



Egyptian Resorts Company S.A.E. ("ERC")

**Audit Committee Charter**

**1. Purpose:**

The Board of the Egyptian Resorts Company has appointed the Audit Committee to ensure corporate accountability. The Audit Committee shall assist the Board in monitoring the integrity of ERC's financial reporting process, systems of internal audits and controls, as well as financial statements and reports. The Audit Committee also monitors ERC's compliance with legal and regulatory requirements and gives recommendation regarding the appointment of ERC's independent auditors. The Committee is expected to maintain free and open communication with the independent auditor, the internal auditors, and Management. This communication will include periodic private executive sessions with each of these parties.

In accordance with regulations of the Ministry of Investment and the Egyptian Financial Supervisory Authority, the Audit Committee of Egyptian Resorts Company consists of no less than three members who are fully independent from the day-to-day management of the company. The Audit Committee members are appointed annually by ERC's Board of Directors.

**2. Authority**

- The Audit Committee receives its authority and its assignments from the Board of Directors, except in matters where its authority is derived by law or rules of the Egyptian Stock Exchange. However, the ultimate responsibility for review and action remains with the full Board.
- The Committee regularly reports to the Board and has the authority and responsibility to recommend the selection, appointment and compensation, and where appropriate recommend the replacement of the External Auditor..
- The External Auditors is directly accountable to the Committee.
- The Committee has direct access to the External Auditor and to anyone in the Company; the Committee shall have access to sufficient resources in order to discharge its duties and responsibilities.
- The Committee has to resolve any disagreements between Management and the External Auditor regarding financial reporting.
- The Committee may seek any information it requires from employees – all of whom are directed to cooperate with the Committee's requests – or external parties



### **3. Duties and Responsibilities**

#### **Financial Reporting**

- Review the Company's annual and quarterly audited financial statements and the related documents prior to filing or distribution. The review should include discussion with Management and the External Auditor of significant issues regarding accounting principles, practices, audit findings, disclosures, judgments and any other requirement under accounting standards and rules.
- In consultation with Management, the External Auditor and the Internal Auditor, consider the integrity of the Company's financial reporting process and controls.
- Assess the significance of financial risk exposure and the steps Management has taken to monitor control and report such exposure.
- Review significant findings prepared by the External Auditor and the Internal Auditor together with Management's responses.
- The Committee shall challenge when necessary:
  - a. The consistency of, and any changes to, accounting policies;
  - b. The methods used to account for significant or unusual transactions where different approaches are possible;
  - c. Whether the Company has followed appropriate accounting standards and made appropriate estimates and judgments;
  - d. The clarity of disclosure in the Company's financial reports;
  - e. All material information presented with the financial statements.

#### **Internal Auditing & Control**

- Monitor and review the effectiveness and independence of the Company's internal audit function.
- Approve the appointment and/or removal of the Head of Internal Audit.
- Consider and approve the remit of the internal audit function and ensure it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards.
- Review and assess the annual internal audit plan and budget.
- Review the quarterly summary of the Internal Auditor's activity and any urgent reports on the Company it produces.



- Review and monitor Management's responsiveness to the findings and recommendations of the Internal Auditor.
- Review with the Company's corporate governance department and/or legal department any legal matters that could have a significant impact on the organization's financial statements, the Company's compliance with applicable laws and regulations (in coordination with other committees), and inquiries received from regulators or governmental agencies.

### **Appointment & Oversight of the External Auditor**

- Consider and make recommendations to the Board concerning to the appointment, re-appointment and/or removal of the Company's External Auditor.
- Review the independence and performance of the External Auditor.
- Recommend the External Auditor's engagement terms and fees for annual audit services.
- On at least an annual basis, review a formal, written statement from the External Auditor on such matters as prescribed by law or exchange requirements, including all relationships between the Auditor and the Company or its Management.
- Discuss and approve with the External Auditor all significant relationships it has with the Company and their impact on the Auditor's objectivity and independence, including non-audit services and the fees proposed and charged.
- Review the External Auditor's audit plan; discuss scope, staffing, locations, reliance upon Management and the Internal Auditor, and general audit approach.
- Consider the External Auditors' judgment concerning the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.
- The Committee shall meet with the External Auditor at least once a year, separately from Management, to discuss their remit and/or any issues arising from the audit.

### **Risk management**

- Protect the company assets through identifying and understanding the risk environment and providing the roadmap to mitigate such risks.
- Study current and future capital requirements in order to achieve the Strategic Business Plan while minimizing financial risk.



#### **4. Membership**

- In accordance with the Egyptian Code of Corporate Governance and Listing & Disclosure regulations, the Audit Committee of the Egyptian Resorts Company consists of no less than three non-executive members.
- Members should collectively possess the expertise and experience in accounting, auditing and financial reporting needed to understand and resolve concerns raised by the External or Internal Auditors.
- At least one member of the committee shall have past employment experience in finance, accounting, or comparable experience or background which results in the individual financial sophistication, as defined by the Sarbanes-Oxley act and the Egyptian Stock Exchange, to be considered “an Audit Committee financial expert.”
- Audit Committee Members:
  - a. Shall be independent of Management and operating Executives.
  - b. Shall not be affiliated persons of the Company or any subsidiary.
  - c. Shall be free of any relationship that would interfere with the exercise of his/her independent judgment.
  - d. Shall not directly or indirectly receive any consulting, advisory or other compensatory fees from the Company apart from compensation as a board member.

#### **5. Meetings**

The ERC Board Audit Committee shall meet at least four times per year on a schedule adopted by the Committee and as many additional times as the Committee deems necessary.

- The Chairman of the Board, the Chairman of the Committee or any two other members of the Committee may call for a special meeting.
- The Audit Committee shall have, at least once a year, a closed meeting with the External Auditor, without Management.
- The quorum of meetings shall be three members.
- Recommendations of the Committee are issued upon the simple majority of the members.
- In the absence of the Chairman, the present members shall appoint an acting Chairman.



## **6. Reporting responsibilities**

- The Audit Committee has the responsibility to report its activities to the Board of Directors. Annual and periodic formal reports of Audit Committee activities are an important communication link between the Audit Committee and the Board on key decisions and significant findings within its duties and responsibilities.
- The Committee shall make any recommendations to the Board it deems appropriate, concerning any area where action or improvement is needed.
- Minutes of each meeting are to be sent to Committee members, all other Board members, External Auditor, the Internal Auditor, and the Chief Financial Officer.
- A Summary of Minutes is to be sent to the Egyptian Exchange and the Egyptian Financial Supervisory Authority, within 60 days of the end of each quarter.

## **7. Charter**

- The Audit Committee shall, annually or as necessary, assess the adequacy of this charter and report its findings to the Board .
- Charter modifications, as recommended by the Committee, should be presented to the Board for review and approval.