



## AUDIT COMMITTEE PERFORMANCE REPORT 2020

### 1. INTRODUCTION

The Committee has prepared this report pursuant to the terms stipulated in the internal regulations of AmRest Holdings, SE ("**AmRest**" or the "**Company**") and in order for the Board of Directors to observe the performance of the Committee in accordance with Article 6.5 of the Board of Directors Regulation and Article 529, section 9, of Royal Legislative Decree 1/2010 of 2 July approving the consolidated text of the Spanish Corporate Enterprises Act (the "**Corporate Enterprises Act**").

This report on the activities performed by the Audit Committee during the 2020 fiscal year will be available to shareholders and investors on the Company's website ([www.amrest.eu](http://www.amrest.eu)) from the time at which the general shareholders' meeting is arranged.

This report has been prepared in accordance with Recommendation 6 of the Good Governance Code of Listed Companies published by the Spanish Stock Market Regulator (Comisión Nacional del Mercado de Valores, the "**CNMV**") in 2015. Moreover, its content aligns with the recommendations outlined in the CNMV's Technical Guidelines 3/2017 on appointments and remuneration (the "**Technical Guidelines 3/2017**").

### 2. REGULATION

The rules regarding the organisation and performance of the Audit Committee are outlined in the Board of Directors Regulation and Audit Committee Regulation, both of which are available for perusal on the Company's website ([www.amrest.eu](http://www.amrest.eu)).

### 3. STRUCTURE

Articles 19 of the Board of Directors Regulation and 11 of the Audit Committee Regulation stipulate that the Committee must be composed of a minimum of three members and a maximum of five, all of whom must be appointed by the Board from among its non-executive members. The majority of the Committee members must be independent Board members.

Moreover, at least one of the Committee members must be appointed based on their knowledge and experience in accounting, auditing or both. As a group, said members will possess the relevant know-how with regard to the sector in which the Company operates.



The Chairman of the Audit Committee must be an independent Board member and be replaced every four years. Re-election to this role is not permitted until at least one year has passed from stepping down.

Throughout 2020 the Audit Committee experienced changes due to the resignation of Mr. Mustafa Ogretici from the Board of Directors and the resulting co-opting of Ms. Mónica Cueva Díaz as of July 1, replacing the departing director in his role as Audit Committee Member.

Ms. Mónica Cueva Díaz has a long track record and is experienced in accounting and finances, having gained much know-how throughout over thirty years with the Santander Group. Since joining she has significantly contributed to the continued diligent performance of the Committee under chairman Mr. Emilio Fullaondo.

The structure of the Audit Committee at the end of the 2020 fiscal year was as follows:

- (i) Mr. Emilio Fullaondo Botella (Chairman), an independent, external AmRest Board member since May 14, 2019.
- (ii) Mr. Pablo Castilla (Committee Member), an independent external AmRest Board member since March 12, 2018.
- (iii) Ms. Mónica Cueva Díaz (Committee Member), an independent external AmRest Board member since July 1, 2020.

Pursuant to the terms of the Audit Committee Regulation, remaining as Non-member Secretary and Non-member Deputy Secretary respectively of the Audit Committee are Mr. Eduardo Rodríguez-Rovira and Mr. Jaime Tarrero Martos.

Information on each of the Appointments and Remuneration Committee members, including their professional profiles and biographies, can be found on the Company's website ([www.amrest.eu](http://www.amrest.eu)).

Upon being formed exclusively of non-executive members appointed by the Board, all of whom are independent members and with the chairman also being an independent Board member, the structure of the Committee in 2020 meets the requirements set out under the Corporate Enterprises Act, the Board of Directors Regulation and the Audit Committee Regulation.

Moreover, the Committee members' collective professional profiles and career history ensure that they have the relevant know-how of the sector in which AmRest operates.



#### **4. MEETINGS HELD BY THE COMMITTEE AND THEIR CONSTITUTION DURING THE FISCAL YEAR 2020**

The Audit Committee meets as often as arranged and agreed by the Committee itself or the Chairman. A minimum of four meetings are held per year. One of the meetings must be used to prepare the financial information to be approved by the Board and included in the annual public documents. The efficiency and compliance of the Company's corporate governance rules and procedures will be looked at during these regular meetings.

Audit Committee meetings are deemed validly established when attended by the majority of its members, whether present themselves or represented, with resolutions adopted by way of such majority.

The Audit Committee met on six occasions during the 2020 fiscal year, with all members in attendance at each session. Thus, enough meetings were held for the Committee to properly perform its duties.

Committee meetings were attended at all times by members of the AmRest management team. On certain occasions, and where necessary, the accounts auditor was also present. Said persons' attendance at the meetings was always by way of invitation from the Committee, although their participation was restricted to addressing the agenda items underpinning their particular invitation. At no point were non-AmRest members present during the decision-making sections of these meetings.

Moreover, the Company's accounts auditor, KPMG Auditores, S.L. ("**KPMG**") attended three formal Committee meetings in order to report on (i) the 2019 annual financial report, (ii) the limited review of the condensed consolidated financial statements and management report as at June 30, 2020 and (iii) the audit process for the 2021 fiscal year.

The internal auditor, global controller, group head of tax and members of the legal team also attended certain Committee meetings for reasons such as task coordination and project follow-up.

#### **5. ACTIVITIES PERFORMED DURING THE 2020 FISCAL YEAR**

In fulfilment of the duties undertaken by virtue of Article 19 of the Board of Directors Regulation and Articles 5 to 10 of the Audit Committee Regulation, the Committee based its 2020 meetings on the following key activities:



### **5.1. Review of the annual accounts and other cyclical financial information**

The Audit Committee reviewed the Company's individual and consolidated annual accounts for the 2019 fiscal year prior to them being drawn up by the Board of Directors. In this regard, the Audit Committee issued a favourable report to the Board of Directors prior to the preparation of the annual accounts. Moreover, the Committee oversaw the preparation and inclusion of the individual and consolidated quarterly and half-year financial information which the Board of Directors will disclose to the market and issue to the Spanish Stock Market Regulator (*CNMV*) as part of its duty to provide recurring information as a listed company.

There were no reservations found in the audit reports on AmRest's individual and consolidated annual accounts for the fiscal year ended 31 December 2019.

The limited review report of the interim condensed consolidated financial statements added two special emphasis paragraphs.

In addition, there are no reservations expected to be found in the audit reports on AmRest's individual and consolidated annual accounts for the fiscal year ended 31 December 2020.

### **5.2. External audit**

The Audit Committee has overseen the relationships with external auditors, they have met directly with them at several times throughout the fiscal year and established the necessary lines of communication to receive information on any queries relating to the accounts auditing process. Moreover, the Committee has also presided over the fulfilment of the audit agreement, ensuring that the opinion on the annual accounts and key content of the audit report were drafted in a clear and accurate manner.

### **5.3. Internal audit**

Throughout 2020, the Audit Committee performed the duties relating to the internal auditing of the Company as assigned thereto under the Board of Directors Regulation and Audit Committee Regulation, namely: (i) to safeguard the autonomy and efficiency of the internal audit function, ensuring the availability of sufficient resources and suitably-qualified personnel to perform these duties effectively; (ii) to approve the internal audit department's budget, its annual activity report, ensuring a pro-active approach and that the key focus of its activity is centred around the major risks to the Company and group; (iii) to receive regular activity-based information; setting aside time at each meeting for internal auditing (iv) to verify that the senior



management team duly takes on board the conclusions and recommendations set forth in its reports.

#### **5.4. Compliance of corporate governance regulations and fulfilment of the obligations imposed on listed companies. Supervision of legal and tax affairs.**

In 2020, the Audit Committee oversaw compliance with the Internal Securities Market Conduct Regulation, the Board of Directors Regulation, the Audit Committee Regulation and, in general, the Company's rules on corporate governance. No key breaches of these regulations were reported. In the performance of its duties, the Audit Committee also oversees the group's legal and tax affairs.

#### **5.5. Linked Transactions**

Regarding its advisory role on transactions with related parties as set out in Articles 19.4.(g).(iii) of the Board of Directors Regulation and 5.(g).(iii) of the Audit Committee Regulation, the Audit Committee has monitored the linked transactions executed by the Company and, where necessary, reported its findings back to the Board of Directors.

#### **5.6. Risk control and management**

In accordance with Articles 19.4.(b) of the Board of Directors Regulation and 5.(b) of the Audit Committee Regulation, the Audit Committee has overseen the effectiveness of the Company's internal control and its risk management systems. In this regard, the Audit Committee has regularly reviewed the internal control and risk management systems in order to identify and manage the key risks faced by the Company, as well as to spread awareness of them.

Furthermore, the Committee has finally begun the comprehensive update to the global map of risks to which the Company and group are exposed.

Covid-19 caused a delay to the launch of this highly relevant project given the growing concern among regulators about internal control and management systems for listed companies, as the Committee needed to spend time and energy dealing with managing the effects of the pandemic. Consequently, it was launched in the second half of the year. However, the current situation highlights important issues related to the risks to which the Group is exposed, and the timing of this launch is therefore considered to be the most appropriate.



### **5.7. Liaison with regulatory bodies**

The Audit Committee has reviewed the notifications received from the CNMV, in particular those outlining the numerous suggestions raised in terms of the content of the financial information to be published by the Company and its group, as well as the new systems for reporting financial information (*ESEF*).

### **5.8. Information on the Company's treasury stock**

The Audit Committee monitors the Company's treasury stock balance and transactions executed using treasury stock on a quarterly basis.

### **5.9. Company consolidation systems**

The Audit Committee has continued with work aimed at improving its consolidation and reporting systems to ensure the speedier and more efficient preparation of such information that will increase the profit on these operations.

## **6. ASSESSMENT OF THE PERFORMANCE AND FUNCTIONING OF THE AUDIT COMMITTEE. CONCLUSIONS**

The Board of Directors has assessed the performance of the Audit Committee for the 2020 fiscal year, the degree of preparation and execution of the tasks mandated thereto by the Board and the performance of its internal control and supervisory duties in relation to the development of the areas under its responsibility. In this regard, the Board of Directors deems the Audit Committee's performance to be satisfactory.

The independent assessment of the Audit Committee has not raised any significant modifications to its internal organisation or procedures.