

## Independent Assurance Statement

*To the Board and stakeholders of Dis-Chem Pharmacies (hereafter, Dis-Chem):*

**Integrated Reporting & Assurance Services (IRAS)** was commissioned by Dis-Chem to provide independent third-party assurance (ITPA) over the sustainability content within Dis-Chem's 2022 Integrated Annual Report (IAR, hereafter referred to as "the Report"), covering the period 01 March 2021 to 28 February 2022 (the Financial Year End, or FYE). For the purposes of this statement, the Report refers to content within the IAR as well as all relevant supplemental information made available via the web at [www.dischem.co.za](http://www.dischem.co.za).

### 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 Dis-Chem in the reporting period that would interfere with our independence. The preparation of this Report is solely the responsibility of Dis-Chem, 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 Dis-Chem 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 engagement, the testing of data was limited to the Group/Head Office level, excluding comprehensive visits to any of the company's operations. However, brief site visits were conducted to the company's distribution centres in Midrand and Cape Town to gain a better understanding of the processes involved in collecting, collating and reporting data from the Operations level to Group/Head Office.

### 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 41 different companies and has completed 156 assurance site visits in 20 countries to test data at source.

### Assurance objectives

The objectives of the assurance process were to...

- Assess the extent to which Dis-Chem's ESG/Sustainability reporting adheres to assurance principles of Inclusivity, Materiality, Responsiveness, Impact, Neutrality/Balance and Comparability.
- Assess the extent to which Group collection, collation and reporting of key sustainability data from Dis-Chem's business units meets reasonable expectations for accuracy, consistency, completeness and reliability, as tested at the desktop/off-site level.
- Assess Dis-Chem's ability to provide transparent disclosure of quantitative comparable sustainability data (also referred to as "Environmental, Social and Governance", or "ESG" data).
- Assess the extent to which the 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).

### Scope of work performed

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

- Meetings with key Dis-Chem personnel responsible for the preparation of the Report to assess adherence to the principles of Inclusivity, Materiality, Neutrality, Comparability, Responsiveness and Impact.
- A review of sustainability measurement and reporting procedures – inclusive of reviews of the Group's sustainability data consolidation process – at Dis-Chem's head offices, via management interviews with the reporting team, as well as through desktop research.

- A review of data collection, collation and reporting procedures at the Group level, with specific reference to the sustainability data points detailed in our Sustainability Data Transparency Index (SDTI).
- 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 Report to ensure sustainability performance assertions could be duly substantiated.

**IRAS** reviewed Dis-Chem’s reporting of all 203 ESG data indicators within our Sustainability Data Transparency Index (SDTI), with specific attention and further review paid to the following data points:

#### **Labour**

1. Number of employees and contractors as at FYE
2. Percentage of employees who are female
3. Percentage of employees who are deemed permanent
4. Percentage of employees who are unionised
5. Employee Turnover Rate
6. Total number of Person Hours Worked (PHW)
7. Absenteeism Rate

#### **Health & Safety**

1. Number of Fatalities
2. Number of Lost Time Injuries (LTIs)
3. Fatal Injury Frequency Rate (FIFR)
4. Lost Time Injury Frequency Rate (LTIFR)

### **Findings & Recommendations**

Based on our SDTI analyses of their sustainability reporting, we believe Dis-Chem’s sustainability data collection, collation and reporting processes have demonstrated significant improvement during the current reporting period. However, we believe that Dis-Chem 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 Dis-Chem’s current performance, including the review of data collected, collated and reported by the various business units.

### **Reporting & Assurance Principles**

- As per a review of management assertions, including Group level discussions, Dis-Chem reasonably engages key stakeholders, thus meeting reasonable 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 provides fair coverage of material issues discussed within Dis-Chem or in its sphere of influence. Systems and controls are in place to identify and prioritise the company’s most material issues from a key risk perspective, thereby meeting reasonable **Materiality** expectations.
- As per a review of management assertions, inclusive of discussions at the Group level, Dis-Chem 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.
- Based on our reviews, we believe that more can be done to improve Dis-Chem’s ability to demonstrate how actions affect their stakeholders and broader socioenvironmental ecosystems, and what is being done to ensure maximal positive impacts while seeking additional reductions in harm. At a moderate level, we believe Dis-Chem’s activities, inclusive of, but not limited to, the content discussed within its Sustainability Report, meets basic **Impact** expectations.
- As per a review of management assertions, inclusive of discussions at the Group level and reviews of the IAR, the presentation of performance information by Dis-Chem’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, 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), Dis-Chem provides a reasonable level of performance data transparency in a manner that allows for benchmarking against peer companies, thereby meeting reasonable **Comparability** expectations.

### ***Sustainability Data Performance***

- Dis-Chem’s systems for data collection, collation and reporting, at both the Group and Operations level, appear to require further improvement. The current systems relied upon for the reporting of ESG data results in challenges to obtain a significant proportion of all data from the Group’s 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 subsidiaries to provide data to the Group for collation and reporting.
- 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 that, based on patterns of reported data, 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 Dis-Chem 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 in a manner that allows for the proactive management of more serious injuries, such as Lost Time Injuries.
- Based on the depth of ESG data reporting within the IAR, including data tables in the body of the reports, we believe that Dis-Chem demonstrates a fair degree of public disclosure of ESG/Sustainability data. As per our SDTI analysis of Dis-Chem’s current reporting, their data transparency falls within the Top 40% 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 Dis-Chem’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 Dis-Chem, 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/Sustainability data transparency.



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

Johannesburg  
22 June 2022