

# INDEPENDENT VERIFICATION STATEMENT

## TO THE DIRECTORS AND MANAGEMENT OF PICK 'N PAY STORES LTD.

Pick 'n Pay Stores Limited (hereafter "PnP Stores") is a JSE-listed holding company with subsidiaries and associates that operate in the FMCG retail sector in Africa. The Group has three trading subsidiaries: Pick 'n Pay Retailers (Pty) Ltd. ("PnP"), Boxer Superstores (Pty) Ltd. ("Boxer") and Zimbabwe-based TM Supermarkets Pvt Ltd, in which it has a 49% non-controlling stake.

Pick 'n Pay Retailers (Pty) Ltd. commissioned GCX to perform an independent third-party verification of the Group's greenhouse gas (GHG) emissions inventory as calculated in-house for the financial reporting period 01 March 2021 to 28 February 2022 (FY2022).

The GHG verification was carried out in accordance with the International Standard ISO 14064-3 (2006): 'Specification with guidance for the validation and verification of greenhouse gas assertions.' Intended users of this information are all PnP Stores' stakeholders, including internal and external interested parties and the CDP.

### VERIFICATION OBJECTIVES AND PERFORMANCE CRITERIA

The objectives of the verification exercise were, by review of objective evidence, to:

1. Confirm that the FY2022 GHG statement met with the specified criteria, and as such is accurate, complete, consistent, transparent and free from material error or omission.
2. Improve the credibility of the Group's GHG emissions submission to the CDP as well as other GHG disclosures.

The criteria against which the verification was undertaken were the principles and requirements of the WRI/ WBCSD GHG Protocol Corporate Accounting Standard, 2nd Edition, 2004 (hereafter the "*GHG Protocol Corporate Standard*").

### VERIFICATION SCOPE

Consistent with PnP Stores' previous GHG reporting, the organisational boundary was defined based on operational control for PnP Stores' global business activities.

PnP Stores requested a **limited level of assurance** for the Group's FY2022 GHG statement.

In conformance with ISO14064-3 (2006), the verification process therefore included an assessment of:

- Completeness of the reporting boundaries selected.
- Appropriateness of the GHG quantification methodologies and emission factors applied.
- Completeness and integrity of the historical activity data used.
- Accuracy and consistency of the GHG emissions and GHG intensity calculations.
- GHG reporting to assess compliance with the *GHG Protocol Corporate Standard* requirements.

## LEVEL OF ASSURANCE AND MATERIALITY

- The verification activities provided a **limited level** of assurance on the final GHG statement.
- Where relevant, a materiality threshold of 5% per emission source was applied.

## REPORTING BOUNDARY & SPECIFIC EXCLUSIONS

In accordance with the **operational control** approach for consolidating GHG emissions, the reporting boundary included scope 1 and scope 2 GHG emissions for all PnP Stores' controlled facilities, as well as scope 3 emissions sources that are currently measured. This included:

- **PnP SA:** 867 PnP Corporate stores; 724 PnP Franchise stores; 10 office/support facilities in SA
- **PnP Africa:** 24 PnP Corporate stores in Zambia; 78 PnP Franchise stores in Africa (BLNS)
- **Boxer:** 290 Boxer Corporate store sites in SA and eSwatini; 6 office/support facilities in SA

The following facilities and/or emissions sources were once again excluded from the reporting boundary due to data availability:

- 1 Pick 'n Pay Dotcoza Centre (online picking warehouse)
- 1 store in Nigeria
- Mobile vehicle fuel for Boxer company-owned vehicles

Aggregated scope 1 and scope 2 emissions for the above exclusions were deemed immaterial and **not relevant** relative to PnP Stores' total scope 1 and scope 2 GHG emissions.

## ROLES AND RESPONSIBILITIES

PnP Stores was responsible for the preparation and presentation of the GHG data to GCX.

GCX was tasked to form an independent opinion on PnP Stores' FY2022 GHG statement for:

1. Conformance with the principles and reporting requirements of the *GHG Protocol Corporate Standard*.
2. Completeness and accuracy of the activity data and the GHG emissions quantification.

## INHERENT LIMITATIONS

There is an inherent limitation in providing verification of GHG data, which is subject to greater inaccuracy than financial data given the nature of and methods used to determine, calculate, sample or estimate such data.

The assurance engagement did not include an examination of the derivation of GWPs, default emission factors, conversion factors, or other derived third-party information.

GCX did not conduct any work outside of the agreed scope and our opinion is therefore restricted to the agreed subject matter.

## GHG STATEMENT

After implementation of the necessary corrective action, using the operational control approach the FY2022 GHG emissions statement for PnP Stores and subsidiaries was stated as:

FY2022 GHG Emissions	Pick 'n Pay South Africa <sup>1</sup>	Pick 'n Pay Africa <sup>2</sup>	Pick n Pay Retailers <sup>3</sup>	Boxer Superstores <sup>4</sup>	Pick 'n Pay Stores Ltd.
	Tonnes CO <sub>2</sub> e	Tonnes CO <sub>2</sub> e	Tonnes CO <sub>2</sub> e	Tonnes CO <sub>2</sub> e	Tonnes CO <sub>2</sub> e
Scope 1	95 434	745	96 179	87 435 <sup>5</sup>	183 614
Scope 2 Location-based <sup>6</sup>	538 402	4 189	542 591	245 162	787 753
Scope 2 Market-based <sup>7</sup>	567 592	4 189	571 782	245 162	816 944
Scope 3	430 772	44 450	475 222	Not measured	475 222
<b>Total Scopes 1, 2 &amp; 3 (Market-based)</b>	<b>1 093 798</b>	<b>49 384</b>	<b>1 143 183</b>	<b>332 597</b>	<b>1 475 780</b>
Outside of Scopes <sup>8</sup>	29 875	Not measured	29 875	20 106 <sup>9</sup>	49 981
Total Measured Emissions (Market-based)	1 123 673	49 384	1 173 058	352 703	1 525 760

**100% of PnP Stores Ltd. FY2022 scope 1 and scope 2 GHG emissions and 96% of measured scope 3 GHG emissions were verified.**

Additional Data Points Verified for CDP 2022	Pick 'n Pay Retailers (SA & Africa)	Boxer Superstores	Pick 'n Pay Stores Ltd.
Total grid electricity purchased (MWh)	560 581	231 285	<b>791 866</b>
Purchased electricity generated on-site - solar PV PPAs (MWh)	6 842	-	<b>6 842</b>
Self-generation consumed – Owned solar PV (MWh)	949	-	<b>949</b>
Total electricity consumed (MWh)	568 372	231 285	<b>799 658</b>
Year-on-year change in GHG emissions	Scope 1; Scope 2; Scope 1 & 2; Scope 3		

<sup>1</sup> Includes 867 PnP Corporate Stores in SA as follows: 302 Supermarkets, 21 Hypers, 285 liquor stores, 259 clothing stores 6 Distribution centres, 2 Head Offices and 4 other facilities. Electricity consumption for the 724 PnP Franchise stores was reported under scope 3.

<sup>2</sup> Scopes 1 and 2 include 24 PnP Corporate Stores in Zambia (23 Supermarkets and 1 liquor store) and scope 3 electricity consumption for the 78 BLNS Franchise stores.

<sup>3</sup> PnP South Africa and PnP Africa are both subsidiaries of the legal entity PnP Retailers (Pty) Ltd.

<sup>4</sup> Includes 378 Boxer corporate stores located on 290 sites (only 11 separately metered/billed liquor stores), including 9 stores (on 6 sites) in eSwatini and 6 support facilities.

<sup>5</sup> Increase attributed to reporting of refrigerant gases for the first time in FY2022, equivalent to 73,691 tCO<sub>2</sub>e.

<sup>6</sup> Excludes 949,405 kWh from owned rooftop solar PV installations at 2 sites.

<sup>7</sup> Excludes 949,405 kWh from PnP-owned solar PV installations at 2 sites and a further 6,842,127 kWh acquired through PPAs from 3rd-party owned rooftop solar PV installations at 4 PnP sites.

<sup>8</sup> The *GHG Protocol Corporate Standard* states that emissions from non-Kyoto listed refrigerant gases should be reported separately from the scopes.

<sup>9</sup> Non-Kyoto Protocol refrigerant gases were reported for the first time in FY2022.

## FINAL VERIFIER OPINION AND QUALIFICATIONS

Material errors and non-conformities identified during the verification process were duly corrected.

On the basis of the limited assurance procedures followed in accordance with **ISO 14064-3**, and using the requirements of the *GHG Protocol Corporate Standard* as criteria, there is no evidence that Pick 'n Pay Stores' revised FY2022 GHG statement:

- 1) Has not been quantified and reported in conformance with the general requirements of the *GHG Protocol Corporate Standard*; and
- 2) Is not materially correct and a fair, complete and accurate representation of the GHG data and information for the FY2022 reporting period, with the following qualifications:
  - **Scope 1:** Fuel consumption for mobile and stationary equipment (generators, forklifts/hysters and ovens/cookers) was mostly estimated using financial spend data.
  - **Scope 1:** The 24 PnP Zambia stores did not report on refrigerant gas losses and Boxer did not have company-owned vehicle fuel data. Whilst this means scope 1 emissions were under-reported, but it is unlikely to be material.
  - **Scope 2:** It could not be determined if PnP Corporate Liquor store consumption was included with that of the co-located supermarket. For conservativeness, most stores were treated as if separately metered. Consumption may therefore be over-reported.
  - **Scope 2/3:** For corporate facilities and franchise stores without online metering, either billed consumption or estimation was used which is subject to inherent inaccuracy.
  - **Scope 3:** Waste emissions represented 4% of total scope 3 emissions but could not be verified as complete due to some unresolved reporting issues.



**Signed:** Kerry Evans  
Lead GHG Verifier, GCX  
**Date:** 19.06.2022



**Signed:** Ohad Shachar  
Technical Director, GCX  
**Date:** 19.06.2022