

F0. Introduction

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F0.1

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**(F0.1) Give a general description of and introduction to your organization.**

The SPAR Group Ltd (hereafter referred to as "SPAR" or "the Group") is a warehousing and distribution business listed on the Johannesburg Stock Exchange (JSE) in the food and drug retail sector. Through its voluntary trading model, it services a variety of store formats that are independently and corporately owned. SPAR develops products and concepts as part of its independent retailer support offering. These in-house developed products and concepts are called house brands, showcasing SPAR's innovation and quality at competitive prices. SPAR-branded products are included within in-house brands. These are the products that compete with proprietary brands on shelf. 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 Group held the following country licences in 2022: Botswana, Mozambique, Namibia, South Africa, South West England, Ireland, Poland, Switzerland and Sri Lanka.

The Group is a member of SPAR International which granted SPAR its South African licence in 1963. The Group, headquartered in Durban, South Africa, has 15 Distribution Centres (DCs) based in 4 countries that serve 4 500 retail stores through 15 store formats.

Of our turnover, 35% is generated in foreign currency. SPAR Head Office is based in Pinetown, Durban, South Africa and provides centralised services to the distribution centres throughout South Africa. SPAR in Ireland, Switzerland and Poland operate as standalone businesses and report through their own governance structures to the SPAR Board.

SPAR Southern 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.

We have a total of 2509 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.

This CDP report focuses on Southern African operations only.

Note: throughout the report, the term "distribution centres" is often abbreviated to DCs.

F0.2

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**(F0.2) State the start and end date of the year for which you are reporting data.**

	Start Date	End Date
Reporting year	October 1 2021	September 30 2022

F0.3

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**(F0.3) Select the currency used for all financial information disclosed throughout your response.**

ZAR

F0.4

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(F0.4) Select the forest risk commodity(ies) that you are, or are not, disclosing on (including any that are sources for your processed ingredients or manufactured goods); and for each select the stages of the supply chain that best represents your organization's area of operation.

#### Timber products

##### Commodity disclosure

Disclosing

##### Stage of the value chain

Retailing

##### Are you disclosing information on embedded commodities?

No, because we have no embedded commodities

##### Explanation if not disclosing

<Not Applicable>

#### Palm oil

##### Commodity disclosure

Disclosing

##### Stage of the value chain

Retailing

##### Are you disclosing information on embedded commodities?

Yes

##### Explanation if not disclosing

<Not Applicable>

#### Cattle products

##### Commodity disclosure

Disclosing

##### Stage of the value chain

Retailing

##### Are you disclosing information on embedded commodities?

No, because we have no embedded commodities

##### Explanation if not disclosing

<Not Applicable>

#### Soy

##### Commodity disclosure

Not disclosing

##### Stage of the value chain

Retailing

##### Are you disclosing information on embedded commodities?

<Not Applicable>

##### Explanation if not disclosing

After conducting a thorough analysis of soy usage within SPAR's supply chain, the Group has discovered that soy is not extensively utilized in cattle feed. SPAR's primary beef supplier sources only a minimal amount of soy, and this soy is locally grown in South Africa. Additionally, a review of soy content in our frozen foods concluded that it is negligible. As a result, SPAR does not have any significant business impact on this commodity and, therefore, is not required to disclose information regarding soy usage.

#### Other - Rubber

##### Commodity disclosure

This commodity is not produced, sourced or used by our organization

##### Stage of the value chain

<Not Applicable>

##### Are you disclosing information on embedded commodities?

<Not Applicable>

##### Explanation if not disclosing

<Not Applicable>

#### Other - Cocoa

##### Commodity disclosure

Not disclosing

##### Stage of the value chain

Retailing

##### Are you disclosing information on embedded commodities?

<Not Applicable>

##### Explanation if not disclosing

SPAR has no direct business impact as minimal amount of cocoa is included in SPAR branded products. The SPAR Group only sells SPAR Brand hot chocolate items.

**Other - Coffee**

**Commodity disclosure**

Disclosing

**Stage of the value chain**

Retailing

**Are you disclosing information on embedded commodities?**

No, because we have no embedded commodities

**Explanation if not disclosing**

<Not Applicable>

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F0.5

**(F0.5) Select the option that describes the reporting boundary for which forests-related impacts on your business are being reported**

Operational control

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F0.6

**(F0.6) Select the countries/areas in which you operate.**

Botswana  
Ireland  
Mozambique  
Namibia  
Poland  
South Africa  
Sri Lanka  
Switzerland  
United Kingdom of Great Britain and Northern Ireland

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F0.7

**(F0.7) Are there any parts of your direct operations or supply chain that are not included in your disclosure?**

Yes

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F0.7a

**(F0.7a) Identify the parts of your direct operations or supply chain that are not included in your disclosure.**

**Forest risk commodity**

Timber products

**Value chain stage**

Direct operations

**Exclusion**

Country/ geographical area

**Description of exclusion**

For timber products wood and wood products, only wood/wood products which are procured and sold through SPAR's Build it distribution centre in South Africa are considered. Disclosure on timber used in packaging is confined to the Southern African region.

**% of volume excluded**

100%

**Potential for forests-related risk**

Potential for forests-related risk but not evaluated

**Please explain**

The scope of the SPAR Group's disclosure is limited to the Group's operations within South Africa because SPAR's operations are predominantly located in South Africa. The SPAR Group aims to focus efforts around understanding of forest-related risks for products that are only procured through the Group's distribution centres located in South Africa.

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**Forest risk commodity**

Timber products

**Value chain stage**

Direct operations

**Exclusion**

Facility

**Description of exclusion**

For timber products, specifically, wood and wood products, only wood/wood products which are procured through SPAR's Build it distribution centre are considered.

**% of volume excluded**

100%

**Potential for forests-related risk**

Potential for forests-related risk but not evaluated

**Please explain**

The Group's efforts are focused towards evaluating forest-related risks on timber products, specifically, in relation to wood and wood products, procured through SPAR's Build it distribution centre.

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**Forest risk commodity**

Palm oil

**Value chain stage**

Supply chain

**Exclusion**

Specific product line(s)

**Description of exclusion**

For palm oil only SPAR branded products (sold in Southern Africa) are considered while products owned and branded by third parties are excluded.

**% of volume excluded**

71-80%

**Potential for forests-related risk**

Potential for forests-related risk but not evaluated

**Please explain**

The Group's efforts are focused towards evaluating forest-related risks on products where the Group has the most leverage in the supply chain, i.e. among suppliers who supply SPAR branded forest-products.

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**Forest risk commodity**

Other – Coffee

**Value chain stage**

Supply chain

**Exclusion**

Specific product line(s)

**Description of exclusion**

For coffee only SPAR branded products including coffee beans and espresso capsules sold and used at SPAR's Bean Tree Café (sold in Southern Africa) are considered while products owned and branded by third parties are excluded.

**% of volume excluded**

71-80%

**Potential for forests-related risk**

Potential for forests-related risk but not evaluated

**Please explain**

The Group's efforts are focused towards evaluating forest-related risks on products where the Group has the most leverage in the supply chain, i.e. among suppliers who supply SPAR branded forest-products.

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**Forest risk commodity**

Cattle products

**Value chain stage**

Supply chain

**Exclusion**

Specific product line(s)

**Description of exclusion**

For cattle only SPAR branded products (sold in Southern Africa) are considered while products owned and branded by third parties are excluded.

**% of volume excluded**

71-80%

**Potential for forests-related risk**

Potential for forests-related risk but not evaluated

**Please explain**

The Group's efforts are focused towards evaluating forest-related risks on products where the Group has the most leverage in the supply chain, i.e. among suppliers who supply SPAR branded forest-products.

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**Forest risk commodity**

Timber products

**Value chain stage**

Supply chain

**Exclusion**

Specific product line(s)

**Description of exclusion**

For timber commodity used in packaging, only packaging of SPAR branded products (sold in Southern Africa) are considered.

**% of volume excluded**

100%

**Potential for forests-related risk**

Potential for forests-related risk but not evaluated

**Please explain**

The Group's efforts are focused towards evaluating forest-related risks on products where the Group has the most leverage in the supply chain, i.e. among suppliers who supply SPAR branded forest-products.

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**Forest risk commodity**

Palm oil

**Value chain stage**

Direct operations

**Exclusion**

Country/ geographical area

**Description of exclusion**

For palm oil only SPAR branded products sold in Southern Africa are considered while products owned and branded by third parties are excluded, including those sold in our other countries of operation.

**% of volume excluded**

100%

**Potential for forests-related risk**

Potential for forests-related risk but not evaluated

**Please explain**

The scope of the SPAR Group's disclosure is limited to the Group's operations within Southern Africa because SPAR's operations are predominantly located in Southern Africa. The SPAR Group aims to focus efforts around understanding of forest-related risks for products that are only procured through the Group's distribution centres located in Southern Africa.

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**Forest risk commodity**

Cattle products

**Value chain stage**

Direct operations

**Exclusion**

Country/ geographical area

**Description of exclusion**

For cattle only SPAR branded products sold in Southern Africa are considered while products owned and branded by third parties are excluded, including those sold in our other countries of operation.

**% of volume excluded**

100%

**Potential for forests-related risk**

Potential for forests-related risk but not evaluated

**Please explain**

The scope of the SPAR Group's disclosure is limited to the Group's operations within Southern Africa because SPAR's operations are predominantly located in Southern Africa. The SPAR Group aims to focus efforts around understanding of forest-related risks for products that are only procured through the Group's distribution centres, located in Southern Africa.

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**Forest risk commodity**

Other – Coffee

**Value chain stage**

Direct operations

**Exclusion**

Please select

**Description of exclusion**

For coffee only SPAR branded products including coffee beans and espresso capsules sold and used at SPAR's Bean Tree Café (sold in Southern Africa) are considered while products owned and branded by third parties are excluded, including those sold in our other countries of operation.

**% of volume excluded**

100%

**Potential for forests-related risk**

Potential for forests-related risk but not evaluated

**Please explain**

The scope of the SPAR Group's disclosure is limited to the Group's operations within Southern Africa because SPAR's operations are predominantly located in Southern Africa. The SPAR Group aims to focus efforts around understanding of forest-related risks for products that are only procured through the Group's distribution centres, located in Southern Africa.

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**(F0.8) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.?)**

Indicate whether you are able to provide a unique identifier for your organization	Provide your unique identifier
Yes, an ISIN code	ZAE000058517
Yes, a Ticker Symbol	SPP

**F1. Current state**

**F1.1**

**(F1.1) How does your organization produce, use or sell your disclosed commodity(ies)?**

**Timber products**

**Activity**

Retailing/onward sale of commodity or product containing commodity

**Form of commodity**

- Hardwood logs
- Softwood logs
- Boards, plywood, engineered wood
- Primary packaging
- Secondary packaging
- Tertiary packaging

**Source**

Contracted suppliers (manufacturers)

**Country/Area of origin**

- South Africa
- Unknown origin

**% of procurement spend**

Don't know

**Comment**

SPAR sells timber commodity in the form of timber products such as doors, boards as well as wood products (softwood and hardwood logs). Timber commodity is also used in primary packaging (cartons used in packaging of SPAR brand products), secondary packaging (SPAR paper bags) and tertiary packaging (SPAR cardboard boxes).

100% of timber sold is sourced from South Africa, and mainly sells these through the Build it distribution centre. For board products, 60% is locally manufactured and the remaining 40% is imported from Brazil and China, with a small percentage from Europe. 100% of plywood is imported from Brazil. The majority of wood products, specifically hardwood doors, are manufactured in South Africa (70%), with the lumber for these doors sourced from Malaysia. 30% of hardwood doors, in their final form, are imported directly from Malaysia. We are currently unsure of where the timber for imported lumber (e.g. hardwood doors) are harvested or reared. This represents a traceability issue which has been given priority to be addressed within the next two years. Timber is sold through SPAR's Build it distribution centre, and this year, 20% of total Build it distribution centre's expenditure was spent on timber products.

Paper for SPAR paper bags and cartons is imported from international mills located in Sweden and manufactured into the SPAR paper bag locally. SPAR cardboard boxes are made locally from recycled paper and board.

**Palm oil**

**Activity**

Retailing/onward sale of commodity or product containing commodity

**Form of commodity**

Refined palm oil

**Source**

Contracted suppliers (manufacturers)

**Country/Area of origin**

Indonesia

**% of procurement spend**

Don't know

**Comment**

SPAR sells refined palm oil through SPAR brand SmartChef range, this is included as an ingredient in cooking and baking of SPAR products in-store. The Group has identified that palm oil is currently used in 65 products, including inter alia SPAR margarine brick, oven baked chips, crumbed chicken portions, mini cheese and custard puffs, sausage rolls, frozen uncooked crumbed chips, peanut butter and SmartChef palm oil. An initial supply chain mapping exercise completed during FY2021 revealed that all palm oil used in SPAR branded products originates in Indonesia, and of these product lines eight are Roundtable on Sustainable Palm Oil (RSPO) certified.

## Cattle products

### Activity

Retailing/onward sale of commodity or product containing commodity

### Form of commodity

Beef

### Source

Contracted suppliers (manufacturers)

### Country/Area of origin

South Africa

### % of procurement spend

Not applicable

### Comment

Cattle products are retailed in SPAR brand products through SPAR pre-packed beef products. This year, 100% of beef is sourced from South Africa. It should be noted that soy is not considered a materially embedded product in SPAR's beef supply chain. It appears that the supplier predominantly relies on substitutes, such as Sunflower Oil Cake (SFOC) and Canola Oil Cake (COC), instead of heavily depending on soy.

## Other - Coffee

### Activity

Retailing/onward sale of commodity or product containing commodity

### Form of commodity

Other, please specify (Coffee beans, ground coffee and pre-ground coffee capsules)

### Source

Contracted suppliers (manufacturers)

### Country/Area of origin

Brazil  
Colombia  
Costa Rica  
El Salvador  
Ethiopia  
Guatemala  
Honduras  
India  
Indonesia  
Kenya  
Mexico  
Nicaragua  
Papua New Guinea  
Peru  
Uganda  
United Republic of Tanzania  
Viet Nam

### % of procurement spend

Don't know

### Comment

SPAR brand coffee includes coffee beans and ground coffee and is sold through SPAR stores. SPAR's BeanTree Café outlets sell coffee, which is procured in the form of espresso beans and capsules.

SPAR sources coffee products from countries located in Africa, South America and Asia. SPAR house brand coffee originates from the Cerrado region (Brazil), Sidamo region (Ethiopia), North Tanzania, Supremo Huila (Colombia), Huehuetenango (Guatemala) and Mandeling (Indonesia). Espresso beans and coffee capsules procured for Beantree Café are sourced from various regions across the world, including Central America (Mexico, Guatemala, Honduras, El Salvador, Nicaragua, Costa Rica), South America (Brazil, Colombia, Peru), Africa (Tanzania, Kenya, Uganda, Ethiopia) and Asia (India, Vietnam, Indonesia, Papua New Guinea).

## F1.2

**(F1.2) Indicate the percentage of your organization's revenue that was dependent on your disclosed forest risk commodity(ies) in the reporting year.**

	% of revenue dependent on commodity	Comment
Timber products	11-20%	Timber products constitute 20% of total SPAR Build it distribution centre's sales.
Palm oil	6-10%	Products containing palm oil constitute 7% of SPAR branded sales.
Cattle products	11-20%	Beef makes up 11% of all SPAR branded sales.
Soy	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>
Other - Coffee	<1%	0.47% of revenue is dependent on SPAR branded coffee and Bean Tree Café sales.

## F1.5

**(F1.5) Does your organization collect production and/or consumption data for your disclosed commodity(ies)?**

	Data availability/Disclosure
Timber products	Consumption data available, disclosing
Palm oil	Consumption data available, disclosing
Cattle products	Consumption data available, disclosing
Soy	<Not Applicable>
Other - Rubber	<Not Applicable>
Other - Cocoa	<Not Applicable>
Other - Coffee	Consumption data available, disclosing

**F1.5a**

**(F1.5a) Disclose your production and/or consumption figure, and the percentage of commodity volumes verified as deforestation- and/or conversion-free.**

**Forest risk commodity**

Timber products

**Data type**

Consumption data

**Commodity production/ consumption volume**

233333

**Metric for commodity production/ consumption volume**

Cubic meters

**Data coverage**

Full commodity production/consumption

**Have any of your reported commodity volumes been verified as deforestation- and/or conversion-free?**

No, but we are planning to verify volumes as deforestation- and/or conversion-free in the next two years

**% of reported volume verified as deforestation- and/or conversion-free**

<Not Applicable>

**Please explain**

Consumption data covers 100% wood and lumber sold through SPAR's Build it distribution centre. During the current year, 9 262 003 units of cartons for SPAR branded products, 5 598 999 units of SPAR paper bags and 5 482 456 packaging boxes were sold, however, the total consumption volume of these units is unknown, and therefore, this year consumption data includes only wood and lumber sold through SPAR's Build it distribution centre. SPAR anticipates reporting the consumption data pertaining to timber used in packaging in the next two years.

**Forest risk commodity**

Palm oil

**Data type**

Consumption data

**Commodity production/ consumption volume**

2739.68

**Metric for commodity production/ consumption volume**

Metric tons

**Data coverage**

Full commodity production/consumption

**Have any of your reported commodity volumes been verified as deforestation- and/or conversion-free?**

No, but we are planning to verify volumes as deforestation- and/or conversion-free in the next two years

**% of reported volume verified as deforestation- and/or conversion-free**

<Not Applicable>

**Please explain**

2739.68 metric tons (2739680 kilograms) amounts to the total volume palm oil used in SPAR branded products.

**Forest risk commodity**

Cattle products

**Data type**

Consumption data

**Commodity production/ consumption volume**

6453.78

**Metric for commodity production/ consumption volume**

Metric tons

**Data coverage**

Full commodity production/consumption

**Have any of your reported commodity volumes been verified as deforestation- and/or conversion-free?**

No, but we are planning to verify volumes as deforestation- and/or conversion-free in the next two years



**% of reported volume verified as deforestation- and/or conversion-free**

<Not Applicable>

**Please explain**

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**Forest risk commodity**

Other - Coffee

**Data type**

Consumption data

**Commodity production/ consumption volume**

115.3

**Metric for commodity production/ consumption volume**

Metric tons

**Data coverage**

Full commodity production/consumption

**Have any of your reported commodity volumes been verified as deforestation- and/or conversion-free?**

No, but we are planning to verify volumes as deforestation- and/or conversion-free in the next two years

**% of reported volume verified as deforestation- and/or conversion-free**

<Not Applicable>

**Please explain**

This year, 28.23 metric tonnes (28 220 kilograms) of coffee products were consumed in SPAR's Bean Tree Café outlets. Additionally, 87.08 metric tonnes (87 081 kg) of SPAR brand coffee were sold.

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**F1.5c**

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**(F1.5c) For your disclosed commodity(ies), indicate the percentage of the production/consumption volume sourced by national and/or sub-national jurisdiction of origin.**

**Forest risk commodity**

Timber products

**Country/Area of origin**

Any other countries/areas

**State or equivalent jurisdiction**

<Not Applicable>

**% of total production/consumption volume**

100

**Please explain**

100% of all timber sold through Build it distribution centre is sourced from South Africa and is Forest Stewardship (FSC) certified. The FSC certification includes a traceability system, where SPAR can trace timber products down to a certified plantation level in South Africa.

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**Forest risk commodity**

Palm oil

**Country/Area of origin**

Indonesia

**State or equivalent jurisdiction**

Don't know

**% of total production/consumption volume**

100

**Please explain**

A partial supply chain mapping exercise has allowed SPAR to trace Indonesia as the country of origin for 100% its palm oil. However, the complexity of the SPAR's supply chain for palm oil has meant that at this point the SPAR Group does not have information on palm oil consumption levels that are sourced from the various jurisdictions within Indonesia.

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**Forest risk commodity**

Cattle products

**Country/Area of origin**

Any other countries/areas

**State or equivalent jurisdiction**

<Not Applicable>

**% of total production/consumption volume**

100

**Please explain**

All SPAR beef products are sourced from South Africa. All beef products that SPAR procures are certified under the ISO 22000 Scheme for Food Safety Management Systems, which has an auditable chain of custody, enabling SPAR to trace beef products from farm to fork.

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**Forest risk commodity**

Other - Coffee

**Country/Area of origin**

Unknown origin

**State or equivalent jurisdiction**

<Not Applicable>

**% of total production/consumption volume**

100

**Please explain**

Coffee that is sold in SPAR stores under SPAR brand and through SPAR BeanTree Café outlets is sourced from a range of forest-risk countries, including Brazil, Colombia, Costa Rica, El Salvador, Ethiopia, Guatemala, Honduras, India, Indonesia, Kenya, Mexico, Nicaragua, Papua New Guinea, Peru, Uganda and Vietnam. SPAR procures certified coffee, which offers traceability to a country and a coffee plantation level, however, due to complexity of SPAR's coffee supply chain, at this point the SPAR Group does not have information on coffee consumption levels that are sourced from individual countries or their jurisdictions (states).

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**F1.5f**

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**(F1.5f) How does your organization produce or consume biofuel derived from palm oil?**

**Does your organization produce or consume biofuel derived from palm oil?**

No

**Data type**

<Not Applicable>

**Volume produced/consumed**

<Not Applicable>

**Metric**

<Not Applicable>

**Country/Area of origin**

<Not Applicable>

**State or equivalent jurisdiction**

<Not Applicable>

**% of total production/consumption volume**

<Not Applicable>

**Does the source of your organization's biofuel material come from smallholders?**

<Not Applicable>

**Comment**

SPAR does not produce or consume biofuel derived from palm oil. Palm oil is included in cooking and baking of SPAR products in-store as well as sold through SPAR branded products range.

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**F1.6**

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**(F1.6) Has your organization experienced any detrimental forests-related impacts?**

No

**F1.7**

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**(F1.7) Indicate whether you have assessed the deforestation or conversion footprint for your disclosed commodities over the past 5 years, or since a specified cutoff date, and provide details.**

**Forest risk commodity**

Timber products

**Have you monitored or estimated your deforestation/conversion footprint?**

No, but we plan to monitor or estimate our deforestation/conversion footprint in the next two years

**Coverage**

<Not Applicable>

**Reporting deforestation/conversion since a specified cutoff date or during the last five years?**

<Not Applicable>

**Known or estimated deforestation/ conversion footprint (hectares)**

<Not Applicable>

**Describe methods and data sources used to monitor or estimate deforestation/ conversion footprint**

<Not Applicable>

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**Forest risk commodity**

Palm oil

**Have you monitored or estimated your deforestation/conversion footprint?**

No, but we plan to monitor or estimate our deforestation/conversion footprint in the next two years

**Coverage**

<Not Applicable>

**Reporting deforestation/conversion since a specified cutoff date or during the last five years?**

<Not Applicable>

**Known or estimated deforestation/ conversion footprint (hectares)**

<Not Applicable>

**Describe methods and data sources used to monitor or estimate deforestation/ conversion footprint**

<Not Applicable>

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**Forest risk commodity**

Cattle products

**Have you monitored or estimated your deforestation/conversion footprint?**

No, but we plan to monitor or estimate our deforestation/conversion footprint in the next two years

**Coverage**

<Not Applicable>

**Reporting deforestation/conversion since a specified cutoff date or during the last five years?**

<Not Applicable>

**Known or estimated deforestation/ conversion footprint (hectares)**

<Not Applicable>

**Describe methods and data sources used to monitor or estimate deforestation/ conversion footprint**

<Not Applicable>

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**Forest risk commodity**

Other - Coffee

**Have you monitored or estimated your deforestation/conversion footprint?**

No, but we plan to monitor or estimate our deforestation/conversion footprint in the next two years

**Coverage**

<Not Applicable>

**Reporting deforestation/conversion since a specified cutoff date or during the last five years?**

<Not Applicable>

**Known or estimated deforestation/ conversion footprint (hectares)**

<Not Applicable>

**Describe methods and data sources used to monitor or estimate deforestation/ conversion footprint**

<Not Applicable>

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## F2. Procedures

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### F2.1

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**(F2.1) Does your organization undertake a forests-related risk assessment?**

No, forests-related risks are not assessed

## F2.1b

### (F2.1b) Why does your organization not undertake a forests-related risk assessment?

#### Timber products

##### Primary reason

We are planning to introduce a risk assessment process in the next two years

##### Please explain

The SPAR Group currently is considering stand-alone forest risks, but they are not part of enterprise-wide forest-related risk assessments. The SPAR's Sustainability Policy (publicly available) and Group Sustainable Procurement Policy (currently not publicly available), which guides the Group's strategy and risk management process serves to drive the incorporation of forest-related risk assessments into the Group's risk identification and management process.

#### Palm oil

##### Primary reason

We are planning to introduce a risk assessment process in the next two years

##### Please explain

The SPAR Group currently is considering stand-alone forest risks, but they are not part of enterprise-wide forest-related risk assessments. The SPAR's Sustainability Policy (publicly available) and Group Sustainable Procurement Policy (currently not publicly available), which guides the Group's strategy and risk management process serves to drive the incorporation of forest-related risk assessments into the Group's risk identification and management process.

#### Cattle products

##### Primary reason

We are planning to introduce a risk assessment process in the next two years

##### Please explain

The SPAR Group currently is considering stand-alone forest risks, but they are not part of enterprise-wide forest-related risk assessments. The SPAR's Sustainability Policy (publicly available) and Group Sustainable Procurement Policy (currently not publicly available), which guides the Group's strategy and risk management process serves to drive the incorporation of forest-related risk assessments into the Group's risk identification and management process.

#### Other - Coffee

##### Primary reason

Forests-related risk assessment in progress

##### Please explain

The SPAR Group currently is considering stand-alone forest risks, but they are not part of enterprise-wide forest-related risk assessments. The SPAR's Sustainability Policy (publicly available) and Group Sustainable Procurement Policy (currently not publicly available), which guides the Group's strategy and risk management process serves to drive the incorporation of forest-related risk assessments into the Group's risk identification and management process.

## F2.2

### (F2.2) For each of your disclosed commodity(ies), has your organization mapped its value chains?

	Value chain mapping	Primary reason for not mapping your value chain	Explain why your organization does not map its value chain and outline any plans to introduce it
Timber products	Yes, we have partially mapped the value chain	<Not Applicable>	<Not Applicable>
Palm oil	Yes, we have partially mapped the value chain	<Not Applicable>	<Not Applicable>
Cattle products	Yes, we have partially mapped the value chain	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Coffee	Yes, we have partially mapped the value chain	<Not Applicable>	<Not Applicable>

## F2.2a

**(F2.2a) Provide details of your organization’s value chain mapping for its disclosed commodity(ies).**

**Forest risk commodity**

Timber products

**Scope of value chain mapping**

Tier 1 suppliers

Tier 2 suppliers

**% of total suppliers covered within selected tier(s)**

100

**Description of mapping process and coverage**

SPAR has traced all SPAR branded forest commodity products down to tier 1 (i.e. major suppliers who we directly conduct business with) and tier 2 (i.e. timber processors/mills). All suppliers are required to conform with all the relevant government and SPAR’s compliance standards, such as SABS approved and FSC certified wood products. SPAR also conducts regular in-person visits to the supplier plants to ensure adherence to all processes.

**Your own production and primary processing sites: attach a list of facility names and locations (optional)**

**Your suppliers’ production and primary processing sites: attach a list of names and locations (optional)**

**Forest risk commodity**

Palm oil

**Scope of value chain mapping**

Tier 1 suppliers

**% of total suppliers covered within selected tier(s)**

100

**Description of mapping process and coverage**

SPAR has traced all SPAR branded forest commodity products down to tier 1 (i.e. major suppliers who we directly conduct business with) and are continuing investigations to trace all products down to a deeper level (i.e. raw material). All suppliers are required to fill out an annual questionnaire which covers the relevant compliance and standards. SPAR conducts regular in-person visits to the supplier plants to ensure adherence to all processes.

**Your own production and primary processing sites: attach a list of facility names and locations (optional)**

**Your suppliers’ production and primary processing sites: attach a list of names and locations (optional)**

**Forest risk commodity**

Cattle products

**Scope of value chain mapping**

Tier 1 suppliers

Tier 2 suppliers

**% of total suppliers covered within selected tier(s)**

100

**Description of mapping process and coverage**

SPAR’s beef supplier qualified as a supplier which covers two tiers. The supplier purchases calves from trusted local farms. The cattle are then reared and fattened on farms owned by the suppliers. The supplier also slaughters and processes the meat at their processing plant. All suppliers are required to fill out an annual questionnaire which covers the relevant compliance and standards. We accompany this with in-person interviews and site visits.

**Your own production and primary processing sites: attach a list of facility names and locations (optional)**

**Your suppliers’ production and primary processing sites: attach a list of names and locations (optional)**

**Forest risk commodity**

Other - Coffee

**Scope of value chain mapping**

Tier 1 suppliers

**% of total suppliers covered within selected tier(s)**

100

**Description of mapping process and coverage**

SPAR has traced all SPAR branded forest commodity products down to tier 1 (i.e. major suppliers who we directly conduct business with) and are continuing investigations to trace all products down to a deeper level (i.e. raw material). All suppliers are required to fill out an annual questionnaire which covers the relevant compliance and standards. We accompany this with in-person interviews and site visits.

**Your own production and primary processing sites: attach a list of facility names and locations (optional)**

**Your suppliers’ production and primary processing sites: attach a list of names and locations (optional)**

**F2.3**

**(F2.3) Do you use a classification system to determine risk of deforestation and/or conversion of other ecosystems for your sourcing areas, and if yes, what methodology is used, and what is the classification used for?**

	Use of a classification system to determine deforestation and/or conversion risk of sourcing areas	Methodology used for classifying levels of risk	Use of risk classification	Attachment indicating risk classification for each sourcing area (optional)
1	No, and we do not plan to in the next two years	<Not Applicable>	<Not Applicable>	<Not Applicable>

## F3. Risks and opportunities

### F3.1

#### (F3.1) Have you identified any inherent forests-related risks with the potential to have a substantive financial or strategic impact on your business?

	Risk identified?
Timber products	Yes
Palm oil	Yes
Cattle products	Yes
Soy	<Not Applicable>
Other - Rubber	<Not Applicable>
Other - Cocoa	<Not Applicable>
Other - Coffee	Yes

### F3.1a

#### (F3.1a) How does your organization define substantive financial or strategic impact on your business?

All identified strategic risks are included in the SPAR Group strategic risk register and risk rated and ranked according to impact categories, with each category having a distinct set of criteria to determine the severity of impact. Each risk is given a ranking on the risk register, based on likelihood and impact criteria. The severity of impact score ranges from (1) insignificant to (7) catastrophic, and the likelihood score ranges from (1) improbable to (6) certain. The Executive Committee make an individual assessment on the likelihood and impact of the risk, and the average score across all input determines the final risk rating. All risks are plotted on a risk matrix based on the likelihood and impact scores. A risk is considered to have a substantive strategic impact when the likelihood score is (4-6) and the impact score is (4-7). An environmental incident that would be considered catastrophic to the SPAR Group is an incident that causes disastrous environmental or societal Impact with long term effect (> 12 months) requiring major remediation. Will result in large scale prolonged class-action.

### F3.1b

#### (F3.1b) For your disclosed forest risk commodity(ies), provide details of risks identified with the potential to have a substantive financial or strategic impact on your business, and your response to those risks.

##### Forest risk commodity

Timber products

##### Type of risk

Chronic physical

##### Geographical scale

Country

##### Where in your value chain does the risk driver occur?

Supply chain

##### Primary risk driver

Increased severity of extreme weather events

##### Primary potential impact

Supply chain disruption

##### Company-specific description

The SPAR Group faces a significant risk regarding its timber products sold through the Build it distribution center. Since all the lumber is sourced from South Africa, the increasing frequency and severity of extreme weather events like droughts, floods, and forest fires pose a threat. The drop-shipment model of the business places more risk on the Build It value chain, particularly in terms of supply and logistics.

In recent years, SPAR has noticed a decline in the quantity and quality of wood grown for timber products, as well as a decline due to widespread droughts and forest fires. SPAR's primary timber supplier has already experienced weather-related impacts, including a forest fire in 2007 that damaged 15 hectares of forest in the Sabie area and a cost to York Timber of R103m (R78m of which was timber write-off). Through the TCFD process future climate-related risks to our primary supplier identified include increased fire risk; increased wind; decreased rainfall; damage to infrastructure due to extreme rainfall events; increased temperatures that can result in increased threat of Sirex beetle infestations.

In FY2022, the long term risk associated with extreme events and their implications for timber supply remains.

##### Timeframe

1-3 years

##### Magnitude of potential impact

Medium-high

##### Likelihood

More likely than not

##### Are you able to provide a potential financial impact figure?

Yes, an estimated range

**Potential financial impact (currency)**

<Not Applicable>

**Potential financial impact figure - minimum (currency)**

101380000

**Potential financial impact figure - maximum (currency)**

202760000

**Explanation of financial impact**

In FY2022, timber products constitute 20% of total SPAR Build it distribution centre's turnover of ZAR10 137.9 million (Timber Turnover = ZAR 2,027.58 million). Assuming a 5-10% loss of timber supply due to supply chain disruption as a result of extreme weather events this could result in a decrease of ZAR101.38 million to ZAR202.76 million.

**Primary response to risk**

Engagement with suppliers

**Description of response**

In FY2021, SPAR embarked on a scenario planning analysis in line with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. As part of this project, SPAR explored the climate change awareness, impacts and response to climate change of one of its key timber suppliers. Overall, this process showed that our supplier demonstrates a strong level of climate change awareness, having experienced climate impacts and made efforts to understand future climate impacts, and developed a response strategy. The supplier partnered with academic institutions and invested in specific responses, including silviculture practices to enhance the resilience and sustainability of timber forestry. Going forward, taking lessons learned and insights gained, this analysis will allow us to work more collaboratively with our other timber suppliers through awareness raising campaigns to develop their capacity and resilience to climate related extreme events.

Another response has been to diversify our supply base so that increased chronic events linked to climate change will not effect the broad basis of timber supply to SPAR because there is a diversified supplier base.

**Cost of response**

428356

**Explanation of cost of response**

This is a consulting fee pertaining to TCFD work conducted and supplier engagement efforts during the reporting year.

**Forest risk commodity**

Palm oil

**Type of risk**

Reputational and markets

**Geographical scale**

Country

**Where in your value chain does the risk driver occur?**

Supply chain

**Primary risk driver**

Uncertainty about product origin and/or legality

**Primary potential impact**

Brand damage

**Company-specific description**

As a commodity, palm oil is used extensively as a raw material in the food industry. SPAR is a food retailer, and the Group sells refined palm oil through its SPAR brand SmartChef range. Palm oil is also included as an ingredient in cooking and baking of SPAR products in-store. Palm oil production in tropical rainforest countries such as Indonesia or Malaysia is driving deforestation and concurrently is diminishing the world's carbon sinks. With increasing consumer awareness on the negative environmental and social impacts associated with palm oil production, SPAR accepts the responsibility that the Group has towards sustainable production and consumption of palm oil. The Group has identified the risk associated with brand damage that could be made to SPAR if unknowingly SPAR was supporting deforestation practices and consumers became aware of it.

**Timeframe**

>6 years

**Magnitude of potential impact**

Medium-high

**Likelihood**

Very likely

**Are you able to provide a potential financial impact figure?**

Yes, an estimated range

**Potential financial impact (currency)**

<Not Applicable>

**Potential financial impact figure - minimum (currency)**

84563318

**Potential financial impact figure - maximum (currency)**

85426209

**Explanation of financial impact**

The Group estimates that failure to respond to changing consumer preferences and reputational risk associated with limited traceability on palm oil commodity could lead to a decrease in revenue. It estimated that 1–2% decrease in SPAR Southern Africa FY2022 revenue of ZAR86289.1 million would be at ZAR85,426,209 million - ZAR84,563,318m.

**Primary response to risk**

Greater traceability of forest-risk commodities



**Description of response**

The SPAR Group recognises that palm oil has long and complex supply chain with difficulties in tracing palm oil products back to the exact origin. SPAR acknowledges the need for better understanding how this commodity is used in SPAR products as often it is only second- or even third-tier of suppliers that would be able to provide information on palm oil. The SPAR Group is expanding capacity to ensure that SPAR can improve traceability of its branded products that contain palm oil. FY2022, SPAR group became a member of RSPO. Through this membership we anticipate transitioning toward being able to procure exclusively RSPO-certified palm oil for our house brand products. This would enable SPAR to have access to comprehensive information for the traceability of palm oil.

Presently, supply chain mapping currently extends only to SPAR Brand products procured from its tier one supplier. The Group has identified that palm oil is currently used in 55 private label products, of which eight are RSPO certified. The Group is working with their suppliers to transition to sustainably sourced and/or RSPO certified palm oil. SPAR is also driving actions to promote sustainable procurement of palm oil at a local level among other South African retailers through discussions in the Sustainable Retailers Forum, which SPAR is a member of.

**Cost of response**

238494

**Explanation of cost of response**

The cost of this response includes the RSPO membership and the cost of 2 internal staff resources dedicated addressing this risk.

**Forest risk commodity**

Cattle products

**Type of risk**

Acute physical

**Geographical scale**

Country

**Where in your value chain does the risk driver occur?**

Supply chain

**Primary risk driver**

Drought

**Primary potential impact**

Supply chain disruption

**Company-specific description**

Drought and associated reduced water availability is a risk to the SPAR Group. Climate change projections for South Africa, which is a water scarce country, suggest that more frequent and intense drought events would occur in future. SPAR procures 100% of beef from South Africa, mainly from inland regions, located in the Free State, Northern Cape and North West provinces. Climate change projections for South Africa, which is a water scarce country, suggest that more frequent and intense drought events will recur. SPAR uses the WWF Water Risk Filter to establish risk exposure to drought in different provinces in South Africa, using the water scarcity indicator. The Free State, Northern Cape and North West provinces have been identified as areas at high risk, and Northern Cape medium risk, for water scarcity. The supply of feed for beef in South Africa is dependent on the previous year's harvest. Consequently, drought conditions can significantly affect beef suppliers in the country by reducing the availability of feed. This, in turn, can lead to an increase in the price of feed, ultimately resulting in higher prices for calves. The agricultural industry operates as price takers, making it vulnerable to external factors that influence the cost of their products.

**Timeframe**

4-6 years

**Magnitude of potential impact**

Medium-high

**Likelihood**

Very likely

**Are you able to provide a potential financial impact figure?**

Yes, an estimated range

**Potential financial impact (currency)**

<Not Applicable>

**Potential financial impact figure - minimum (currency)**

28050000

**Potential financial impact figure - maximum (currency)**

56100000

**Explanation of financial impact**

Beef makes up 11% of all SPAR branded sales of ZAR 5.1 Billion (i.e. ZAR559.5 million). Assuming a 5-10% loss of cattle supply due to supply chain disruption as a result of droughts this could result in a decrease of ZAR 28,050,000 million to ZAR 56,100,000 million.

**Primary response to risk**

Engagement with suppliers

**Description of response**

SPAR works closely with the Group's suppliers to drive adoption of resource efficient practices around water and energy and to ensure that suppliers are resilient to climate change and extreme weather events. 100% total beef consumption is sourced from a single beef supplier, who is a member of the Red Meat Abattoir Association and currently is working on international resource efficiency benchmarking, which strongly focusses on energy and water. SPAR annually engages with SPAR House Brands and Freshline Brands suppliers to collect through a questionnaire information around suppliers' sustainability practices, sustainability risks identification and mitigation actions. As part of its response strategy, in FY2020, the Group for the first time collected information from its beef supplier around sustainability practices and calculated their carbon footprint. Sustainability guidelines have been conveyed to all existing SPAR suppliers Sustainability guidelines have been conveyed to all existing SPAR suppliers that SPAR is working to incorporate sustainability targets around climate change, water and commodities into the supplier service level agreements within the next 2 years.

**Cost of response**

198000

**Explanation of cost of response**

The cost of response is represented as an annual cost associated with 2 full time staff members for 3 months, who work on coordination of SPAR's supplier questionnaires.

**Forest risk commodity**

Other - Coffee

**Type of risk**

Chronic physical

**Geographical scale**

Country

**Where in your value chain does the risk driver occur?**

Supply chain

**Primary risk driver**

Increased severity of extreme weather events

**Primary potential impact**

Increased production costs

**Company-specific description**

Coffee is a commodity that is at risk from global temperature increases caused by climate change, as the quantity and the growth of coffee beans in the long term. It is projected that by 2050 the world could lose half its best coffee-growing land under a moderate climate change scenario.

In 2021 Brazil experienced its worst drought in 90 years, which resulted in a nine year high price in coffee, which has carried to this financial year as a result of compromised crops and growth rates. This increase in price has been ultimately pushed onto consumers. In FY2022, the long term risk associated with extreme events remains.

**Timeframe**

1-3 years

**Magnitude of potential impact**

Medium-high

**Likelihood**

Very likely

**Are you able to provide a potential financial impact figure?**

No, we do not have this figure

**Potential financial impact (currency)**

<Not Applicable>

**Potential financial impact figure - minimum (currency)**

<Not Applicable>

**Potential financial impact figure - maximum (currency)**

<Not Applicable>

**Explanation of financial impact**

This is a relatively new risk which has been identified and as such the financial impact has not been quantified yet.

**Primary response to risk**

Other, please specify ((Price increase pushed onto consumer))

**Description of response**

At present the primary response to this risk has been to push the price increases onto the consumer. However, we anticipate a transition from this response to one which we engage with our suppliers to improve transparency and traceability across the supply chain.

**Cost of response**

198000

**Explanation of cost of response**

The cost of response is represented as an annual cost associated with 2 full time staff member for 3 months, who work on coordination of SPAR's supplier questionnaires.

**F3.2**

**(F3.2) Have you identified any forests-related opportunities with the potential to have a substantive financial or strategic impact on your business?**

	Have you identified opportunities?
Timber products	Yes
Palm oil	Yes
Cattle products	Yes
Soy	<Not Applicable>
Other - Rubber	<Not Applicable>
Other - Cocoa	<Not Applicable>
Other - Coffee	Yes

**F3.2a**

**(F3.2a) For your selected forest risk commodity(ies), provide details of the identified opportunities with the potential to have a substantive financial or strategic impact on your business.**

**Forest risk commodity**

Timber products

**Type of opportunity**

Markets

**Where in your value chain does the opportunity occur?**

Direct operation

**Primary forests-related opportunity**

Increased brand value

**Company-specific description**

SPAR is actively creating brand value through its commitment to offering certified timber products and environmentally responsible packaging. The company recognises that providing certified timber products enhances brand value and attracts new customers to its stores. Their biennial market research demonstrates that consumers are increasingly conscious of product sourcing, including packaging materials.

To enhance brand value and attract environmentally conscious customers, SPAR focuses on sourcing sustainable and eco-friendly packaging. This involves identifying unnecessary packaging and reducing its use, utilising renewable and safe materials, and ensuring consistent branding nationwide. They also prioritise sourcing materials responsibly and supporting local recycling initiatives to reduce waste streams.

SPAR goes beyond customers' expectations by striving to align with Circular Economy practices, aiming to eliminate problematic and unnecessary packaging. The company innovates to ensure that plastics and packaging are reusable, recyclable, or compostable, thereby keeping them in the economy and out of the environment.

In designing their packaging with a Circular Economy in mind, SPAR adheres to standards such as clear communication on recycling labels, choosing mono-materials over composite whenever possible, and ensuring easy extraction of contents for recycling. They also minimise the number of materials used and prioritise the use of pre and post-consumer recycled content.

By adopting such sustainable packaging practices, SPAR establishes itself as an environmentally responsible and forward-thinking brand, resonating with consumers who value eco-friendly choices. This commitment to the environment not only enhances brand value among existing customers but also attracts new customers who prioritise sustainability, ultimately contributing to SPAR's overall growth and success in the market.

**Estimated timeframe for realization**

1-3 years

**Magnitude of potential impact**

Medium

**Likelihood**

Likely

**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)**

87151900

**Potential financial impact figure – maximum (currency)**

88014900

**Explanation of financial impact figure**

If this opportunity to increase brand value was realised it could result in an estimated 1-2% increase SPAR Southern Africa FY2022 revenue of ZAR86 289.1 million, which would amount to between ZAR87,151.9 million and ZAR88 014.9 million.

**Cost to realize opportunity**

192023

**Strategy to realize opportunity**

The strategy to realising this opportunity has been through obtaining FSC certification for its timber products and our promotional license for packaging. Currently, 100% of wood retailed by SPAR's Build it distribution center is FSC certified and board used for SPAR brand carton has FSC chain of custody certification, which verifies that FSC-certified material has been used across the supply chain. The Group aims all SPAR brand packaging to be 100% certified by 2030. The Group has engaged local FSC Council to gain marketing license for the packaging of some SPAR branded products (such as the Long Life and ESL Milk carton for SPAR brand products), which could be over time extended to the packaging of a wide range of SPAR branded products. Certification of packaging in SPAR branded products requires SPAR's packaging suppliers to comply with FSC certification requirements, which ultimately drives the adoption of FSC certification in South Africa. Increased demand for FSC certified products would assist with incentivising timber producers and manufacturers to adopt FSC certifications.

The cost of managing this opportunity requires 3 internal staff including a Risk Manager, Sustainability Specialist and SPAR Brand Manager.

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**Forest risk commodity**

Other - Coffee

**Type of opportunity**

Markets

**Where in your value chain does the opportunity occur?**

Supply chain

**Primary forests-related opportunity**

Improved customer satisfaction

**Company-specific description**

Coffee products that are sold by the SPAR Group include SPAR coffee products (ground coffee and coffee beans) as well as coffee beans and espresso capsules which

are sold at SPAR's Bean Tree Café.

SPAR's biennial market research and analysis has identified that SPAR's high LSM consumers expect to see that SPAR is actively involved in environmental initiatives and pursuing carbon, water and waste management programmes. 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 environmental impacts.

In light of this, SPAR has opted to procure coffee products which have internationally recognised certifications such as the Rainforest Alliance Certification, the UTZ Certification and the Fairtrade Certification, which signal to our customers that the product they are purchasing has met specific sustainability and ethical standards.

As a result, SPAR's decision to procure certified coffee products can lead to increased consumer trust, loyalty, and positive brand perception. It aligns both with the expectations of environmentally conscious consumers and reinforces SPAR's commitment to the future of our brand and our planet.

**Estimated timeframe for realization**

4-6 years

**Magnitude of potential impact**

Medium

**Likelihood**

Likely

**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)**

84563318

**Potential financial impact figure – maximum (currency)**

85426209

**Explanation of financial impact figure**

The quantification assumes that if SPAR was too slow to consider consumers' perceptions around the need for environmental actions, this would reduce the number of customers in-store as they would opt to shop at a competitor which is actively reducing impact on the environment. The Group estimates that failure to respond to changing consumer preferences and increased demand for products with sustainability labelling could lead to a 1-2% decrease in revenue. It estimated that 1–2% decrease in SPAR Southern Africa FY2022 revenue of ZAR86 289.1 million would be at ZAR85,426,209 million - ZAR84,563,318m.

**Cost to realize opportunity**

1992000

**Strategy to realize opportunity**

SPAR Bean Tree Café procures coffee products which have internationally recognised certifications such as the Rainforest Alliance Certification, the UTZ Certification and the Fairtrade Certification. By using certified coffee, SPAR is driving sustainable consumption and is promoting sustainable coffee farming. Sustainable coffee farming drives resource efficiency around water, energy, fertilisers and pesticides, which is in line with SPAR's sustainability commitment to responsible living and resource stewardship.

The above cost is based on 2 internal resources and 1 marketing manager.

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**Forest risk commodity**

Palm oil

**Type of opportunity**

Products & services

**Where in your value chain does the opportunity occur?**

Supply chain

**Primary forests-related opportunity**

Increased supply chain transparency

**Company-specific description**

SPAR sells refined palm oil through SPAR brand SmartChef range, this is included as an ingredient in cooking and baking of SPAR products in-store. The Group has identified that palm oil is currently used in 55 products, including inter alia SPAR margarine brick, oven baked chips, crumbed chicken portions, mini cheese and custard puffs, sausage rolls, frozen uncooked crumbed chips, peanut butter and SmartChef palm oil used in our kitchens for cooking and baking.

The SPAR Group recognises that palm oil commodity has long and complex supply chain with difficulties in tracing palm oil products back to the origin. Supply chain mapping currently extends only to SPAR Brand products and the Group is working to identify which SPAR suppliers procure palm oil, if they import palm oil from countries at risk from deforestation and whether the imported palm oil is RSPO certified. Embracing transparency can drive SPAR to explore innovative solutions and partnerships that support sustainable palm oil sourcing. This can lead to new product offerings or unique marketing opportunities based on responsible sourcing practices.

**Estimated timeframe for realization**

4-6 years

**Magnitude of potential impact**

Medium-high

**Likelihood**

Likely

**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)**

84563318

**Potential financial impact figure – maximum (currency)**

85426209

**Explanation of financial impact figure**

The Group estimates that increasing transparency and traceability could improve resilience across SPAR supply chain and has the potential to increase the Group's revenue. It estimated that 1–2% decrease in SPAR Southern Africa FY2022 revenue of ZAR86 289.1 million would be at ZAR85,426,209 million - ZAR84,563,318m.

**Cost to realize opportunity**

40494.2

**Strategy to realize opportunity**

SPAR's strategy to realising the opportunity of supply chain traceability for palm oil is centered around its membership in the Roundtable on Sustainable Palm Oil (RSPO). In FY2022 SPAR became a member of RSPO. Through this membership we anticipate having access to RSPO-certified palm oil. RSPO-certified palm oil would enable SPAR to track and monitor the origin of palm oil, used in SPAR brand products. These actions will increase transparency across SPAR's supply chain for palm oil and mitigate forest-related risk associated with uncertainty of origin and/or legality. The above cost pertains to our 'Ordinary Member' fee paid to RSPO on an annual basis.

**Forest risk commodity**

Cattle products

**Type of opportunity**

Efficiency

**Where in your value chain does the opportunity occur?**

Supply chain

**Primary forests-related opportunity**

Cost savings

**Company-specific description**

Achieving resource efficiency among SPAR suppliers can achieve cost savings among SPAR suppliers and cost savings in turn can be realised by the SPAR Group. Currently, this opportunity is the most applicable to SPAR's beef suppliers as there is one large supplier. This beef supplier is already taking actions around energy and water efficiency, and SPAR would have to promote this among smaller beef suppliers. Resource efficiency among beef suppliers could lead to cost savings in terms of feed costs as well as operational costs for SPAR beef suppliers and potentially decreased operational costs for SPAR. At the same time, achieving resource efficiency among beef suppliers, would increase resilience to extreme weather events.

**Estimated timeframe for realization**

1-3 years

**Magnitude of potential impact**

Medium-high

**Likelihood**

Likely

**Are you able to provide a potential financial impact figure?**

No, we do not have this figure

**Potential financial impact figure (currency)**

&lt;Not Applicable&gt;

**Potential financial impact figure – minimum (currency)**

&lt;Not Applicable&gt;

**Potential financial impact figure – maximum (currency)**

&lt;Not Applicable&gt;

**Explanation of financial impact figure**

Not quantified yet.

**Cost to realize opportunity**

198000

**Strategy to realize opportunity**

SPAR has started collecting annual information from a large beef supplier on their sustainability practices and calculating annual carbon footprint. Such action will enable to measure resources consumption and track achieved savings over time. The cost of response is represented as an annual cost associated with 2 full time staff member for 3 months who work on coordination of SPAR's supplier questionnaires.

**F4. Governance****F4.1****(F4.1) Is there board-level oversight of forests-related issues within your organization?**

Yes

**F4.1a**

**(F4.1a) Identify the position(s) of the individual(s) (do not include any names) on the board with responsibility for forests-related issues.**

Position of individual or committee	Responsibilities for forest-related issues
Board-level committee	<p>The SPAR Group's Social, Ethics and Sustainability Committee ('the 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, and its stakeholders.</p> <p>The Committee is accountable for overseeing strategy, management, compliance and performance regarding the company's environmental, social and governance (ESG) issues, including forests. It monitors the company's sustainability performance and ensures the company's ethics support its culture, it is seen as a responsible citizen, and that there is a balance between the company and the needs, interests and expectations of all stakeholders. The Committee meets twice a year, and reports to the board at every scheduled board meeting.</p> <p>During FY2022, the committee considered and recommended to the board for approval the Sustainability Policy.</p>

**F4.1b**

**(F4.1b) Provide further details on the board's oversight of forests-related issues.**

	Frequency that forests-related issues are a scheduled agenda item	Governance mechanisms into which forests-related issues are integrated	Please explain
Row 1	Scheduled - all meetings	Monitoring implementation and performance Monitoring progress towards corporate targets Overseeing acquisitions, mergers, and divestitures Overseeing major capital expenditures Providing employee incentives Reviewing and guiding annual budgets Reviewing and guiding business plans Reviewing and guiding corporate responsibility strategy Reviewing and guiding major plans of action Reviewing and guiding risk management policies Reviewing and guiding strategy Reviewing innovation / R&D priorities Setting performance objectives	<p>The Committee is mandated to consider the impact the company's performance has on employees, society, economy and the natural environment. During FY2022, the Social and Ethics Committee received feedback on the following environment-related matters:</p> <ul style="list-style-type: none"> <li>• SPAR's CDP submissions for climate change, water and forestry</li> <li>• Sustainability initiatives undertaken by SPAR, include climate resilience, packaging, food waste, nutrition and wellness.</li> </ul> <p>The SESCO 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. In FY2022, the committee considered and recommended to the board for approval the Sustainability Policy.</p> <p>The Committee also monitors how availability of natural capital and climate resilience contribute towards the achievement of the Group's strategic outcomes.</p>

**F4.1d**

**(F4.1d) Does your organization have at least one board member with competence on forests-related issues?**

**Row 1**

**Board member(s) have competence on forests-related issues**

Yes

**Criteria used to assess competence on forests-related issues**

The Chief ESG Officer is a member of the Social, Ethics and Sustainability Committee, which report directly to the board on environmental issues (inclusive of water). The Chief ESG Officer holds a Masters degree in sustainability, and has significant experience in managing environmental impacts and risks for the group.

The board attended training on the TCFD recommendations, climate change risk, and climate scenario analysis in November 2022, as part of the climate change scenario process currently underway. The training built awareness of the specific climate change drivers relevant to SPAR, the climate related risks and opportunities that affect SPAR and its supply chain, the need to prioritise a just transition, and the associated expectations of stakeholders. It outlined SPAR's climate response to the impacts, risks and opportunities identified, and facilitated board input on SPAR's climate response. Within this content on climate drivers, risks and opportunities, forestry-related issues was a cross-cutting theme.

**Primary reason for no board-level competence on forests-related issues**

<Not Applicable>

**Explain why your organization does not have at least one board member with competence on forests-related issues and any plans to address board-level competence in the future**

<Not Applicable>

**F4.2**

**(F4.2) Provide the highest management-level position(s) or committee(s) with responsibility for forests-related issues (do not include the names of individuals).**

Name of the position(s) and/or committee(s)	Forests-related responsibilities of this position	Frequency of reporting to the board on forests-related issues	Please explain
Other C-Suite Officer, please specify (Chief ESG Officer)	Managing annual budgets relating to the implementation of forest-related policies and commitments Integrating forests-related issues into business strategy Setting forests-related corporate targets Monitoring progress against forests-related corporate targets Managing value chain engagement on forests-related issues Assessing forests-related risks and opportunities Managing forests-related risks and opportunities Assessing future trends in forest risk commodity demand	Quarterly	The Chief ESG Officer has a direct responsibility for managing sustainability and forestry-related issues, including identification, assessment and management of forest-related risks and is a member of the Risk Committee. The Chief ESG Officer is part of the Group's Executive management team and is a member of the Social and Ethics Committee. SPAR's Chief ESG Officer is driving the implementation of the Group's Sustainability Strategy and SPAR's Sustainability Policy as well as setting sustainability and forests goals, sustainability KPIs and sustainability action plans.  Chief ESG Officer has an ultimate responsibility of the integration of SPAR's Sustainability strategy, Sustainability Commitment "My SPAR, Our Tomorrow" and Climate Change Commitment of "Net Zero 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 forestry-related issues identified as one of the key areas of the Group's Sustainability Strategy.

**F4.3**

**(F4.3) Do you provide incentives to C-suite employees or board members for the management of forests-related issues?**

	Provide incentives for management of forests-related issues	Comment
Row 1	Yes	Currently the Chief ESG Officer is incentivised for supply chain engagement and implementation of the Group's Strategy, which includes supply chains of the future, sustainable sourcing, supplier diversity and small-scale supplier integration. In the immediate future SPAR will look to introduce a number of ESG KPI's (with associated incentives) to C-suite executives. The development and implementation of KPI's around forest-related issues will be considered during this process.

**F4.3a**

**(F4.3a) What incentives are provided to C-Suite employees or board members for the management of forests-related issues (do not include the names of individuals)?**

	Role(s) entitled to incentive?	Performance indicator	Contribution of incentives to the achievement of your organization's forests-related commitments	Please explain
Monetary reward	Other C-suite Officer	Increasing commodity volumes with credible third-party certification Increasing traceability of commodity volumes Increased supply chain mapping Increased engagement with suppliers on forests-related issues Company performance against a sustainability index with forest-related factors (e.g., CDP Forests Score)	The Group's Chief ESG Officer has a monetary incentive linked to the Short-Term Incentive (STI) Plan to motivate and incentivise delivery of performance, financial and non-financial, consistent with the group's strategy over the financial year. This includes targets as set out in SPAR's Sustainability Policy that covers the following in relation to forests-related commitments:  1. Lead industry in addressing sustainability in supply chains starting with most important products and ingredients, which include forest commodities (in alignment with SDG's 2,12,13,15 and 17). 2. Achieve zero net deforestation in sourcing of raw materials (mainly applicable to palm oil and timber) by 2030 (in alignment with SDG's 13 & 15). 3. All paper and board used will be 100% sustainable by 2025 (in alignment with SDG's 13 & 15).	The Group's Chief ESG Officer has a monetary incentive linked to the Short-Term Incentive (STI) Plan to motivate and incentivise delivery of performance, financial and non-financial, consistent with the group's strategy over the financial year.
Non-monetary reward	No one is entitled to these incentives	<Not Applicable>	<Not Applicable>	

**F4.4**

**(F4.4) Did your organization include information about its response to forests-related risks in its most recent mainstream financial report?**

Yes (you may attach the report – this is optional)  
 SPAR\_IAR\_2022\_Singles.pdf

**F4.5**

**(F4.5) Does your organization have a policy that includes forests-related issues?**

Yes, we have a documented forests policy that is publicly available

F4.5a

**(F4.5a) Select the options to describe the scope and content of your policy.**

**Row 1**

**Scope**

Company-wide

**Commodity coverage**

General forests policy covering all commodities

**Content**

- Commitment to eliminate deforestation
- Commitment to protect rights and livelihoods of local communities
- Commitment to transparency
- Commitment to stakeholder awareness and engagement
- Commitment to align with the SDGs
- Recognition of the overall importance of forests and other natural ecosystems
- Recognition of potential business impact on forests and other natural ecosystems
- List of timebound milestones and targets

**Document attachment**

Environmental\_and\_Social\_Report\_2022.pdf

**Please explain**

The SPAR Group developed the Sustainable Procurement Policy during FY2020 and in FY2021 developed the Sustainability Policy. The Sustainability Policy has been approved by the Social and Ethics Committee and is publicly available (see attached document). The policies are subject to an annual review by the Social, Ethics and Sustainability Committee and SPAR Sustainability team. Within the Group Sustainability Policy SPAR's forestry-related targets and goals are outlined. They include:

1. Lead industry in addressing sustainability in supply chains starting with most important products and ingredients, which include forest commodities (in alignment with SDG's 2,12,13,15 and 17).
2. Achieve zero net deforestation in sourcing of raw materials (mainly applicable to palm oil and timber) by 2030 (in alignment with SDG's 13 & 15).
3. All paper and board used will be 100% sustainable by 2025 (in alignment with SDG's 13 & 15).

Through the Sustainable Procurement Policy (not currently publicly available), the SPAR Group acknowledges the challenges within the food system and the role that as a large food retailer we have to play in ensuring the sustainability of our food system. To ensure that the SPAR values are upheld and that the natural ecosystems are protected, we are committed to working with our stakeholders to ensure traceability and transparency across our supply chain. In partnership with our suppliers, we are committed to adopting:

1. Innovative and sustainable agricultural practices;
2. Net zero deforestation;
3. Water and energy efficient practices; and
4. Practices that reduce greenhouse gas emissions in accordance with science-based targets.

The policies also acknowledge a commitment to work with suppliers to ensure that they are committed to good business practices and ethics, including tracking suppliers' performance guided by 'We Mean Business' targets around key commodities identified for their impact on environmental degradation or ethical concerns, including, but not limited to: palm oil, coffee, soy, beef, timber and packaging.

F4.6

**(F4.6) Has your organization made a public commitment to reduce or remove deforestation and/or forest degradation from its direct operations and/or supply chain?**

Forest risk commodity	Public commitments made
Timber products	No
Palm oil	No
Cattle products	No
Other – Coffee	No

F5. Business strategy

F5.1



**(F5.1) Are forests-related issues integrated into any aspects of your long-term strategic business plan, and if so how?**

	Are forests-related issues integrated?	Long-term time horizon (years)	Please explain
Long-term business objectives	Yes, forests-related issues are integrated	11-15	<p>One of SPAR's strategic outcome is creation of "affordable and nutritious food". To achieve this strategic outcome in the long-term (11-15 years and beyond) sustainable procurement and consumption of forest products is integrated into long-term strategic business objectives. SPAR in order to uphold its sustainability commitment "My SPAR, Our Tomorrow" has recognised challenges within the supply chain around forest commodities and is embarking on a journey to prioritise sustainable sourcing and pursue certification for commodities disclosed in this CDP response.</p> <p>The Group has set out ambitious sourcing goals such as "Reduce supply chain carbon emissions by 2030" and "Lead the industry in addressing the sustainability challenges in our supply chains, starting with our most important products and ingredients". The latter goal extends to procurement and consumption of palm oil, soy, coffee, seafood, beef and timber commodities. Additionally, one of the Group's environmental goals is "All paper and board used will be 100% sustainable by 2025". The Group aims all SPAR brand packaging to be 100% certified by 2030.</p> <p>To support these goals SPAR sources sustainably certified products such FSC certified timber, Rainforest Alliance/UTZ/Fair-Trade certified coffee, and ISO 22000 certified beef. Transparency within supply chain is driven through traceability systems in place for timber, coffee, palm oil and cattle products, which allow the Group to trace forest-products back to an individual country or even farm level (see Section F6.2 for more information).</p>
Strategy for long-term objectives	Yes, forests-related issues are integrated	11-15	<p>The SPAR Group has made a commitment to become a net zero organisation by 2050. This commitment involves becoming a climate resilient Group, by ensuring that natural resources are responsibly procured and protected. SPAR's Sustainability Policy and Sustainable Procurement Policy further embed forest-related issues such as resilience around forest commodities and sustainable procurement into the Group's long term (11-15 years and beyond) strategy.</p> <p>The Sustainability Policy identifies sustainable sourcing as one of the key areas to achieve SPAR's net zero commitment, uphold sustainability commitment "My SPAR Our Tomorrow" and the Group's strategic outcomes around "Affordable and Nutritious Food" and "Creation of Shared Value".</p> <p>Key strategic actions relating to sustainable procurement are achievement of net zero deforestation in sourcing of raw materials, mainly to be accomplished through procurement of the RSPO certified palm oil and FSC certified paper and wood. Climate resilience around commodities require addressing key sustainability challenges across the value chain around palm oil, soy, coffee, seafood, beef, and timber commodities.</p> <p>Each strategic action has proposed KPIs and the method of implementation, which will be regularly tracked and monitored. SPAR prioritises setting of commodities targets in order to monitor suppliers progress against those targets.</p>
Financial planning	No, forests-related issues not yet reviewed, but there are plans to do so in the next two years	<Not Applicable>	<p>Supply chain resilience is a key element towards the provision of "affordable and nutritious food", which is one of the Group's long-term strategic outcomes. Increased resilience for forest-commodities and increased transparency within the supply chain contribute towards increased resilience for SPAR's supply chain. SPAR considers these forest issues through the allocation of financial resources to drive the demand for certified products in the short-, medium- and long-term.</p> <p>The Group holds FSC promotional licenses for SPAR branded products such as timber and some SPAR packaging. This includes a requirement for SPAR's supply chain to also hold FSC certifications.</p> <p>Transparency for forest-commodities requires full traceability within the supply chain and understanding where and how commodities are used. SPAR has allocated financial resources to map its supply chain for palm oil, as previously, the Group had limited understanding of the supply chain for this commodity. SPAR has recognised the reputational risk to SPAR brand if SPAR was indirectly supporting deforestation practices and consumers became aware of it. Financial resources have been allocated to mitigate this identified reputational risk.</p>

**F6. Implementation**

**F6.1**

**(F6.1) Did you have any forests-related timebound and quantifiable targets that were active during the reporting year?**

Yes

**F6.1a**

**(F6.1a) Provide details of your forests-related timebound and quantifiable target(s) and progress made.**

**Target reference number**

Target 1

**Forest risk commodity**

Palm oil

**Year target was set**

2021

**Target coverage**

Product level

**Target category**

Third-party certification

**Metric**

% of volume third-party certified

**Traceability point**

<Not Applicable>

**Third-party certification scheme**

RSPO (any type)

**Base year**

2021

**Base year figure**

**Target year**

2030

**Target year figure**

100

**Reporting year figure**

15

**% of target achieved relative to base year [auto-calculated]**

10.5263157894737

**Target status in reporting year**

Underway

**Is this target linked to a commitment?**

Zero net/gross deforestation

**Please explain**

SPAR seeks to achieve 100% RSPO certification of its SPAR Branded products which contain palm oil by 2030. This target was chosen in response to a recommendation made by RSPO. In order to meet this target we plan to engage with our commercial teams and suppliers to encourage the transition to RSPO certified palm oil. In FY2021, 3 of our 65 (5%) SPAR branded products are RSPO certified. This year, FY22, 8 of our 55 (15%) SPAR branded products are RSPO certified (this number includes SPAR Smart Chef Palmolein Oil used in our kitchens for cooking).

**Target reference number**

Target 2

**Forest risk commodity**

Timber products

**Year target was set**

2021

**Target coverage**

Business division

**Target category**

Third-party certification

**Metric**

% of volume third-party certified

**Traceability point**

&lt;Not Applicable&gt;

**Third-party certification scheme**

FSC (any type)

PEFC (any type)

**Base year**

2021

**Base year figure****Target year**

2025

**Target year figure**

100

**Reporting year figure****% of target achieved relative to base year [auto-calculated]**

&lt;Calculated field&gt;

**Target status in reporting year**

Underway

**Is this target linked to a commitment?**

Zero net/gross deforestation

**Please explain**

By 2025 SPAR will seek to ensure that 100% of SPAR branded paper and wood products are certified by Forest Stewardship Council (FSC) or Programme for the Endorsement of Forest Certification (PEFC). At present 100% of SPAR's procured Build it wood products are FSC certified. Currently not all SPAR Branded packaging products are FSC /PEFC certified, however this is something we will achieve in through the attainment of this target. This target was chosen and developed following industry guidance for best practice. In order to meet this target we are actively engaging and working with our suppliers to assist in transitioning to sustainable packaging products.

It should be highlighted, that at this point we do not have access to the data which would indicate the base year figure or reporting year figure. This is a gap which we are looking to address for future disclosures.

Currently, SPAR engages with 100% of packaging suppliers to drive FSC/PEFC certifications, however, not all suppliers are FSC/PEFC certified yet. Our short-term focus is on the 10 categories that deliver 80% of SPAR's house brand volumes.

F6.2

(F6.2) Do you have traceability system(s) in place to track and monitor the origin of your disclosed commodity(ies)?

	Do you have system(s) in place?	Supply chain coverage	Description of traceability system	Exclusions	Description of exclusion
Timber products	Yes	Volume from direct and indirect suppliers	FSC certification includes a traceability system, where SPAR can trace timber products down to a plantation level. 100% of procured wood that is sold through SPAR's Build it distribution centre is FSC certified, and therefore can be traced to an individual plantation level.	Specific product line(s)	Some of packaging for SPAR branded products are not 100% FSC certified, and therefore, cannot be traced to plantation level.
Palm oil	Yes	Volume from direct suppliers only	Our traceability system for palm oil presently is through engagement with our supplier by means of a questionnaire which is distributed annually. We have not yet verified this information but are intending to contract this out within the next two years to a third-party who will undertake a review and verification of supplier claims each year.  Furthermore, in FY2022, SPAR group became a member of RSPO. Through this membership we anticipate transitioning toward being able to procure exclusively RSPO-certified palm oil for our house brand products. This would enable SPAR to have access to comprehensive information for the traceability of palm oil.	Country/geographical area Other, please specify (Plantation level)	We have traced the origins of our palm oil to Indonesia, however the specific jurisdiction within Indonesia and associated plantations (i.e. indirect suppliers) are presently unknown.
Cattle products	Yes	Volume from direct and indirect suppliers	All beef products that SPAR procures are certified under the ISO 22000 Scheme for Food Safety Management Systems, which has an auditable chain of custody, enabling SPAR to trace beef products from farm to fork.  All SPAR beef suppliers are certified under the ISO 22000.	Not applicable	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Coffee	Yes	Volume from direct suppliers only	All coffee products sold through SPAR's BeanTree Café are certified under Rainforest Alliance, the UTZ or FairTrade certifications, and have auditable traceability system along the supply chain.  Our traceability system for SPAR branded coffee is through engagement with our supplier by means of a questionnaire which is distributed annually. We have not yet verified this information, but are intending to contract this out within the next two years to a third-party who will undertake a review and verification of supplier claims each year.	Other, please specify (Plantation level)	100% of coffee products sold through SPAR's BeanTree Café is Rainforest Alliance, the UTZ or Fair Trade certified and have traceability systems in place.  However, SPAR's supply chain for coffee is long and complex and includes second- and third-tier suppliers, making it difficult to trace the coffee down to individual plantation level. At the moment SPAR is able to trace the origin of coffee only to a country level.

F6.2a

(F6.2a) Provide details on the level of traceability your organization has for its disclosed commodity(ies).

Forest risk commodity	Point to which commodity is traceable	Countries/areas to which this traceability point applies	% of total production/consumption volume traceable
Timber products	Tree plantation	South Africa	100
Timber products	Mill	Sweden	100
Palm oil	Country	Indonesia	100
Other - Coffee	Country	Brazil Colombia Costa Rica El Salvador Guatemala Honduras India Indonesia Kenya Mexico Nicaragua Papua New Guinea Peru Uganda United Republic of Tanzania Viet Nam	100
Cattle products	Breeding farm	South Africa	100

F6.3

**(F6.3) Have you adopted any third-party certification scheme(s) for your disclosed commodity(ies)?**

	Third-party certification scheme adopted?	% of total production and/or consumption volume certified
Timber products	Yes	100
Palm oil	Yes	15
Cattle products	Yes	100
Soy	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>
Other - Coffee	Yes	100

**F6.3a**

**(F6.3a) Provide a detailed breakdown of the volume and percentage of your production and/or consumption by certification scheme.**

**Forest risk commodity**

Timber products

**Third-party certification scheme**

FSC (any type)

**Chain-of-custody model used**

<Not Applicable>

**% of total production/consumption volume certified**

100

**Form of commodity**

Hardwood logs

Softwood logs

Boards, plywood, engineered wood

**Volume of production/ consumption certified**

233333

**Metric for volume**

Cubic meters

**Is this certified by more than one scheme?**

No

**Is embedded soy certified through this scheme?**

<Not Applicable>

**Please explain**

100% of wood and wood products that are procured through SPAR's Build it distribution centre are FSC certified. We renew our promotional license with this scheme on an annual basis.

**Forest risk commodity**

Palm oil

**Third-party certification scheme**

RSPO (any type)

**Chain-of-custody model used**

Not applicable

**% of total production/consumption volume certified**

15

**Form of commodity**

Crude palm oil (CPO)

Palm oil derivatives

Palm kernel oil derivatives

**Volume of production/ consumption certified**

335.5

**Metric for volume**

Metric tons

**Is this certified by more than one scheme?**

No

**Is embedded soy certified through this scheme?**

<Not Applicable>

**Please explain**

SPAR (South Africa) became a member of RSPO in January 2022. We will renew our membership with RSPO on an annual basis, and will submit annual reports to RSPO which assist in gauging our progress towards achieving the production and consumption of RSPO certified sustainable palm oil and palm products.

**Forest risk commodity**

Cattle products

**Third-party certification scheme**

Other, please specify (ISO 22000)

**Chain-of-custody model used**

Not applicable

**% of total production/consumption volume certified**

100

**Form of commodity**

Beef

**Volume of production/ consumption certified**

6453.78

**Metric for volume**

Metric tons

**Is this certified by more than one scheme?**

No

**Is embedded soy certified through this scheme?**

&lt;Not Applicable&gt;

**Please explain**

ISO 22000 establishes the criteria for a food safety management system, which suppliers can get certified for. The suppliers are responsible for renewing these certificates themselves. While SPAR, as a company that does not produce or manufacture products, is not obligated to have these certificates, suppliers dealing with SPAR are required to present a valid ISO 22000 certificate for compliance to continue trading with us. An auditor may provide feedback to the supplier on areas that require improvement or correction to enhance their food safety management system.

**Forest risk commodity**

Other - Coffee

**Third-party certification scheme**

Other, please specify (Rainforest Alliance, UTZ, Bio-Organic and Fairtrade)

**Chain-of-custody model used**

Certificate trading

**% of total production/consumption volume certified**

100

**Form of commodity**

Other, please specify (Coffee beans, ground coffee and pre-ground coffee capsules)

**Volume of production/ consumption certified**

28.23

**Metric for volume**

Metric tons

**Is this certified by more than one scheme?**

Please select

**Is embedded soy certified through this scheme?**

&lt;Not Applicable&gt;

**Please explain**

This year 100% of coffee consumed at SPAR's Bean Tree Café outlets is Rainforest Alliance, the UTZ or Fairtrade Certified. SPAR requires its suppliers to have certification from Alliance, UTZ, or Fairtrade to ensure responsible procurement and supply chain compliance.

**F6.4****(F6.4) For your disclosed commodity(ies), do you have a system to control, monitor, or verify compliance with no conversion and/or no deforestation commitments?**

	A system to control, monitor or verify compliance	Comment
Timber products	No, but we plan to develop one within the next two years	The SPAR Group anticipates to start developing a system to control, monitor and verify compliance with no conversion and/or no deforestation commitments within next two years.
Palm oil	No, but we plan to develop one within the next two years	The SPAR Group anticipates to start developing a system to control, monitor and verify compliance with no conversion and/or no deforestation commitments within next two years.
Cattle products	No, but we plan to develop one within the next two years	The SPAR Group anticipates to start developing a system to control, monitor and verify compliance with no conversion and/or no deforestation commitments within next two years.
Soy	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>
Other - Coffee	No, but we plan to develop one within the next two years	The SPAR Group anticipates to start developing a system to control, monitor and verify compliance with no conversion and/or no deforestation commitments within next two years.

F6.6

**(F6.6) For your disclosed commodity(ies), indicate if you assess your own compliance and/or the compliance of your suppliers with forest regulations and/or mandatory standards.**

	Assess legal compliance with forest regulations	Comment
Timber products	<Not Applicable>	<Not Applicable>
Palm oil	Yes, from suppliers	<Not Applicable>
Cattle products	<Not Applicable>	<Not Applicable>
Soy	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>
Other - Coffee	Yes, from suppliers	<Not Applicable>

F6.6a

**(F6.6a) For your disclosed commodity(ies), indicate how you ensure legal compliance with forest regulations and/or mandatory standards.**

**Palm oil**

**Procedure to ensure legal compliance**

Our suppliers undergo regular audits to ensure they maintain legal compliance, especially since they are responsible for importing palm oil into the country. Additionally, they possess the RSPO chain of custody certificate, affirming their commitment to sustainable and responsible practices throughout the palm oil supply chain.

**Country/Area of origin**

Indonesia

**Law and/or mandatory standard(s)**

General assessment of legal compliance

**Comment**

**Other - Coffee**

**Procedure to ensure legal compliance**

Purchase only 100% Certified coffee. All SPAR BeanTree Cafe coffee products that SPAR sources is 100% certified, and through the certification SPAR BeanTree Cafe complies with mandatory forest regulations and mandatory standards which promote sustainable farming of coffee and management of coffee plantations.

By purchasing certified coffee, SPAR BeanTree Café ensures that regulations and mandatory standards are complied with.

**Country/Area of origin**

Brazil  
 Colombia  
 Guatemala  
 Honduras  
 India  
 Indonesia  
 Kenya  
 Mexico  
 Nicaragua  
 Papua New Guinea  
 Peru  
 United Republic of Tanzania  
 Viet Nam

**Law and/or mandatory standard(s)**

General assessment of legal compliance

**Comment**

F6.7

**(F6.7) Are you working with smallholders to support good agricultural practices and reduce deforestation and/or conversion of natural ecosystems?**

	Are you working with smallholders?	Type of smallholder engagement approach	Smallholder engagement approach	Number of smallholders engaged	Please explain
Timber products	No, not working with smallholders	<Not Applicable>	<Not Applicable>	<Not Applicable>	SPAR works with South African small-scale farmers to assist them with sustainable farming practices, training on sustainable farming methods, food safety implementation and the provision of guaranteed markets for their products, but currently these actions do not include the timber commodity.
Palm oil	No, not working with smallholders	<Not Applicable>	<Not Applicable>	<Not Applicable>	SPAR's palm oil suppliers are not located in South Africa. SPAR works only with South African small-scale farmers to assist them with sustainable farming practices and training on sustainable farming methods, food safety implementation and the provision of guaranteed markets for their products, but currently these actions do not cover the palm oil commodity.
Cattle products	No, not working with smallholders	<Not Applicable>	<Not Applicable>	<Not Applicable>	SPAR works only with South African small-scale farmers to assist them with sustainable farming practices and training on sustainable farming methods, food safety implementation and the provision of guaranteed markets for their products, but currently these actions do not cover the cattle commodity.
Soy	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Coffee	No, not working with smallholders	<Not Applicable>	<Not Applicable>	<Not Applicable>	SPAR's coffee suppliers are not located in South Africa. SPAR works only with South African small-scale farmers to assist them with sustainable farming practices and training on sustainable farming methods, food safety implementation and the provision of guaranteed markets for their products, but currently these actions do not cover coffee commodity as this commodity is not grown in South Africa.

**F6.8**

**(F6.8) Indicate if you are working with your direct suppliers to drive action on forests-related issues and if so, provide details of the engagement.**

**Forest risk commodity**

Timber products

**Are you working with direct suppliers?**

Yes, working with direct suppliers

**Action(s) on forests-related issues driven by engagement**

Ending deforestation and/or conversion of other ecosystems

**Type of engagement**

Innovation and collaboration

**Details of engagement**

Collaborate with suppliers on innovations to reduce forest-related impacts in products and services

**Description of engagement**

By partnering with our suppliers and offering on-site training and technical assistance, our approach towards achieving our packaging, plastic and recycling goals is a collaborative one. SPAR partners with supply chain providers who want to make a difference and work with us across the value chain. We recognise that we have to understand the full system before making changes. We are also committed to transparent and fair pricing across the value chain. Currently, SPAR engages with 100% of packaging suppliers to drive FSC/PEFC certifications, however, not all suppliers are FSC/PEFC certified yet. Our short-term focus is on the 10 categories that deliver 80% of SPAR's house brand volumes. We are also addressing in-store packaging, which includes carrier bags, PET thermoform, polystyrene trays, clamshells and films.

**% of suppliers engaged by procurement spend covered by engagement**

100

**Explain the impact of your engagement on the selected action**

SPAR's supplier engagement plays a crucial role in ending deforestation by elevating sustainability standards for packaging throughout their supplier base and value chain. By driving voluntary stakeholder participation, SPAR promotes the adoption of more sustainable packaging practices in South Africa. This proactive approach aligns with SPAR's core outcome of driving the principles of 'reduce, reuse, recycle' within packaging. Through these concerted efforts, SPAR aims to minimize the environmental impact of packaging and contribute to the overall goal of ending deforestation.

**Is this engagement helping your suppliers engage with their suppliers on the selected action?**

Yes

**Does this engagement contribute to achieving a reported target?**

Yes, please specify target ID(s) (Target 2)

**Forest risk commodity**

Palm oil

**Are you working with direct suppliers?**

No, not working with direct suppliers

**Action(s) on forests-related issues driven by engagement**

<Not Applicable>

**Type of engagement**

<Not Applicable>

**Details of engagement**

<Not Applicable>

**Description of engagement**

Through its RSPO membership SPAR anticipates starting to work with direct palm oil suppliers to improve their capacity to comply with forest-related commitments in the near future. Over the next two years, the Group will set commodities targets and monitor suppliers progress against those targets.

**% of suppliers engaged by procurement spend covered by engagement**

<Not Applicable>

**Explain the impact of your engagement on the selected action**

<Not Applicable>

**Is this engagement helping your suppliers engage with their suppliers on the selected action?**

<Not Applicable>

**Does this engagement contribute to achieving a reported target?**

<Not Applicable>

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**Forest risk commodity**

Cattle products

**Are you working with direct suppliers?**

Yes, working with direct suppliers

**Action(s) on forests-related issues driven by engagement**

Ending deforestation and/or conversion of other ecosystems

**Type of engagement**

Innovation and collaboration

**Details of engagement**

Collaborate with suppliers on innovations to reduce forest-related impacts in products and services

**Description of engagement**

SPAR maintains a robust and comprehensive engagement approach with its cattle supplier, ensuring a strong focus on sustainability and responsible practices. The company's engagement strategy revolves around building a close and transparent relationship with its sole cattle supplier, who provides 100% of the cattle needed. Regular site visits are conducted to the supplier's facilities to assess environmental impact and overall operational practices. Additionally, SPAR implements an annual supplier sustainability questionnaire to gather relevant data and track progress towards sustainability goals. An instance of supplier engagement by SPAR involves encouraging its beef supplier to explore and address the emissions associated with its beef production, specifically in the South African context.

**% of suppliers engaged by procurement spend covered by engagement**

100

**Explain the impact of your engagement on the selected action**

SPAR's engagement with its beef supplier on forest-related issues has influenced the supplier to research the emissions associated with beef production in the South African context.

As part of this engagement, SPAR has communicated its sustainability goals and emphasized the importance of addressing environmental concerns, including deforestation and ecosystem conservation. Understanding the potential link between beef production and greenhouse gas emissions, SPAR's beef supplier proactively initiated research to assess its carbon footprint and environmental impact.

By researching emissions on beef in the South African context, SPAR's beef supplier can achieve several positive outcomes related to ending deforestation and conversion of other ecosystems:

Identifying areas for improvement: The research will enable the supplier to identify high-impact areas within its beef production process. Recognizing the environmental consequences of cattle farming, the supplier can focus on mitigating its carbon emissions and environmental footprint, which may reduce the need for expanding agricultural lands and thus contribute to forest preservation.

Promoting sustainable land use: The supplier's research can lead to exploring and implementing more sustainable land-use practices in beef production. By adopting responsible cattle farming practices, such as rotational grazing or feed alternatives with a lower environmental impact, the supplier can reduce the pressure on natural habitats and minimize the risk of deforestation.

Supporting informed decision-making: The research findings will provide valuable insights for both SPAR and the beef supplier. SPAR can use this information to collaborate with the supplier in setting emission reduction targets and promoting sustainable practices. Informed decision-making will enable both parties to work together towards a more environmentally conscious supply chain.

Driving supply chain transparency: The research on emissions will foster transparency within SPAR's beef supply chain. This transparency encourages greater accountability for environmental impacts, motivating the supplier to take measures to minimize its carbon footprint and demonstrate its commitment to responsible sourcing.

**Is this engagement helping your suppliers engage with their suppliers on the selected action?**

Unknown

**Does this engagement contribute to achieving a reported target?**

No

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**Forest risk commodity**

Other – Coffee

**Are you working with direct suppliers?**

Yes, working with direct suppliers

**Action(s) on forests-related issues driven by engagement**

Ending deforestation and/or conversion of other ecosystems

**Type of engagement**

Capacity building

**Details of engagement**

Support suppliers to develop public time-bound action plans with clear milestones

**Description of engagement**

The company is directly engaged with all of its coffee suppliers, fostering a close and transparent relationship. Currently, SPAR works closely with its coffee suppliers to enhance their capacity to meet forest-related commitments in the near future. In line with its commitment to sustainability, the company plans to set specific commodities



targets over the next two years and rigorously monitor the suppliers' progress in achieving these targets. The engagement strategy adopted by SPAR involves conducting regular site visits to its coffee suppliers' operations.

**% of suppliers engaged by procurement spend covered by engagement**

100

**Explain the impact of your engagement on the selected action**

SPAR actively engages with coffee suppliers to foster sustainable sourcing practices and enhance supply chain transparency. Although not directly involved with coffee growers, SPAR collaborates closely with its suppliers to set sustainability criteria, urging them to source coffee beans responsibly from certified growers. By promoting supply chain transparency, SPAR gains insights into the origins of the coffee beans and encourages its suppliers to seek out sustainable cultivation methods that protect ecosystems. Through advocacy, incentives, and partnerships, SPAR drives positive change, influencing the coffee industry to combat deforestation and prioritize ethical practices throughout the supply chain.

Setting commodities targets and monitoring supplier progress against those targets aligns with SPAR's commitment to sustainability and responsible sourcing. It will empower suppliers to prioritise environmentally friendly practices, reduce their impact on forests and ecosystems, and collectively contribute to the global efforts to end deforestation and the conversion of other ecosystems.

**Is this engagement helping your suppliers engage with their suppliers on the selected action?**

Yes

**Does this engagement contribute to achieving a reported target?**

No

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**F6.9**

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**(F6.9) Indicate if you are working beyond your first-tier supplier(s) to drive action on forests-related issues, and if so, provide details of the engagement.**

**Forest risk commodity**

Timber products

**Are you working beyond first tier?**

Yes, working beyond first tier

**Action(s) on forest-related issues driven by engagement**

Ending deforestation and/or conversion of other ecosystems

**Type of engagement**

Innovation and collaboration

**Details of engagement**

Collaborate with suppliers on innovations to reduce forest-related impacts in products and services

**Description of engagement**

Through the TCFD process in FY2022 we engaged with our primary Tier 1 and Tier 2 supplier through a case study analysis to gauge climate change awareness, impacts and response.

**Explain the impact of your engagement on the selected action**

The supplier demonstrated a strong level of climate change awareness, having experienced climate impacts and made efforts to understand future climate impacts, and developed a response strategy. The supplier partnered with academic institutions and invested in specific responses, including silviculture practices to enhance the resilience and sustainability of timber forestry.

**Does this engagement contribute to achieving a reported target?**

No

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**Forest risk commodity**

Palm oil

**Are you working beyond first tier?**

No, not working beyond the first tier

**Action(s) on forest-related issues driven by engagement**

<Not Applicable>

**Type of engagement**

<Not Applicable>

**Details of engagement**

<Not Applicable>

**Description of engagement**

SPAR Group is starting to actively manage forest-risk commodities, but at present only first-tier suppliers are prioritised for engagements.

**Explain the impact of your engagement on the selected action**

<Not Applicable>

**Does this engagement contribute to achieving a reported target?**

<Not Applicable>

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**Forest risk commodity**

Cattle products

**Are you working beyond first tier?**

No, not working beyond the first tier

**Action(s) on forest-related issues driven by engagement**

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<Not Applicable>

**Type of engagement**

<Not Applicable>

**Details of engagement**

<Not Applicable>

**Description of engagement**

SPAR Group is starting to actively manage forest-risk commodities, but at present only first-tier suppliers are prioritised for engagements.

**Explain the impact of your engagement on the selected action**

<Not Applicable>

**Does this engagement contribute to achieving a reported target?**

<Not Applicable>

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**Forest risk commodity**

Other – Coffee

**Are you working beyond first tier?**

No, not working beyond the first tier

**Action(s) on forest-related issues driven by engagement**

<Not Applicable>

**Type of engagement**

<Not Applicable>

**Details of engagement**

<Not Applicable>

**Description of engagement**

SPAR Group is starting to actively manage forest-risk commodities, but at present only first-tier suppliers are prioritised for engagements.

**Explain the impact of your engagement on the selected action**

<Not Applicable>

**Does this engagement contribute to achieving a reported target?**

<Not Applicable>

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F6.10

**(F6.10) Do you engage in landscape (including jurisdictional) approaches to progress shared sustainable land use goals?**

	<b>Do you engage in landscape/jurisdictional approaches?</b>	<b>Primary reason for not engaging in landscape and/or jurisdictional approaches</b>	<b>Explain why your organization does not engage in landscape/jurisdictional approaches, and describe plans to engage in the future</b>
Row 1	No, we do not engage in landscape/jurisdictional approaches, but we plan to in the next two years	Lack of knowledge or information on how to engage in landscape and/or jurisdictional approaches	SPAR has become increasingly aware of the value of LA/JA approaches in achieving sustainability goals, minimising risk and build resilient outcomes, and the consequent need to incorporate these approaches into our sustainability strategy. A barrier to engagement with such approaches is a lack of knowledge and understanding Over the next two years SPAR intends to builds its knowledge on the matter and initiate the relevant processes to engage in these approaches.

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F6.11

**(F6.11) Do you participate in any other external activities and/or initiatives to promote the implementation of your forests-related policies and commitments?**

**Forest risk commodity**

Timber products

**Do you participate in activities/initiatives?**

Yes

**Activities**

Involved in multi-partnership or stakeholder initiatives

**Country/Area**

South Africa

**Subnational area**

Not applicable

**Initiatives**

Forest Stewardship Council (FSC)

**Please explain**

The SPAR Group engages with the local Forest Stewardship Council (FSC) in South Africa to drive demand for FSC certification in the country. The Group holds a FSC promotional license SPAR branded products such as timber and some SPAR packaging. Driving further adoption FSC certification in South Africa, the paper used to manufacture SPAR paper carrier bags is FSC certified in 2021. Furthermore, our local bag manufacturer became FSC certified completing the chain.

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**Forest risk commodity**

Palm oil

**Do you participate in activities/initiatives?**

Yes

**Activities**

Involved in multi-partnership or stakeholder initiatives

**Country/Area**

Not applicable

**Subnational area**

Not applicable

**Initiatives**

Roundtable on Sustainable Palm Oil (RSPO)

**Please explain**

The SPAR Group is expanding capacity to ensure that SPAR can increase and improve traceability of SPAR brand products that contain Palm Oil. In FY2022, SPAR became a member of the RSPO. Through this membership we anticipate having access to RSPO-certified palm oil. RSPO-certified palm oil would enable SPAR to track and monitor the origin of palm oil, used in SPAR brand products.

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**F6.12**

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**(F6.12) Is your organization supporting or implementing project(s) focused on ecosystem restoration and long-term protection?**

Yes

**F6.12a**

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**(F6.12a) Provide details on your project(s), including the extent, duration, and monitoring frequency. Please specify any measured outcome(s).**

**Project reference**

Project 1

**Project type**

Other ecosystem restoration

**Expected benefits of project**

Restoration of natural ecosystem(s)

**Is this project originating any carbon credits?**

No

**Description of project**

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. The Zwartkops River is polluted with sewage from an ineffective sewage depot upstream from the Kwanagxabi river and pollutes the wetland downstream. The Zwartkops River is also polluted with plastics. SPAR's Eastern Cape distribution centre assists with the removal of plastics and other rubbish from the river through awareness campaigns and donations.

Creation of shared value for all SPAR stakeholders is one of the SPAR Group's strategic outcome and SPAR's communities are among the key Group's stakeholders and engagements. Creation of shared value for this stakeholder is linked to resource stewardship. SPAR recognises that ecosystems within catchments areas affect quantity and quality of water available to communities and can have an impact on SPAR's operations. Therefore, SPAR engages with local community partners to contribute towards maintenance and rehabilitation of ecosystems.

**Where is the project taking place in relation to your value chain?**

Project based in area with direct operations

**Start year**

2012

**Target year**

Indefinitely

**Project area to date (Hectares)**

136000

**Project area in the target year (Hectares)**

136000

**Country/Area**

South Africa

**Latitude**

-33.865513

**Longitude**

25.596231

**Monitoring frequency**

Six-monthly or more frequently

**Total investment over the project period (currency)**

2400000

**For which of your expected benefits are you monitoring progress?**

Improvement of water availability and quality

Restoration of natural ecosystem(s)

**Please explain**

Since the inception of this ecosystem restoration project in 2012, SPAR Eastern Cape through awareness campaigns and donations has removed over 62 952 bags of plastics and has contributed R20000 each month towards project's costs.

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## F7. Verification

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### F7.1

**(F7.1) Do you verify any forests information reported in your CDP disclosure?**

No, we are waiting for more mature verification standards/processes

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## F8. Barriers and challenges

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### F8.1

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**(F8.1) Describe the key barriers or challenges to eliminating deforestation and/or conversion of other natural ecosystems from your direct operations or from other parts of your value chain.**

**Forest risk commodity**

Timber products

**Coverage**

Other parts of the value chain

**Primary barrier/challenge type**

Limited public awareness and/or market demand

**Comment**

Currently, in South Africa there is limited public awareness and market demand for sustainable sourced timber products. SPAR's engagements with the local FSC Council and including FSC certification labelling on SPAR branded timber products aim to incentivise adoption of FSC certification.

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**Forest risk commodity**

Palm oil

**Coverage**

Supply chain

**Primary barrier/challenge type**

Value chain complexity

**Comment**

Palm oil within SPAR brand supply chain is long and complex and demand from South African retailers is limited in the global supply chain. Therefore, SPAR has limited access to certified Palm Oil with little influence/ bargaining power over how the oil is farmed and produced. However, this is a barrier which we have sought to overcome though our membership with the RSPO this challenge will be remedied over the coming years.

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**Forest risk commodity**

Cattle products

**Coverage**

Supply chain

**Primary barrier/challenge type**

Cost of sustainably produced/certified products

**Comment**

Currently in South Africa there is limited public awareness around the impact cattle and cattle products have on the environment. Certified products include the cost of certification and such cost has to be absorbed by a consumer. If consumers are not willing to pay premium for certified products, the product will be outcompeted by a less sustainable product. Furthermore, certified products incur additional expenditure to suppliers as suppliers have to bear the cost of auditing to comply with certification standards. Many suppliers are unwilling to absorb such additional cost, especially, as certified products are sold at a premium and are likely to have lower demand.

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**Forest risk commodity**

Other - Coffee

**Coverage**

Other parts of the value chain

**Primary barrier/challenge type**

Limited public awareness and/or market demand

**Comment**

In South Africa there is little interest or demand from consumers for certified coffee and currently there is no requirement of regulatory control or enforcement from South African government.

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**F8.2**

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**(F8.2) Describe the main measures that would improve your organization's ability to manage its exposure to deforestation and/or conversion of other natural ecosystems.**

**Forest risk commodity**

Timber products

**Coverage**

Supply chain

**Main measure**

Improvement in data collection and quality

**Comment**

Encouraging transparency within the industry, an industry platform designed to facilitate the sharing of data captured alongside monitoring data can play a pivotal role. By integrating enhanced regulatory procedures, this transparency becomes a catalyst for promoting responsible sourcing from contract suppliers, thereby fostering an environment of accountability and trust. Such improvements would enable SPAR to better engage with the Group's suppliers and assist with identifying risks and opportunities along the supply chain.

---

**Forest risk commodity**

Palm oil

**Coverage**

Supply chain

**Main measure**

Reduced cost of certification/certified products

**Comment**

Currently there is little buy-in for the purchase of certified palm oil products due to the limited availability of sustainable palm oil and anticipated price of certification, which could lead to an increase in the cost of product. SPAR is careful not to outprice themselves in a market which is price sensitive and customers are unwilling to pay premium for products, which include sustainable certification labels.

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**Forest risk commodity**

Cattle products

**Coverage**

Direct operations

**Main measure**

Improvement in data collection and quality

**Comment**

Encouraging transparency within the industry, an industry platform designed to facilitate the sharing of data captured alongside monitoring data can play a pivotal role. By integrating enhanced regulatory procedures, this transparency becomes a catalyst for promoting responsible sourcing from contract suppliers, thereby fostering an environment of accountability and trust. Such improvements would enable SPAR to better engage with the Group's suppliers and assist with identifying risks and opportunities along the supply chain.

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**Forest risk commodity**

Other - Coffee

**Coverage**

Direct operations

**Main measure**

Improvement in data collection and quality

**Comment**

Improvements around data collection process and data quality would enable SPAR to better engage with the Group's suppliers and assist with identifying risks and opportunities along the supply chain. The SPAR Group has identified that data collection process and data quality could be improved by investing in monitoring tools and traceability systems.

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**F17 Signoff**

**F-FI**

**(F-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.**

**F17.1**

**(F17.1) Provide the following information for the person that has signed off (approved) your CDP forests response.**

	Job Title	Corresponding job category
Row 1	Chief ESG Officer	Other C-Suite Officer

## Submit your response

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### In which language are you submitting your response?

English

### Please confirm how your response should be handled by CDP

	I understand that my response will be shared with all requesting stakeholders	Response permission
Please select your submission options	Yes	Public

### Please confirm below

I have read and accept the applicable Terms