

F0. Introduction

F0.1

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

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

The SPAR Group Ltd (SPAR or the Group) is a warehousing and distribution business listed on the Johannesburg Stock Exchange (JSE) in the Food and Drug Retailers sector. SPAR is a warehousing and distribution business striving to provide our independent retailers and their customers with the freshest fresh produce, bakery, home meal replacements, butchery and highest quality merchandise at the right price, every day.

The SPAR Group Ltd (SPAR) operates mainly in South Africa, Ireland, and Switzerland. We serve a network of independent retailers who trade under our brands and are supplied through our distribution centres on a voluntary basis.

We are a member of SPAR International which granted SPAR its South African licence in 1963. This has grown to include several country licences for the SPAR retail brand. Today we service 17 kinds of store formats in 15 countries, each with their network of distribution centres.

Of our turnover, 32.1% is generated in foreign currency. We have significant operations in South Africa, Ireland (which includes South West England) and Switzerland, with smaller business interest in Sri Lanka and Zambia. We own the SPAR licences for Namibia, Botswana, Mozambique and Angola, serviced through our South African distribution centres.

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

We have a total of 2 349 stores in the following formats in Southern Africa: SPAR, SUPERSPAR, KWIKSPAR, SPAR Express, Build it, SaveMor, Pharmacy at SPAR and TOPS at SPAR.

We are disclosing to CDP Forests Programme for the first time this year. This marks the beginning of our journey to understand risks and impacts around key forest risk commodities that we distribute through our distribution centres and retail in our stores. We regard disclosure to CDP Forests as an opportunity to focus our actions towards promoting sustainable consumption and driving sustainability even further across our supply chain by considering global forest commodities and their suppliers. We invite feedback from all our stakeholders around best practices to transform our supply chain.

F0.2

(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 2018	September 30 2019

F0.3

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

ZAR

F0.4

(F0.4) Select the forest risk commodity(ies) that you are, or are not, disclosing on. For each forest risk commodity selected, identify the stages of the supply chain which best represents your organization's area of operation.

	Commodity disclosure	Stage of the value chain	Explanation if not disclosing
Timber products	Disclosing	Retailing	<Not Applicable>
Palm oil	Disclosing	Retailing	<Not Applicable>
Cattle products	Disclosing	Retailing	<Not Applicable>
Soy	Not disclosing	Retailing	SPAR has no direct business impact on this commodity, however, the SPAR Group sells beef products, which is a major driver of soy production globally.
Other - Rubber	This commodity is not produced, sourced or used by our organization	<Not Applicable>	<Not Applicable>
Other - Cocoa	Not disclosing	Retailing	SPAR has no direct business impact as minimal amount of cocoa is included in SPAR branded products. The SPAR Group only sells SPAR Brand chocolate candy items.
Other - Coffee	Disclosing	Retailing	<Not Applicable>

F0.5

(F0.5) Are there any parts of your direct operations or supply chain that are not included in your disclosure?

Yes

F0.5a

(F0.5a) Identify the parts of your direct operations or supply chain that are not included in your disclosure.

Value chain stage	Exclusion	Description of exclusion	Potential for forests-related risk	Please explain
Direct operations	Country/geographical area	SPAR Group operations outside of South Africa	Potential for forests-related risk but not evaluated	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. This is the first year of SPAR's disclosure to CDP Forests, and 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.
Direct operations	Facility	Stores owned by the SPAR Group	Potential for forests-related risk but not evaluated	This is the first year of SPAR's disclosure to CDP Forests, and the SPAR Group aims to focus efforts towards understanding of forest-related risks for SPAR branded products that are only procured through the Group's distribution centres.
Direct operations	Facility	For timber products, specifically, for wood and wood products, only wood/wood products which are procured through SPAR's Build it distribution centre are considered. Timber used in packaging is not limited to Build it distribution centre.	Potential for forests-related risk but not evaluated	This is the first year that the SPAR Group disclosing to CDP Forests, and therefore, the Group's efforts in evaluating forest-related risks on timber products, specifically, in relation to wood and wood products, only consider wood/wood products which are procured through SPAR's Build it distribution centre.
Supply chain	Specific product line(s)	For Palm Oil, Coffee and Cattle commodities only SPAR branded products are considered while products owned and branded by third parties are excluded.	Potential for forests-related risk but not evaluated	This is the first year that the SPAR Group is disclosing to CDP Forests, and therefore, the Group's efforts in evaluating forest-related risks are focused on products where the Group has the most leverage in the supply chain, i.e. among suppliers who supply SPAR branded forest-products.

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
Zimbabwe

% of procurement spend

11-20%

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). 98% of timber is sourced from South Africa and the remaining 2% is sourced from Zimbabwe. For board products, 60% is locally manufactured and the remaining 40% is imported from Sweden. Paper for SPAR paper bags is imported from international mills located in Sweden and manufactured into SPAR paper bag locally. The cardboard boxes are made from recycled paper and board. Timber is sold through SPAR's Build it distribution centre, and this year, 17% of total Build it distribution centre's expenditure was spent on timber products.

Palm oil

Activity

Retailing/onward sale of commodity or product containing commodity

Form of commodity

Refined palm oil

Source

Other, please specify (Unknown)

Country/Area of origin

Unknown origin

% of procurement spend

Don't know

Comment

SPAR sells refined palm oil through SPAR brand SmartChef range and palm oil is included as an ingredient in cooking and baking of SPAR products in-store. However, at this point the Group does not have information on the origin of this commodity or the procurement spend data. The SPAR Group is currently focusing efforts to gain better understanding around Palm Oil commodity, including forms of this commodity used in SPAR brand products, their source and origin. SPAR plans to disclose more detailed information on Palm Oil next year.

Cattle products

Activity

Retailing/onward sale of commodity or product containing commodity

Form of commodity

Beef

Source

Contracted suppliers (manufacturers)

Country/Area of origin

Botswana
Namibia
South Africa

% of procurement spend

Don't know

Comment

Cattle products are retailed in SPAR brand products through SPAR pre-packed beef products. This year, 92% of beef is sourced from South Africa, 5% from Namibia and 3% from Botswana. Information on procurement spend on SPAR brand beef products is not available this year as this is the first year that the SPAR Group is responding to CDP Forests. SPAR anticipates reporting this figure next year.

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
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 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). Information on procurement spend on SPAR brand coffee and on SPAR BeanTree Café coffee is not available this year as this is the first year that the SPAR Group is responding to CDP Forests. SPAR anticipates reporting this figure next year.

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 17% of total Build it distribution centre's sales.
Palm oil	<1%	SmartChef Palm oil constitutes 0.16% of total SPAR Brand sales.
Cattle products	1-5%	Cattle products in the form of beef steaks and beef products constitute 4.7% of total SPAR brand product sales.
Soy	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>
Other - Coffee	1-5%	SPAR Branded coffee constitutes 7.8% of all SPAR branded products sales. 65% of BeanTree Café sales are generated by coffee sales. Together, 1.1% of revenue is dependent on coffee products.

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	Data not available
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 data.

Forest risk commodity

Timber products

Data type

Consumption data

Volume

205000

Metric

Cubic meters

Data coverage

Partial commodity production/consumption

Please explain

Consumption data covers 100% of wood and wood products sold through SPAR's Build it distribution centre. During the current year, 1 644 529 units of cartons for SPAR branded products, 4 482 000 units of SPAR paper bags and 5 237 967 packaging boxes were sold, however, the total volume of these units is unknown, and therefore, this year consumption data includes only wood. SPAR anticipates reporting the volume of timber used in packaging next year.

Forest risk commodity

Cattle products

Data type

Consumption data

Volume

110000

Metric

Metric tons

Data coverage

Partial commodity production/consumption

Please explain

Consumption data covers 81.9% of cattle products consumption data. Currently, 81.9% of beef is sourced from a single largest supplier. The remaining beef is sourced from smaller beef suppliers, which have not been engaged yet. SPAR plans to engage with all beef suppliers over the next 2 years.

Forest risk commodity

Other - Coffee

Data type

Consumption data

Volume

174927

Metric

Other, please specify (kilograms)

Data coverage

Partial commodity production/consumption

Please explain

This year, 36 820 kilograms of coffee products were consumed in SPAR's Bean Tree Café outlets. Additionally, 332 143 units of 0.25kg and 0.5kg bags of SPAR brand coffee were sold, amounting to 138 107 kilograms.

F1.5b

(F1.5b) 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

Zimbabwe

State or equivalent jurisdiction

Don't know

% of total production/consumption volume

2

Please explain

2% of wood is sourced from Zimbabwe. While all procured wood is FSC certified which includes traceability system from certified tree plantation/forests to final product, however, the SPAR Group has not yet traced wood to regional or individual tree plantation level.

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).

F1.5d

(F1.5d) Why is production and/or consumption data not available for your disclosed commodity(ies)?

	Primary reason	Please explain
Timber products	<Not Applicable>	<Not Applicable>
Palm oil	We are planning to collect the data within the next two years	Although the SPAR Group sells refined palm oil through SmartChef range as well as products that contain Palm Oil ingredient, at this point the Group does not have information on the consumption data for this commodity. SPAR plans to disclose more detailed information next year.
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	<Not Applicable>	<Not Applicable>

F1.6

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

Yes

F1.6a

(F1.6a) Describe the forests-related detrimental impacts experienced by your organization, your response, and the total financial impact.

Forest risk commodity

Timber products

Impact driver type

Physical

Primary impact driver

Increased severity of extreme weather events

Primary impact

Increased production costs

Description of impact

In 2017-2018, South Africa experienced the worst in 1000-years drought, which continued in 2019, with drought still classified as level 2 Red-Class event by the Global Disaster Alert and Coordination System as of August 2019. The drought made significant impact on SPAR's timber products, mainly on wood which is sold through SPAR's Build it distribution centre, as reduced rainfall reduced the number of trees and impacted on the quantity and quality of available timber. This has led to an increase in wood price, which ultimately has been pushed onto the consumer.

Primary response

Supplier diversification

Total financial impact

0

Description of response

SPAR's Build it distribution centre works closely with suppliers to identify potential risks facing the industry and to collaboratively find ways to mitigate risk. This includes having a number of suppliers located in various parts of the country to minimise the impact associated with extreme weather events. During the current drought, SPAR was able to source timber products from suppliers not as severely impacted by drought to ensure continuous supply of timber products to the Group's customers. SPAR collects environmental data, including use of natural resources and preparedness for climate change, from some of the Group's suppliers, and the Group is looking at starting collection of such data from SPAR's timber suppliers. Using already collected environmental data, SPAR is developing updated supplier selection criteria (incorporates suppliers' use of natural resources/climate change resilience among the criteria), which will also be applicable to timber suppliers. The SPAR Group is developing an updated Sustainability Policy, which will further embed climate change issues into the Group's strategy. The revised Policy will incorporate the goal of increased commodities' resilience to climate change and extreme weather events and will have targets to facilitate achievement of this goal. Financial impact has not yet been quantified, however, the SPAR Group is looking into new ways to accurately quantify impacts in future.

Forest risk commodity

Cattle products

Impact driver type

Physical

Primary impact driver

Increased severity of extreme weather events

Primary impact

Reduction or disruption in production capacity

Description of impact

Feed for beef is grown for the following year, and therefore, 2017-2018 drought impacted South African beef suppliers, which are mainly located in South Africa's inland regions, namely, Free State, Northern Cape and North West provinces. Drought has caused a reduced supply of feed, resulting in an increased price of feed and in turn increased price of calves. The agriculture industry is price takers, and therefore, vulnerable to external activities that affect the price of beef products. In 2019, South Africa experienced Foot and Mouth disease outbreak, which is known to occur more frequently in periods of water scarcity when domestic stock and wildlife congregate at water points. The disease significantly reduced the number of exports and there was an oversupply of beef in the country, resulting in a reduced cost of beef. Furthermore, the disease and other animal health issues related to drought have increased the cost of care for livestock.

Primary response

Engagement with suppliers

Total financial impact

0

Description of response

SPAR works closely with the Group's suppliers to drive resource efficiency around water and energy resources and to ensure that suppliers are resilient to climate change impacts and extreme weather events. SPAR's largest beef supplier has acquired land in 3 different locations to reduce energy and water risks as well as the risk associated with extreme weather events. This will also assist with increased biosecurity and minimise the impact of diseases on SPAR's beef suppliers as not all cattle will be affected. SPAR collects environmental data, including use of natural resources and preparedness for climate change, from some of the Group's suppliers, and the Group is looking at starting collection of such data from SPAR's beef suppliers. Using already collected environmental data, SPAR is developing updated supplier selection criteria (incorporates suppliers' use of natural resources/climate change resilience among the criteria), which will also be applicable to beef suppliers. The SPAR Group is developing an updated Sustainability Policy, which will further embed climate change issues into the Group's strategy. The revised Policy will incorporate the goal of increased commodities' resilience to climate change and extreme weather events and will have targets to facilitate achievement of this goal. Financial impact has not yet been quantified as impacts tend to span over several years.

F2. Procedures

F2.1

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

No, forests-related risks are not assessed

F2.1d

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

Timber products

Primary reason

Forests-related risk assessment in progress

Please explain

The SPAR Group is currently re-evaluating the Group's risk assessment framework (how the Group views risk and risk culture) and is revising an updated risk management process, where forest-related risks will be considered. Furthermore, the Group is updating SPAR's Sustainability Policy, which guides the Group's strategy and risk management process, and increased commodities' resilience to climate change and extreme weather events is included in the revised Sustainability Policy.

Palm oil

Primary reason

Forests-related risk assessment in progress

Please explain

The SPAR Group is currently re-evaluating the Group's risk assessment framework (how the Group views risk and risk culture) and is revising an updated risk management process, where forest-related risks will be considered. Furthermore, the Group is updating SPAR's Sustainability Policy, which guides the Group's strategy and risk management process, and increased commodities' resilience to climate change and extreme weather events is included in the revised Sustainability Policy.

Cattle products

Primary reason

Forests-related risk assessment in progress

Please explain

The SPAR Group is currently re-evaluating the Group's risk assessment framework (how the Group views risk and risk culture) and is revising an updated risk management process, where forest-related risks will be considered. Furthermore, the Group is updating SPAR's Sustainability Policy, which guides the Group's strategy and risk management process, and increased commodities' resilience to climate change and extreme weather events is included in the revised Sustainability Policy.

Other - Coffee

Primary reason

Forests-related risk assessment in progress

Please explain

The SPAR Group is currently re-evaluating the Group's risk assessment framework (how the Group views risk and risk culture) and is revising an updated risk management process, where forest-related risks will be considered. Furthermore, the Group is updating SPAR's Sustainability Policy, which guides the Group's strategy and risk management process, and increased commodities' resilience to climate change and extreme weather events is included in the revised Sustainability Policy.

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?

The SPAR Group identifies substantive financial or strategic impact, based on the likelihood and impact criteria. The Group has established eight categories and criteria for each category as to when an impact is deemed to be substantive. The categories are as follows:

- Financial impact - investment asset
- Financial impact – operating profit
- Health & Safety
- Environmental & Community
- Reputation & Brand
- Legal & Compliance
- Management Impact
- Operations

For example, criteria for an impact to be substantive is when financial impact around investments or operating profits is R150mill. Additionally, any impact that may negatively affect the Group's revenues by 3-5% or more, is defined as a substantive financial or strategic impact by the Group. Non-financial criteria for an impact to be substantive in 'Environmental & Community' category is when an 'Incident cases disastrous environmental or societal impact with long term effect requiring major remediation and will result in large scale class action'.

If identified impact meets at least one criterion in any of the categories, then such impact is identified as 'substantive'.

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

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

The SPAR Group sources 98% of timber products from South Africa, and therefore, drought and associated reduced water availability is a risk to the SPAR Group, specifically in relation to timber products, which are sold mainly through SPAR's Build it distribution centre. In 2018, South Africa experienced the worst in 1000-years drought, and impacts associated with extreme drought continued during the current year. The SPAR Group has observed reduction in the number of trees that were grown for timber products in plantations, and this has impacted on the quantity and quality of wood. As a result, timber prices have increased, and this increase has been ultimately pushed onto consumers. Climate change projections for South Africa, which is a water scarce country, suggest that more frequent and intense drought events would recur.

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

Financial impact has not been quantified yet.

Primary response to risk

Promotion of certification, including financial incentives

Description of response

SPAR sources timber products that are 100% certified under the FSC. Wood that the SPAR Group retails comes from sustainably managed forests, which contribute towards climate change mitigation and preservation of ecosystem services. Forests act as carbon sinks, and protecting forests reduces global emissions while preserved ecosystem services reduce vulnerability and increase resilience to climate change impacts. By promoting sustainable wood consumption, the SPAR Group contributes towards global actions aimed at minimising climate change impacts. SPAR has started engagements with the local FSC Council to further drive demand for FSC certification in the country. The Group is working together with SPAR's paper bag manufacturers so that paper bags that SPAR sells would meet FSC certification requirements. Furthermore, SPAR's Build it distribution centre works closely with suppliers to identify potential risks facing the industry and to collaboratively find ways to mitigate risk. This includes having a number of suppliers located in various parts of the country to minimise the impact associated with extreme weather events. The SPAR Group is developing an updated Sustainability Policy, which will further embed climate change issues into the Group's strategy. The revised Policy will incorporate the goal of increased commodities' resilience to climate change and extreme weather events and will have targets to facilitate achievement of this goal.

Cost of response

36258

Explanation of cost of response

FSC Certification licensing costs, depending on the level of certification, varies between R2 270 – R12 176 per stakeholder. SPAR's supply chain for FSC certification includes three stakeholders, specifically, grower, mill and products, and therefore, the licensing costs have been estimated to be between R6 810 – R36 258.

Forest risk commodity

Cattle products

Type of risk

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

Other, please specify (Drought and flooding)

Company-specific description

SPAR has identified that increased severity of extreme weather events is a risk that could have significant impact on beef products that the Group sources and retails. SPAR procures 92% 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 would recur. Feed for beef is grown for the following year, and therefore, 2017-2018 drought had an impact on South African beef suppliers. Due to drought there was a reduced supply of feed, leading to an increased price of feed and in turn increased price of calves. The agriculture industry is price takers, and therefore, vulnerable to external activities that affect the price of their product. In 2019, South Africa experienced Foot and Mouth disease outbreak, which is known to occur more frequently in periods of water scarcity when domestic stock and wildlife congregate at water points. The disease significantly reduced the number of exports and there was an oversupply of beef in the country, resulting in a reduced cost of beef. The SPAR Group recognises that flooding events could also lead to an increase in the number of infectious animal diseases.

Timeframe

4-6 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

Financial impact has not been quantified yet.

Primary response to risk

Engagement with suppliers

Description of response

SPAR works closely with the Group's suppliers to drive adoption of resource efficiency practices around water and energy and to ensure that suppliers are resilient to climate change and extreme weather events. Almost 82% of total beef consumption is sourced from a single largest 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. The SPAR Group is planning to engage with smaller beef suppliers to further promote and drive resource efficiency among all beef suppliers. SPAR collects environmental data, including use of natural resources and preparedness for climate change, from some of the Group's suppliers, and the Group is looking at starting collection of such data from SPAR's beef suppliers. Using already collected environmental data, SPAR is developing updated supplier selection criteria (incorporates suppliers' use of natural resources/climate change resilience among the criteria), which will also be applicable to beef suppliers. The SPAR Group is developing an updated Sustainability Policy, which will further embed climate change issues into the Group's strategy. The revised Policy will incorporate the goal of increased commodities' resilience to climate change and extreme

weather events and will have targets to facilitate achievement of this goal.

Cost of response

0

Explanation of cost of response

The cost of response at this point has not been quantified. The SPAR Group anticipates reporting cost of response next year.

Forest risk commodity

Palm oil

Type of risk

Reputational and markets

Geographical scale

Global

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

Palm Oil commodity is used extensively as a raw material in the food industry. SPAR is a food retailer and the Group sells refined palm oil through SPAR brand SmartChef range as well as palm oil is 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. Currently, the Group has limited understanding on where the palm oil that is used in SPAR brand products is sourced from. 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 the damage that could be made to SPAR brand if unknowingly SPAR was indirectly supporting deforestation practices and consumers became aware of it.

Timeframe

>6 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 (currency)

<Not Applicable>

Potential financial impact figure - minimum (currency)

<Not Applicable>

Potential financial impact figure - maximum (currency)

<Not Applicable>

Explanation of financial

Financial impact has not been quantified yet.

Primary response to risk

Greater traceability of forest-risk commodities

Description of response

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. Furthermore, the Group acknowledges the need for enhanced understanding of the forms of this commodity that are 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. As a first step to mitigate this risk, SPAR is looking at undertaking supply chain mapping for palm oil commodity. Additionally, the Group has engaged with SPAR International on the promotion of sustainable procurement of palm oil and plans to engage with the Roundtable on Sustainable Palm Oil (RSPO) on the access to the 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 the Retailers Sustainability Forum, which SPAR is a member of.

Cost of response

0

Explanation of cost of response

The cost of supply chain mapping has not been quantified yet. The SPAR Group anticipates reporting cost of response next year.

Forest risk commodity

Other - Coffee

Type of risk

Reputational and markets

Geographical scale

Country

Where in your value chain does the risk driver occur?

Direct operation

Primary risk driver

Shifts in consumer preference

Primary potential impact

Reduced demand for products and services

Company-specific description

The SPAR Group is under increasing pressure from stakeholders, including consumers and the broader public, to address environmental issues. 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. If SPAR was unable to demonstrate that the Group is addressing environmental issues, the overall SPAR brand could suffer over time. These issues could result in a decline in the demand for SPAR retail outlets and therefore for the SPAR Group's goods. 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. While the SPAR Group recognises that at present there is little interest or demand from consumers for certified coffee, this could quickly change in the near future, prompting SPAR to proactively mitigate this risk.

Timeframe

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 (currency)

<Not Applicable>

Potential financial impact figure - minimum (currency)

3284000000

Potential financial impact figure - maximum (currency)

5473000000

Explanation of financial

The quantification assumes that if SPAR was too slow to take into account 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. This could make owning a SPAR store less desirable, resulting in a reduced number of purchased stores and a reduction in goods purchased from the SPAR Group. If this were to result in a 3 - 5% loss in revenue, it could cost SPAR between R3.284 billion – R5.473 billion per year.

Primary response to risk

Increased use of sustainably sourced materials

Description of response

SPAR's 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.

Cost of response

0

Explanation of cost of response

The cost of response at this point has not been quantified. The SPAR Group anticipates reporting cost of response next year.

Forest risk commodity

Cattle products

Type of risk

Regulatory

Geographical scale

Country

Where in your value chain does the risk driver occur?

Supply chain

Primary risk driver

Changes in land tenure regulations

Primary potential impact

Other, please specify (Loss of farming land)

Company-specific description

SPAR has identified changes to land ownership and regulation as a risk to all the Group's suppliers in South Africa, but this could have the greatest impact on SPAR's cattle suppliers as 92% of SPAR's beef products are procured in South Africa. Restitution of Land Rights Act in South Africa aims to redress past inequalities and injustices by focusing on land restitution, redistribution and land tenure reform. There are discussions in the South African Parliament to amend the legislation and include land expropriation without compensation clauses, and if such legislation amendments were implemented, this could have far reaching impacts on farmers. The process of land restitution and redistribution has been ongoing since 1994 and there is continued uncertainty associated with legislation and land tenure rights in future in South Africa. While the impact and timeframe of this risk unknown, nonetheless, this remains a considerable risk to the SPAR Group.

Timeframe

Unknown

Magnitude of potential impact

Unknown

Likelihood

Unknown

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

Financial impact has not been quantified yet.

Primary response to risk

Other, please specify (Acquisition of new land)

Description of response

SPAR's beef suppliers in order to mitigate the risk associated with changes to land ownership have acquired land in 3 different locations. This action is aimed at reducing the uncertainty and potential impact on SPAR's beef supply, should land tenure rights change. Furthermore, this risk response enables SPAR's beef supplier to mitigate energy and water risks as operations are now spread across 3 sites.

Cost of response

0

Explanation of cost of response

The cost of response at this point has not been quantified.

Forest risk commodity

Other - Coffee

Type of risk

Reputational and markets

Geographical scale

Global

Where in your value chain does the risk driver occur?

Supply chain

Primary risk driver

Increased commodity prices

Primary potential impact

Increased operating costs

Company-specific description

The SPAR Group sources coffee products from countries located in Africa, South America and Asian continents. The Group purchases coffee products on the international markets in USD. During 2018-2019 financial year, the SPAR Group has experienced exchange rate volatility caused by instability of South African economy, which has impacted on the price of coffee products. SPAR is a price taker and cannot determine the price of coffee.

Timeframe

Current - up to 1 year

Magnitude of potential impact

Medium

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

Financial impact has not been quantified yet.

Primary response to risk

Other, please specify (Negotiations with second- and third-tier suppliers)

Description of response

SPAR's suppliers try to negotiate the best deals within acceptable price range with second- and third-tier suppliers. Furthermore, SPAR suppliers purchase coffee in bulk at a set price in order to minimise fluctuations in the cost of coffee.

Cost of response

0

Explanation of cost of response

The cost of response at this point has not been quantified.

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

Products & services

Where in your value chain does the opportunity occur?

Direct operation

Primary forests-related opportunity

Increased brand value

Company-specific description & strategy to realize opportunity

The SPAR Group has recognised that offering the Group's customers certified timber products can increase brand value and attract new customers to shop at SPAR's stores. SPAR's biennial 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. Currently, 100% of wood retailed by SPAR's Build it distribution centre 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 in the near future. The Group has engaged local FSC Council to gain marketing license for the packaging of some SPAR branded products (such as 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.

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)

1094000000

Potential financial impact figure – maximum (currency)

2189000000

Explanation of financial impact figure

If this opportunity to increase brand value was realised, it could result in estimated 1-2% increase in the Group's revenue, amounting to R1 094 million – R2 189 million.

Forest risk commodity

Other - Coffee

Type of opportunity

Resilience

Where in your value chain does the opportunity occur?

Supply chain

Primary forests-related opportunity

Ensuring supply chain resilience

Company-specific description & strategy to realize opportunity

Coffee is a commodity that is at risk from global temperature increases (caused by climate change) as quantity and quality of coffee beans is negatively impacted. Certain regions where SPAR sources coffee from might be no longer viable for the growth of coffee beans. While SPAR's supply chain for coffee is lengthy and complex, involving

third-tier suppliers, SPAR's actions to mitigate climate change and rising temperatures, can increase supply chain resilience for coffee products. SPAR has developed Science Based Targets (SBTs), which aligns SPAR's climate change targets with the global target of 2°C degrees temperature increases above pre-industrial levels. Since the IPCC publication of the refined 1.5°C degrees temperature increase above pre-industrial levels target in 2019, SPAR is in the process of updating the Group's SBTs to be in line with the updated global target of 1.5°C degrees. The updated SBTs will be submitted to the Science Based Targets Initiative for approval.

Estimated timeframe for realization

>6 years

Magnitude of potential impact

High

Likelihood

Very likely

Are you able to provide a potential financial impact figure?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Financial impact has not been quantified yet.

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 & strategy to realize opportunity

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. SPAR is looking at undertaking supply chain mapping for palm oil commodity. Additionally, the Group has engaged with SPAR International on the promotion of sustainable procurement of palm oil and plans to engage with the Roundtable on Sustainable Palm Oil (RSPO) on the access to RSPO certified palm oil. These actions will increase traceability and transparency across SPAR's supply chain for palm oil and mitigate forest-related risk associated with uncertainty of origin and/or legality.

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?

No, we do not have this figure

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Financial impact has not been quantified yet.

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 & strategy to realize opportunity

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 (supplies almost 82% of beef products) and some smaller suppliers. The large 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)

<Not Applicable>

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

Financial impact has not been quantified yet.

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

No

F4.1c**(F4.1c) Why is there no board-level oversight of forests-related issues and what are your plans to change this in the future?**

	Primary reason	Board level oversight of forests-related issues will be introduced in the next two years	Please explain
Row 1	First year of response	Yes	This is the first year that SPAR is starting to consider forest-related issues as standalone matters and not among environmental and climate change matters. The SPAR Group is currently re-evaluating the Group's risk assessment framework (how the Group views risk and risk culture) and is revising an updated risk management process, where forest-related risks will be considered. Furthermore, the Group is in the process of updating Sustainability Policy, which incorporates the Group's strategy and risk management process, and consideration for increased commodities' resilience to climate change and extreme weather events is included in the revised Sustainability Policy. The Group is in the process of setting targets for forest-commodities and linking personnel KPIs to the attainment of those targets.

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)	Responsibility	Frequency of reporting to the board on forests-related issues	Please explain
Chief Sustainability Officer (CSO)	Other, please specify (Implementation and execution of the Group's strategy and Climate change resilience)	Not reported to board	Group Risk and Sustainability Executive is responsible for the realisation of the SPAR Group's strategy and adoption of business practices which enable achievement of strategic long-term outcomes. Attainment of these outcomes requires managing climate change and forest-related issues through supply chain engagement and improved climate change resilience (which includes commodities' resilience).

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	No, not currently but we do plan to introduce them in the next two years	Currently, Chief Sustainability Officer is incentivised for supply chain engagement and implementation of the Group's Strategy and climate change resilience, which includes commodities' resilience. Over the next 2 years, the SPAR Group is planning to make incentives relating to forest-related issues more explicit.

F4.4

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

No, but we plan to do so in the next two years

F4.5

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

No, but we plan to develop one within the next two years

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?

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	One of the SPAR Group's strategic outcomes is provision of nutritious and affordable food, which is inextricably linked to the Group's commitment to responsible living and resource stewardship, guiding the Group's business activities and value chain engagements. Achievement of this strategic outcome in the long-term (11-15 years) is underpinned by SPAR's strategic focus area of Food Systems and Sustainable Supply Chain and SPAR's commitment to ethical business practices. The SPAR Group appreciates the importance of the Group's actions around sustainable commodities management and towards sustainable farming and forestry methods in ensuring long-term sustainable food systems. SPAR aims to promote sustainable consumption of forest-related products, which ensure that commodity-driven deforestation practices are removed from SPAR's supply chain. To support these considerations SPAR offers sustainably sourced forest-related products to its customers. SPAR's timber products are FSC certified, coffee is Rainforest Alliance, the UTZ or Fair-Trade certified and cattle – ISO 22000 certified. By offering certified forest-products to its customers, SPAR supports responsible land management, reduced environmental impact and increased climate change resilience in localities which could be at risk from deforestation. The Group has traceability systems in place for timber, coffee and cattle products, which allow the Group to trace forest-products back to individual country or even farm level. This promotes transparency across SPAR's supply chain and enables the Group to further drive sustainability in the supply chain.
Strategy for long-term objectives	Yes, forests-related issues are integrated	11-15	The SPAR Group's sustainability pledge is upheld through commitments to responsible living, societal change, opportunity creation and resource stewardship for long-term shared value creation. These sustainability commitments underpin the Group's strategy and influence decisions to achieve strategic outcomes. The SPAR Group is developing an updated Sustainability Policy, which will further embed climate change issues into the Group's strategy. Forest-related issues such as reduced deforestation and increased commodities' resilience to climate change and extreme weather events are part of the wider climate change issues, and therefore, will be further incorporated into the Group's long-term strategy (covering the period of 11-15 years). The revised Sustainability Policy will incorporate the goal of increased commodities' resilience to climate change, and the Group is currently in the process of setting targets for Timber, Palm Oil, Coffee and Cattle to promote achievement of this goal. SPAR anticipates having targets in place for these four commodities by 2021, and personnel KPIs will be linked to the attainment of those targets. SPAR recognises that monitoring of progress against targets requires comprehensive and accurate data. Therefore, the Group has identified implementation of data collection and monitoring systems as one of the main measures that would improve the Group's ability to manage forest-related matters, including commodities' resilience and elimination of deforestation practices from SPAR's supply chain. The Group plans to better map and trace the origin of forest-related products and monitor consumption of such products. Over the next two years, the Group will set commodities targets and monitor suppliers progress against those targets.
Financial planning	No, forests-related issues not yet reviewed, but there are plans to do so in the next two years	<Not Applicable>	Supply chain efficiency and resilience is among SPAR's strategic focus areas, and to achieve this long-term (11-15 years) goal, SPAR allocates financial resources. Resilience across the supply chain, including resilience for forest commodities, is achieved through driving the demand for certified products. The SPAR Group purchases 100% FSC certified wood and has engaged with the local FSC Council to gain marketing license to be used on SPAR branded products. Furthermore, the Group sources coffee products which are Rainforest Alliance, the UTZ or Fair Trade certified to drive sustainable farming practices and increased resilience among coffee producers, even if currently, there is relatively little demand from consumers for certified coffee. Going forward the Group is planning to work more closely with SPAR suppliers and allocate budget for the promotion and implementation of sustainable consumption across SPAR's supply chain. The SPAR Group is still exploring licensing and supplier programme options.

F6. Implementation

F6.1

(F6.1) Did you have any timebound and quantifiable targets for increasing sustainable production and/or consumption of your disclosed commodity(ies) that were active during the reporting year?

No

F6.1b

(F6.1b) Why do you not have target(s) for increasing sustainable production and/or consumption of your disclosed commodity(ies) and what are your plans to develop these in the future?

	Primary reason	Please explain
Timber products	We are planning to introduce a target in the next two years	The SPAR Group is currently in the process of setting targets for Timber products. The Group is aiming for the targets to have a start date from 2021.
Palm oil	We are planning to introduce a target in the next two years	The SPAR Group is currently in the process of setting targets for Palm Oil. The Group is aiming for the targets to have a start date from 2021.
Cattle products	We are planning to introduce a target in the next two years	The SPAR Group is currently in the process of setting targets for Cattle products. The Group is aiming for the targets to have a start date from 2021.
Soy	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>
Other - Coffee	We are planning to introduce a target in the next two years	The SPAR Group is currently in the process of setting targets for Coffee. The Group is aiming for the targets to have a start date from 2021.

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?	Description of traceability system	Exclusions	Description of exclusion
Timber products	Yes	FSC certification includes a traceability system, where SPAR can trace timber products down to a plantation level. 100% of 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 is not 100% FSC certified, and therefore, cannot be traced.
Palm oil	No	<Not Applicable>	<Not Applicable>	<Not Applicable>
Cattle products	Yes	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>
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Coffee	Yes	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.	Country/geographical area	100% of coffee products sold through SPAR's BeanTree Café outlets is Rainforest Alliance, the UTZ or Fair Trade certified and have traceability system in place. However, SPAR's supply chain for coffee is long and complex and includes second- and third-tier suppliers, making traceability to coffee plantation level difficult, and 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	% of total production/consumption volume traceable
Timber products	Tree plantation	100
Cattle products	Breeding farm	100
Other - Coffee	Country	100

F6.2b

(F6.2b) Why do you not have system(s) in place to track and monitor the origin of your disclosed commodity(ies) and what are your plans to develop these in the future?

Forest risk commodity

Palm oil

Primary reason

We are planning to track and monitor the origin of forest risk commodities within the next two years

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.

F6.3

(F6.3) Have you adopted any third-party certification scheme(s) for your disclosed commodity(ies)? Indicate the volume and percentage of your certified production and/or consumption.

Forest risk commodity

Timber products

Third-party certification scheme

FSC (any type)

Certification coverage

Consumption volume

% of total production/consumption volume certified

100

Form of commodity

Hardwood logs

Softwood logs

Boards, plywood, engineered wood

Volume of production/ consumption certified

205000

Metric

Cubic meters

Please explain

100% of wood and wood products that are procured through SPAR's Build it distribution centre are FSC certified.

Forest risk commodity

Other - Coffee

Third-party certification scheme

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

Certification coverage

Consumption volume

% of total production/consumption volume certified

79

Form of commodity

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

Volume of production/ consumption certified

138107

Metric

Other, please specify (kilograms)

Please explain

All 100% of coffee products sourced by SPAR BeanTree Café are Rainforest Alliance, the UTZ or Fairtrade Certified, which amounts to 79% of total coffee consumption (SPAR BeanTree Café coffee consumption is 138 107 kilograms and SPAR brand coffee is 36 820 kilograms).

Forest risk commodity

Cattle products

Third-party certification scheme

Other, please specify (ISO 22000)

Certification coverage

Consumption volume

% of total production/consumption volume certified

100

Form of commodity

Beef

Volume of production/ consumption certified

110000

Metric

Metric tons

Please explain

All 100% of beef products sourced by SPAR are ISO 22000 certified. However, available consumption data covers 81.9% of cattle products consumption as 81.9% of beef is sourced from a single largest supplier. The remaining beef is sourced from smaller beef suppliers, and currently, consumption data is not available for smaller beef suppliers.

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	Please explain
Timber products	Yes, from suppliers	<Not Applicable>
Palm oil	<Not Applicable>	<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 you disclosed commodity(ies), indicate how you ensure legal compliance with forest regulations and/or mandatory standards.

Timber products

Procedure to ensure legal compliance

Purchase only 100% FSC Certified wood

Country/Area of origin

Zimbabwe

Law and/or mandatory standard(s)

General assessment of legal compliance

Comment

All wood products that SPAR sources is 100% FSC certified, and through the certification SPAR complies with mandatory forest regulations and mandatory standards which promote sustainable management of forests. By purchasing FSC Certified wood, SPAR ensures that regulations and mandatory standards are complied with.

Other - Coffee

Procedure to ensure legal compliance

Purchase only 100% Certified coffee

Country/Area of origin

Brazil
Colombia
Guatemala
Honduras
India
Indonesia
Kenya
Mexico
Nicaragua
Papua New Guinea
Peru
Viet Nam

Law and/or mandatory standard(s)

General assessment of legal compliance

Comment

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.

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>	The SPAR Group works with South African small-scale farmers to assist them with sustainable farming practices and trains them on sustainable farming methods through SPAR's Rural Hub Model. Furthermore, SPAR trains farmers in the localg.a.p. Standard, which incorporates sustainable agricultural practices. Localg.a.p is a stepping stone to safe and sustainable agriculture, and is a capacity building program. However, SPAR's current actions and initiatives do not cover timber commodities.
Palm oil	No, not working with smallholders	<Not Applicable>	<Not Applicable>	<Not Applicable>	The SPAR Group works with South African small-scale farmers to assist them with sustainable farming practices and trains them on sustainable farming methods through SPAR's Rural Hub Model. Furthermore, SPAR trains farmers in the localg.a.p. Standard, which incorporates sustainable agricultural practices. Localg.a.p is a stepping stone to safe and sustainable agriculture, and is a capacity building program. However, SPAR's current actions and initiatives do not cover palm oil commodities as this commodity is not grown in South Africa.
Cattle products	No, not working with smallholders	<Not Applicable>	<Not Applicable>	<Not Applicable>	The SPAR Group works with South African small-scale farmers to assist them with sustainable farming practices and trains them on sustainable farming methods through SPAR's Rural Hub Model but at present the model is not applicable to beef suppliers. SPAR is looking into developing a program which would be specific for beef suppliers and would enable capacity building, promote sustainable agricultural practices and support small-scale beef suppliers.
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>	The SPAR Group works with South African small-scale farmers to assist them with sustainable farming practices and trains them on sustainable farming methods through SPAR's Rural Hub Model. Furthermore, SPAR trains farmers in the localg.a.p. Standard, which incorporates sustainable agricultural practices. Localg.a.p is a stepping stone to safe and sustainable agriculture, and is a capacity building program. However, SPAR's current actions and initiatives do not cover timber commodities as this commodity is not grown in South Africa.

F6.8

(F6.8) Are you working with your direct suppliers to support and improve their capacity to comply with your forests-related policies, commitments, and other requirements?

	Are you working with direct suppliers?	Type of direct supplier engagement approach	Direct supplier engagement approach	% of suppliers engaged	Please explain
Timber products	Yes, working with direct suppliers	Capacity building	Offering on-site training and technical assistance	100%	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. Currently, SPAR engages with 100% of packaging suppliers to drive FSC certifications, however, not all suppliers are FSC certified yet. SPAR also works with paper packaging suppliers to increase the amount of recycled material used in the packaging. The Group is involved in trials and R&D to increase the amount of recycled material in paper packaging.
Palm oil	No, not working with direct suppliers	<Not Applicable>	<Not Applicable>	<Not Applicable>	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.
Cattle products	No, not working with direct suppliers	<Not Applicable>	<Not Applicable>	<Not Applicable>	SPAR anticipates starting to work with direct beef 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.
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 direct suppliers	<Not Applicable>	<Not Applicable>	<Not Applicable>	SPAR anticipates starting to work with direct coffee 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.

F6.9

(F6.9) Are you working beyond your first-tier supplier(s) to manage and mitigate deforestation risks?

	Are you working beyond first tier?	Type of engagement approach with indirect suppliers	Indirect supplier engagement approach	Please explain
Timber products	No, not working beyond the first tier	<Not Applicable>	<Not Applicable>	This is the first year that the SPAR Group is starting to actively manage forest-risk commodities, and therefore, at present, first-tier suppliers are prioritised for engagements.
Palm oil	No, not working beyond the first tier	<Not Applicable>	<Not Applicable>	This is the first year that the SPAR Group is starting to actively manage forest-risk commodities, and therefore, at present, first-tier suppliers are prioritised for engagements.
Cattle products	No, not working beyond the first tier	<Not Applicable>	<Not Applicable>	This is the first year that the SPAR Group is starting to actively manage forest-risk commodities, and therefore, at present, first-tier suppliers are prioritised for engagements.
Soy	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Rubber	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Cocoa	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Other - Coffee	No, not working beyond the first tier	<Not Applicable>	<Not Applicable>	This is the first year that the SPAR Group is starting to actively manage forest-risk commodities, and therefore, at present, first-tier suppliers are prioritised for engagements.

F6.10

(F6.10) Do you participate in 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 industry platforms

Initiatives

<Not Applicable>

Jurisdictional approaches

<Not Applicable>

Please explain

The SPAR Group engages with the local Forest Stewardship council in South Africa to further drive demand for FSC certification in the country. 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.

Forest risk commodity

Palm oil

Do you participate in activities/initiatives?

Yes

Activities

Involved in industry platforms

Initiatives

<Not Applicable>

Jurisdictional approaches

<Not Applicable>

Please explain

SPAR has engaged with SPAR International on the promotion of sustainable procurement of palm oil and plans to engage with the Roundtable on Sustainable Palm Oil (RSPO) on the access to the 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 the Retailers Sustainability Forum, which SPAR is a member of.

F6.11

(F6.11) Is your organization supporting or implementing project(s) focused on ecosystem restoration and protection?

Yes

F6.11a

(F6.11a) 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

Primary motivation

Voluntary

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. To date, SPAR has collected over 43 000 bags of plastics. Furthermore, funding received from the SPAR Group has enabled the Zwartkops conservancy to employ 2 full time interns that work with litters collectors and identify highly problematic plastics.

Start year

2012

Target year

Indefinitely

Project area to date (Hectares)

0.13

Project area in the target year (Hectares)

0.13

Country/Area

South Africa

Latitude

-33.865513

Longitude

25.596231

Monitoring frequency

Six-monthly or more frequently

Measured outcomes to date

Other, please specify (Amount of waste removed)

Please explain

Since the inception of this ecosystem restoration project in 2012, SPAR has removed 43 000 bags of plastics and has contributed R20,000 each month towards project's costs. The project area includes the entire catchment area for Zwartkops river.

F7. Verification

F7.1

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

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

F8. Barriers and challenges

F8.1

(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 in SPAR branded timber products aim to incentivise adoption of FSC certification.

Forest risk commodity

Palm oil

Coverage

Supply chain

Primary barrier/challenge type

Supply chain complexity

Comment

Palm oil within SPAR brand supply chain is long and complex and the 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.

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 consumer is 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.

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.

F8.2

(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

Direct operations

Main measure

Improved 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.

Forest risk commodity

Timber products

Coverage

Other parts of the value chain

Main measure

Increased demand for certified products

Comment

An increase in demand for certified products would assist with incentivising timber producers and manufactures to produce/ pay for certification of timber products.

Forest risk commodity

Palm oil

Coverage

Direct operations

Main measure

Improved 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.

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.

Forest risk commodity

Cattle products

Coverage

Direct operations

Main measure

Improved 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.

Forest risk commodity

Cattle products

Coverage

Supply chain

Main measure

Reduced cost of certification/certified products

Comment

An increased demand for certified products would incentivise producers of cattle and cattle products to produce/ pay for certification of cattle products.

Forest risk commodity

Other - Coffee

Coverage

Direct operations

Main measure

Improved 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.

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	Group Sustainability and Risk Executive	Chief Sustainability Officer (CSO)

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

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

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I have read and accept the applicable Terms