

GROUP AUDIT COMMITTEE REPORT

INTRODUCTION

The Group Audit Committee (the Committee) has pleasure in submitting this report, which has been approved by the Board and which has been prepared in accordance with the requirements of the Companies Act and incorporates the recommendations of King IV. The report describes how the committee discharged its obligations and fulfilled those duties assigned to it by the Board during the 2023 financial year.

COMMITTEE COMPOSITION

The Committee is elected by the shareholders in terms of section 94(2) of the Companies Act. The Committee consists of a minimum of three independent Non-Executive Directors of the Board. It meets at least four times per annum as per its charter and convened four times during the year ended 30 June 2023.

Chairperson	David Cathrall
Members	Jack Phalane (appointed 30 September 2022) Pitsi Mnisi
Permanent invitees	Peter Mountford (Group CEO) Colin Brown (Group CFO and Debt Officer) Valentine Chitalu (Non-executive Chairman) Zack Sieberhagen (Group Financial Controller) Elton Biljon (Group Financial Manager) Frikkie Knoetze (Projects Executive and Risk Manager) Reyaaz Mahmood (Head of Group Audit Services) Johan Venter (Group Tax Manager) Ahmed Bulbulia (Designated Audit Partner from Ernst & Young Inc.) Bronwen Rugg (Group Audit Manager from Ernst & Young Inc.)
Secretary	John Mackay

EXECUTION OF RESPONSIBILITIES DURING THE YEAR

The Committee assists the Board in its oversight responsibilities including the:

- assessment of the internal and external audit processes to ensure that they are adequate and effective in mitigating significant control risks for the Group;
- adequacy and functioning of the Group's internal controls;
- integrity of the financial reporting processes;
- Group's combined assurance model; and
- expertise of the CFO.

The roles and responsibilities of the Committee are governed by a formal charter which is reviewed annually and approved by the Board. The Committee is satisfied that, for the financial year ended 30 June 2023, it has performed all the functions required to be performed by it in accordance with its charter, the JSE Listings Requirements, JSE Debt Listings Requirements and as set out in the Companies Act.

EXTERNAL AUDIT

During the period under review, the Committee:

- Nominated the appointment of Ernst & Young Inc. as external auditor and Mr Ahmed Bulbulia as the individual designated auditor for the financial year ended 30 June 2023 and ensured that the appointment complied with all applicable legal and regulatory requirements for the appointment of an auditor. The appointment of Ernst & Young Inc. as the external auditor for the year ended 30 June 2023 was tabled and approved at the AGM held on 29 November 2022.
- Satisfied itself as to the qualifications and competence of Ernst & Young Inc. and the designated audit engagement partner.
- Approved the proposed fees for the 2023 financial year audit.
- Approved the appointment of the external auditor for each material subsidiary company.
- Reviewed and evaluated the external auditor's internal quality control procedures.
- Obtained an annual confirmation from the external auditor that their independence was not impaired.

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- Determined the terms of engagement and the fees to be paid to Ernst & Young Inc. as disclosed in note 24.4 to the Consolidated Financial Statements.
- Approved a Non-Audit Services Policy which determines the nature and extent of any non-audit services which Ernst & Young Inc. may provide to the Group.
- Provided pre-concurrence for any proposed contract with Ernst & Young Inc. for the provision of non-audit services to the Group. An annual approval is made for certain services that are requested by management. The services rendered against this approval are reviewed at each meeting of the Committee. All other services are specifically approved by the Committee when requested.
- Considered whether any reportable irregularities were identified and reported by the external auditor in terms of the Auditing Profession Act No 26 of 2005.
- Considered reported control weaknesses, management's response for their improvement and assessed their impact on the general control environment.

The Committee is satisfied that Ernst & Young Inc. is independent of the Group after taking the following factors into account:

- Representations made by Ernst & Young Inc. to the Committee.
- Ernst & Young Inc. does not, except as external auditor or in rendering of permitted and approved non-audit services, receive any remuneration or other benefits from the Group.
- The auditor's independence was not impaired by any consultancy, advisory or other work undertaken by the auditor.
- The Committee obtained and considered all information listed in the JSE Listings Requirements and JSE Debt Listings Requirements in its assessment of the suitability of Ernst & Young Inc. for appointment.
- The criteria specified for independence by IRBA and international regulatory bodies have been met.

The Committee approved, in consultation with management, the audit fee and engagement terms for the various external auditors for the 2023 financial year, as set out below:

Description of fees	R'000	% of total
Audit fees	47 192	93.9
Non-audit fees	2 373	4.7
Expenses	713	1.4
Total fees	50 278	100.0

The Committee, in addition:

- reviewed and approved the pre-concurrence of the non-audit services fees for the 2023 financial year and ensured that the fees were within limit and in line with the non-audit service policy; and
- determined the nature and extent of allowable non-audit services and approved the contract terms for the provision of non-audit services.

INTERNAL AUDIT

The Group has an Internal Audit Department, led by Reyaaz Mahmood as the Head of Group Audit Services. He reports functionally to the chairperson of the Committee and administratively to the Group CFO. The Committee approves the annual internal audit plan and any subsequent variation thereof. The chairman of the Committee meets with the Head of Group Audit Services on a regular basis and the Head of Group Audit Services has unfettered access to all members of the Committee. The Committee considered and was satisfied with the independence of the Internal Audit Department and monitored adherence to the annual internal audit plan.

The Committee:

- Reviewed and approved the internal audit charter and annual audit plan and evaluated the independence, effectiveness and performance of the Internal Audit Department and its compliance with the charter.
- Considered the reports of the internal auditor arising from the audits of the Group's systems of internal control including financial controls, business risk management and maintenance of effective internal control systems.
- Received assurance that proper and adequate accounting records were maintained and that the systems safeguarded the assets against unauthorised use or disposal thereof.
- Reviewed any significant issues raised by the internal audit processes and the adequacy of management's corrective action in response to the internal audit findings.

OVERSIGHT OF RISK MANAGEMENT

A Group Risk Committee (GRC) exists as a subcommittee of the Board to assist with its responsibility for the oversight of the Group's risk management. David Cathrall, Valentine Chitalu and Pitsi Mnisi are members of the Group Risk Committee, ensuring that the Committee is an integral component of the risk management process.

The GRC, in accordance with its responsibility for Group's risk management and assurance, has ensured that there are processes in place to identify material risks and that the mitigation of these risks was effectively managed. The GRC has also satisfied itself that the level of unmitigated risks, both individually and in totality, are within the risk appetite of the Group, and that there is sufficient assurance provided to manage risks and the control environment through both internal and external assurance providers.

INTERNAL FINANCIAL CONTROLS

Having reviewed the design, implementation and effectiveness of the Group's system of internal financial controls and having regard for the reports and assessments made by internal audit and management's actions in remedying any control deficiencies, the Committee is satisfied that the internal financial controls are adequate, effective and form a reliable basis for the compilation of the financial statements. No findings came to the attention of the Committee to indicate any material breakdown in internal controls during the 2023 financial year.

The Group CEO and CFO Responsibility Statement is available on page 2. In turn, the CEOs and CFOs of each of the underlying operations have also signed similar certificates.

COMBINED ASSURANCE

The Group's combined assurance framework continues to be refined each year as the control environment changes. A risk matrix has been formulated which ensures that all risks are covered and that the optimal assurance coverage is obtained from internal and external assurance providers. The Committee confirms that it is satisfied that the combined assurance framework is operating effectively and that the Board can place reliance thereon.

FINANCIAL REPORTING

The Committee ensures that all the financial reporting to stakeholders is a fair representation of the state of affairs of the Group.

The Committee confirms that the Group has established appropriate financial reporting procedures and that those procedures are operating effectively.

Among other matters, the Committee:

- Confirmed the appropriateness of the going concern assumption as the basis of preparation of the Annual Financial Statements.
- Reviewed the 2023 Integrated Report and Annual Financial Statements, as well as all other related financial information.
- Considered the appropriateness of the accounting policies adopted and changes thereto.
- Reviewed the external auditor's audit report and key audit matters included.
- Reviewed the representation letter relating to the Financial Statements which was signed by management.
- Reviewed any significant legal and tax matters that could have a material impact on the Annual Financial Statements.
- Considered accounting treatments, significant unusual transactions, impairments and accounting judgements.
- Recommended to the Board that the Annual Financial Statements and the financial information contained in the Integrated Report be approved.

The Committee was not required to deal with any complaints relating to accounting practices or internal audit, nor to the content or audit of the Annual Financial Statements, nor internal financial controls and related matters.

PROACTIVE MONITORING

The Committee hereby confirms that the Group has considered the findings contained in the JSE's Proactive Monitoring Reports when preparing the Annual Financial Statements for the year ended 30 June 2023.

KEY AUDIT MATTERS

The Committee has considered the appropriateness of the key audit matters as outlined in the Independent Auditor's Report. These matters have been covered in the significant areas of judgement below.

In arriving at the figures disclosed in the Annual Financial Statements, there are many areas where judgement is required. These are outlined in note 40 to the Consolidated Financial Statements – Critical accounting estimates, judgements and key assumptions.

The Committee has considered all significant balances on the Consolidated Statement of Financial Position that require significant judgement. The following items were considered:

- Impairment of assets
- Inventories
- Trade receivables

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- Property, plant and equipment and lease portfolio vehicles
- Investment properties
- Goodwill valuation
- Deferred tax assets
- Revenue recognition
- Income tax
- Residual value provisions
- Non-controlling interest put options
- Valuation and useful lives of separately identifiable intangible assets
- Intangible assets with indefinite life
- Share-based payments
- Deferred contingent consideration
- Leases

Key sources of estimation and uncertainty relate to:

- Future cash flows
- Growth rates
- Discount rates
- Forward-looking information utilised in the expected credit loss model

In making its assessment in each of the above areas, the Committee reviewed the disclosures and considered the procedures undertaken by the senior management and internal and external assurance providers and were satisfied that sufficiently robust processes were followed with regards to the judgements relating to the above items.

GROUP CFO

The Committee is satisfied that the Group CFO, Colin Brown, has the appropriate expertise and experience to meet the responsibilities of his appointed position as Group CFO as required by the JSE Listings Requirements and JSE Debt Listings Requirements.

The Committee is satisfied:

- with the expertise and experience of the Group Financial Manager, Elton Biljon; and
- that the resources within the finance function are adequate to provide the necessary support to the Group CFO.

In making these assessments, the Committee has obtained feedback from the external auditors.

SUBSIDIARY COMPANIES

Except for SG Fleet, which has its own Independent Audit Committee, each material operating subsidiary company that has outside shareholders and/or is located offshore has an established Divisional Audit Committee comprised of members that are independent of divisional management. The Divisional Audit Committees are chaired by the Group CFO and report to the Committee. The Committee is notified of all Divisional Audit Committee meetings and Committee members are entitled to attend. The Audit Committee Chairman attended all the significant Divisional Audit Committee meetings during the year under review. Minutes of the meetings of the Divisional Audit Committees are made available to members of the Committee.

APPROVAL

Having satisfied itself that it has complied with all its legal, regulatory and other responsibilities for the 2023 financial year, the Committee recommended the Annual Financial Statements for the year ended 30 June 2023 to the Board for approval. The Board has subsequently approved the Annual Financial Statements, which will be open for discussion at the AGM on 28 November 2023.

On behalf of the Group Audit Committee

David Cathrall

Group Audit Committee Chairperson

29 September 2023