

Integrated Assurance

As depicted on pages 97 - 103 of the **integrated report**, the enterprise risk management (ERM) process directs the group's handling of its major strategic risks. The group continues to work to integrate all assurance efforts that assures the management of key risks and the accomplishment of group-wide strategic objectives.

The group's integrated assurance journey sets out to achieve the following:

- Safeguarding of the group's strategic pillars
- Optimal and cost-efficient assurance coverage is promoted with coverage directed where the group is at largest risk
- The group's stakeholders are better protected as assurance is focused on key strategic risks

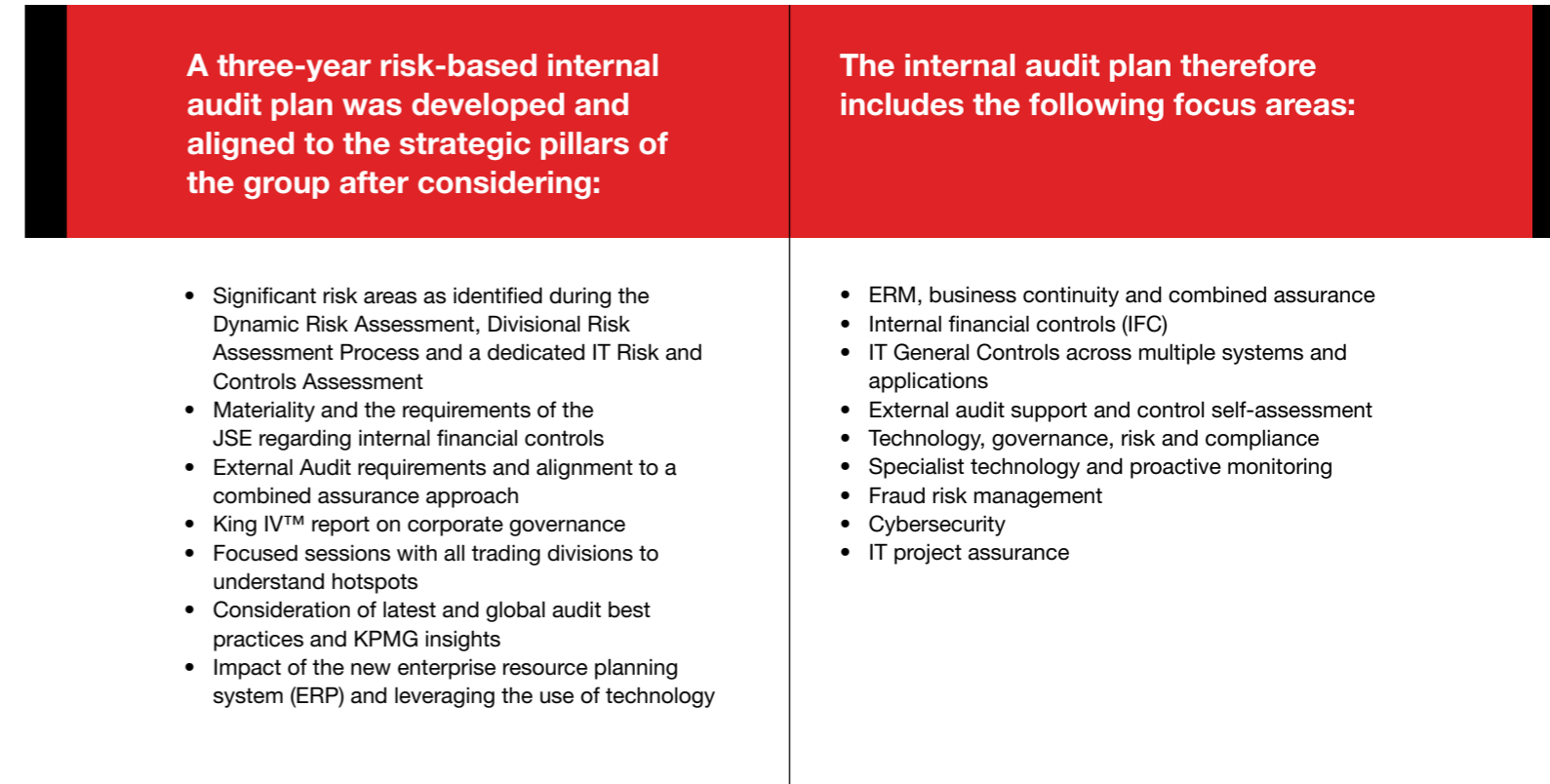


Internal Audit

Approach

Mr Price Group operates in a highly volatile, global community where various interconnected forces are driving extensive organisational transformation and, in turn, disrupting internal audit.

These new demands required new thinking, formulating a value proposition with a different lens on how Mr Price Group earns and maintains the trust of its stakeholders, changes in mindset, new capabilities and new delivery models. Internal audit therefore focused on working more efficiently, creating added value by providing actionable insights in less time with limited resources.



Methodology and Independence

KPMG's internal audit methodology is aligned to the Institute of Internal Audit standards and aims to provide independent, objective assurance to add value and improve the company's operations. KPMG confirmed its independence for FY2024.

For the financial year ending 30 March 2024, work performed has been summarised and results reported to the respective board committees responsible for governance, risk management and internal control processes within the group.

Conclusions

Governance, risk management and combined assurance

Management have progressed well towards the desired risk management maturity level over the past three financial years. The combined assurance policy outlines the integrated combined assurance process. It translates the policy into a combined assurance plan to identify the various lines of assurance and assurance providers involved per key risk. A combined assurance roadmap exists to provide the group with a "24 month and beyond" view to maturing combined assurance. Management are progressing well in implementing key activities of the roadmap. Internal audit assisted in the mapping process with an aim to provide board committees with a consolidated view of assurance obtained from the various assurance providers linked to the significant or strategic risks of the group.

Internal control processes

The reviews as per the FY2024 internal audit plan conclude that based on the scope of work and approach followed, the results indicate improvements are needed within the internal control environment of the group. These results were reported to the divisional board, Audit and Compliance Committee, and Risk and IT Committee on a regular basis during the year.

Statement by Internal Audit

For the financial year ending 30 March 2024, after taking into consideration:

- The FY2024 internal audit plan
- The scope of the internal audit work and the approach followed
- The limitations of coverage and sampling
- Representations, self-assessments and other information provided by management,

Except for the following areas which were rated as weak:

- IT general controls: Studio 88 and Yuppiefchef
- Power Fashion store stock take and computer software assurance validation

all other internal control processes that were reviewed were assessed as acceptable across the group.

The ACC has received the plans taken or to be taken by management to remediate the improvement areas noted by internal audit and will continue to monitor this implementation and embedment.

External Audit

Deloitte & Touche was appointed and approved by shareholders in August 2023 as the group's external auditor for the reporting period as a result of the decision for auditor rotation for FY2024 following a tender process for selection and appointment of auditors for FY2024. The committee is satisfied that Deloitte & Touche is independent of the group. In reaching this conclusion, the committee considered the appointment of Camilla Howard-Browne, the designated partner as appropriate.

The committee has considered:

- The extent of non-audit services is minimal and is continuously monitored with no excessive, unusual or unnecessary engagements noted which is inline with the group's non audit services policy which is strictly followed.

The committee is of the view that the group received a quality external audit considering the standard of audit planning and scope of activities that was performed and that this is the first year of audit transition. The audit team assigned to the audit, Deloitte & Touche's independence, its relationship with stakeholders, understanding of the business, and the extent of non-audit services provided, were further points taken into consideration during the assessment of the audit quality.

The committee met with Deloitte & Touche prior to the approval of this report to discuss the key audit matter, the group's annual financial statements, commentary thereon and general matters.

The committee acknowledges the following matters identified by Deloitte & Touche as the **key audit matter** (see page 15 and 16), and notes the following:

- The recent acquisitions have resulted in goodwill and indefinite useful life intangible assets of R4.6bn being recognised at the year end. Management has performed the annual impairment test, using discounted cash flow models which are inherently complex and judgemental in nature due to the level of estimation uncertainty associated with forecasting future cash flows.

Compliance

The board is ultimately responsible and sets the tone for compliance in the group. The board is committed to ensuring that the group complies with the company's memorandum of incorporation and all applicable laws, regulations and adopted nonbinding rules, codes and standards in the countries in which the group operates. The board delegates its responsibility to the committee, which is accountable for setting the direction on how compliance is managed by approving the group's compliance policy and exercising ongoing oversight of compliance governance.

Lines of defence

The committee delegates the implementation and execution of effective compliance management to the group's senior management as the first line of defence. The second line of defence is the group's compliance function, which assists the board, management and associates in fulfilling their responsibility to comply with applicable compliance obligations by providing compliance risk management services. High risk compliance areas are included in the group's annual internal audit plan with reviews conducted by the group's outsourced internal audit function as the third line of defence to assess the effectiveness of compliance processes and activities in the group. In addition, KPMG provides assurance on the group's **sustainability report**.

Regulatory environment

The complex and demanding regulatory environment in which the group operates, is monitored using regulatory alert systems for both South Africa and Africa as well as publications by professional and industry bodies and stakeholders. This assists the compliance function and business to identify material regulatory changes across all countries in which the group operates. The business impact is also determined and appropriate controls implemented to ensure the group remains in a defensible compliance position.

The group's regulatory universe is reviewed and updated annually by the group compliance and ethics officer. The regulatory universe is approved by the committee, and the responsibility for compliance with legislation is delegated to senior management. The group compliance function monitors material group and divisional compliance risks, trends and mitigation measures. It formally reports to senior management at the quarterly ESG Centre of Excellence board meetings and the board, through the Social, Ethics, Transformation and Sustainability Committee (SETS) regarding compliance matters relevant to the SETS's areas of oversight. Annually, senior management and the group compliance and ethics officer provide assurance to the committee in respect of their delegated areas of responsibility through the legal assurance process.

Financial services

Mr Price Money, the group's financial services business, is highly regulated and to manage this, a dedicated compliance officer operates within the division, reporting to and aligning with the group compliance function. In addition, an external compliance officer monitors and provides additional assurance on applicable financial services legislation. Guardrisk as the underwriters of the insurance business also provides an element of assurance by conducting reviews of the group's processes. During the reporting period an automated in-store monitoring process was implemented to monitor compliance more frequently, with the first monitoring exercise being conducted for the period ending FY2024. Implementation of compliance measures and controls is managed within other trading divisions and centres of excellence as part of existing roles as appropriate, guided and overseen by the group compliance function.

