



THE SPAR GROUP LIMITED

Reg. No. 1967/001572/06

("the Company" or "SPAR")

SPAR SUSTAINABILITY POLICY

INTRODUCTION

At SPAR we believe that the future of our business and the society within which we exist is intertwined. Therefore, we have chosen the phrase "My SPAR, Our Tomorrow" as a public commitment to the future of our brand and our planet. Our commitment to the future is based on careful consideration of SPAR's values of family, passion, and entrepreneurship and how these align with the United Nations Sustainable Development Goals (SDGs), the Government's National Development Plan (NDP) and the Global Reporting Initiative (GRI).

We recognize the challenge of the relationship between our growth and the impact on the environment and our communities. As a global retail brand, we acknowledge that we are part of the problem and therefore need to be a part of the solution.

We are on a mission to reduce our business's overall impact regardless of the number of products we sell thereby protecting invaluable ecosystems and ensuring the longevity of our physical and economic wellbeing.

POLICY STATEMENT

In partnership with our shareholders, our value chain and the communities in which we serve we are working to find solutions to work with nature, thereby protecting our most vulnerable members of our society and inspiring people to do and be more.

We intend to become a more climate resilient organisation by reducing our carbon and ecological footprint, ensuring that our natural resources are responsibly procured and protected. In partnership with other global organisations, we are actively working to become a carbon neutral organisation by 2050. We are committed to finding long term solutions for our country's economy through collaboration with government and private

businesses to build a more inclusive economy, starting within our own organisation to ensure that our actions contribute to the betterment of society and our employees. As part of becoming an organisation of the future we continue to train and upskill our employees and our local communities with skills required for the future of our country.

We have identified 5 key areas that are fundamental to the role that we play as a food retailer: health, sourcing, community, environment, and climate. For each of these key areas we have defined several primary targets and actions that will help us deliver them.

ADMINISTRATION OF THIS POLICY

These targets and their progress are to be reviewed annually by the Sustainability Department and the Social and Ethics Committee.

Mike Bosman

GROUP CHIEF EXECUTIVE
OFFICER

Kevin O'Brien

GROUP ESG EXECUTIVE

COMMUNITY

Action		KPI	Methodology	SDG	NDP	GRI	Strategic Focus Area
1	Freedom of association and collective bargaining	Measures / steps taken by the organisation to support freedom of association.	% of employees that agree that the organisation supports collective bargaining and freedom of association.	8	- Economic Infrastructure (4) - Environmental Sustainability & Resilience (5)	102-1 407-1	Grow & inspire our people
2	Increase colleague skills and digital confidence so they can access a greater number of roles and develop their long-term careers from a 2018 base year	Percentage of colleagues that agree 'I have the opportunity to learn and develop'.	Using a company-wide survey around employee wellness and training feedback.	4 5 8 10	- Economic Infrastructure (4) - Environmental Sustainability & Resilience (5) - Economy & Employment (3) - Improving Education, Training & Innovation (9) - Social Protection (11) - Building Safer Communities (12) - Nation Building & Social Cohesion (15)	404-1 404-3 404-2	Grow & inspire our people

		Percentage of colleagues who have attended leadership training courses.	Number of people who have attended leadership courses and number of hours spent training.	• 4 • 5 • 8 • 10	• Economic Infrastructure (4) • Environmental Sustainability & Resilience (5) • Economy & Employment (3) • Improving Education, Training & Innovation (9) • Social Protection (11) • Building Safer Communities (12) • Nation Building & Social Cohesion (15)	• 404	Grow & inspire our people
3	Continue to build an inclusive culture where everyone has the opportunity to get along	Percentage of colleagues that agree 'There is an inclusive culture at SPAR where people are accepted for who they are without judgement'.	Companywide survey	• 8 • 10	• Economic Infrastructure (4) • Environmental Sustainability & Resilience (5) • Economy & Employment (3) • Social Protection (11) • Nation Building & Social Cohesion (15)	• 405-1 • 406-1	Embed Diversity & Transformation

		Percentage female share of total workforce and by grading system band.	Number of total female employees as a percentage of the total workforce reported per grading system band.	• 5 • 8 • 10	• Economic Infrastructure (4) • Environmental Sustainability & Resilience (5) • Economy & Employment (3) • Social Protection (11) • Building Safer Communities (12) • Nation Building & Social Cohesion (15)	• 201-1 • 102-2 • 405-2	Embed Diversity & Transformation
		Average gender pay gap (mean and median average %)	Expressing women's pay as a percentage of men's pay.	• 5 • 8 • 10	• Economic Infrastructure (4) • Environmental Sustainability & Resilience (5) • Economy & Employment (3) • Social Protection (11) • Building Safer Communities (12) • Nation Building & Social Cohesion (15)	• 102-8 • 103-2 • 202-1 • 405-1 • 405-2 • 406-1	Embed Diversity & Transformation

		Percentage employment equity share of total workforce and by work level.	Number of total black employees as a percentage of the total workforce reported per grading system band.	• 8 • 10	• Economic Infrastructure (4) • Environmental Sustainability & Resilience (5) • Economy & Employment (3) • Social Protection (11) • Building Safer Communities (12) • Nation Building & Social Cohesion (15)	• 102-8 • 102-22 • 103-2 • 405-1 • 406-1	Embed Diversity & Transformation
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SOURCING

Actions		KPI	Method	SDG	NDP	GRI	Strategic Focus Area
1.	Lead the industry in addressing the sustainability challenges in our supply chains starting with our most important products and ingredients. Creating transparency in our supply chain in order that we can report accurately on the entire value chain.	Percentage of private label products that are sourced from site with recognised sustainability certifications and products with full view of the supply chain (i.e. from farm to fork).	Engage and track our supplier's 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 - Seafood - Beef/Pork - Timber and Packaging. - Eggs	• 2 • 12 • 13 • 15 • 17	• Environmental Sustainability & Resilience (5) • Inclusive Rural Economy (6) • South Africa in the Region and the World (7) • Social Protection (11)	• 103 • 204-1 • 301-3 • 304 • FP2 • EO9	Build our brand in the hearts & minds

2.	Ensure international human rights standards are respected at all our suppliers' sites as per South African Labour Relations Act 66 of 1995 and/or the UN's Universal declaration of Human Rights and International labour organisation core conventions on labour standards, working hours and health and safety of workers.	Percentage of suppliers that meet all of the international human rights standards.	Results from supplier survey. Human rights to be included as part of the supplier review. Supplier to provide evidence that human rights are met.	• 1 • 5 • 8 • 10 • 11 • 12	• Economic Infrastructure (4) • Environmental Sustainability & Resilience (5) • Economy & Employment (3) • Transforming Human Settlements (8) • Social Protection (11) • Building Safer Communities (12) • Nation Building & Social Cohesion (15)	• 102-8 • 202-1 • 203-1 • 405-2 • 406-1 • 408-1 • 409-1 • 412-1 • 414	Build our brand in the hearts & minds
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3.	SPAR Brand Suppliers are contributing to increasing employment equity.	Percentage of SPAR Brand suppliers that meet level 2 BBBEE and above.	Track supplier's performance against BBBEE – suppliers below required level 4 show YoY improvement.	• 8 • 10	• Economy & Employment (3) • Social Protection (11) • Nation Building & Social Cohesion (15)	• 102-8 • 204-1 • 405-1 • 414-1 • 405-1	Embed diversity & transformation
		Percentage of SPAR Brand suppliers that are Black owned Businesses.	Track number of suppliers that are black owned businesses.	• 8 • 10	• Economy & Employment (3) • Social Protection (11) • Nation Building & Social Cohesion (15)	• 204-1 • 405	Embed diversity & transformation
		Percentage of SPAR Brand suppliers that are Black women owned businesses.	Track number of suppliers that are black women owned businesses.	• 5 • 8 • 10	• Economy & Employment (3) • Social Protection (11) • Building Safer Communities (12) • Nation Building & Social Cohesion (15)	• 204-1 • 405	Embed diversity & transformation

4.	Achieve zero net deforestation in our sourcing of raw materials by 2030	Percentage of palm oil (tonnes) certified to Roundtable on Sustainable Palm Oil (RSPO) standard.	% of total palm oil footprint within procurement that sources Palm Oil from RSPO standard.	• 13 • 15	• Environmental Sustainability & Resilience (5)	• 103 • 201-2 • 307 • 304	Provide affordable & nutritious food
		Percentage of paper / wood products certified by Forest Stewardship Council (FSC), Programme for the Endorsement of Forest Certification (PEFC) or from a recycled source.	All products that carry the Sustainability Logo must meet sustainability standards where applicable. All packaging products to by FSC or PEFC or from a recycled source.	• 13 • 15	• Environmental Sustainability & Resilience (5)	• 103 • 301-2 • 304 • 307 • E09	Build our brand in hearts and minds

5.	Sustainably source all seafood through our supply chain excl. stores by 2022	Products listed as WWF-SASSI green or under improvement.	Procurement policy within the group, all buying teams are trained on sustainable buying and how to make the correct decision. Seafood products are tracked against WWF-SASSI listed seafood products and reviewed bi-annually.	• 12 • 14	• Environmental Sustainability & Resilience (5)	• 103 • 304 • 307 • EO9	Provide affordable and nutritious food
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HEALTH

Actions		KPI	Method	SDG	NDP	GRI	Strategic Focus Area
1.	Help colleagues look after their physical and mental wellbeing so they can be at their best at work and home	% Of employees that agree via survey	How does SPAR assist its employees with their mental and physical wellbeing?	• 3 • 11	• Health and Care for all (10) • Economic Infrastructure (4) • Environmental Sustainability & Resilience (5) • Transforming Human Settlements (8)	-	Grow & inspire our people
2.	To help improve diets through encouraging the consumption of healthy food choices	% Increase of healthy food choices/ Internal Survey.	% Of employees that consume sufficient healthy food daily.	• 3 • 12	• Health and Care for all (10) • Environmental Sustainability & Resilience (5)	FP4	Provide nutritious & affordable food

3.	To make own label food and drink recipes healthier, provided there is no impact on taste or quality and to ensure that products used are sourced sustainably.	% Difference of SPAR Brand products vs market leader with regards to healthier recipes and made from sustainable sources	Track changes made to SPAR Brand recipes esp. recipes that have been healthier without prompt from legislation. Record list of products sourced sustainably and monitor changes.	• 3 • 12	• Health and Care for all (10) • Environmental Sustainability & Resilience (5)	• FP4 • FP6	Provide nutritious & affordable food
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ENVIRONMENT

Actions		KPI	Method	SDG	NDP	GRI	Strategic Focus Area
1.	No food that is safe for human consumption will be wasted in our operations by 2022	% Of food donated vs % of food wasted from a 2019 base year.	Create a food waste baseline off 2019 data, track YoY food donations as a % of total food waste.	• 2 • 3 • 12	• Environmental Sustainability & Resilience (5) • Inclusive Rural Economy (6) • Social Protection (11) • Health Care for all (10)	• 306-2	Provide nutritious & affordable food
2.	Halve food waste in our own operations by 2030	% Of food waste vs 2019 levels.	Create a food waste baseline off 2019 data, track YoY food waste to landfill.	• 12	• Environmental Sustainability & Resilience (5)	• 306-2	Provide nutritious & affordable food
3.	100% of plastic packaging to be reusable, recyclable or compostable by 2025	% Of plastic products that are recyclable or compostable.	Identify plastic products that do not meet these requirements – create baseline. Track YoY improvement (i.e., reduction in number of products that do not meet this statement).	• 9 • 12	• Economic Infrastructure (4) • Environmental Sustainability & Resilience (5)	• 301	Build our brand in the hearts and minds
4.	70% of plastic packaging effectively recycled	% Of plastic packaging effectively recycled.	All new product development with plastic packaging to ensure that it can be effectively recycled.	• 9 • 12	• Economic Infrastructure (4) • Environmental Sustainability & Resilience (5)	• 301	Build our brand in the hearts and minds

5.	30% average recycled content across all plastic packaging	% Of average recycled content across all plastic packaging.	All new product development with plastic packaging to include a minimum content of 30 % recycled material.	• 9 • 12	• Economic Infrastructure (4) • Environmental Sustainability & Resilience (5)	• 301	Build our brand in the hearts and minds
6.	All paper and board used will be 100% sustainable by 2025	% Of paper and board sourced sustainably.	Create baseline. Track YoY performance. All paper and board to carry FSC/ PEFC certification or recycled.	• 9 • 12	• Economic Infrastructure (4) • Environmental Sustainability & Resilience (5)	• 301-1	Build our brand in the hearts and minds

CLIMATE

Actions		KPI	Method	SDG	NDP	GRI	Strategic Focus Area
1	Reduce absolute carbon emissions in line with Science Based Targets to achieve net zero carbon emissions by 2050	Science Based targets are currently being reviewed and new targets are being developed that are aligned with 1.5°C	Track YoY GHG emissions and track investment in emission reduction technologies as a percentage of total CAPEX and/or OPEX expenditure.	• 11 • 12 • 13	• Economic Infrastructure (4) • Environmental Sustainability & Resilience (5) • Transforming Human Settlements (8)	• 103 • 305	Put consumers at our heart
3	Energy efficient technology	% Of technology that is energy efficient versus traditional energy usage appliances.	Track investment in emission reduction technologies as a percentage of total CAPEX and/or OPEX expenditure.	• 7 • 8 • 12 • 13	• Economy & Employment (3) • Economic Infrastructure (4) • Environmental Sustainability & Resilience (5)	• 302	Put consumers at our heart/ Build our brand in hearts and minds
4	Installation of water efficient technology	% Of technology that is water efficient versus traditional water usage appliances.	Track investment in emission reduction technologies as a percentage of total CAPEX and/or OPEX expenditure.	• 6 • 8 • 12 • 13	• Economy & Employment (3) • Economic Infrastructure (4) • Environmental Sustainability & Resilience (5)	• 303-1 • 306-1	Put consumers at our heart/ Build our brand in hearts and minds

5	Water management practices in place/ water stewardship/ leadership	Actions / Policies in place at the warehouse that demonstrate water stewardship within the organisation.	Track performance against actions set in water policy and identify opportunities and risks for water across the business's supply chain.	• 6 • 12	• Economic Infrastructure (4) • Environmental Sustainability & Resilience (5)	• 103 • 303 • 306	Put consumers at our heart/ Build our brand in hearts and minds
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Appendix 1

United Nations Sustainable Development Goals



Appendix 2

Linking the SDGs to GRI

<https://teams.microsoft.com/l/file/BFE9EBBA-CC5E-48AC-8410-893DAB0020FF?tenantId=1d90004f-71a2-4f73-8d29-ccfae227b21b&fileType=pdf&objectUrl=https%3A%2F%2Fsparza.sharepoint.com%2Fsites%2FSustainabilityTeam%2FShared%20Documents%2FGeneral%2FLinking%20the%20SDGs%20and%20GRI.pdf&baseUrl=https%3A%2F%2Fsparza.sharepoint.com%2Fsites%2FSustainabilityTeam&serviceName=teams&threadId=19:e6645f57bf4c4826a2d67f6ed6203709@thread.skype&groupId=81499689-d171-489b-bd66-26f602279bf8>

Appendix 3

GRI Reporting Standards

https://teams.microsoft.com/_#/files/General?threadId=19%3Ae6645f57bf4c4826a2d67f6ed6203709%40thread.skype&ctx=channel&context=GRI&rootfolder=%252FSites%252FSustainabilityTeam%252FShared%2520Documents%252FGeneral%252FGRI

Appendix 4

Alignment of the SDG Targets & NDP Objectives

https://investor-relations.spar.co.za/pdf/SPAR_Environmental_and_social_supplementary_report_2020_Final.pdf