



2024

KING IV REPORT

FOR THE YEAR ENDED 31 MARCH 2024

King IV report

Lewis Group is committed to good governance through meaningful consideration and where appropriate, application of the King IV governance principles to achieve the following governance outcomes:

- Ethical culture
- Good performance
- Effective control; and
- Legitimacy.


The board confirms that its primary governance role and responsibilities are to:

- Steer and set the strategic direction of the Group;
- Approve policy and planning;
- Oversee and monitor; and
- Ensure accountability.

This report explains how the Group has applied each of the King IV principles and how its implementation supports the achievement thereof.


LEADERSHIP

Principle 01 The governing body should lead ethically and effectively.

RECOMMENDED PRACTICES	STATUS	EXPLANATION
<ul style="list-style-type: none"> • Members of the governing body should individually and collectively cultivate the following characteristics and exhibit them in their conduct: <ul style="list-style-type: none"> - Integrity - Competence - Responsibility - Accountability - Fairness - Transparency • The governing body should embody the above ethical characteristics in order to offer effective leadership that results in achieving strategic objectives and positive outcomes over time. • Disclose how members of the governing body are being held to account for ethical and effective leadership. 	<p>Applied</p> 	<p>The board is responsible for providing effective leadership on an ethical foundation. This board is committed to good corporate governance based on the principles of integrity, transparency and accountability in its dealings with all stakeholders.</p> <p>Directors declare any conflict of interest at the commencement of meetings for matters on the agenda as well as annually declaring any other interests.</p> <p>The code of ethics is reviewed periodically by the board.</p> <p>All directors participate in the annual evaluation of board, committee and individual director performance. This evaluation covers the board's role and agenda setting, the size, independence and composition of the board, director orientation and development, board meetings, board committees, board accountability and governance practices.</p>


ORGANISATIONAL ETHICS

Principle 02 The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.

RECOMMENDED PRACTICES	STATUS	EXPLANATION
<ul style="list-style-type: none"> • The governing body should assume responsibility for the governance of ethics. • Approve codes of conduct and ethics policies and ensure that they include all stakeholders and address the key ethical risks. • Ensure that there are ways for all stakeholders to be made aware of the codes of conduct and ethics policies. These arrangements should include: <ul style="list-style-type: none"> - publishing the Group's codes of conduct and policies on the website, intranet and any other media; and - incorporating the relevant codes of conduct and policies in supplier and employee contracts as well as in employee induction and training programmes. • Delegate implementation and execution of the codes of conduct and ethics policies to management. • Exercise ongoing oversight of the management of ethics and, in particular, oversee that it results in such matters as recruitment, employee remuneration, supplier selection, breach management, whistleblowing and independent assessments. • Disclose how ethics are being managed at Lewis Group, the focus areas for the current year, monitoring measures, how ethical outcomes are addressed and future areas of focus. 	<p>Applied</p> 	<p>The Group strives to achieve the highest standards of ethical conduct. The board-approved ethics framework, code of conduct and core values outline the standards of honesty, integrity and mutual respect which employees are required to observe. The Lewis Group code of conduct as well as supplier code of conduct and acceptance thereof is available on the Lewis Group website.</p> <p>The Internal audit executive reports summary information on the whistleblowing hotline to the audit committee on a quarterly basis.</p> <p>The Group continues to focus on and monitor the ethics programme. The social, ethics and transformation committee established an operational ethics working group to create ongoing awareness regarding the whistle-blower hotline and ethics matters.</p> <p>Breach of the ethics code is dealt with decisively and employees are informed periodically of any dismissals following disciplinary action arising from breaches of the ethics code, unethical behaviour or misconduct.</p>


RESPONSIBLE CORPORATE CITIZEN

Principle 03 The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.

RECOMMENDED PRACTICES	STATUS	EXPLANATION
<p>The governing body should assume responsibility for corporate citizenship by setting the direction for how it should be approached and addressed by the organisation.</p> <ul style="list-style-type: none"> • The governing body should ensure that the organisation’s responsible corporate citizenship efforts include compliance with the Constitution of South Africa (including the Bill of Rights), the law, leading standards, and adherence to its own codes of conduct and policies. • The governing body should oversee that the organisation’s core purpose and values, strategy and conduct are congruent with it being a responsible corporate citizen. • The governing body should oversee and monitor how the consequences of the organisation’s activities and outputs affect its status as a responsible corporate citizen. This oversight and monitoring should be performed against measures and targets agreed with management in all of the following areas: economy, society and the environment. • Disclose the arrangements for governing and managing responsible corporate citizenship, including the key areas of focus, monitoring measures, how the key outcomes were addressed and future areas of focus. 	<p>Applied</p> 	<p>This principle is embodied in the Lewis Group board charter which confirms that the directors are responsible for ensuring that the company is playing its role as a responsible corporate citizen.</p> <p>The Group is committed to acting responsibly within every country in which the business operates and to comply with all applicable laws and regulations.</p> <p>The board, through the social, ethics and transformation committee monitors the activities relating to good corporate citizenship. These activities include the promotion of transformation and specifically monitoring progress on the Broad-based black economic empowerment codes, employment equity, skills development, preferential procurement and enterprise development, socio-economic development and environmental sustainability.</p> <p>In 2021, the Group appointed consultants specialising in environmental and climate risk to assist with the formulation of a climate risk framework. The Group, with the assistance of the consultants, formulated a climate related risk report which is aligned to the Task Force on Climate-Related Financial Disclosure (TCFD) framework and which sets out a 5-year implementation plan. The plan and implementation thereof is monitored by the social, ethics and transformation committee and reported on in the Lewis Group Integrated annual report.</p>


STRATEGY AND PERFORMANCE

Principle 04 The governing body should appreciate that the organisation’s core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.

RECOMMENDED PRACTICES	STATUS	EXPLANATION
<p>Steer and set the direction, purpose and strategy of the organisation.</p> <p>Delegate to management the formulation of the Group’s strategy and approve the strategy. When considering the proposed strategy for approval, the governing body should challenge it constructively with reference to:</p> <ul style="list-style-type: none"> • Timelines and parameters • Risks and opportunities • Resources and relationships connected to the forms of capital • Legitimate expectations of material stakeholders • Changes to the forms of capital; and • Interconnectivity and interdependencies. <p>The governing body should approve the policies and operational plans developed by management to give effect to the approved strategy. These should include the key performance measures and targets for assessing the achievement of strategic objectives and positive outcomes.</p> <p>The governing body should exercise oversight of the implementation of strategy and operational plans by management. It should continually assess and respond responsibly to any negative consequences of its activities and outputs, its solvency and liquidity and going concern status.</p>	<p>Applied</p> 	<p>The board approves the strategy annually after taking into account the factors that affect its implementation.</p> <p>Executive management formulate the Group’s strategy, annual budget and take into account the following factors in relation to the six forms of capital:</p> <ul style="list-style-type: none"> • Internal and external factors • Risks and opportunities • Resources and relationships; and • Key interdependencies. <p>The board reviews, interrogates and approves the strategy in March each year and thereafter monitors the execution by management, taking into account the expectations of material stakeholders.</p> <p>The board reviews the Group’s performance on a quarterly basis and assesses its solvency and liquidity as well as going concern status on a half-year and annual basis.</p> <p>Further details on Lewis Group’s strategy and targets as well as the material issues and risks are set out in the Integrated annual report.</p>


REPORTING

Principle 05 The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short-, medium- and long-term prospects.

RECOMMENDED PRACTICES	STATUS	EXPLANATION
<p>The board should assume responsibility for the Group's reporting, by approving management's determination of reporting frameworks, taking into account legal requirements and intended purpose of each report.</p> <p>The board should ensure that the Group issues an integrated report and that the annual financial statements, sustainability reports and all other board committee reports are issued in compliance with legal provisions.</p> <p>The board should approve the basis for determining Group materiality for the Integrated annual report and King IV disclosures.</p>	<p>Applied</p> 	<p>The Lewis board, through the audit committee, approves the reporting framework, taking into account amongst others the JSE Listings Requirements, IFRS and King IV.</p> <p>The integrated report and annual financial statements are reviewed by the audit committee which oversees the integrated reporting process as well as the company's financial and reporting function.</p>

PRIMARY ROLE AND RESPONSIBILITIES OF THE GOVERNING BODY

Principle 06 The governing body should serve as the focal point and custodian of corporate governance in the organisation.

RECOMMENDED PRACTICES	STATUS	EXPLANATION
<p>The governing body should exercise its leadership role by steering the organisation and setting its strategic direction, approving policy and planning, overseeing and monitoring of implementation and execution by management and ensuring accountability for organisational performance by means of reporting and disclosure.</p> <p>The governing body should have a board charter which outlines its role, responsibilities and membership requirements and this charter should be regularly reviewed. It should approve the protocol to be followed for non-executive directors to obtain independent, external professional advice as well as the protocol for requesting documentation from, and setting up meetings with management.</p> <p>The governing body should disclose the number of meetings held, attendance and whether the governing body is satisfied that it has discharged its responsibilities in accordance with its charter.</p>	<p>Applied</p> 	<p>A formal board charter that is reviewed annually confirms that the directors are accountable to shareholders with a clear division of responsibility and delegation of authority to the Chief executive officer.</p> <p>Lewis has an approved protocol for non-executive directors to obtain independent, external professional advice as well as for requesting additional information and setting up meetings with management.</p> <p>The Lewis board meets four times a year. Further details on meeting attendance for board and other committees are disclosed in the Corporate governance section of the Integrated annual report as well as the full Corporate governance report available on the company's website. The board was satisfied that it discharged its responsibilities in accordance with its charter based on the annual work plan.</p>


COMPOSITION OF THE GOVERNING BODY

Principle 07 The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.

RECOMMENDED PRACTICES	STATUS	EXPLANATION
<p>Composition The governing body should direct and approve the process for attaining the appropriate balance of knowledge, skills, experience, diversity and independence to objectively and effectively discharge its governance role and responsibilities.</p> <p>The governing body should consider an appropriate size for itself, with reference to the optimal mix of knowledge, skills, experience, the mix of executive, non-executive and independent non-executives, sufficiency in numbers for its committees, quorum and regulatory requirements as well as diversity targets.</p> <p>Nomination, election and appointments The nomination of candidates for election should be approved by the governing body as a whole and the process should be formal as well as transparent.</p> <p>Independence and conflicts Subject to legal provisions, each member of the governing body should submit a declaration of all financial, economic and other interests at least annually, or where there are significant changes. At the beginning of each meeting, members should be required to declare any conflicts of interest and any such conflict should be proactively managed. The governing body should determine the independence of members if it concludes that there is no interest, position or association or relationship which, when judged from the perspective of a reasonable person, is likely to unduly influence or cause bias in decision-making in the best interests of the organisation.</p> <p>Chair of the governing body The governing body should elect an independent non-executive member as chair.</p> <p>Lead Independent The governing body should appoint an independent non-executive member as the lead independent to lead in the absence of the chair, to serve as a sounding board for the chair, to act as an intermediary, to deal with shareholders concerns, to strengthen independence, to chair discussions and decision-making on matters where the chair has a conflict of interest and to lead the performance appraisal of the chair.</p> <p>The chair should not be a member of the audit committee, may be a member of the remuneration committee but not its chair, may be a member of the nominations committee and also its chair, may be a member of the risk committee but not its chair and may also be a member of the social, ethics and transformation committee but not its chair.</p>	<p>Applied </p> <p>Composition Lewis has a unitary board structure consisting of six independent non-executive directors and two executive directors being the Chief executive officer and Chief financial officer.</p> <p>The board, through the nominations committee, ensures that the board has the required skills, experience, diversity and independence to operate objectively and efficiently.</p> <p>The board acknowledges that diversity is an important element for promoting better decision-making and effective governance and as such has adopted a diversity policy and set minimum targets of 30% race and gender representation.</p> <p>Nomination, election and appointments The board, through the nominations committee, established a formal process for the appointment of directors.</p> <p>Independence and conflicts Each director submits an annual declaration of interests to the Company secretary and declaration of conflicts of interest is a standing item on the agenda.</p> <p>The independence of board members is assessed in a holistic manner by the nominations committee. Various criteria are used to determine independence, including length of service on the board, whether the member is a significant provider of financial capital, or provides ongoing professional advice to the company, other than as a member of the board and is entitled to remuneration contingent on the performance of the Group.</p> <p>Hilton Saven was re-elected as board Chairperson in 2021. The next election is set to occur in November 2024.</p> <p>Prof. Fatima Abrahams was appointed as the lead independent director in 2021. The independence of the lead independent director is reviewed annually.</p> <p>The Chairperson is not a member of the audit committee nor chair of other committees, with the exception of the nominations committee.</p>	


COMMITTEES

Principle 08 The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties.

RECOMMENDED PRACTICES	STATUS	EXPLANATION												
<p>Ensure that the composition, roles and responsibilities of committees are complementary, not fragmented or duplicated and that there is no undue reliance on or dominance by any member.</p> <p>Allow any member to attend any committee meeting as an observer, and allow management to attend by standing or <i>ad hoc</i> invitation.</p>	<p>Applied</p> 	<p>Lewis Group established five committees and each one is formally constituted with terms of reference and delegated authority. Each committee is chaired by an independent non-executive director with the requisite skills and expertise.</p> <p>Furthermore, all non-executive directors attend the committee meetings by invitation, with the exception of the social, ethics and transformation committee meetings.</p> <table border="1" data-bbox="1234 754 2040 1182"> <thead> <tr> <th>Lewis board committees</th> <th>Composition</th> </tr> </thead> <tbody> <tr> <td>• Audit committee</td> <td>Three independent non-executives</td> </tr> <tr> <td>• Risk committee</td> <td>Six independent non-executives, and two executives</td> </tr> <tr> <td>• Remuneration committee</td> <td>Six independent non-executives</td> </tr> <tr> <td>• Nominations committee</td> <td>Six independent non-executives</td> </tr> <tr> <td>• Social, ethics and transformation committee</td> <td>Three independent non-executives and one executive</td> </tr> </tbody> </table> <p>The Chief executive officer attends the audit, risk, remuneration and nominations committee meetings as an invitee and the Chief financial officer attends the audit committee meetings as an invitee. Full details of board committees are disclosed in the Integrated annual report as well as the Corporate governance report published on the company's website.</p>	Lewis board committees	Composition	• Audit committee	Three independent non-executives	• Risk committee	Six independent non-executives, and two executives	• Remuneration committee	Six independent non-executives	• Nominations committee	Six independent non-executives	• Social, ethics and transformation committee	Three independent non-executives and one executive
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EVALUATION AND PERFORMANCE

Principle 09 The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.

RECOMMENDED PRACTICES	STATUS	EXPLANATION
<p>The governing body should assume responsibility for the evaluation of its own performance and that of its committees, its chair and its individual members by determining how it should be approached and conducted.</p> <p>The governing body should appoint an independent non-executive member to lead the evaluation of the chair’s performance if a lead independent is not in place.</p> <p>A formal process, either externally facilitated or not in accordance with methodology approved by the governing body, should be followed for evaluating the performance of the governing body, its committees, its chair and its individual members at least every two years.</p> <p>Every alternate year, the governing body should schedule in its yearly work plan an opportunity for consideration, reflection and discussion of its performance and that of its committees, its chair and its members as a whole.</p>	<p>Applied</p> 	<p>All directors participate in an annual evaluation of the board’s performance. The questionnaire-based evaluation covers the board’s role and agenda setting; the size, independence and composition of the board; director orientation and development; board meetings; board committees; board accountability and governance practices. The process also includes an assessment of the performance of the Chairperson, Chief executive officer, Chief financial officer and the Company secretary.</p> <p>Directors also evaluate each other individually. In addition, the Chairperson has individual feedback sessions with each director following the completion of the questionnaire should it be necessary.</p> <p>In 2024, a formal internal evaluation was conducted. It concluded that the board’s overall functioning and governance met the required standards.</p>


APPOINTMENT AND DELEGATION TO MANAGEMENT

Principle 10 The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.

RECOMMENDED PRACTICES	STATUS	EXPLANATION
<p>Chief executive officer appointment and role</p> <p>The governing body should appoint the Chief executive officer and the Chief executive officer should be responsible for leading the implementation and execution of the strategy and be accountable to the governing body.</p> <p>The Chief executive officer should not be a member of the remuneration, audit or nomination committees but should attend by invitation.</p> <p>The governing body should ensure that there is a succession plan for the Chief executive officer and should evaluate the performance of the Chief executive officer against agreed upon performance measures and targets.</p> <p>Delegation</p> <p>The governing body should approve a delegation of authority framework, including specifically to satisfy itself that there is succession planning in place for executive management and key positions.</p> <p>Professional corporate governance services to the governing body</p> <p>The governing body should ensure that it has access to professional and independent guidance on corporate governance and its legal duties, and also that it has support to coordinate the functioning of the governing body and its committees.</p> <p>The governing body should ensure that the office of the Company secretary or other professional providing corporate governance services is empowered and that the position carries the necessary authority.</p> <p>The governing body should approve the appointment, including the employment contract and remuneration of the Company secretary or other professional providing corporate governance services.</p>	<p>Applied</p> 	<p>Chief executive officer appointment and role</p> <p>The Lewis board appointed the current Chief executive officer in October 2009. The Chief executive officer is responsible for formulating and implementing the Group strategy which is presented to the board for approval. The Chief executive officer is accountable and reports to the board.</p> <p>The Chief executive officer is a member of the social, ethics and transformation and risk committees and attends the remuneration, audit and nominations committees as an invitee.</p> <p>The board formally evaluates the performance of the Chief executive officer and has a succession plan in place. The Chief executive officer has a notice period of 24 months.</p> <p>Delegation</p> <p>The board reviews the decision-making framework on an annual basis. Succession planning for executives is considered by the remuneration committee and is in place.</p> <p>The Lewis Group Company secretary acts as adviser to the board and plays a pivotal role in ensuring compliance with company statutory and JSE regulations, the induction of new directors and providing advice to directors on governance, compliance and their fiduciary responsibilities. The Company secretary acts as secretary for all board committees.</p> <p>The directors have unrestricted access to the advice and services of the Company secretary. They are entitled to seek independent professional advice at the company's expense after consultation with the Chairperson of the board.</p> <p>The board conducted a formal evaluation of the Company secretary (Marisha Gibbons), as required by the JSE Listings Requirements. The directors are satisfied that the Company secretary has the requisite competence, qualifications and experience to perform the role.</p> <p>The board is satisfied that it has an arm's-length relationship with the Company secretary and confirms that the Company secretary is not a director of any of the Group companies, and is not related to any of the directors.</p>


RISK GOVERNANCE

Principle 11 The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.

RECOMMENDED PRACTICES	STATUS	EXPLANATION
<p>The governing body should assume responsibility for the governance of risk by setting the direction for how risk should be approached and addressed in the organisation. Risk governance should encompass both opportunities and associated risks when developing strategy, and the potential positive and negative effects.</p> <p>The governing body should treat risk as an integral part of decision-making and execution of duties, approve the risk management policy, the risk appetite and the limit of potential loss.</p> <p>The governing body should exercise ongoing oversight of risk management, including an assessment of risks and opportunities, the design and implementation of appropriate risk responses, the establishment of business continuity, the integration and embedding of risk management in the business activities and culture and receive periodic independent assurance on the effectiveness of risk management.</p> <p>Disclose the nature and extent of risks and opportunities, an overview of the risk management system, key areas of focus, key risks, risks taken outside tolerance levels and actions to monitor and address risk management.</p>	<p>Applied</p> 	<p>The board is responsible for the oversight of the risk management process and has delegated specific responsibility to the risk committee. The committee is responsible for ensuring that the Group has implemented an effective policy and plan for risk, and that disclosure regarding risk is comprehensive, timely and relevant.</p> <p>A dedicated Chief risk officer is responsible for the risk management process to identify, assess and manage potential risks and opportunities that may affect Group strategies and objectives. The risk management framework includes the risk management policy, risk appetite, relevant responsibilities and the risk management plan.</p> <p>Executive management have established a risk working group (RWG), chaired by the Chief executive officer and attended by senior managers from the risk, finance, operations, legal, marketing and internal audit departments. The RWG meets quarterly and is responsible for designing and implementing the risk management process and monitoring ongoing progress. Senior executives and line management within each business unit are accountable for managing risk in achieving their financial and operational objectives.</p> <p>The focus of the risk management process is on strategic and key operational risks. A top-down approach is applied by the business units in the Group in assessing the risks.</p> <p>An independent assessment was conducted on the risk management process and no high level adverse findings were noted.</p> <p>The link between strategic objectives, material risk and action plans are disclosed in the Integrated annual report.</p>


TECHNOLOGY AND INFORMATION GOVERNANCE

Principle 12 The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.

RECOMMENDED PRACTICES	STATUS	EXPLANATION
<p>The governing body should assume responsibility for the governance of technology and information by setting the direction for how technology and information should be approached and addressed in the organisation.</p> <p>The governing body should exercise ongoing oversight of technology and information management and oversee results of management’s implementation of the leveraging of information to sustain and enhance the organisations intellectual capital, an information architecture that supports confidentiality, integrity and availability of information, the protection of privacy and continual monitoring of security of information.</p> <p>Furthermore, it should oversee that the technology architecture enables the achievement of strategic and operational objectives, the management of risks pertaining to sourcing of technology, the responses to new technology developments.</p> <p>The governing body should consider the need to receive periodic independent assurance on the effectiveness of the organisation’s technology and information arrangements, including outsourced services.</p>	<p>Applied</p> 	<p>The board is responsible for the governance of technology and information and has delegated specific responsibility to the Lewis information technology steering committee.</p> <p>A key focus of the oversight role of the board is to ensure that information technology (IT) is aligned to the business strategy and that IT enables the business to function efficiently and effectively.</p> <p>IT is a key enabler of the Lewis business model, from the centralised credit assessment and approvals to managing the customer relationships by stores as well as the sourcing and supply chain of merchandise.</p> <p>The Lewis information technology steering committee meets quarterly and comprises of the Chief executive officer, Chief financial officer, IT general manager as well as key outsourced partners. The committee reports quarterly into the risk committee.</p>

COMPLIANCE

Principle 13 The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.

RECOMMENDED PRACTICES	STATUS	EXPLANATION
<p>The governing body should assume responsibility for the governance of compliance with applicable laws and adopted, non-binding rules, codes and standards by setting the direction for how compliance should be approached and addressed in the organisation.</p> <p>The governing board should approve the policy that directs compliance and:</p> <ul style="list-style-type: none"> • Delegate to management the responsibility for implementing compliance management; and • Oversee compliance and ensure that it results in compliance being understood, that it relates holistically and is responsive to changes and developments following continuous monitoring of the regulatory environment. 	<p>Applied</p> 	<p>The Lewis Group board charter confirms that the directors are responsible for overseeing legislative, regulatory and governance compliance.</p> <p>The Group's compliance policy is approved by the board and is reviewed on an annual basis. Monitoring of compliance is delegated to the risk committee and the responsibility for implementing compliance management is delegated to the Chief executive officer and executive management.</p> <p>The Chief risk officer facilitates the compliance monitoring framework and operational plan, and reports quarterly to the RWG and the board's risk committee.</p> <p>The board is satisfied that the legal and compliance framework is operating effectively.</p>


REMUNERATION GOVERNANCE

Principle 14 The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.

RECOMMENDED PRACTICES	STATUS	EXPLANATION
<p>The governing body should set the direction for how remuneration should be approached and addressed on an organisation-wide basis and approve the policy that articulates and gives effect to its direction on fair, responsible and transparent remuneration.</p> <p>The remuneration policy should be designed to achieve the following objectives:</p> <ul style="list-style-type: none"> • To attract, motivate, reward and retain human capital • To promote the achievement of strategic objectives within the organisation's risk appetite • To promote positive outcomes; and • To promote an ethical culture and responsible corporate citizenship. <p>Arrangements towards ensuring that the remuneration of executive management is fair and responsible in the context of overall employee remuneration in the organisation should be put in place.</p> <p>The governing body should ensure the use of performance measures that support positive outcomes across the economic, social and environmental context in which the organisation operates; and/or all the capitals that the organisation uses or affects.</p> <p>If the organisation is a company, the voting by shareholders on the Remuneration policy and Implementation report, and for the implementation of related responding measures as outlined under voting on remuneration.</p> <p>The governing body should oversee that the implementation and execution of the Remuneration policy achieves the objectives of the policy.</p> <p>The governing body should ensure that remuneration is disclosed by means of a remuneration report in three parts:</p> <ol style="list-style-type: none"> a) A background statement. b) An overview of the main provisions of the Remuneration policy. c) An implementation report which contains details of all remuneration awarded to individual members of the governing body and executive management during the reporting period. 	<p>Applied</p> 	<p>Lewis Group strives to create a performance orientated culture which fairly rewards staff for their contribution in achieving the Group's strategic, financial and operational objectives.</p> <p>Lewis has an approved Remuneration policy which is reviewed annually and is designed on the principles of alignment to the Group's strategy, aligning executive rewards with the interests of shareholders, promoting a performance-based culture, offering appropriate short and long-term performance-based rewards which are fair and achievable, attracting and retaining talented individuals and managing employment costs effectively.</p> <p>A detailed Remuneration report is disclosed in three parts in the Integrated annual report and the Remuneration policy and Implementation report will again be presented for a non-binding advisory vote by shareholders at the annual general meeting (AGM).</p> <p>At the AGM in October 2023, the Remuneration policy was endorsed by shareholders and received 96.62% of the votes cast while the Implementation report received 83.40% support (92.28% and 93.59%, respectively, in 2022).</p>


ASSURANCE

Principle 15 The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation’s external reports.

RECOMMENDED PRACTICES	STATUS	EXPLANATION
<p>The governing body should assume responsibility for assurance by setting the direction concerning the arrangements for assurance services and functions. The governing body should delegate to the audit committee, the responsibility for overseeing that those arrangements are effective in achieving the objectives of enabling an effective internal control environment, supporting the integrity of information used for internal decision-making and the integrity of all external reports.</p> <p>Ensure a combined assurance model is applied that covers the significant risks and material matters through a combination of the organisation’s line functions, risk and compliance functions, internal auditors, fraud examiners, safety assessors, actuaries and external auditors.</p> <p>The governing body should assume responsibility for the integrity of external reports issued by the organisation by setting the direction for how assurance of these should be approached and addressed.</p> <p>The governing body should assume responsibility for internal audit by setting the direction for the internal audit arrangements needed to provide objective and relevant assurance that contributes to the effectiveness of governance, risk management and control processes. The governing body should delegate oversight of internal audit to the audit committee.</p>	<p>Applied</p> 	<p>The Lewis board is responsible for all the assurance arrangements of the Group, including the integrity of all external reports issued by the company, approving the assurance approach and planning, the internal audit function and assessing the output of the combined assurance approach.</p> <p>Specific responsibility is delegated to the audit committee and the objectives and specific activities with regard to the annual financial statements, Integrated annual report, external auditors, internal audit and internal financial controls and compliance are set out in the audit committee report.</p> <p>Lewis adopted an integrated assurance approach which is intended to optimise assurance obtained from management, corporate functions, and internal and external assurance providers on the risks affecting the business. The combined assurance model is integrated within the risk management process, including reporting to and oversight from the audit and risk committees.</p> <p>Embedding combined assurance throughout the Group is a continued area of focus.</p> <p>The audit committee recommended the Integrated annual report, the interim results and year-end financial statements, including the public announcements of the company’s financial results, to the board for approval by the directors. The board accordingly approved the 2024 Integrated annual report and annual financial statements for release to stakeholders.</p> <p>The audit committee reviewed and approved the existing internal audit charter which ensures that the Group’s internal audit function is independent and has the necessary resources, standing and authority within the organisation to enable it to discharge its duties. Furthermore, the board through the remuneration committee, reviewed and approved the remuneration of the Group’s internal audit executive.</p> <p>The Internal audit executive is not a member of the executive management but is invited to attend all executive meetings and reports functionally to the Chairperson of the audit committee and administratively to the Chief executive officer.</p> <p>The audit committee approves the internal audit plan on an annual basis and ensures that a risk-based approach is followed and that internal audit provides the board with an overall assessment of the Group’s effectiveness with regard to governance, risk management and control processes.</p> <p>An independent assessment was conducted on the internal audit function and no high level findings were raised.</p>

STAKEHOLDER RELATIONSHIPS

Principle 16 In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.

RECOMMENDED PRACTICES	STATUS	EXPLANATION
<p>Oversee the management of stakeholder relationships including methodology for identification, material stakeholders, management of stakeholder risk, formal mechanisms for engagement and communication and measurement of quality stakeholder engagement.</p> <p>The governing body should approve the stakeholder management policy, delegate to management the responsibility for implementation and execution and exercise ongoing oversight of stakeholder relationship management and, in particular, oversee that it results in a methodology for identifying stakeholders, the determination of material stakeholders, the management of stakeholder risk, formal mechanisms for engagement and communication and the measurement of the quality of material stakeholder relationships.</p> <p>Disclose and provide an overview of the arrangements for governing and managing stakeholder relationships, key areas of focus, monitoring and management and the future areas of focus.</p>	<p>Applied</p> 	<p>Stakeholder engagement is central to the Group's sustainability. The Lewis board has overall responsibility for stakeholder engagement and monitors its application through the board.</p> <p>Lewis Group has an approved stakeholder engagement policy which is reviewed annually and sets out the board and management responsibilities, key processes and the stakeholder engagement management plan.</p> <p>The level and frequency of engagement with the various stakeholder groups differ according to the needs of the business and the expectations, concerns and preferences of each stakeholder.</p> <p>The Group's engagement programme focuses on key stakeholders who have an interest in the business or who could influence the business in a positive or negative manner and those who can influence the Group's ability to create sustainable value. The Group's key stakeholders include customers, shareholders, employees, suppliers, communities in which the Group operates and industry regulators</p>



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