



Good sale

RETAILERS ARE IMPLEMENTING A RAFT OF GREENING INITIATIVES,
NOT ONLY TO MITIGATE THEIR IMPACT OF THE ENVIRONMENT
BUT TO SHARPEN THEIR COMPETITIVE EDGE TOO

BY IGA MOTYLSKA

In the SA retail sector, an increasing number of conscious consumers and non-governmental organisations are insisting on sustainable sourcing as well as locally and responsibly produced goods that are transparent and traceable in terms of their value chain. This is especially true when it comes to raw materials that are known for labour violations, human rights and animal abuses, corruption or non-ethical environmental practices. The biggest culprits often include palm oil, cocoa, coffee, soya beans, fish and seafood, leather, cotton and timber.

Embracing sustainable practices gives retailers the competitive edge, and it makes good business sense. Many are now driven by responsible strategies as part of their core operations. Woolworths outlines its Good Business Journey as ‘building meaningful or value-sharing relationships with stakeholders and working with our suppliers to ensure the products we source are created in safe facilities by workers whose human rights are respected and who are paid fair wages. This means working only with suppliers that practise duty of care towards the environment, do not use child labour or subscribe to any form of corruption’.

Similarly, David North, group executive of strategy and corporate affairs at Pick n Pay, emphasises that sustainability should start at the source and upstream of the supply chain. Not only does it benefit the retailer, often resulting in lower long-term operational costs, and make for a more resilient business model, but it also ensures consumer buy-in. ‘Our strategy is broad and includes our work to help customers lead healthier lives by incentivising them to buy more fruit and vegetables, and products with lower levels of sugar or fat. We are also hugely committed to helping drive economic and social improvement by investing in new stores in previously underserved communities, nurturing and growing small suppliers, creating good careers in retail and encouraging others to invest in and build a sustainable future for South Africa,’ he says.

Some key concerns in SA include the sustainable sourcing of fish and seafood according to the WWF South African Sustainable Seafood Initiative (SASSI), as well as the local cotton industry. Despite sufficient local production capacity, low import duties attract cheaper cotton imports and products.

Mr Price Group participates in the Integrated Supply Chain Programme (ISCP) and Sustainable Cotton Cluster (SCC), which support the cotton value chain, including input from the public sector, farmers, organised labour, service providers, cluster management and consumer organisations. The SCC also encourages the economic, social and environmental sustainability of local cotton and ensures price stability, while supporting local weavers, spinning

mills as well as textile processing skills within the industry. The apparel retailer also supports the Better Cotton Initiative (BCI), which sources sustainable cotton by helping local farmers grow cotton that is community conscious and has a low environmental impact.

Eight of the 78 companies listed on the FTSE/JSE Responsible Investment Index, as of June 2017, are retailers, namely Woolworths, Pick n Pay, Spar, the Clicks Group, Massmart, Mr Price Group, Foschini and Truworths. ‘The FTSE/JSE Responsible Investment Index promotes the aims of stimulating greater transparency by corporates on environmental, social and governance [ESG] considerations, and enables investors to integrate these considerations into investment and stewardship,’ says Corli le Roux, head of sustainability at the JSE.

The JSE is leading the way, as it was the world’s first stock exchange to introduce a sustainability index in 2004, and it is a founding partner of the Sustainable Stock Exchanges Initiative. ‘The criteria are broad, so it challenges companies to look at and integrate a diverse range of environmental, social, governance and transformation issues in their strategy,’ says Justin Smith, Woolworths’ head of sustainability.

The index is reviewed biannually, in June and December, using the ESG Rating, which is aligned with international best practice and lists local companies alongside more than 3 000 of the top-performing global companies in the sustainability and responsible investment category. ‘Inclusion in the FTSE/JSE Responsible Investment Index, and any index, provides encouraging recognition that our work is having an impact and is gaining traction with stakeholders,’ says North. ‘We put a lot of work into organising our strategy, communicating it clearly, setting meaningful and public targets, and reporting regularly on our progress against the targets.’

SA retailers are keeping pace with some of the world’s largest in terms of sustainability practices. Pick n Pay, Woolworths and Shoprite are members of the Global Consumer Goods Forum, alongside global retailers such as Marks & Spencer, Sainsbury’s, Wal-Mart and multinational manufacturers such as PepsiCo, Nestlé and Kellogg’s. The Global Consumer Goods Forum brings together consumer goods manufacturers and retailers in pursuit of responsible business practices for efficiency and sustainability, to benefit consumers, the industry and the world through protection against climate change, reducing waste, compliance with working and environmental practices, food safety regulations, health and wellness measures, and traceability in the value chain.

Pick n Pay is a member of the forum’s environmental sustainability committee – and the only SA retailer too, and one of



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a handful of local companies, listed on the climate A-list (2016) on the global CDP (Carbon Disclosure Project).

Another good measure of sustainability is sustainable buildings and green in-store practices – such as decreasing waste and encouraging the use of reusable plastic bags and cups – that focus on being energy-efficient, resource-efficient and environmentally responsible. The Green Building Council of South Africa (GBCSA), an independent, non-profit organisation, is leading the greening of SA’s property sector. It provides Green Star certifications to buildings that are designed, built and operated in a sustainable way to significantly reduce the negative impact on the environment and people. SA’s greenest retail shopping complexes include Menlyn Maine Shopping Centre, Villa Mall Shopping Centre and the V&A Waterfront.

In January, the Woolworths Palmyra store in Cape Town became the first retail outlet in SA to receive a five-star custom retail tenant green-building rating by the GBCSA. The criteria cover environmental performance over 12 months and rate nine impact categories, namely management, indoor environment quality, energy, transport, water, materials, land-use and ecology, emissions and innovation.

The Palmyra store has automated doors to maintain interior temperature, reclaimed heat from the refrigeration system and air-conditioning for under-floor heating, harvested rainwater to flush toilets, a CO₂ refrigeration system, and a fully automated lighting system. ‘It makes good business sense to invest in renewable energy, water harvesting and use innovative energy and water-saving practices. We look forward to seeing more green transformation in the retail industry in South Africa,’ says Manfred Braune, chief technical officer of the GBCSA.

‘The store has become an important blueprint, and we use it as a model in our ongoing efforts to develop greener retail environments across the Woolworths Group,’ says Smith. ‘As part of our Green Building Programme, we made our biggest single investment in sustainability last year with the installation of an R16.8 million solar photovoltaic system at our Midrand

distribution centre. This has resulted in between 26% to 34% of the centre’s energy being generated from a renewable, clean source.’

It is Ackermans, however, that’s the sustainability hero of the SA retail space. In 2012, Ackermans launched the SWATT (Saving Watts) initiative to reduce the retailer’s electricity costs by replacing light-fittings with LEDs, spacing light-fittings more efficiently, installing a light-management system and online meters with immediate alerts to store managers, teaching staff smart energy habits, and including energy-related KPIs for store managers.

In this way, Ackermans has halved its annual electricity bill, saves 14 GWh – enough to power 1 200 homes – cut 14 168 tons of CO₂ emissions and saves 8.1 Olympic-sized swimming pools of water each year. Though the investment was R33.4 million, the retailer received a R15 million Eskom rebate and pockets savings of R18.6 million annually.

Similarly, since 2010 Makro has implemented numerous initiatives to green its old stores and build new ones in an environmentally sustainable manner by reducing their carbon footprint and saving energy. Both the Makro Carnival and Woodmead stores produce renewable energy via roof-mounted solar PV plants. Makro Carnival generates 1 GWh of solar energy each year, which accounts for close to a third of the store’s energy requirements. ‘All Makro stores use energy-efficient, high-bay LED lighting and intelligent lighting management systems that dim or switch off lights when sufficient natural light penetrates the store via skylights,’ says Melanie van Rooy, Makro marketing director. Furthermore, in 2015, Makro stores collectively conserved around 9 million litres of water through condensate harvesting, which collects water during the defrosting stage of large refrigeration plants. While heat reclamation plants at some stores use heat from refrigeration plants to heat water used on-site, like in bathrooms, hence eliminating reliance on geysers.

Retailers are gearing up for the future by embracing responsible measures and are being rewarded for doing so. And not just through positive ratings, but by consumers too. 🍃