

Independent Assurance Statement

To the Board and stakeholders of Illovo Sugar Limited (Illovo)

Integrated Reporting & Assurance Services (IRAS) was commissioned by Illovo Sugar Limited (hereafter, 'Illovo') to provide independent third party assurance (ITPA) over the information contained within Illovo's 2016 CDP Water Information Request submission (the 'submission'), based on data covering the 12-month period from 01 April 2015 to 31 March 2016. The assurance team consisted solely of Michael H. Rea, our Lead Certified Sustainability Assurance Practitioner, with 17 years' experience in environmental and social performance measurement, including sustainability reporting and assurance, as well as assurance over CDP (Climate Change and Water) submissions.

AccountAbility AA1000S (revised, 2008)

To the best of our ability and significant experience in report assurance, this engagement has been managed in accordance with AccountAbility's AA1000AS (2008) assurance standard – one of the standards the CDP deems a recognised verification/assurance standard – where the format of the engagement was structured to meet the AA1000AS Type II (Moderate) requirements.

Independence

During the past year, **IRAS** has not provided Illovo with any advisory services, nor has been responsible for the preparation of any part of this submission, nor has **IRAS** undertaken any commissions that would conflict with our independence. Responsibility for this submission was the responsibility of Illovo and its CDP Water advisors. Thus **IRAS** is, and remains, an independent assurer over the content and processes pertaining to this submission.

Assurance Objectives

The primary objective of the assurance process was to provide Illovo's stakeholders – inclusive of, but not limited to the CDP – an independent 'moderate level assurance' opinion on whether specific data reported by Illovo, relative to key indicators covered within its submission, meet tests for accuracy, consistency, completeness and reliability.

Assurance Approach, Scope and Limitations

The process used in arriving at this assurance statement is based on AccountAbility's AA1000AS (2008) guidance, as well as other best practices in sustainability assurance. Our approach to assurance included the following:

- A review of measurement and reporting procedures at Illovo's head offices to determine the context and content of sustainability management by the company;
- A review of the draft CDP Water submission for any significant errors, anomalies and/or unsubstantiated assertions to ensure that reported claims are reasonably substantiated.; and,
- A review of data collection, collation and reporting procedures at three selected operational sites, with specific reference to the following selected sustainability performance indicator:
 - Total volume of water consumed (from all sources, excluding rain water)

It should be noted that this AA1000AS (Type II, Moderate) assurance engagement was linked to a broader cycle of engagement designed to afford Illovo assurance over its Integrated Annual Reports. As part of this broader assurance programme, and that for the period under review – supported by three years' prior engagements – **IRAS** completed site visits at the following operations to test the authenticity of data at the primary source of collection and collation:

2016:	Dwangwa (Malawi), Merebank (South Africa) and Sezela (South Africa)
2015:	Eston (South Africa), Kilombero (Tanzania) and Maragra (Mozambique)
2014:	Nchalo (Malawi), Noodsberg (South Africa) and Ubombo (Swaziland)
2013:	Sezela (South Africa) and Nakambala (Zambia)

It is important to note that the assurance process has been a multi-year engagement, inclusive of Illovo's 2015 CDP Water submission, thus allowing for a review of the content and assertions made within the current submission for the period under review relative to Illovo's 2015 submission.

Findings

Overall, it was determined during this year's assurance process that Illovo's data reporting processes are adequate, and it was noted that:

- Illovo’s systems for data collection, collation and reporting continue to improve, as the group-wide understanding and application of its sustainability Group definitions and internal control procedures, is enhanced at operations.
- All of the tested site-specific data was found to be accurate and reliable, albeit in the context of a collective awareness that Illovo – at some sites (e.g., Dwangwa) – over-reports total water consumption due to inadequate systems and controls to measure water outflows back into rivers (i.e., discharges).
- Although water mass balances continue to improve across the group, process improvements are still required at some sites to ensure that reported data is consistent across the group, and that entities implement their own internal control procedures for data accuracy, consistency, completeness and reliability.
- The contents of the submission adequately meet reasonability tests for assertions made relative to the policies, procedures, systems and controls employed to collect, collate and report group water consumption data.
- The data contained within the submission – inclusive of all stated limitations and assumptions – adequately meets reasonability tests for data accuracy and reliability.

Based on the three 2016 site visits to Dwangwa, Merebank and Sezela, IRAS is able to offer assurance over the following WDP indicators at the following levels:

Water aspect	% verification	What standard and methodology was used?
Water withdrawals – total volumes	100%	AA1000AS Type II (Moderate)
Water withdrawals – volume by sources	100%	AA1000AS Type II (Moderate)
Water discharges – total volumes	100%	AA1000AS Type II (Moderate)
Water consumption – total volume	100%	AA1000AS Type II (Moderate)

It is important to note that Type II assurance is based on process interviews and desktop analysis of data submitted to the Group, coupled with site visits to trace data measurement and reporting at the source: at a representative sample of sites. As of the end of the 2016 reporting period, IRAS has tested data measurement and reporting at ten different sites (listed above), providing adequate coverage of total water consumption to offer the above Type II assurance opinion.

Conclusions and Recommendations

Based on the information reviewed via our site visits, desk research and management interviews, **IRAS** is confident that this submission provides a comprehensive and balanced account of Illovo’s water consumption measurement and monitoring performance for the period under review. The data presented is based on a systematic process and we are satisfied that the reported performance data accurately represents Illovo’s current ability to manage and/or report on its water consumption, as per the expectations of the AA1000AS (2008) Assurance Standard.

However, the following findings and recommendations have been identified:

- Illovo should continue to ensure that all operations have adequate water measurement and reporting control procedures in place to reduce the possibility of any lapses in data accuracy, consistency, completeness and/or reliability. This would include ensuring that an adequate number of meters are in place at all sites to measure all significant points of abstraction and discharge, and that all data managers at operations are well aware of Illovo’s reporting and control procedures.
- Illovo should continue to enhance water management, inclusive of water mass balance measurement and reporting, through the use of effective and appropriate ‘intensity targets’ (e.g., a percentage increase/decrease in water consumption per person hour worked). While efficiencies against kilograms and/or tons of sugar produced are calculated and presented within the public domain, the most effective and/or comparable efficiency ratios would be calculated against total PHW due to the diversity of sites within the Illovo Group.

For more information about the assurance process employed to assess the sustainability information contained within Illovo’s CDP Water submission, email michael@iras.co.za.



Integrated Reporting & Assurance Services (IRAS)
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