

## Independent Assurance Statement

*To the Board and stakeholders of Pick n Pay:*

**Integrated Reporting & Assurance Services (IRAS)** was commissioned by Pick n Pay (hereafter, PnP) to provide independent third-party assurance (ITPA) over the sustainability content within PnP's 2022 annual reporting, covering the period 01 March 2021 to 27 February 2022 (Financial Year End, or FYE). For the purposes of this statement, the Report refers to content within the *Integrated Annual Report (IAR)* and the standalone *ESG Performance Summary and Databook* (hereafter, combined and referred to as "the Report") in both the printed and downloadable/online version, as well as all relevant supplemental information made available via the web at [www.PnP.co.za](http://www.PnP.co.za). Also, the term "sustainability" is used synonymously with the concept of Environmental, Social and Governance, or ESG, reporting.

### Assurance Standard Applied

To the best of our ability, this assurance engagement has been aligned with an **IRAS** specific combination of AccountAbility's AA1000AS v3 assurance standard, structured to meet the AA1000AS Type 1 (Moderate) requirements and guidance taken from experience gained over a more than 20-year period, inclusive of testing key sustainability performance data at its source at more than 150 sites.

### Independence, responsibilities and limitations

**IRAS** was not responsible for the preparation of any part of the Report and has not undertaken any commissions for PnP in the reporting period that would interfere with our independence. The preparation of this Report is solely the responsibility of PnP, where input from **IRAS** is limited to providing ongoing guidance of where early drafts of the report may appear to fall short of reasonable reporting expectations.

**IRAS's** responsibility in performing its assurance activities is to the Board and management of PnP alone and in accordance with the terms of reference agreed with them.

Due to the nature of the assurance process as a first time, moderate level Type 1 engagement, the testing of data was limited to the Group/Head Office level, excluding visits to any of the company's operations.

### Competence

The assurance team included Michael H. Rea, a Lead Sustainability Assurance Practitioner with 23 years' experience in environmental and social performance measurement, including sustainability reporting and assurance, with support from junior associates within the **IRAS** team. Michael has completed more than 100 assurance engagements for more than 40 different companies and has completed 156 assurance site visits in 20 countries to test ESG/Sustainability data at source.

### Assurance objectives

The objectives of the assurance process were to...

- Assess the extent to which PnP's Report adheres to reasonable local and international expectations for effective reporting, including guidance provided by the Value Reporting Foundation (VRF, formerly the International Integrated Reporting Committee (IIRC)) recommendations for integrated reporting (the <IR> Framework).
- Assess the extent to which PnP's ESG/Sustainability reporting adheres to assurance principles of Inclusivity, Materiality, Responsiveness, Impact, Neutrality/Balance and Comparability.
- Assess the extent to which collection, collation and reporting of key data from PnP's operations meets reasonable expectations for accuracy, consistency, completeness and reliability, as tested at the desktop/off-site level.
- Assess the extent to which PnP provides transparent disclosure of quantitative comparable sustainability data.

### Scope of work performed

The process used in arriving at this assurance statement is based on **IRAS's** own ESG data criteria, as well as guidance from AccountAbility's AA1000AS v3 and other best practices in assurance including the following:

- Reviews of drafts of the Report and meetings with key PnP personnel responsible for the preparation of the Report to assess adherence to the principles of **Inclusivity, Materiality, Neutrality, Comparability, Responsiveness and Impact**.
- Reviews of sustainability measurement and reporting procedures – inclusive of analysis of the Group's ESG data consolidation process – at PnP's head offices, via management interviews with the reporting team, as well as through desktop research.

- Reviews of data collection, collation and reporting procedures at the Group level, with specific reference to the data points detailed in the data table presented within the company's ESG Performance Summary and Databook.
- Reviews of drafts of the Report for any significant errors and/or anomalies, inclusive of any lapses in the reporting of material issues identified during our internal and external materiality assessments.
- Reviews of drafts of the Report to test for adherence to reasonable reporting expectations.
- A series of interviews with the individuals responsible for collating and writing the Sustainability Report in order to ensure sustainability performance assertions could be duly substantiated.

Although **IRAS** reviews all 203 ESG data indicators within our Sustainability Data Transparency Index (SDTI) as part of our assurance process, specific attention and further review was paid to the following data points:

#### Labour

1. Number of employees and contractors as at FYE
2. Percentage of employees who are unionised
3. Employee Turnover Rate
4. Total number of Person Hours Worked (PHW)
5. Absenteeism Rate
6. Number of days lost due to industrial action/strikes

#### Health & Safety

1. Number of Fatalities
2. Number of Medical Treatment Cases (MTCs)
3. Number of Lost Time Injuries (LTIs)
4. Total Number of Recordable Injuries
5. Fatal Injury Frequency Rate (FIFR)
6. Lost Time Injury Frequency Rate (LTIFR)
7. Total Recordable Injury Frequency Rate (TRIFR)

#### Environment

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| <ol style="list-style-type: none"> <li>1. Total Direct Energy Consumption (GJ)</li> <li>2. Total Indirect Energy Consumption (GJ)</li> <li>3. Total Energy Consumption (GJ)</li> <li>4. Total Electricity Consumption (MWh)</li> <li>5. Total carbon emissions (Tons CO<sub>2</sub>e) – Scope 1</li> <li>6. Total carbon emissions (Tons CO<sub>2</sub>e) – Scope 2</li> </ol> | <ol style="list-style-type: none"> <li>7. Total Water Consumption (kl)</li> <li>8. Total non-hazardous waste sent to landfill (tonnes)</li> <li>9. Total hazardous waste sent for disposal (tonnes)</li> <li>10. Total volume of waste sent for recycling (tonnes)</li> <li>11. Percentage of waste sent for recycling (tonnes)</li> </ol> |
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#### Findings & Recommendations

Based on our SDTI analyses of their sustainability reporting, we believe PnP's sustainability data collection, collation and reporting processes have demonstrated significant improvement during the current reporting period. However, we believe that PnP still demonstrates the potential for additional enhancement with respect to systems and controls throughout the Group. Nonetheless, the current Report reasonably reflects an accurate accounting of PnP's current performance, including the review of data collected, collated and reported.

#### Reporting & Assurance Principles

- As per a review of management assertions, including Group level discussions, PnP reasonably engages key stakeholders, thus meeting the requirements of **Inclusivity**. However, we believe that opportunity for improvement exists with respect to ensuring that formal policies and procedures are established for stakeholder engagement.
- The content of the Report does not differ in any significant way from our analysis of the material issues discussed within PnP or in its sphere of influence. Adequate systems and controls appear to be in place to identify and prioritise the company's "most material issues", thereby meeting reasonable **Materiality** expectations.
- As per a review of management assertions, inclusive of discussions at the Group level, PnP reasonably addresses stakeholder concerns through engagement, inclusive of, but not limited to, the content within its Integrated Annual and Sustainability reports, thereby meeting reasonable **Responsiveness** expectations.
- As per a review of management assertions, inclusive of discussions at the Group level, it is reasonable to assert that PnP addresses its most material impacts on stakeholders and the natural environment in which it operates through risk management policies and procedures. However, we believe that more can be done to improve PnP's ability to demonstrate how actions, particularly at the operations level, affect their broader ecosystems, and what is being done to mitigate these impacts. At a moderate level, we believe PnP's activities, inclusive of, but not limited to, the content discussed within its ESG Performance Summary and Databook, meets reasonable **Impact** expectations, but require further improvement.

- As per a review of management assertions, inclusive of discussions at the Group level and reviews of the IAR and SR, the presentation of performance information by PnP's reporting of the company's successes and challenges during the reporting period is fair and balanced, thereby meeting reasonable **Neutrality** expectations.
- As per a review of management assertions, inclusive of discussions at the Group level and reviews of the IAR and *ESG Performance Summary and Databook*, particularly with respect to the presentation of quantitative/numerical performance information, and alignment of the Report to guidance materials (e.g., the *International Integrated Reporting Council's Integrated Reporting <IR> Framework*), PnP provides an exceptional level of performance reporting and data transparency in a manner that allows for comprehensive benchmarking against peer companies, thereby meeting reasonable **Comparability** expectations.

### **Sustainability Data Performance**

- PnP's systems for data collection, collation and reporting, at both the Group and Subsidiary level, are currently deemed reasonable to meet reasonable reporting expectations, but appear to require further improvement. The current reliance on divisional reporting of ESG data via Excel templates appears to result in challenges in obtaining data from the Group's various reporting entities. Particular attention appears to be required with respect to ensuring alignment of understanding indicator-specific definitions, monitoring of completeness and reliability of data, and the overarching commitment of all divisions to provide data to the Group for collation and reporting.

**NOTE:** **IRAS** believes that PnP should update its current ESG data reporting policies, procedures, systems, and controls to improve data reliability. Improvements should include an update to existing ESG data indicator definitions, as well as the intensity of Group internal and/or external scrutiny over data supplied by the various business units.

- Aside from the following exception, the tested data was found to be reasonably accurate and/or reliable, although process improvements at some business units may still be required with respect to the implementation of internal control procedures for data accuracy and reliability.

- **Injuries on Duty**

It is our belief, based on patterns of reported data, that at least some business units require further improvement to the identification and/or reporting of injuries on duty. While we have no reason to believe that business units within the PnP Group are not managing injuries responsibly, we suspect that at least some cases of First Aid and/or Medical Treatment injuries are not being reported to the Group. Moreover, we believe that it is highly probable that PnP is significantly over-reporting the number of Lost Time Injuries (LTIs) due to what appears to be the over-prescription of time off for injuries that may not require "lost time".

**NOTE:** While PnP's reported Lost Time Injury Frequency Rate (LTIFR) is deemed "accurate" based on the data reported to the Group, we do not believe it is truly "comparable", nor does it appear to be a fair reflection of the company's actual performance in managing injuries on duty.

- Based on the depth of ESG data reporting within the Report, including data tables in the body of the reports, we believe that PnP demonstrates leadership relative to public disclosure of ESG data. As per our SDTI analysis of PnP's current reporting, their ESG data transparency falls within the Top 1% (one) of all JSE-listed companies.

### **Conclusions**

Based on the information reviewed, **IRAS** is confident that the Report provides a reasonably comprehensive and balanced account of PnP's sustainability performance for the period under review. The data presented is based on a systematic process, albeit requiring further improvement, and we are satisfied that, aside from the exception stated above, the reported performance data fairly represents the current performance of PnP, while meeting assurance and reporting principles of **Inclusivity, Materiality, Responsiveness, Impact, Neutrality and Balance**. Moreover, and although the quality or quantity of data of can be improved, this Report demonstrates leadership with respect to ESG data transparency.



**Integrated Reporting & Assurance Services (IRAS)**

Johannesburg

22 June 2022