

## Audit Committee Report

During the financial year, the Board made the decision to separate the joint Audit and Risk Committee into two committees to ensure that sufficient oversight is given to the matters under their respective mandates. In addition, due to the changes to the Board, the Audit Committee composition was also changed and now comprises Ms Lulama Boyce (chairperson), Mr Saks Ntombela, Mrs Madichaba Nhlumayo and Dr Hugo Nelson. All members of the Audit Committee serve on the Risk Committee to ensure there is overlap of members who are fully appraised of the matters under the committees' respective agendas.

The Audit Committee is chaired by Ms Lulama Boyce, head of the commercial accounting department at the University of Johannesburg, and members have sufficient expertise in the fields of commerce and finance.

Collectively, the Audit Committee has the skills needed to fulfil its duties, including financial and broader corporate reporting expertise. The Audit Committee meets at least three times a year, in May, August and November, in conjunction with the key reporting cycles of the Group.

With the establishment of the standalone Risk Committee, the Audit Committee has additional time to focus its attention on its continued oversight of financial reporting and its statutory obligations. The Audit Committee remains responsible for enabling the maintenance of sound systems of combined assurance and overseeing the preparation of accurate integrated and financial reports in compliance with all applicable reporting standards. The Audit Committee's purpose and objectives, as mandated by the Board, extend, inter alia, to:

- ▶ providing independent oversight of audit and combined assurance requirements, quality and integrity, and monitoring the independence of the auditor and other assurance providers; and
- ▶ exercising decision-making power and accountability in relation to the statutory duties of the Coronation Group.

The Audit Committee Charter, available on our [website](#), more fully describes the role, duties and function of the Audit Committee, which discharges its responsibilities on behalf of the Group.

The Audit Committee met three times during the 2021 financial year, with full member attendance at all meetings. Audit Committee meetings are attended by management, the Risk Assurance Manager, internal audit service providers and the external auditor, by standing invitation, and external subject matter experts, as required. In addition, the remaining Board members regularly attend the proceedings of Audit Committee meetings.

The chairperson of the Audit Committee provides feedback on matters discussed at the Audit Committee meetings.

### Key focus areas

#### Transition to the new auditor

Following the Company's early adoption of mandatory audit firm rotation, KPMG was appointed as the external auditor of the Group from the 2021 financial year. This appointment was ratified by shareholders at the 2021 AGM. A key focus of both the Audit Committee and management was ensuring a smooth transition between auditors.

#### Oversight of financial controls and external audit

During the year, the Audit Committee approved the external auditor's terms of engagement and scope of work. It agreed to the external audit plan prior to the commencement of the audit. Full feedback was given to the Audit Committee after the audit was completed. The Audit Committee considered the quality of the external audit, as well as the feedback received from management, and was satisfied with the quality of the assessment.

### Ensuring auditor independence

- ▶ The Audit Committee has set a limit of 10% of audit fees for any non-audit work undertaken by the external auditor. KPMG has not provided any non-audit work (in terms of its independence requirements for listed clients).
- ▶ The Audit Committee reviews the quantum and type of non-audit services provided by the external auditor to ensure compliance with the specified limits.
- ▶ The tenure of the external audit firm is reviewed annually by the Audit Committee.
- ▶ The Audit Committee oversees the rotation of audit partners every five years, in accordance with the requirements of the Companies Act. The Company has received confirmation from the external auditor that the partners and employees responsible for the audit comply with all legal and professional requirements with regard to rotation and independence. The Audit Committee is satisfied that the external auditor is independent of Coronation.
- ▶ The Audit Committee also considered and satisfied itself that the external auditor is independent of the Company as set out in section 94(8) of the Companies Act, and suitable for appointment considering, inter alia, paragraph 3.84(g)(iii) and the information stated in paragraph 22.15(h) of the JSE Listings Requirements.

### Oversight of the finance function

The Audit Committee satisfied itself in terms of paragraph 3.84(g)(i) of the JSE Listings Requirements with the expertise of the CFO and is of the opinion that she has the appropriate expertise and experience to meet her responsibilities in the position, given the following:

- ▶ regular and comprehensive financial reporting to the Board; and
- ▶ independent discussions between the Audit Committee chairperson and external auditor regarding the effectiveness of the finance function.

The Audit Committee also considered and satisfied itself in terms of paragraph 3.84(g)(ii) of the JSE Listings Requirements with the expertise and adequacy of resources within the finance function.

Based on the processes and assurances obtained, the Audit Committee is of the view that the accounting practices are effective. The Audit Committee considered the following significant matters in relation to the annual financial statements:

- ▶ that appropriate financial reporting procedures exist and are operating effectively; and
- ▶ review of conclusions reached in the Internal Financial Control Attestation Report.

### Oversight of Combined Assurance Model

During the year, the Audit Committee approved the Operational Risk Assurance Plan (→ refer to page 53) and the output of the Group's combined assurance. The Audit Committee has considered and is satisfied with the effectiveness of the Risk Assurance Manager and the arrangements in place for combined assurance, including operational risk assurance. Nothing has come to the attention of the Audit Committee to indicate any material breakdown in the system of control during the year or in the performance of any assurance provider.

### Committee assessment

In compliance with principle 9, practice 73 of King IV™, the Company undertakes a formal, externally managed evaluation every two years (last conducted in 2020) and undertakes a self-assessment managed by the Company Secretary every alternate year. Accordingly, a self-assessment was completed in 2021 and the Audit Committee is of the opinion that it has effectively discharged its responsibilities in terms of its mandate, a view that has been affirmed by the Board.