

PICK N PAY STORES LIMITED
TERMS OF REFERENCE:
THE GROUP AUDIT, RISK AND COMPLIANCE COMMITTEE

1. CONSTITUTION

- 1.1. The Group Audit, Risk and Compliance Committee (“**GARCC**” or “**the Committee**”) is constituted as a statutory committee of the board of directors (“**the Board**”) of Pick n Pay Stores Limited (“**the Company**”) in accordance with the Company’s memorandum of incorporation (**MOI**), section 94 of the Companies Act 71 of 2008, as amended (“**the Act**”), read together with the Companies Regulations, 2011 (“**the Regulations**”), the JSE Limited Listings Requirements (“**JSE Listings Requirements**”) and considering the recommendations of the King IV Report on Corporate Governance for South Africa, 2016, or any successor codes on corporate governance applicable in South Africa (“**King Code**”).
- 1.2. The Company and all of its subsidiaries shall hereinafter be referred to as “**the Group**”.
- 1.3. The GARCC reports to the Board and to shareholders of the Company (“**Shareholders**”) in terms of its statutory responsibilities and in respect of all other duties assigned to it by the Board.
- 1.4. The roles and responsibilities of the members of the Committee as set out in these terms of reference (“**TOR**”) must be read and carried out in conjunction with those set out in the Group Board Charter.
- 1.5. The duties and responsibilities of GARCC members as set out in these TOR are in addition to the duties and responsibilities that they have as members of the Board. The deliberations of the GARCC do not reduce the individual or collective responsibilities of the Board members with regard to their fiduciary duties and responsibilities, and they must continue to exercise due care and judgment in accordance with their legal obligations as members of the Board.
- 1.6. These TOR are subject to the provisions of the Act, the MOI, the JSE Listings Requirements and all other applicable laws or regulations (which take precedence over these TOR in the event of a conflict).
- 1.7. Any capitalised words used and not defined herein shall have the meaning given to them in the Group Board Charter.

2. PURPOSE

The purpose of these TOR is to set out the role and responsibilities of the Committee and the formal requirements for its composition and meeting procedures.

3. COMPOSITION AND TERM

- 3.1. The Committee shall comprise at least three (3) members, provided that all members of the Committee must be independent non-executive directors of the Board.
- 3.2. Each member of the Committee must:
 - 3.2.1. be a director of the Company, who satisfied the requirements prescribed in section 94(5) of the Act;
 - 3.2.2. not be:

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- 3.2.2.1. involved in the day-to-day management of the Company's business or have been so involved at any time during the previous financial year;
 - 3.2.2.2. a prescribed officer, or full-time employee, of the Company or another related or inter-related company, or have been such an officer or employee at any time during the previous three financial years; or
 - 3.2.2.3. a material supplier or customer of the Company, such that a reasonable and informed third party would conclude in the circumstances that the integrity, impartiality or objectivity of the director is compromised by that relationship; and
- 3.2.3. not be related to any person who falls within any of the criteria set out in paragraph 3.2.2 above.
- 3.3. In terms of section 94(5) of the Act, read with regulation 42 of the Regulations, at least one-third of the members of the Committee must, at any particular time, have academic qualifications or experience in any one (or more) of the following disciplines: economics, law, corporate governance, finance, accounting, commerce, industry, public affairs or human resource management, ensuring all disciplines are represented at all times.
- 3.4. The members of the Committee must collectively have the necessary expertise, qualifications, knowledge, financial literacy, skills and experience required to execute their duties effectively. The Committee members must keep up to date with developments affecting the required skill set.
- 3.5. The Shareholders of the Company must, at each annual general meeting ("**AGM**") of the Company, elect the members of the Committee from a list of suitable candidates provided by the Nominations and Corporate Governance Committee ("**NomGov**") and approved by the Board. During the time period between AGMs, the Board must, within 40 business days of a vacancy arising, appoint an independent non-executive director of the Board who complies with the requirements set out in paragraph 3.2 to fill a vacancy on the Committee on a temporary basis until the vacancy is filled by election by the Shareholders in accordance with the Act.
- 3.6. The Board has the power to remove any members of the Committee and to fill any vacancies created by such removal in accordance with paragraph 3.5 above.
- 3.7. Should a Committee member cease to be a member of the Board, such member's membership of this Committee shall automatically terminate.
- 3.8. Members of the Committee may resign by giving written notice thereof to the chairperson of the Committee ("**Committee Chair**"), with a copy to the company secretary of the Company ("**Company Secretary**"). The Company Secretary must notify the Board and the NomGov of any resignations or removals of any members of the Committee as soon as reasonably possible.
- 3.9. Following nominations from the NomGov, the Board shall appoint the Committee Chair, who shall be an independent non-executive director of the Company.
- 3.10. The chairperson of the Board and executive directors may not be members of the Committee but may attend meetings as invitees in accordance with paragraph 7.4.

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- 3.11. NomGov shall review the composition and membership of the GARCC annually and ensure that the members have sufficient knowledge, skills, experience and capacity to fulfil their duties. The outcome is reported to the Board.
- 3.12. The performance of the Committee, the Committee Chair and each Committee member shall be evaluated at least every two (2) years. Such evaluation shall be conducted in accordance with the methodology approved by the Board and should preferably be facilitated externally.
- 3.13. The Company Secretary, or its nominee, shall act as the secretary for the Committee, attend all GARCC meetings, ensure that the Committee receives all necessary information and meeting packs in a timely manner to enable full and proper consideration and preparation for the meeting and ensure that all proceedings, discussions and decisions taken at the GARCC meetings are minuted. In the event that the Committee secretary is absent from any meeting, the Committee Chair shall nominate a member of the Committee to keep notes of the discussions and/or decisions for record purposes.

4. ROLE AND MANDATE

- 4.1. The Committee's role is to:
 - 4.1.1. provide independent oversight and assessment of:
 - 4.1.1.1. the effectiveness of the Group's assurance functions and services, with particular focus on combined assurance arrangements, including external assurance service providers, internal audit, risk management and the finance function;
 - 4.1.1.2. the integrity of the annual financial statements of the Group ("**Annual Financial Statements**"), integrated annual reports of the Group ("**Integrated Annual Reports**") and, to the extent delegated by the Board, other external reports issued by the Company; and
 - 4.1.1.3. the Group's risk management processes, legal and regulatory compliance, information and technology governance, financial reporting and business and financial controls; and
 - 4.1.2. act as liaison between the Board, the external assurance service providers and the Group's internal audit and risk management teams.
- 4.2. The detailed responsibilities of the GARCC are set out in paragraph 5 below.
- 4.3. The GARCC acts in accordance with the delegated authority mandated by the Board, as recorded in these TOR. The Board supports and endorses the GARCC, which operates independently of management and is free of any organisational impairment.
- 4.4. The GARCC makes recommendations to the Board that it deems appropriate on any area within the ambit of its TOR where action or improvement is required. Furthermore, the Committee Chair should report to the Board after each Committee meeting on matters dealt with and decisions taken by the Committee.

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5. RESPONSIBILITIES

In addition to its statutory and regulatory duties pursuant to the Act and the JSE Listings Requirements, the Committee shall perform all the functions as are necessary to fulfil its role as stated above, including the following:

5.1. Combined assurance

5.1.1. The GARCC is responsible for overseeing that Board arrangements are made for a combined assurance model that incorporates and optimises all assurance services and functions so that, taken as a whole, these provide a coordinated approach to all assurance activities and are effective in achieving the following outcomes:

5.1.1.1. enabling an effective internal control environment;

5.1.1.2. supporting the integrity of information used for internal decision-making by management, the Board and its committees; and

5.1.1.3. supporting the integrity of external reports,
("the Combined Assurance Model").

5.1.2. The GARCC shall review and approve the Combined Assurance Model to ensure that it is designed and implemented to effectively cover the Group's significant risks and material matters through use of a combination of assurance service providers and functions.

5.1.3. The GARCC shall:

5.1.3.1. monitor the independence and effectiveness of the internal and external assurance providers; and

5.1.3.2. report to the Board on a bi-annual basis on the outcomes of assurance activities across the Group in line with the approved Combined Assurance Model.

5.2. External audit

The Committee is responsible for overseeing the external audit process and in this regard the Committee shall:

5.2.1. following oversight of the tender process to determine the most suitable auditors, recommend to the Board for submission to the Shareholders the external auditor for appointment or re-appointment, which auditor shall, in the opinion of the Committee, be independent of the Company;

5.2.2. ensure that the appointment, re-appointment, resignation or removal of the external auditor complies with the provisions of the Act and any other legislation relating to the appointment of auditors;

5.2.3. approve the terms of engagement and remuneration for the external audit engagement;

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- 5.2.4. monitor and report on the independence of the external auditor in the Annual Financial Statements;
- 5.2.5. define a policy for non-audit services that may or may not be provided by the external auditor;
- 5.2.6. pre-approve any proposed agreements for non-audit services to be rendered by the external auditor;
- 5.2.7. ensure the establishment of procedures in accordance with applicable laws and regulations and the JSE Listing Requirements, for the receipt, retention and resolution of complaints and concerns regarding (i) the accounting practices; (ii) the internal or external audit; (iii) the content or auditing of the financial statements; (iv) the internal financial controls of the Company; or (v) any related matter; and ensure that the concerns are appropriately dealt with by management;
- 5.2.8. ensure that there is a process for the Committee to be informed of any Reportable Irregularities (as defined in the Auditing Profession Act, No. 26 of 2005) identified and reported by the external auditor and review such concerns identified and reported; and
- 5.2.9. review the cost, quality and effectiveness of the external audit process.

5.3. **Internal controls**

The Committee shall oversee that effective systems of internal control are developed, implemented, monitored, maintained and assessed, by management.

5.4. **Internal audit**

The GARCC shall:

- 5.4.1. review the Internal Audit Charter and the budget, activities, staffing, skills and organisational structure of the internal audit;
- 5.4.2. review and approve the plan, scope and effectiveness of internal audit activities to ensure adequate coverage of critical risk areas, coordination with external audit and compliance with recognised industry codes and best practice;
- 5.4.3. review and ensure no unjustified restrictions or limitations on the scope of internal audit work;
- 5.4.4. meet separately with the Group's head of group internal audit ("**Head of Group Internal Audit**") to discuss any issues that the Committee or the internal audit team believes should be discussed privately;
- 5.4.5. review implementation of internal audit recommendations by management;
- 5.4.6. review and approve the appointment, replacement, or dismissal of the Head of Group Internal Audit;
- 5.4.7. review the performance, competency and independence of the Head of Group Internal Audit;

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- 5.4.8. ensure that the internal audit function is subject to an external, independent quality review at least once every five years; and
- 5.4.9. obtain confirmation annually from the internal audit department that the internal audit function conforms to a recognised industry code of ethics.

5.5. Regulatory compliance

The Committee shall:

- 5.5.1. delegate to management responsibility for the implementation and execution of effective compliance management and obtain updates bi-annually from management regarding compliance matters, provided that the Committee may request ad hoc updates from management as deemed appropriate in the Committee's sole discretion;
- 5.5.2. review the effectiveness of the system and policies for monitoring the Group's compliance with applicable laws and adopted non-binding rules, codes and standards;
- 5.5.3. review all reports concerning the Group's regulatory compliance environment and any findings by regulatory agencies; and
- 5.5.4. review the process for (i) communicating the code of conduct to the Group's employees, and (ii) monitoring compliance thereto.

5.6. Risk governance

The Committee shall oversee all of the Company's risk governance and ensure that the direction set by the Board is implemented. Risk governance encompasses (i) the opportunities and associated risks to be considered when developing strategy, and (ii) the potential positive and negative effects of the same risks on the achievement of organisational objectives. In this regard, the Committee shall:

- 5.6.1. delegate to management the responsibility to implement and execute effective risk management;
- 5.6.2. assist management in identifying risk areas and review management's methods for identifying, assessing, monitoring and managing identified risks;
- 5.6.3. review and approve the Company's risk management strategy, framework and/or plan to (i) ensure alignment with the overall Group strategy, and (ii) satisfy itself that adequate processes are in place to identify, monitor and manage all significant business, cyber-crime and financial risk areas;
- 5.6.4. evaluate the Company's risk appetite and risk tolerance against its strategic objectives and submit such findings to the Board for approval;
- 5.6.5. review all reports concerning the Group's risk profile and risk management;
- 5.6.6. review and recommend disclosures on matters of risk in the Integrated Annual Report;
- 5.6.7. oversee the management of financial and other risks that affect the integrity of external reports issued by the Company;

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- 5.6.8. review the adequacy and effectiveness of risk management in the Group and report to the Board on such review, including recommendations for improvement, on a bi-annual basis; and
- 5.6.9. satisfy itself that it dedicates sufficient time to risk governance.

5.7. Information technology governance

The Committee shall assist the Board in setting the direction of how information technology (“IT”) should be approached and managed. In this regard, the Committee shall:

- 5.7.1. delegate to management the responsibility to implement and execute effective IT management;
- 5.7.2. review and approve the IT strategies, initiatives, policies and frameworks to ensure (i) alignment with the overall Group strategy, (ii) adequate direction to employees, and (iii) appropriate responses to developments in IT;
- 5.7.3. review and approve IT investment principles to guide IT investment decisions, having consideration for assessments of the value delivered to the Group through significant investments in IT;
- 5.7.4. oversee IT management to ensure the results outlined in the King Code are achieved, including but not limited to ensuring (i) the integration of people, technologies, information and processes in the Group, (ii) appropriate processes are in place to safeguard business resilience and manage IT and third-party risks, and (iii) the proactive monitoring of intelligence to identify and respond to incidents, including cyber-attacks and adverse social media events; and
- 5.7.5. oversee the management of information, particularly regarding:
 - 5.7.5.1. leveraging information to sustain and enhance the Company’s intellectual capital;
 - 5.7.5.2. information architecture that supports confidentiality, integrity and availability of information;
 - 5.7.5.3. protection of privacy of personal information; and
 - 5.7.5.4. continual monitoring of information.

5.8. Reporting

- 5.8.1. In carrying out its reporting responsibilities, the GARCC shall have regard to all factors and risks that may impact on the integrity of the Integrated Annual Report, including factors that may predispose management to present a misleading picture, significant judgements and reporting decisions made, monitoring or enforcement actions by a regulatory body, any evidence that brings into question previously published information, forward-looking statements or information.

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5.8.2. The GARCC is responsible for:

- 5.8.2.1. reviewing the governance report to be included in the Annual Financial Statements, which shall include (i) a description of the functions conducted by the Committee, (ii) a statement regarding whether the Committee is satisfied that the external auditor was independent of the Company, and (iii) assurance to the Board as to the integrity of the content;
- 5.8.2.2. reviewing the liquidity and solvency position of the Group prior to the declaration of any dividend and ensuring that the preparation of the interim and/or Annual Financial Statements on a going concern basis is appropriate;
- 5.8.2.3. reviewing the Annual Financial Statements, the accounting practices and the effectiveness of the internal financial controls in line with the requirements of the International Financial Reporting Standards (IFRS);
- 5.8.2.4. reviewing the disclosure of sustainability issues in the Integrated Annual Report, in consultation with the Social, Ethics and Transformation Committee, to ensure that the disclosure is reliable and does not conflict with the financial information;
- 5.8.2.5. recommending the annual reporting suite of documents of the Group, which shall include the Integrated Annual Report, Corporate Governance Report, Remuneration Report and Annual Financial Statements, for approval by the Board; and
- 5.8.2.6. reporting to Shareholders at each AGM on the above.

5.9. **Finance function**

The GARCC shall:

- 5.9.1. review the effectiveness of the chief finance officer of the Company (“**Chief Finance Officer**”) and the finance function, and disclose the results of the review in the Integrated Annual Report; and
- 5.9.2. evaluate the performance of and review any reports prepared by any Financial Review Sub-Committee, as established in accordance with paragraph 5.10.

5.10. **Delegation of statutory responsibilities to the Financial Review Sub-Committees**

The Committee may establish a Financial Review Sub-Committee (“**FRC**”) for each of the major operating companies, divisions or subsidiary companies operating in and outside of South Africa as required, in order to ensure appropriate oversight of the Group’s major divisions and subsidiary companies with respect to financial controls.

5.10.1. **Composition of FRC (as applicable)**

Each FRC, when convened, shall be chaired by a non-executive director of the Company or the Chief Finance Officer, as determined by the Committee Chair in his/her sole discretion. FRC meetings shall be attended by the Committee Chair, the chief executive officer of the Company (“**Chief Executive Officer**”), the Chief Finance Officer, senior management, the external auditors, the Head of the Group Internal Audit, the head of risk of the Company (“**Head of Risk**”) and the chief information officer of the

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Company (“**Chief Information Officer**”). All Board members shall have a standing invitation to attend any meeting of the FRC.

5.10.2. Role of FRC (as applicable)

Each FRC shall address all audit and risk-related matters in its respective operating division or company in the Group. Each FRC shall (i) interrogate the financial results of its respective operating division or company, (ii) report to the Committee in detail on the findings of the financial reviews, and (iii) recommend the financial results of the respective operating division or company to the Committee for approval.

5.10.3. Authority of FRC (as applicable)

Each FRC is authorised by the Committee to investigate any activity within these terms of reference. In each of the operating companies and divisions where an FRC is established and conducts financial reviews, that FRC has the right to:

- 5.10.3.1. request any reasonable information it requires from any employee or director of the Company or its subsidiaries;
- 5.10.3.2. demand reasonable access to records and information;
- 5.10.3.3. liaise directly with the external auditors, Head of Group Internal Audit, Head of Risk and the Chief Information Officer;
- 5.10.3.4. consult directly with members of the Committee;
- 5.10.3.5. obtain outside legal or other professional advice; and
- 5.10.3.6. have reasonable access to the resources it needs to fulfil its responsibilities.

5.10.4. Meetings of FRC (as applicable)

- 5.10.4.1. FRC meetings shall be held at least two (2) times a year prior to the scheduled GARCC bi-annual meetings in April (in respect of final results) and October (in respect of interim results).
- 5.10.4.2. Minutes of FRC meetings shall be completed by the Company Secretary and approved by the chairperson of the relevant FRC as soon as practicable after the meeting and circulated to the relevant FRC members and Committee members timeously. The meeting minutes shall be available on request to all members of the Board.
- 5.10.4.3. The chairperson of each FRC shall report to the Committee on their respective findings of the financial reviews at the scheduled Committee meetings.

6. AUTHORITY

The GARCC shall:

- 6.1. act in accordance with the delegated authority of the Board as recorded in these TOR;
- 6.2. have the power to investigate, at the cost of the Company, any activity within the scope of these TOR, which includes the right to obtain independent professional advice and/or assurance to assist with the execution of its duties, subject to a Board-approved process;

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- 6.3. in the fulfilment of its duties, have the right to call upon the chairpersons of other Board committees, other directors, Company employees, or assurance providers to provide it with information, subject to a Board-approved process;
- 6.4. have reasonable access to the Company's records, facilities, employees and any other resources necessary to discharge its duties and responsibilities subject to following a Board-approved process;
- 6.5. have the right to form sub-committees and delegate authority to (i) such sub-committees, including FRCs, (ii) one or more designated members of the Committee, or (iii) one or more members of the executive management team to perform certain tasks on its behalf;
- 6.6. resolve any disagreements between management and the external auditor, in respect of financial reporting, or other assurance providers, in respect of non-financial information;
- 6.7. pre-approve all audit and non-audit services; and
- 6.8. have the right to obtain independent outside professional advice to assist with the execution of its duties, at the Company's cost, subject to a Board-approved process being followed, as provided for in the Group Board Charter.

7. MEETINGS PROCEDURE

7.1. Frequency

- 7.1.1. Committee meetings shall be held at least four (4) times a year. Additional Committee meetings may be held at the request of any member of the GARCC, or the Board as required.
- 7.1.2. The Committee shall meet at least annually with the internal and external auditors, respectively, without management being present, to facilitate an exchange of views and concerns that may not be appropriate for discussion in an open forum.
- 7.1.3. Meetings shall be scheduled in accordance with the annual Board calendar.

7.2. Notice

Unless agreed otherwise, notice of each meeting confirming the venue, time and date together with an agenda and supporting documents shall be forwarded to each member of the Committee, and any other person required/invited to attend, no fewer than seven (7) days prior to the date of the meeting.

7.3. Agenda and minutes

- 7.3.1. The Committee shall establish an annual workplan for each year to ensure that all relevant matters, as laid out in these TOR, are covered by the agendas of the meetings planned for the year.
- 7.3.2. The Committee Chair may meet with the Chief Executive Officer, Chief Finance Officer, Head of Risk, Head of Group Internal Audit, members of senior management and/ or

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the Company Secretary prior to a GARCC meeting to discuss important issues and finalise the meeting agenda.

7.3.3. Minutes of Committee meetings shall be completed by the Company Secretary and approved by the Committee Chair as soon as practicable after the meeting and circulated to the Committee members timeously.

7.3.4. The minutes shall be formally approved by the GARCC at the next meeting.

7.4. Attendance

7.4.1. Committee members should attend all scheduled meetings of the Committee, including meetings called on an ad hoc basis for special matters, unless prior apology, with reasons, has been submitted to the Committee Chair and Group Company Secretary.

7.4.2. Representatives from the internal and external auditors, the Head of Risk, the Chief Information Officer, professional advisors and management may attend Committee meetings by invitation, at the discretion of the Committee Chair. The Committee Chair may request such invitees leave the meeting at any time should there be matters on the agenda that are confidential and for which they should not be present.

7.4.3. Any other member of the Board shall be entitled to attend the Committee meetings as an observer.

7.4.4. Committee members must be fully prepared for meetings in order to provide appropriate and constructive input on matters discussed and to properly report to the Board on its activities and recommendations.

7.4.5. The meetings of the Committee may be held in person, or by electronic communication, as circumstances may require, provided that the required quorum is met and that the members can speak and hear one another during the meeting.

7.5. Quorum and voting

7.5.1. The quorum required for a meeting shall be a majority of Committee members present in person or via electronic communication facilities throughout the meeting. In the absence of the Committee Chair, the members present may nominate and elect one (1) of the members present to act as Committee Chair for the duration of that meeting.

7.5.2. Invitees in attendance at Committee meetings are encouraged to take part in Committee discussions, but do not form part of the required quorum and do not vote on resolutions

7.5.3. A decision of the Committee at a meeting shall be approved by a majority of votes cast by the members of the Committee who are eligible to vote at a meeting.

7.5.4. A resolution in writing adopted by the majority of the Committee members is valid and effective as if it had been passed at a duly called and constituted meeting, provided that each director has received notice of the matter to be decided. Such resolution shall be presented at the next meeting for noting and signature by the Committee Chair.

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- 7.5.5. Where a member is recused from the meeting, the meeting shall remain quorate during his/her absence.
- 7.5.6. In the absence of a quorum and subject to the discretion of the Committee Chair, the meeting can either be postponed to a later date or can proceed as an informal meeting with all resolutions required to be taken at the meeting being formally approved by way of a written resolution.
- 7.5.7. No resolutions tabled for approval by the Committee at a meeting which is not quorate shall be implemented or given effect to until formally approved via written resolution or a formal meeting.
- 7.5.8. The written resolution circulated in terms of paragraphs 7.5.6 and 7.5.7 above, requires unanimous approval, in the absence of which a special meeting of the Committee shall be convened for the matter to be discussed and formally approved during this special meeting.

7.6. Declaration of interest

- 7.6.1. At the commencement of each meeting, all Committee members should declare whether they have any conflict of interest in respect of any matter on the agenda.
- 7.6.2. Such conflict should be recorded in the minutes and conflict of interest register (where applicable).
- 7.6.3. The Committee shall discuss the conflict and decide upon its severity, impact and determine the appropriate management of such conflict.
- 7.6.4. Depending on the outcome of the above, when the relevant agenda item arises, the affected Committee member should be recused from the meeting for the duration of that matter being discussed and shall not have a vote on the matter.

7.7. Confidentiality

All Group and/or divisional information that is shared with / comes to the attention of the GARCC members and invitees must be kept confidential.

7.8. In-committee meetings

- 7.8.1. In-committee meetings shall be held as and when required, as determined by the Committee Chair. Subject to paragraph 7.8.2, only Committee members shall be present at in-committee meetings.
- 7.8.2. The Company Secretary may be required to attend an in-committee meeting for purposes of minute taking. In the event that the Company Secretary is excused from the meeting, the Committee Chair shall nominate a member of the Committee to keep notes of the discussions and/or decisions for record purposes.
- 7.8.3. Separate in-committee meeting minutes shall be prepared for each in-committee meeting and shall be circulated to Committee members via electronic communication for confirmation. Following receipt of confirmation from each Committee member, the in-committee meeting minutes shall be signed by the Committee Chair.

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7.9. Reporting to the Board

The Committee Chair shall report on all key matters addressed by the Committee at each Board meeting following the Committee meeting (or sooner, as appropriate).

8. ANNUAL REPORTING TO STAKEHOLDERS

8.1. In addition to the reporting obligations contemplated in paragraph 5.8, the Committee Chair shall prepare a report, for inclusion in the Integrated Annual Report, which describes the Committee's mandate, composition and responsibilities and how these responsibilities were discharged during the financial year, including key areas of Committee focus and the key decisions taken.

8.2. The Committee Chair, or other member of the Committee as determined by the Committee Chair, shall attend each AGM and be prepared to respond to any Shareholder questions on the Committee's activities.

9. REMUNERATION OF GARCC MEMBERS

Each non-executive members of the Committee, including the Committee Chair, shall be paid such remuneration in respect of his/her appointment as recommended by the Remuneration Committee and the Board and approved annually by Shareholders.

10. BOARD EVALUATION OF GARCC PERFORMANCE

10.1. The GARCC shall perform a self-evaluation of its effectiveness every year and report the results thereof to NomGov.

10.2. In addition, NomGov performs a formal annual evaluation of GARCC performance and effectiveness, with its conclusions and recommendations (as relevant) submitted to the Board for approval.

11. REVIEW OF TERMS OF REFERENCE

The GARCC shall review these TOR annually, to ensure that they remain consistent with its statutory duties and the Board's objectives and responsibilities. These TOR may be amended as required, subject to the approval of the Board.

12. APPROVAL OF TERMS OF REFERENCE

These TOR are endorsed by the Committee Chair and approved by the Board.

5 August 2025
Date of Board Approval