



# **Americana Restaurants International PLC**

## **Audit Committee Charter**

Version 1.1  
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Version	Date	Prepared By	Reviewed By	Approved By	Summary of Changes
1.0	01/09/2022	Protiviti	Legal	Board	N/A
1.1	28/03/2023	Corporate Secretary	Legal	Board	Stand-alone document

<b>Custodian:</b>	Head of Legal
<b>Distribution:</b>	Board/ Committee members/ Board Secretary

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## A. Introduction

The purpose of this Charter (the “Charter”) is to provide a standalone governance framework for the Audit Committee – separate from the Terms of Reference in the Governance Handbook of the Company.

This Charter should be read in conjunction with the Articles of Association and the Governance Handbook of the Company in place from time to time.

This Charter has the status of a policy, is owned by the Legal & Compliance Department of the Company and will be reviewed at least annually on the date specified on the cover sheet. All proposed amendments to the Charter will be subject to approval by the Board of Directors of the Company (the “Board”).

The subsequent adoption by the Board of this Charter shall bring into effect the committees of the Board referred to in paragraph 2.4.1 of the Governance Handbook and shall constitute approval of the updated terms of reference for those committees as set out hereunder.

## B. Glossary

<b>Board</b>	The Board of Directors of the Company.
<b>CEO</b>	The Chief Executive Officer of the Company.
<b>CMA</b>	Capital Market Authority of the Kingdom of Saudi Arabia.
<b>Committee</b>	The Audit Committee of the Company formed by the Board and governed by this Charter.
<b>Company</b>	Americana Restaurants International Plc. and its Subsidiaries
<b>Independent Auditors</b>	Audit firms who are assigned to provide external or internal audit services.
<b>Independent Directors</b>	A member that has no relationship with the Company, any of its Senior Executive Management persons or its auditor, parent company, subsidiaries, sister company, or affiliate company in a manner that may lead to financial or moral benefit that may affect its decisions.
<b>Internal Auditors</b>	Employees of the Company’s Internal Audit function.
<b>Internal Control</b>	Management functions to ensure that the Company’s objectives are achieved, including effectiveness, economy, efficiency, compliance, policies, procedures, statutory, safeguarding assets, integrity, and reliability of management information.
<b>SCA</b>	Securities and Commodities Authority.
<b>Stakeholders</b>	Every person who has an interest in the Company, including but not limited to shareholders, creditors, staff, and clients.

## C. Purpose

The purpose of the Committee is to:

- i. assist the Board and management of the Company in fulfilling their oversight responsibilities to the Stakeholders and others relating to (i) the Company's financial statements and financial reporting process, (ii) the systems of internal accounting and financial controls, (iii) the function of the Internal Auditors; (iv) the annual external audit of the Company's financial statements; (v) compliance with listing and disclosure rules and other legal requirements as per the applicable regulations; and (vi) the risk profile of the company;
- ii. prepare an "Audit Committee Report" at the end of each quarter summarizing the results of its work, its conclusion, and recommendations to be issued to the Board;
- iii. maintain free and open communication between the Committees, the Internal Auditors, the Independent Auditors, and the management of the Company; and
- iv. investigate any matter brought to its attention with full access to all books, records, facilities, and personnel of the Company and with the power to retain outside counsel, or other experts for this purpose.

## D. Composition

### D.1. Membership and Appointment

- i. The Committee shall be formed by a resolution of the Company's Ordinary General Assembly.
- ii. Committee members shall be comprised of not less than three and not more than five Non-Executive Board members; at least two of whom must be Independent members (one of them will act as the chairman of the Committee). Committee members shall be paid fee(s) as per the Remuneration Policy of the Company.
- iii. Unless a Chairman is elected by the full Board, the members of the Committee may designate a Chairman by majority vote of the full Committee membership.
- iv. All members of the Audit Committee shall have expertise in the field of accounting and finance, while at least one of them shall have previous work experience and qualifications in the field. Board Chairman cannot be in the Audit Committee. Members of the Committee serve at the behest of the Board and may be removed and replaced by the Board.
- v. Any person who works or has worked in the Company's finance Department, the Executive Management or for the Company's audit as an external auditor during the preceding two years shall not be a member of the audit committee
- vi. Each Non-Executive member shall be independent from the Company management and financially literate or shall become financially literate within reasonable period of time after appointment of the Committee, at least one member shall have accounting or related financial management and/or business expertise as determined by the Board.

### D.2. Secretary

The Committee may appoint a secretary. The secretary of the Board shall be the secretary of the Audit Committee. The main duties of the secretary are to: (i) co-ordinate and make arrangements for the conduct of Committee meetings; (ii) provide Committee members with notice of upcoming meetings and provide an agenda; (iii) prepare draft minutes and resolutions of Committee meetings and keep full and complete records of the proceedings of the Committee for the purpose of reporting to the Board; (iv) circulate a final and approved copy of the minutes of each Committee meeting and (v) perform all other duties as may from time to time be assigned to him or her by the Committee, or otherwise at the direction of a Committee member.

## E. Meetings

The Committee shall meet at least four times each year and no less than once every three months, or more frequently as circumstances dictate. Meeting agendas will be prepared and provided to members in advance. The Committee may, in its discretion, form and delegate all or a portion of its authority and

responsibilities to a subcommittee of the Committee when appropriate.

The Committee may, at its discretion, invite experts, advisors, and members of the Company's management team to advise it on any aspect or area of its competence.

Reading material will be provided to the members of the Committee by the Secretary far enough in advance of the scheduled Committee meeting to allow members sufficient time to review the materials. Committee members will be expected to have read the material prior to the meeting and thus will be expected to participate fully in Committee discussions on the subject matter contained within the reading material.

### **Committee Meetings**

No Board member or the Executive Management, except the Secretary or a member of the Committee, may attend the meetings of the Committee unless the Committee requests his opinion or advice.

The majority of the members of the Committee shall constitute a quorum for the meeting (in person, not by proxy). Decisions of the Committee shall be made by a majority of the votes, and in case of equal votes, the chairman shall have a casting vote.

The meetings of the committee can be held physically or electronically and shall be documented accordingly. Certified records shall be prepared, and the recommendations of the committees and voting results shall be documented and retained, including the names of attendees and any reservations they have made (if any). These minutes shall be signed by all members present.

The Committee shall document its work through certified records, including decisions relating to its works. Each committee shall report on its activities to the Board regularly and at each meeting of the Board, and shall make such recommendations, as it deems necessary or appropriate. For the avoidance of doubt, with majority approval, the committee members may call an emergency meeting for issuance of any decisions by way of circulation. However, passing of resolutions in such cases shall not be considered a meeting.

The committee shall invite consultants/members other than the Board members as committee members. These members shall subject to the same obligations to which the Board members subject. The non-Board members shall not represent more than third of the committee members.

The committee member shall attend all meetings and shall not be represented in the meetings by proxy from other members. Non-committee members (other board members, executive officials, or other external individuals) attend the meetings based on an invitation from the committee head.

## **F. Authority, Duties and Responsibilities**

The Committee is appointed by the General Assembly and as per the Board recommendation.

The Committee shall understand the Company's structure, controls, and types of transactions to be undertaken in order to adequately assess the risks which may be faced by the Company and shall perform the following:

### **F.1. Financial Statements**

With respect to the Company:

- i. Review significant accounting and reporting issues, including changes in accounting policies, significant adjustments resulting from the audit, complex or unusual transactions and highly judgmental areas, and recent professional and regulatory pronouncements, and understand their impact on the financial statements;
- ii. Examine the accounting estimates in respect of significant matters that are contained in the financial reports;
- iii. Review with management and the Independent Auditors the results of the audit, including any difficulties encountered;
- iv. Investigate any issues raised by the Company's Chief Financial Officer or any person assuming his/her duties or the Company's compliance officer or independent auditor;
- v. Providing a technical opinion, at the request of the Board, regarding whether the Board's report and the Company's financial statements are fair, balanced,

- understandable, and contain information that allows shareholders and investors to assess the Company's financial position, performance, business model, and strategy;
- vi. Review the integrity of the annual, semi-annual, and quarterly financial statements, and consider whether they are complete, consistent with information known to the Committee members, and comply with appropriate accounting principles and standards;
  - vii. Review with management and the Independent Auditors all matters required to be communicated to the Committee under general accepted auditing standards and in compliance with the SCA and CMA disclosure requirements;
  - viii. Review and approve any changes to accounting policies. Approve the adoption of any significant change in accounting policies or practice; and
  - ix. Review all matters that are subject to the management's judgment and material amendments emerging out of audit and assumption of the Company's going concern

## **F.2. Internal Control**

- i. Consider the effectiveness of the Company's Internal Control system, including information technology security and control;
- ii. Understand the scope of the Internal Auditors and Independent Auditors' review of Internal Control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses;
- iii. Review the adequacy of accounting and business policies, approving and ensuring appropriate application of new policies, and revisions to existing policies, annually;
- iv. Ensure the adequacy of the systems of Internal Control through independent review of operational processes;
- v. Ensure the existence of an adequate framework that could be reasonably expected to prevent and detect material fraud; and
- vi. Review the adequacy and effectiveness of processes in place with respect to: (i). Risk Management; (ii). Internal Control Systems; and (iii). Identification and management of Conflict of Interests and transactions with Related Parties

## **F.3. External Audit**

Consider the appointment of the Independent Auditors to the Company, their fees, and any questions relating to their resignation or removal and review the extent of non-audit services provided by the auditors in relation to the objectivity and independence needed in the conduct of the audit and make such recommendations on these matters to the Board as the Committee sees fit.

- i. Review with the Company's Independent Auditors any audit problems and difficulties and
- ii. management response, including:
- iii. any restrictions on the scope of the Independent Auditors activities;
- iv. any restrictions on the Independent Auditors' access to requested materials;
- v. any significant disagreements with management; and
- vi. any material audit differences that the Independent Auditor noted or proposed but for which the Company's financial statements were not adjusted, if applicable.

Be responsible for the oversight of the work of the Independent Auditor for the purpose of preparing or issuing an audit report or related work.

Evaluate on an annual basis the Independent Auditor qualifications, performance, and independence.

Have the authority to review all services to be performed by the Independent Auditor. The Committee may delegate this authority to sub-committees consisting of one or more members and appropriately provide that recommendations of such sub-committee are presented to the Committee at its next scheduled meeting.

## **F.4. Internal Audit**

As the Company's Internal Auditors shall report functionally to the Committee and administratively to the CEO of the Company, the Committee shall:

- i. Review with management and the Internal Auditors any internal audit charter, plans, activities, staffing, and organizational structure of the internal audit function;
- ii. Review the appointment and replacement of the Head of Internal Audit and approve the annual internal audit work plan;
- iii. Review all reports submitted to the Committee by the Internal Auditors and
- iv. management's responses to such reports;
- v. Evaluate the performance of the individuals, or if applicable, the independent public accounting firm, providing the internal audit services to the Company;
- vi. Ensure the establishment of an internal control system and continually discuss the Internal Audit system with the Board; and
- vii. Ensure availability of necessary resources for the Internal Audit department and review and monitor the effectiveness of such department.

#### **F.5. Ensuring Compliance:**

- i. Review the findings of the reports of supervisory authorities and ensure that the Company has taken the necessary actions in connection therewith;
- ii. Ensure the Company's compliance with the relevant laws, regulations, policies, and instructions;
- iii. Review the contracts and proposed Related Party transactions, and provide its recommendations to the Board in connection therewith;
- iv. Report to the Board any issues in connection with what it deems necessary to take action on, and provide recommendations as to the steps that should be taken; and
- v. Ensure compliance with the accounting standards established by the relevant regulations.

#### **F.6. Risk Management**

Review, approve and oversee the establishment of the Company's overall risk objectives and risk appetite. The Committee will oversee the overall risk profile of the Company, subject to advice and direction that may be provided by the Committee. The competencies of the Committee shall include:

- i. Develop a comprehensive risk management strategy and policies that are consistent with the nature and volume of the Company activities, monitor its implementation, review, and update it, based on the company internal and external changing factors.
- ii. Identify and maintain an acceptable level of risks that the Company may face and ensure that the Company does not exceed such level.
- iii. Supervise the risk management framework of the company and evaluate the effectiveness of the framework and mechanisms of identifying and monitoring the risks that threaten the company, in order to identify areas of inadequacy and adequacy.
- iv. Provide guidance to management, as needed, to assist them in improving their risk management practices and / or mitigating certain risks, including the presence of qualified management personnel to carry out risk management activities effectively.
- v. Obtain assurance from the executive management and internal audit that the risk processes and systems operate effectively with appropriate controls, in addition to compliance with approved policies.
- vi. Prepare detailed reports on the level of exposure to risks and recommended procedures for managing such risks, along with submitting them to the Board.
- vii. Make recommendations to the Board on matters relating to risk management.
- viii. Ensure availability of adequate resources and systems for risk management.
- ix. Report regularly to the Board on the Company risk profile and promptly inform the Board of any significant changes in the volume of the risk.
- x. Verify that the risk management personnel are not part of the activities that may expose the Company to risks.
- xi. Review the organizational structure for risk management and provide recommendations regarding the same before approval by the Board.
- xii. Ensure that the risk management employees understand the risks threatening the Company and seeking to raise awareness of the culture of risk.

#### **F.7. Systems and Processes**



Oversee the establishment, by the Company's senior management, of appropriate systems that include policies, procedures, and management committees that support risk controls to ensure the enterprise risks are appropriately identified, measured, monitored, and controlled. In particular, the Committee will periodically review reports from senior management and/or committees regarding compliance with and performance against applicable risk objectives, policies, and procedures.

#### **F.8. Other Duties, Authorities and Responsibilities**

- i. Have the authority to retain independent legal, accounting, or other advisors. The Company will provide for appropriate funding as determined by the Committee, for payment of compensation to any advisors retained by the Committee;
- ii. Establish controls that enable the Company employees to report confidentially on any potential violations in the financial reports, internal auditing or other matters, and the steps to ensure making an independent and fair investigation of such violations;
- iii. Review related party transactions to ensure that there are no conflicts of interest and raise recommendations to the Board before concluding them;
- iv. Have such other powers and responsibilities as are set out under the Corporate Governance Handbook;
- v. Assess whether the Company has appropriate and up to date contingency and recovery plans. Exercise all the duties, authorities, and responsibilities above in respect of all companies or subsidiaries which the Company controls;
- vi. Review instances of suspected fraud or malpractice reported and determine the scope of these investigations depending on the size, nature, and complexity of the reported fraud;
- vii. Ensure that adequate internal procedures are established by the Company to prepare and submit Annual Corporate Governance Report/Integrated report as required by the SCA and CMA; and
- viii. Reviewing observations raised in relation to Compliance reviews and following up on resolution of non-compliances (if any).

#### **G. Conflict between the Audit Committee and the Board**

Where a conflict arises between the recommendations of the Audit Committee and the Board resolutions, or where the Board refuses to put the committee's recommendations into action as to appointing or dismissal the company's external auditor or determining its remuneration, assessing its performance or appointing the internal auditor, the Board's report shall include the committee's recommendations and justifications, and the reasons for not following such recommendations.

#### **H. Reporting to the Board and the Shareholders**

- i. The Committee shall report its decisions to the Board and update the Board on its activities.
- ii. Where the Board makes a request for information from the Committee, the Committee shall provide the Board with a report of its decisions and its deliberations and findings.

#### **I. Audit Committee Charter approval and dates (s)**

The Charter shall be implemented and complied with by the Company starting from the date it is approved by the GA. The content of this Charter shall be reviewed and endorsed by the Audit committee, and any amendments to the Charter shall be presented by the Board to the GA for approval.