

COMBINED ASSURANCE

A combined assurance model is applied to provide a coordinated approach to all assurance activities.

The combined assurance model aims to optimise the assurance coverage obtained from management, internal assurance providers and external assurance providers on the risk areas affecting the group. Within DAWN there are a number of assurance providers that either directly or indirectly provide the board and management with certain assurances over the adequacy and effectiveness of those controls that mitigate the risks as identified during the risk assessment process described on pages 40 to 43.

Collectively, the activities of these assurance providers, each representing a line of defence for the group, are referred to as the combined assurance model.

<p>4th line of defence</p>	<p>OVERSIGHT</p>	<ul style="list-style-type: none"> • Board of directors • Board committees
<p>3rd line of defence</p>	<p>INDEPENDENT ASSURANCE</p>	<ul style="list-style-type: none"> • Internal audit • External audit • Other
<p>2nd line of defence</p>	<p>INTERNAL ASSURANCE</p>	<ul style="list-style-type: none"> • Risk management • Compliance • Health and safety • Other
<p>1st line of defence</p>	<p>MANAGEMENT-BASED ASSURANCE</p>	<ul style="list-style-type: none"> • Line management

The DAWN group has taken an approach designed to meet the objectives of combined assurance in a pragmatic and cost-effective manner.

PROCESS

The development of DAWN's combined assurance model entailed the following:

- risk identification;
- identification of controls;
- identification of assurance providers;
- assessment of assurance activities against controls; and
- conclusion and development of action plans.

ASSURANCE PROVIDERS

MANAGEMENT-BASED ASSURANCE

Management oversight, including strategy implementation, key performance indicators and performance measurement, control self-assessments and continuous monitoring mechanisms and systems are included in the first line of defence.

The board obtains formal assurance from the audit committee annually on the effectiveness of the risk management processes, including the operation of internal controls over financial and IT risks, compliance with legislation and the ethical and sustainable management of the business. A formal financial year-end management assurance process is conducted annually by internal audit to obtain assurance in this regard.

INTERNAL ASSURANCE

Risk management, compliance, health and safety and quality assurance processes are included in this second line of defence. These functions are responsible for maintaining policies, minimum standards, risk management performance, monitoring and reporting.

INDEPENDENT ASSURANCE

Internal audit

Internal audit is an independent appraisal function, which examines and evaluates the activities and the appropriateness of the systems of internal control, risk management and governance processes. The audit committee is satisfied that internal audit's functions align with the group's internal audit charter.

The group internal audit executive (chief audit executive in terms of King III) reports to the chief executive officer on day-to-day matters, and functionally to the chairman of the audit committee. Audit plans are presented in advance to the audit committee and are based on an assessment of risk areas involving an independent review of the group's own risk assessments.

The group internal audit executive attends and presents the audit findings to the audit committee.

The objective of internal audit is to assist the board in the effective discharge of its responsibilities. Internal audit is a key assurance provider and provides the board with a report of its activities which, along with other sources of assurance, is used by the board reporting on its assessment of the company's system of internal controls and risk management.

External audit

The audit committee is responsible for recommending the external auditor for appointment by shareholders and for ensuring that the external auditor carries out an annual audit of all the group's subsidiaries in accordance with international auditing standards and reports in detail on the results of the audit both to the management of the group's divisions and to the audit committee. The external auditor is the main external assurance provider for the board in relation to the group's financial results for each financial year.

The audit committee regularly reviews the external auditor's independence and maintains control over the non-audit services provided by the external auditors.

Pre-approved permissible non-audit services performed by the external auditors include taxation and due diligence services. The external auditors are prohibited from providing non-audit services, including valuation and accounting work, where their independence might be compromised by later auditing their own work. Other non-audit services provided by the external auditors are required to be specifically approved by the audit committee. The external auditor rotates the designated audit partner at least every five years.

COMBINED ASSURANCE

(continued)

BOARD AND OVERSIGHT COMMITTEES

In addition to the board of directors, the following board committees provide assurance as stated below:

- Audit committee – with regard to financial and internal controls outlined in its terms of reference.
- Risk committee – with regard to the enterprise-wide risk management framework.
- Remuneration committee – with regard to controls in the remuneration sphere.
- Nomination committee – in relation to board diversity, succession planning and corporate governance structures.
- Social, ethics and transformation committee – with regard to oversight of the group's controls in the sphere of ethics, corporate social responsibility, sustainability and transformation.

The audit committee has reviewed the combined assurance results for the group to satisfy itself that appropriate assurance activities are in place in relation to the controls operating over key risks and controls identified in the risk management process.

BOARD ASSESSMENT OF THE GROUP'S SYSTEMS OF INTERNAL CONTROLS AND RISK MANAGEMENT

The board of directors has been made aware that an addendum to the existing lease agreement on the Germiston Distribution Centre in 2009 was not disclosed to the board. As a result, the lease liability had to be restated based on a 15-year lease at an escalation of 8% per annum, ending in December 2023. Furthermore, in August 2023, a subsidiary of DAWN gave the remaining 49% shareholders in Swan Plastics the right to put their shares at a 5 price: earnings ratio, based on the average of the prior two years' earnings, which written put which was not disclosed to the board. The operating lease liability and the written put constitute reportable irregularities and have as such been reported to the Independent Regulatory Board for Auditors. Lastly, an obligation was raised as a share-based payment obligation in equity to acquire the remaining non-controlling interest shareholding of 18,1% in DAWN Human Resource Solutions (Pty) Ltd. The above treatment transferring the liability to equity was incorrect as per paragraph 4 of IFRS 2. DAWN has updated the statement of equity and share-based payment obligation. This incorrect treatment was highlighted by the JSE proactive monitoring process. Full disclosure of the impact and corrective actions taken appear in note 10 to the audited summary consolidated financial statements.

Other than as stated above, nothing has come to the attention of the board or arose out of the internal control self-assessment process, internal audit or year-end external audits that causes the board to believe that the group's systems of internal controls and risk management are not effective or that the internal financial controls do not form a sound basis for the preparation of reliable financial statements. The board's opinion is based on the combined assurances of external and internal auditors, management and the audit committee as well as central business systems and HR functions.

ASSURANCE

The data in this report has been assured to the extent set out below.

The annual financial statements appearing on DAWN's website have been audited by the independent auditors, PricewaterhouseCoopers Inc, and their audit report appears on page 14 of the annual financial statements.

DAWN's management and directors are responsible for the preparation and presentation of the identified sustainability information, as incorporated in the 2016 sustainability data and information, and for the information contained in the integrated report, in accordance with their internally defined procedures. DAWN's management and directors are also responsible for maintaining adequate records and internal controls that are designed to support the reporting process.

The audit committee has reviewed the sustainability issues in the sustainability data and in the integrated report to ensure that they are reliable and that there is no conflict with the financial information.

Information contained within the sustainability data and content and disclosures from certain external sources have been independently verified, such as the carbon footprint report (internal audit) and broad-based black economic empowerment rating (Empowerdex). The group internal audit department independently provided risk-based assurance on the sustainability data. External independent assurance may in the future be sought for the sustainability report.

COMPLIANCE

Reporting principles and frameworks used in the compilation of the integrated report and the sustainability information and data include:

- International Financial Reporting Standards;
- JSE Listings Requirements;
- King III;
- Global Reporting Initiative;
- DTI Codes of Good Practice;
- Basic Conditions of Employment Amendment Act, no 20 of 2013;
- Broad-Based Black Economic Empowerment Amendment Act, no 46 of 2013;
- Carriage by Air Act, no 17 of 1946;
- Carriage of Goods by Sea Act, no 1 of 1986;
- Companies Act, no 71 of 2008, as amended;
- Compensation for Occupational Injuries and Diseases Act, no 130 of 1993;
- Competition Amendment Act, 2012;
- Constitution of the Republic of South Africa, 1996;
- Consumer Protection Act, no 68 of 2008;
- Cross Border Road Transport Act, no 4 of 1998;
- Customs and Excise Act, no 91 of 1964;
- Electronic Communications and Transactions Act, no 25 of 2002;
- Employment Equity Act, no 55 of 1998;
- Income Tax Act, no 58 of 1962;
- Labour Relations Act, no 66 of 1995;
- National Environmental Management Air Quality Act, no 39 of 2004;
- National Environmental Management Laws Amendment Act, no 25 of 2014;
- National Environmental Management Waste Act, no 59 of 2008;
- National Road Traffic Act, no 93 of 1996;
- National Water Act, no 36 of 1998;
- Occupational Health and Safety Act, no 181 of 1993;
- Petroleum Products Act, no 120 of 1977;
- Pension Funds Act, no 24 of 1956;
- Prevention and Combatting of Corrupt Activities Act, no 12 of 2004;
- Promotion of Access to Information Act, no 2 of 2000;
- Protected Disclosures Act, no 26 of 2000;
- Protection of Personal Information Act, no 4 of 2013;
- Road Transportation Act, no 74 of 1977;
- Securities Transfer Tax Act, no 25 of 2007;
- Skills Development Act, no 97 of 1998;
- Skills Development Levies Act, no 9 of 1999;
- Unemployment Insurance Act, no 63 of 2001;
- Unemployment Insurance Contributions Act, no 4 of 2002; and
- Value Added Tax Act, no 89 of 1991.

The integrated report, annual financial statements and supplementary sustainability information and data are also available online at www.dawnltd.co.za.