% of SPAR Freshline brand suppliers in these methods by the end of 2022. To date, 75% of the Group's Freshline suppliers have been trained in sustainable farming methods.

Comment

Type of engagement

Engagement & incentivization (changing supplier behavior)

Details of engagement

Other, please specify (Small scale farmer development programme)

% of suppliers by number

5

% total procurement spend (direct and indirect)

0

% of supplier-related Scope 3 emissions as reported in C6.5

0

Rationale for the coverage of your engagement

SPAR seeks to create shared value for stakeholders through contribution to responsible living and resources stewardship and suppliers' sustainability journey is crucial for SPAR to achieve those outcomes and be industry leader around sustainability. SPAR as a food retailer is prioritising serving its communities with food that is nutritious, affordable and accessible. SPAR's Rural Hub model supports small-scale farmers by creating markets for their products and contributes towards food security, job creation, income generation, infrastructure development and skills transfer. Initially farmers were encouraged to plant vegetables like cabbage, spinach & butternuts to satisfy the off-take requirements of local rural SPAR stores, but these crops proved not to be viable for the hub farmers to grow due to low margins. In 2020 focus has changed to the production of high-value vegetable crops under the protection of tunnels/ net-houses for delivery into SPAR DC's under the Freshline Brand. This has necessitated substantial investment in infrastructure on the farms. The SPAR remains committed to the provision of the following training interventions for the Rural Hub farmers: • Land preparation • Planting • Integrated pest and disease management • Fertilization • Irrigation • Harvesting • Financial management • Food Safety 10 out of 210 SPAR farmers were trained for SPAR's Rural Hub Model.

Impact of engagement, including measures of success

SPAR measures the success of rural hubs and its supplier engagement model by the number of farmers that are able to successfully deliver produce to the Rural Hub and farmer productivity, specifically, the amount of produce as well as area (ha) farmed. The first rural hub was opened in Ofcolaco, Mopani, Limpopo province, in June 2016 and by September 2017, 5 emerging farmers were supplying produce to 10 SPAR retailers. A permanent packhouse has been operational since August 2017. The second hub, which commenced operations in October 2017, opened in Ikwezi, Mpumalanga province, which unfortunately had to close down in 2019 due to insufficient produce volumes. SPAR has identified the iLembe district in KwaZulu-Natal, with a large number of small-scale farmers, infrastructure and local technical support as an area for an additional Rural Hub. The farmland supplying under the Rural Hub Model has increased from 22 ha to 122 ha of vegetable production. 15 farmers are supplying to Rural Hubs and 100 full time jobs are being created. SPAR has also provided financial support in the form of loans to Rural Hub farmers to improve their farm infrastructure and for farm inputs such as fertilizer and seeds. During FY2020, 10 SPAR small scale farmers received training on sustainable farming practices through the Rural Hub Model. SPAR's commitment to the development of small-scale rural farmers was recognized in 2020, when the SPAR Rural Hub became the overall winner of the ABSA Business Day Supplier Development Award and winner of the ABSA Business Day Rural and Township development award.

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

10

% total procurement spend (direct and indirect)

67

% of supplier-related Scope 3 emissions as reported in C6.5

0

Rationale for the coverage of your engagement

SPAR is conducting research to improve packaging materials, which involves the engagement of packaging material suppliers to reduce impact that packaging materials have on environment as well as lifecycle impact of final products. Engagements with packaging material suppliers are prioritised due to the large role that packaging materials play in SPAR brand products. This engagement included 10% of SPAR branded suppliers as SPAR engaged with top 5 (out of 50) of its house-branded suppliers.

Impact of engagement, including measures of success

SPAR takes a proactive role in the industry in driving sustainability practices and standards for packaging. As part of this engagement, SPAR encourages its suppliers to reduce the amount of packaging used in SPAR brand products and to redesign packaging to increase recyclability. Engagement with suppliers has resulted in a development of a plastic carrier bag that is made from 100% recycled plastic with 70% post-consumer waste. SPAR measures the success of this engagement by % of packaging products that are recyclable and/or contain recycled content. This includes products that contribute towards the circular economy or allow waste to be diverted from landfill as well as % of SPAR Brands products with packaging that is 100% recyclable and % made from a renewable resource. SPAR has diverted over 4 000 tonnes of plastic waste from landfill annually from its redesigned plastic bag. Furthermore, 100% of SPAR House Brand packaging boxes are made from recycled cardboard and paper, which is backhauled from stores back to distribution centres, creating a closed loop system for cardboard. SPAR milk cartons have been replaced with unbleached board to ensure that the cardboard is recyclable, reducing ink and bleach required to make the cardboard; the closure is made from bioplastic and is 100 % recyclable.

Comment

C12.1b

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

Type of engagement

Education/information sharing

Details of engagement

Run an engagement campaign to education customers about your climate change performance and strategy

% of customers by number

0

% of customer - related Scope 3 emissions as reported in C6.5

0

Portfolio coverage (total or outstanding)

<Not Applicable>

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

The SPAR Group is under increasing pressure from stakeholders, including consumers and the broader public, to address environmental issues, particularly climate change. SPAR's biennial market research and analysis has identified that SPAR's high LSM consumers expect to see that SPAR is actively involved in pursuing carbon and waste management programmes and implements water saving initiatives at a store level. If SPAR was unable to demonstrate that the Group is addressing environmental and climate change issues, the overall SPAR brand could suffer over time. SPAR communicates the Group's sustainability progress to customers in store, online through social media platforms and customer care lines. Any sustainability-related customer queries are consolidated and feedback is provided to SPAR's Risk & Sustainability department. Following the release of nature-based documentaries, for example "SeaSpiracy", SPAR has addressed sustainable seafood queries through social media. SPAR also produces regular advertorials outlining the Group's sustainability and climate goals and targets in various magazines and newspapers, for example in the South African Business Day and the Green Economy Journal. The #RethinkTheBag campaign promotes bringing your own bag, buying SPAR paper bag, buying SPAR canvas bag, carrying groceries without a bag and only as a last resort buying a plastic bag.

Impact of engagement, including measures of success

SPAR regards a measure of success for engagement the levels of engagement achieved with SPAR's customers. Some of SPAR's posts on social media have received over 22 000 views. Currently, SPAR has not quantified how social media views translate to the % of customers that have been engaged, however, the Group plans to establish measures for this engagement in the near future.

Type of engagement

Collaboration & innovation

Details of engagement

Run a campaign to encourage innovation to reduce climate change impacts

% of customers by number

4

% of customer - related Scope 3 emissions as reported in C6.5

0

Portfolio coverage (total or outstanding)

<Not Applicable>

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

SPAR's independently owned stores are seen as customers of the Group. To drive resource efficiency actions and to mitigate the reputational risk of brand damage (More detailed information is included in Risk 8 of this response), where consumers and relevant authorities cannot distinguish between corporate-owned and independent stores, SPAR engages with independently owned retailers (customers of the SPAR Group) to assist them in reducing their carbon footprint. SPAR Group has rolled out of SMART energy metering to 106 SPAR stores. This engagement has been prioritised given that independent retailers are the 'face' of the SPAR Group that the public sees. Smart energy metering has been rolled out to 106 out of 2 414 stores in Southern Africa. The Group is currently in discussions on how it can provide better financial assistance to stores for smart energy meters and solar PV panels. SPAR stores engage with local communities to reduce waste and incentivise waste collection using SPAR vouchers or cashback. The Group promotes the adoption of water efficient practices and technologies among all SPAR stores. Some stores in the Eastern Cape region have rainwater collection tanks installed and boreholes drilled. The SPAR Group is considering smart water meters for SPAR stores, with the distribution centres being prioritised first.

Impact of engagement, including measures of success

SPAR measures the success of this engagement using achieved resource efficiency. Stores' SMART metering energy benchmark reports are monitored on a monthly basis where stores' energy consumption is anonymously benchmarked in terms of efficiency. Across 89 SPAR stores which have been using smart energy monitoring system for the past 24 months, electricity consumption has decreased by 2%, from 97 675 357 kWh in FY2018 to 96 150 433 kWh in FY2020.

C12.1d

(C12.1d) Give details of your climate-related engagement strategy with other partners in the value chain.

SPAR ensures that the Group’s climate-related engagements contribute towards the achievement of the Group’s strategic outcomes and support the Group’s commitments of “Climate resilient Group” and “Carbon neutrality by 2050”. Management of climate change risks and climate issues is an important aspect in SPAR’s sustainability journey. SPAR’s Sustainability Commitment “My SPAR, Our Tomorrow” provides further guidance on climate, energy, water, waste and emissions reductions strategic actions and hence influence SPAR’s climate-related engagements.

The Group ensures that all engagements around climate and climate resilience are aligned with the above mentioned climate change and sustainability commitments and their respective strategic actions. SPAR considers other partners in the value chain to be local communities, regulators, policy makers, industry bodies and non-governmental organisations as engagements with these stakeholders drive management of climate risks and issues and assist SPAR with identification of new climate opportunities.

SPAR promotes climate resilience through restoration of ecosystems and ecosystem services among local communities. SPAR’s Eastern Cape distribution centre is a major stakeholder in the Bluewater Bay catchment, and a member of the community that uses water in the catchment. As a member of the community that uses that natural resources in the surrounding environment SPAR invests in rehabilitating the local environment of the Zwartkops River and assists with the removal of plastics and other rubbish from the river through awareness campaigns and donations.

SPAR further engages with regulators, local municipalities as well as industry associations around sustainability and climate change issues. SPAR has started discussions with City of eThekweni and City of Cape Town municipalities through various forums such as the Durban Chamber of Commerce and the National Business Initiative (NBI) on how to assist municipalities in meeting their plans towards carbon neutrality as well as climate and water resilience. The SPAR Group as a founding member of the Plastics Pact, developed by the WWF-SA, which is a platform to collaborate address issues of plastic waste and pollution.

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
- Funding research organizations
- 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 has started discussions with City of eThekweni and City of Cape Town municipalities through various forums such as the Durban Chamber of Commerce and the National Business Initiative (NBI) on how to assist municipalities in meeting their plans towards carbon neutrality as well as climate and water resilience. SPAR’s Western Cape distribution centre has engaged in the past with the City of Cape Town municipality, local industry and businesses around water security and protection of the Table Mountain Ground Water Aquifer and surrounding wetlands.	At this stage SPAR has not proposed any legislative solutions towards municipal carbon neutrality plans or climate and water resilience. The Group instead provides input into discussions around those matters.
Adaptation or resilience	Support	The SPAR Group’s stakeholder focus was driven by a strategy for increased local sourcing from emerging smallholder farmers. This programme includes assisting such farmers in achieving sustainable farming practices. SPAR has engaged with the Department of Environment, Fisheries and Forestry (DEFF) and the Department of Agriculture, Land Reform and Rural Development (DALRRD) to share knowledge and gain support for the programme, which can assist in wider adaptation resilience in South African agriculture. SPAR has engaged with the DEFF through regular visits to farms for information sharing sessions.	SPAR in conjunction with the GLOBALG.A.P has developed the localg.a.p assessment. The current standard for farmers supplying to retailers is the GLOBALG.A.P, yet it was found that it is an incredibly high standard and costly for local farmers and therefore, was hindering small scale farmers from entering the market. SPAR recognised that the GLOBALG.A.P standard was developed by European countries and therefore, did not sufficiently accommodate small scale farmers in South Africa. As a result, a local standard was developed so that it could be adopted as a steppingstone towards gaining the GLOBALG.A.P certification. Many scale farmers upon training on the localg.a.p. implementation have now progressed and obtained the GlobalG.A.P Certification.

C12.3b

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

Yes

C12.3c

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

Trade association

Consumer Goods Council of South Africa (CGCSA)

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

The CGCSA engages with government and policy makers on all issues relating to the industry, one of which is climate change. The CGCSA supports systems, processes and principles that will enable trade to be better, faster, more efficient and environmentally friendly. The CGCSA has engaged with its members that include large industry stakeholders in South Africa, around the adoption of the Sustainable Development Goals (SDGs). Industry meets regularly to discuss the SDGs and create action plans to help the industry to adopt the SDGs. The CGCSA facilitates such workshops and gets industry expertise to advise and guide members on how best to implement sustainable business practises. Other examples include water efficiency within businesses, particularly during the drought experienced in the Western Cape province, when a number of key stakeholders including government, retailers, suppliers and water experts presented cases studies on how to reduce water usage. Other topics include the Amendment to the National Waste Act as well as responsible packaging workshops and climate actions plans, including integration and reporting under the Carbon Tax.

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

One of the SPAR Group's Executive is on the board of the CGCSA. Through the CGCSA, SPAR advocates for sustainable business practices in the retail sector through increased efficiencies (water and energy), reduced waste and reduced emissions.

Trade association

National Business Initiative (NBI)

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

The NBI engages with the government on climate change regulation and policy, voicing the comments and concerns of its business members and assisting the government with the transition to a low carbon economy. The NBI links business practises with national and global goals and objectives/commitments. The NBI bridges the gap between the government and industry by representing both parties. Issues that have been undertaken by the NBI in the last financial year was identifying the Sustainable Development Goals (SDGs) that South Africa needs to focus on in order to meet commitments and creating a space for industry to understand how to conducts business while contributing towards national goals.

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

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

C12.3d

(C12.3d) Do you publicly disclose a list of all research organizations that you fund?

No

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 environmental impacts from fishing and aquaculture activities on marine ecosystems. Retailers and wholesalers which are major role players in the South African seafood industry can help drive positive change in fisheries by supporting sustainable seafood choices from responsibly managed sources and creating market-driven incentives. SPAR aims to ensure that all its seafood is responsibly procured and supports sustainable fisheries and aquaculture operations.

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

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

The SPAR Group also engages with small scale fishers in South Africa and provide them with an opportunity to trade independently in SPAR's stores. Furthermore, SPAR trains small scale fishers on sustainable fishing.

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.

SPAR ensures that the Group's climate-related engagements contribute towards the achievement of the Group's strategic outcomes and support the Group's commitments of "Climate resilient Group" and "Carbon neutrality by 2050". SPAR's Sustainability Commitment "My SPAR, Our Tomorrow" provides further guidance on climate, energy, water, waste and emissions reductions strategic actions and hence influence SPAR's climate-related engagements.

C12.4

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

Publication

In mainstream reports

Status

Complete

Attach the document

SPAR_IAR_2020_Final.pdf

Page/Section reference

20-21, 42-50, 55-57, 94-96, 120-123.

Content elements

Governance
Strategy
Risks & opportunities

Comment

Publication

In voluntary sustainability report

Status

Complete

Attach the document

SPAR_Environmental_and_social_supplementary_report_2020_Final.pdf

Page/Section reference

1-36.

Content elements

Governance
Strategy
Risks & opportunities
Emissions figures
Emission targets
Other metrics

Comment

Publication

In voluntary communications

Status

Complete

Attach the document

61106 SPAR Sustainability Advert_03_AW[2].pdf

Page/Section reference

1

Content elements

Strategy
Emissions figures
Other metrics
Other, please specify (Sustainability Initiatives)

Comment

A voluntary communication in the Green Economy Journal.

Publication

In voluntary communications

Status

Complete

Attach the document

60730_spar_green_eco_ad_cr.pdf

Page/Section reference

1

Content elements

Strategy
Emissions figures
Other metrics
Other, please specify (Sustainability Initiatives)

Comment

A voluntary communication in the Green Economy Journal.

C15. 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.

C15.1

(C15.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Group Sustainability and Risk Executive	Chief Sustainability Officer (CSO)

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

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

Please confirm below

I have read and accept the applicable Terms