



AUDIT COMMITTEE REPORT

The fundamental role of an audit committee is to assist the board in fulfilling its oversight responsibilities in areas of financial reporting, internal control systems and internal and external audit functions. The committee considers and evaluates the combined assurance framework and the assurance plans to ensure satisfactory coverage of risks that supports the control environment.

This report is provided by the audit committee appointed for the 2022 financial year.

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THE COMMITTEE IS CONSTITUTED AS A **STATUTORY COMMITTEE OF TIGER BRANDS** IN RESPECT OF ITS DUTIES IN TERMS OF SECTION 94(7) OF THE COMPANIES ACT OF SOUTH AFRICA.

The committee's activities are guided by a detailed charter informed by the Companies Act and King IV™* and the JSE Listings Requirements, which is reviewed and approved by the board annually.

The committee has executed its duties and responsibilities for the group's financial reporting practices, internal control environment and external auditing for the review period in line with its approved charter.

Composition

The committee comprises four independent non-executive directors, and its chairman is not the chairman of the board. Members and attendance are detailed in the integrated annual report.

Biographical details of members and fees are noted in the remuneration report of the integrated annual report.



AREAS OF FOCUS

> External audit

The committee, among other matters:

- > Presented Ernst & Young Inc. to shareholders for appointment as the external auditor, with Ahmed Bulbulia as the designated auditor, for the financial year ended 30 September 2022. It ensured that the appointment complied with all applicable legal and regulatory requirements, and that the auditor and designated auditor are accredited by the JSE Limited
- > Approved the external audit engagement letter, plan and budgeted audit fees. Fees paid to the auditor are detailed in note 4 of the group financial statements
- > Reviewed the audit results, evaluated the effectiveness of the auditor and its independence, and evaluated the external auditor's internal quality-control procedures
- > Considered the reports of the external auditor on the group's systems of internal control and financial controls
- > Determined the nature and extent of all non-audit services provided by the external auditor and pre-approved all non-audit services in line with the group's audit and non-audit services policy
- > Obtained assurances from the external auditor that adequate accounting records were being maintained
- > Considered whether any reportable irregularities were identified and reported by the external auditor in terms of the Auditing Profession Act, No 26 of 2005, and determined that there were none
- > Reviewed external auditor mandatory firm rotation effective 1 October 2022
- > Reviewed JSE accreditation documentation and evaluated IRBA inspection and engagement findings, as well as related correspondence.

> Independence of the external auditor

The audit committee is satisfied that Ernst & Young Inc. is independent of the group after considering the following factors:

- > Representations by Ernst & Young Inc. to the committee
- > The auditor does not, except as external auditor or in rendering permitted non-audit services, receive any remuneration or other benefit from the company

- > Obtained an annual written statement from the auditor that its independence was not impaired. The auditor's independence was not impaired by any consultancy, advisory or any other work undertaken
- > The auditors met, in all material respects, the criteria specified for independence by the Independent Regulatory Board for Auditors and international regulatory bodies.

The audit committee would like to extend their gratitude to Ernst & Young Inc. for their 19 years of excellent service, support and commitment to Tiger Brands.

Deloitte & Touche have been appointed as the incoming external auditors effective 1 October 2022.

Non-audit fees

The committee annually reviews and approves the list of non-audit services which the auditors are permitted to perform in line with the company's audit and non-audit services policy. There is a pre-approval process where all non-audit service engagements above a certain threshold must be approved by the group chief financial officer, and pre-approved by the chairman of the committee. If a higher threshold is to be applied it has to be approved by the entire committee. Quarterly, the cumulative spend for the year to date is presented to the committee to keep track of the non-audit spend and the nature of services. The 2022 non-audit fees were 2,3% of the audit fees. This is below the group's policy threshold of 5% of the audit fees, which is in place for non-audit services.

> Financial statements

For the financial statements, the committee:

- > Confirmed the going-concern requirement as the basis of preparing interim and annual financial statements
- > Reviewed cash flow forecasts and determined that the capital and debt facilities of the group are adequate
- > Examined and reviewed the interim and annual financial statements, as well as related SENS announcements for recommendation to the board for approval
- > Ensured that the annual financial statements fairly present the financial position of the company and group at the end of the financial year

AUDIT COMMITTEE REPORT CONTINUED

- › Considered and reviewed accounting treatments and disclosures of significant transactions
- › Considered accounting judgements and the appropriateness of accounting policies adopted and any changes
- › Reviewed the external auditor’s audit report, including the key audit matters identified by the external auditors which are included in the Tiger Brands Limited annual financial statements. The committee considered the key audit matters as reported by the external auditors and satisfied itself with management’s treatment and responses thereof
- › Reviewed the representation letter from management in connection with audit of the consolidated and separate financial statements of the group
- › Considered any issues identified and reviewed any significant legal and tax matters that could have a material impact on the financial statements
- › Met separately with management and external auditors to review and discuss the annual financial statements, the audit process and findings.

› Internal controls and internal audit

For internal controls and internal audit, the committee:

- › Reviewed and approved the internal audit charter and annual audit plan, including the annual budget and evaluated the independence
- › Effectiveness and performance of the internal audit function and compliance with its charter
- › Considered reports of the internal auditor on the group’s systems of internal control and the enterprise risk management framework and process
- › Received assurance that an adequate and effective system of internal control and risk management is being maintained
- › Reviewed significant issues raised and assessed reports by internal and forensic audit functions and the adequacy of corrective action taken
- › Assessed the performance and the arrangements of the internal audit function and found it to be in conformance to the International Standards for the Professional Practice of Internal Auditing as issued by the Institute of Internal Auditors (IIA) standards. In addition, the committee is satisfied that the internal audit function is independently and appropriately resourced

- › Reviewed the JSE control attestation to support the CEO and CFO
- › Reviewed the report by internal audit on its assessment of the effectiveness of the internal controls and risk management, in accordance with King IV
- › Reviewed ethics and whistle blowing reports to ensure effective actions are implemented.

The committee confirms it has no reason to believe there were any material breakdowns in the design and operating effectiveness of internal financial controls during the period that have not been addressed or are not being addressed by management.

In terms of **risk management, information technology** and **sustainability**, the committee:

- › Reviewed and assessed the risk management framework and practices for effective risk management
- › Reviewed and assessed the information technology environment and the cyber security plan and found it to be effective and adequate
- › Considered the reporting of the quarterly risk and sustainability meetings
- › Received the necessary assurances from management that material disclosures are reliable and do not conflict with financial information.

For **legal and regulatory requirements**, the committee:

- › Reviewed and assessed the adequacy and effectiveness of the group’s procedures to ensure compliance with legal and regulatory requirements
- › Executed all duties as detailed in paragraph 3.84(g) of the JSE Listings Requirements
- › Reviewed the JSE proactive monitoring reports and considered findings and recommendations for the group financial statements and integrated annual report
- › Reviewed IRBA inspection findings for application to the group financial statements and integrated annual report
- › Considered reports provided by management, the internal auditor and external auditor on compliance with legal and regulatory requirements.

> Combined assurance

There is an enterprise-wide system of internal control and risk management in all key operations to manage and mitigate risks. The combined assurance approach is integrated with the risk management process to assess assurance activities across the various lines of defence.

The committee considered and evaluated the combined assurance framework and the assurance plans to ensure satisfactory coverage of risks that supports the control environment.

> Chief financial officer expertise and experience

The committee considered the expertise, resources and experience of the chief financial officer, Deepa Sita, and concluded that this was appropriate.

In addition, the committee is satisfied with:

- > The expertise, effectiveness, capabilities and adequacy of resources with required capabilities in the finance function
- > The experience, effectiveness, expertise and continuous professional development of senior members of the finance function.

 Biographical details appear in the integrated annual report.

> Company secretary

The board is satisfied that Advocate Kgosi Monaisa has the necessary skills, experience and qualifications to discharge his duties.

All directors have unlimited access to the services of the company secretary, who is responsible for ensuring compliance with corporate governance and statutory requirements are adhered to and compiled with.

The company secretary also ensures the proper administration of proceedings and matters relating to the board, as well as the and shareholders, in line with applicable legislation. He is responsible for director training and induction, as well as the annual board evaluation.

The committee confirms that the company secretary maintains an arm's length relationship with the board and directors, taking into account that the company secretary is neither a director of the company nor related to any directors.

> Annual financial statements

Following its review of the consolidated and separate annual financial statements of Tiger Brands Limited for the year ended 30 September 2022, the committee believes that, in all material respects, these comply with the relevant provisions of the Companies Act and IFRS and fairly present the annual financial statements of the company and group for the year ended 30 September 2022. The committee has also satisfied itself on the integrity of the integrated annual report for the year ended 30 September 2022.

Having achieved its objectives, the audit committee recommended the annual financial statements and integrated report for approval by the board. The board has since approved the annual financial statements and integrated report 2022, which will be open for discussion at the upcoming annual general meeting.

On behalf of the committee



Cora Fernandez
Chairman – audit committee

1 December 2022