GraceKennedy Limited Policy	
Policy Name	**AUDIT RISK & COMPLIANCE COMMITTEE TERMS OF REFERENCE**

1. **Mandate**

The Audit, Risk & Compliance Committee (ARCC) shall be responsible for assisting the Board of Directors in the oversight of the[1]:

i) Reliability and integrity of the accounting principles and practices, financial statements, and other financial reporting,

ii) Internal audit functions of GraceKennedy Limited (the Company) and GraceKennedy Group (the Group),

iii) Risk management and compliance functions and processes of the Company and the Group,

iv) Qualifications, independence, and performance of the external auditors of the Company,

v) System of internal controls and procedures established by Management, and reviewing their effectiveness,

vi) Group's compliance with legal and regulatory requirements.

2. **Composition**

2.1. **Membership**

The Committee shall be appointed by the Board of the Company and shall comprise no less than three (3) and no more than six (6) members of the Board, all of whom shall be non-executive directors, and at least three (3) being independent directors.

2.2. **Qualifications**

i) Collectively, the members shall be financially literate and have the ability to understand financial statements.

ii) At least one member shall be a financial expert with professional accounting qualifications or relevant financial management experience with the following attributes:

a. The ability to assess the general application of such principles in connection with accounting for estimates, accruals and reserves

b. Experience in preparing, auditing, analysing, or evaluating financial statements that present accounting issues of a breadth and level of complexity generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the

[1] The Committee's combined audit, risk and compliance remit provides effective and integrated oversight, reflecting its expertise and capacity, and operating accordance with the Company's Corporate Governance Code, which is aligned with international best practice.

Company's financial statements, or experience actively supervising one or more persons engaged in such activities

c. An understanding of procedures for financial reporting.

iii) At least one member shall have an understanding of risk management and compliance.

iv) At least one member shall have an understanding of internal controls.

v) Collectively, the members shall possess knowledge of the food services and financial services sectors.

2.3. **Chair**

The Board shall appoint the Chair of the Committee from among the independent directors. The Chair shall not be the Chair of the Board.

3. **<u>Responsibilities</u>**

With respect to the Company or, as otherwise required in compliance with regulations in respect of entities within the Group, the duties of the Committee shall include the following:

3.1. **Financial Reporting**

i) To review the audited annual financial statements and the quarterly financial results of the Company and Group, including accompanying reports and recommend the same for adoption by the Board of Directors and for submission to the Stock Exchanges and other regulators as may be required,

ii) To review the Group's operating, financial and accounting policies and practices,

iii) To review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and their impact on financial reports.

iv) In discharging its duties for reviewing financial statements and reporting, the Committee does not provide any expert or special assurance as to financial statements concerning compliance with laws, regulations or generally accepted accounting principles. It is the responsibility of the Company's management to prepare consolidated financial statements that are complete and accurate and in accordance with International Financial Reporting Standards (IFRS), and it is the responsibility of the external auditor to audit those financial statements. The Committee's responsibility in this regard is one of oversight and review.

3.2. **Internal Control**

i) Evaluate the adequacy and effectiveness of the Group's internal control systems, including financial, operational, and compliance controls.

ii) Review management's assessment of internal controls and any material weaknesses or significant deficiencies identified at regular intervals.

iii) To meet with the Company's external auditors at least once every year and more often as required to discuss the Annual Audited Financial Statements and other audits conducted of the Company's operations and internal control weaknesses or other observations identified from the same and otherwise to carry out its mandate

iv) Review the adequacy of controls to protect the Group's assets and ensure proper authorisation of transactions.

v) Monitor the implementation of management's action plans to address internal control deficiencies.

vi) Oversee the establishment and maintenance of adequate internal controls over financial reporting.

vii) Have meetings with the most senior officer of the Company with responsibility for internal audit, risk management, compliance, information technology, legal, security or other officers at least twice a year to review matters related to their respective areas to ensure effective oversight, strategic alignment and timely response to key risks.

3.3. **External Audit**

i) Make recommendations to the Board for the appointment, reappointment or termination of the appointment of the external auditors and to approve the remuneration and terms of engagement of the external auditors,

ii) Review with the external auditors the scope of their audit and to review and evaluate their performance,

iii) Review the external auditors' management letter and management's responses,

iv) Review any significant findings made by the external auditors and management's responses, and ensure that steps are taken to address these findings,

v) Consider the independence and objectivity of the external auditors and any potential conflicts of interest, and monitor the effectiveness of the audit process,

vi) Review policies for the provision of non-audit services by the external auditor biennially and, where applicable, the framework for the pre-approval of audit and non-audit services,

vii) Oversee the resolution of disagreements between management and the independent auditor regarding financial reporting,

viii) Report to the Board on any matter, which it considers is in need of improvement or review, and to make recommendations regarding steps to be taken,

ix) At least annually, evaluate the independent auditor's qualifications, performance and independence, including that of the lead partner,

x) Review with the independent auditor the following: (a) Alternative treatment of financial information within generally accepted accounting principles related to material items that have been discussed with management etc and (b) Other material written communications between the independent auditor and management,

xi) Set clear hiring policies for the Company's hiring of employees or former employees of the independent auditor who were engaged on the Company's account, and ensure the policies comply with any regulations applicable to the Company.

3.4. **Internal Audit**

i) At least annually, shall discuss the internal audit function's mandate with the most senior officer of the Company with responsibility for internal audit to assess whether the authority, role and responsibilities continue to enable the internal audit function to accomplish its objectives.

ii) Approve any changes to GIA's mandate. The mandate shall be documented in the Internal Audit Charter and shall:

   a. Establish the authority, role and responsibilities of internal auditing.
   b. Provide explicit guidance on its independence and accountability.
   c. Ensure the internal audit function reports functionally to the ARCC and administratively to the Group Chief Executive Officer.

iii) Ensure that the Internal Audit Charter explicitly includes:

   a. The purpose and authority of internal auditing within the entity.
   b. Commitment to adhering to the GIAS.
   c. Scope of services, including assurance and advisory engagements.
   d. Organisational positioning, ensuring independence from management influence.
   e. The Committee's expectations regarding management's support for internal audit activities

iv) Review, approve and procure the adherence to the Group Internal Audit charter and Global Internal Audit Standards,

v) Review and approve the annual internal audit plan, and plan changes (post-approval)

vi) Ensure that the annual audit plan addresses key areas of risk and that there is appropriate co-ordination with the external auditor,

vii) Discuss impairments affecting the internal audit function's ability to fulfill its mandate and the safeguards to manage the impairment,

viii) Meet with the most senior officer of the Company with responsibility for internal audit at regular intervals and in accordance with the established GK Group ARCC meeting schedule to discuss any matters that the committee or the most senior officer of the Company with responsibility for internal audit believe should be discussed,

ix) Ensure that High Risk findings and recommendations made by the internal auditors and management's responses are received, discussed and provisions implemented to appropriately mitigate the risks identified in a timely manner,

x) Receive at minimum on a semi-annual basis,

   a. The summary of risks which have been accepted by the respective Boards, and any relevant updates.

   b. List of Open Regulatory and Compliance Issues to ensure that these are being reviewed, discussed and appropriately acted on to mitigate the risks identified in a timely manner.

xi) Endorse the appointment or removal of or any changes in the appointment of the most senior officer of the Company with responsibility for internal audit,

xii) Ensure that the most senior officer of the Company with responsibility for internal audit has direct access to the Senior Management and subsidiary Audit Committees.

xiii) Approve long-term non-audit roles and responsibilities assigned to internal audit and corresponding safeguards and how the effectiveness of the safeguards will be evaluated periodically.

xiv) Provide input to the Group CEO to support the performance evaluation and remuneration of the most senior officer of the Company with responsibility for internal audit.

xv) Approve the most senior officer of the Company with responsibility for internal audit's role and responsibilities and identify the necessary qualifications, experience and competencies to carry out these roles and responsibilities.

xvi) Review and approve the most senior officer of the Company with responsibility for internal audit's plan for the performance of an external quality assessment. Review and approve action plans to address identified deficiencies and opportunities for improvement including timeline for completion of the action plan.

xvii) Discuss and approve the internal audit function's budget.

3.5. **Risk Management**

i) Review and recommend to the Board for approval the Company's enterprise risk management (ERM) policies and risk appetite statement.
ii) Oversee the ERM Program across the Group including key and emerging risk exposures and the adequacy of controls
iii) Review sustainability, fraud management, physical security and cybersecurity strategies.
iv) Review disaster recovery and business continuity plans.
v) Review significant risk incidents that materialised, near-misses, and lessons learned.

3.6. **Compliance**

i) Review reports on compliance related matters, including applicable laws, regulations, and internal policies across the Group.
ii) Review significant compliance issues and the adequacy of management's remediation plans.
iii) Monitor regulatory developments and assess their potential impact on the Group.
iv) Review the results of regulatory examinations and correspondence with regulators.
v) Receive reports on legal and regulatory proceedings that could have a material impact on the Company.

3.7. **Other Assigned Functions**

i) To undertake on behalf of the Group Chairman or the Board such other related tasks as the Group Chairman or the Board may from time to time entrust to it,
ii) To review the composition, powers, duties and responsibilities of other audit committees within the Group and to receive and review quarterly reports on

fraud and irregularities in the Group and the treatment of these incidents as well as other assigned functions, issues of concern or exceptional items,

iii) To receive and review reports twice annually from the Chairmen of the Subsidiary Audit Committees,

iv) Monitoring the Code of Ethics and Guidelines for Business Conduct for appropriateness and compliance,

v) Review policies and procedures regarding transactions between the Company and connected parties. (See Delegation of Authority Policy - Related Party Transactions).

4. **Whistleblowing Communication Process**

The ARCC must establish and implement procedures for receipt, retention, and treatment of complaints received by the Group regarding fraud, accounting, internal accounting controls, or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

5. **Continued Education and Self Evaluation**

The Board of Directors should ensure that there are Company-specific educational programmes that are developed and conducted in-house for members of the ARCC. The members of the ARCC should attend at least one Company-specific in-house educational training during the Company's financial year.

6. **Secretary**

The General Counsel & Chief Corporate Secretary or his/her nominee shall act as the Secretary of the Committee. The agenda and papers for the meetings will normally be circulated to the Committee at least seven (7) days before the meeting.

7. **Convening of Meetings**

Meetings of the Committee may be called by the Chair of the Committee or at the request of any two members of the Committee.

8. **Frequency and Format of meetings**

The Committee shall meet at regular intervals at least four (4) times per year. Meetings may be held in person, by electronic means or in a hybrid format.

9. **Quorum**

The quorum shall be three (3) members.

10. **Reports to the Board of Directors**

10.1. The Committee Secretary shall circulate the minutes or extracts thereof of meetings of the Committee and its sub-committees to all members of the Board where so instructed by the ARCC.

10.2. The ARCC Chairman will provide a report to the GK Board of Directors at the Board meeting which follows the ARCC meeting or on a quarterly basis.

11. **Authority**

i) The Committee shall have the right of direct access to, and complete and open communication with, the Company's management and internal
and external auditors and may obtain advice from internal legal, accounting or other advisors,

ii) The Committee may form and delegate authority to sub-committees of its members when appropriate,

iii) The Committee is authorised to, from time to time, obtain outside legal or independent professional advice and to secure the attendance of outsiders with relevant experience and expertise at meetings if it considers this to be necessary,

iv) In discharging its duties and responsibilities, the Committee may direct that the independent auditors or internal auditors examine or consider a specific matter or area and report to the Committee on the findings of such examination. The Committee may direct that the independent auditors or internal auditors perform supplemental reviews or audits as the Committee deems desirable.

12. **Annual Review of the Terms of Reference and Activities**

i) The Committee shall review annually its Terms of Reference and its own effectiveness and recommend to the Board any changes it may consider necessary. Where the Committee's monitoring and review activities reveal cause for concern or scope for improvement, it shall make recommendations to the Board on action needed to address the issue or to make improvements.

ii) The Committee shall prepare a report on the Committee's review and discussion of matters with management and the independent auditors, for inclusion in the Company's Annual Report to shareholders.

iii) The Board will review the Committee's activities and its Terms of Reference at least annually. The Board may from time to time make any changes it deems necessary to the Committee's Terms of Reference and issue such guidelines as it may deem necessary.

iv) These Terms of Reference shall conform to the Institute of Internal Auditors Global Internal Audit Standards (GIAS).