Audit Committee Charter

Contents

Article (1): Objective	3
Article (2): Committee Formation	3
Article (3): Committee membership	3
Article (4): Committee duties and responsibilities	3
Financial Reports	4
Internal control systems	4
Internal Auditor	4
External auditor	4
Ensuring Compliance	5
Whistleblowing	5
Article (5): Committee Authorities	5
Article (6): Committee Working Procedures	5
Authorities of the Committee Chairman and Secretary	5
Member's Duties	6
Committee Meetings	7
Committee Meetings Documentation	8
Committee Actions Follow-up	8
Committee Performance Evaluation	8
Article (7): Committee Report to General Assembly	9
Article (8): Confidentiality	9
Article (9): Conflict of Interest	9
Article (10): Committee Members Remunerations	9
Article (11): Charter Review	10
Article (12): Entry into Force	10

Article (1): Objective

The objective of this Charter is to regulate the Audit Committee function by determining its duties, authorities, working procedures, its members' selection rules and nomination method, in accordance with the regulatory rules and procedures for audit committees of listed joint stock companies as provided for under the Companies Law, the implementing regulation of the companies law issued pursuant to the Companies Law relating to Listed Joint Stock Companies, and the Corporate Governance Regulations issued by the Capital Market Authority (CMA).

Article (2): Committee Formation

The Commit is formed by a decision of the Board of Directors, provided that the General Assembly of the company issues the committee's work regulations, which includes the rules for selecting the members of the committee, the duration of their membership, its duties, the controls of its work, and the remuneration of its members, based on a recommendation from the Board of Directors. The committee is also formed from non-executive members of the Board of Directors, whether from Shareholders or others, and the number of its members shall not be less than three and not more than five.

Article (3): Committee membership

a. The committee is formed according to the following selection rules:
   1. There must be at least one independent member among the members.
   2. The candidate must have good knowledge of the company's activities, work, and the risks it faces.
   3. The committee must include at least one member from the Risk Committee.
   4. Reasonable knowledge of financial and accounting aspects, provided that at least one member is specialized in financial affairs Finance and accounting.
   5. He does not work, or has worked during the past two years, in the executive or financial management of the company, or with the company's auditor.
   6. The Chairman of the Board of Directors shall not be a member of the Audit Committee.
   7. The audit committee member must not serve as a member of audit committees in more than five joint stock companies listed on the market at the same time.
   8. The candidate must not have been convicted of committing an act prejudicial to honor or dishonesty or in violation of the laws and regulations in the Kingdom of Saudi Arabia or any other country.
   9. The selection of the candidate for committee membership must not violate the relevant laws, regulations and instructions.

b. The committee members choose from among themselves a chairman for the term of committee membership, and in the event of the committee chairman's absence from the meeting, he appoints the committee members Attendees chair the meeting.

c. The Board of Directors appoints a Secretary of the Committee, and in the event of the absence of the Committee Secretary, the Secretary of the Board of Directors or any other person nominated by him shall act in his role.

d. The committee member shall carry out his duties from the date of his appointment decision, and his membership shall end in one of the following cases:
   1. End of the Board of Directors session.
   2. His retirement, without prejudice to the company's right to compensation if the retirement occurs at an inappropriate time.
   3. He suffers from a mental illness or physical disability that prevents him from performing his duties on the committee, or he dies.
   4. Issuance of a judicial ruling declaring his bankruptcy or insolvency or requesting a settlement with his creditors.
   5. Committed with honor and honesty, forgery, violation of laws and regulations in the Kingdom of Saudi Arabia, or conviction for committing an act of immorality any other country.

e. A decision is issued by the Board of Directors to exempt him from committee membership for any of the following reasons:
   1. His failure to fulfill his responsibilities, tasks and duties, which results in harm to the company's interest.
   2. His absence from three consecutive meetings or five separate meetings during his term of membership without a legitimate excuse accepted by the Council.
   3. Losing at any time any of the selection rules for membership of the Audit Committee established by law or in accordance with these regulations.
   4. Other than the reasons mentioned above that the Council deems appropriate, without prejudice to the dismissed member's right towards the company to claim with compensation if the dismissal occurs for an unacceptable reason or at an inappropriate time.

f. If the position of a member of the Committee becomes vacant in one of the previous cases or another during the term of membership, the Council may appoint a member to the vacant position, provided that he is one of those who meet the selection rules for committee membership referred to in these regulations, and completes the new member shall serve the term of his predecessor.

Article (4): Committee duties and responsibilities

Pursuant to the provisions of the regulatory rules for audit committees stated in the Corporate Governance Regulation issued by the Capital Market Authority (CMA), the Committee duties and responsibilities shall be as follows:

Financial Reports

a. Study the Company's interim and annual financial statements and financial-performance announcements to ensure their integrity, fairness and transparency

before presenting them for approval by the Board. To ensure its integrity, fairness and transparency.

b. Providing technical opinion, at the request of the Board, on whether the Board's report and the Company's financial statements have been fair, understood and balanced prepared and including the information that will be available to the investors and shareholders to evaluate balance sheet of the company and its performance and business model and strategy.
c. Examining any significant matter or unfamiliar issues in the financial statements.
d. Accurately investigating any issues raised by the Company's chief financial officer or any person assuming his/her duties or the Company's compliance officer or external auditor.
e. Examining the accounting estimates in respect of significant matters contained in the financial reports.
f. Examining the accounting policies adopted by the Company and providing its opinion and recommendations to the Board thereon.

Internal control systems

a. Studying and reviewing the Company's internal and financial control systems and risk management system and ensuring their effectiveness through regular reports prepared by the Internal Audit Dept. or others on the adequacy and effectiveness of the internal and financial control systems and risk management systems; and following -up on the implementation of recommended corrective actions.
b. Preparing a report to the Board that includes the Committee's opinion on the adequacy of the said systems, its recommendations to address main concerns, and any other recommendations for development of such systems; in addition to any other activities falling within its jurisdiction, which have been accomplished.

Internal Auditor

a. Study and approve the annual audit plan with the internal audit department.
b. Monitoring and overseeing the performance and activities of the internal auditor and internal audit department of the Company to ensure the availability of the necessary resources and their effectiveness in performing the assigned activities and duties.
c. Analyzing the regular internal audit reports and following up the implementation of the corrective measures in respect of the remarks made in such reports.
d. Providing a recommendation to the Board on appointment or dismissal of the chief Internal Audit, suggest remuneration and evaluating his/her performance annually.
e. Recommending to the Board of Directors to adopt the organizational structure, description, and job description of the internal audit department and ensure its independence in the company's organizational structure.

External auditor

- Recommending to the Board the nomination or dismissal of External Auditors and determining their fees, after verifying assessing their performance, independence, reviewing their scope of work, and terms of engagement.
- Verifying the independence of the External Auditor ،objectivity and fairness his/her efficiency in the light of the relevant regulations and standards.
- Reviewing the External Auditor's plan to verify the extent of his/her compliance with the relevant regulations and standards.

- Answering queries of the External Auditor and providing him/her with the support necessary to enable him/her to perform his/her duties.
- Examining the External Auditor's reports and his/her observations and notes on the financial statements; and following up on the actions taken in their respect.

Ensuring Compliance

- Reviewing the results of the reports of oversight authorities and ensuring that the Company has taken the necessary actions in connection therewith.
- Verifying that the Company complies with relevant laws, regulations, policies, and instructions.
- Reviewing the contracts and proposed Related Party transactions, and providing recommendations to the Board in connection therewith.
- Reporting and recommending to the Board the actions to be taken in matters that the Committee deems necessary.

Whistleblowing

Establishing an appropriate mechanism for Company's employees to confidentially report violations of the Company's or internal control systems, including the systems relating to financial statement preparation, and ensuring that the whistleblower's rights are not prejudiced. Establishing appropriate procedures for handling, pursuing and following-up on reported violations, and ensuring independence of such procedures.

The Board may entrust the Audit Committee with other issues to study them and submit recommendations thereon (The Article does not specify such issues).

Article (5): Committee Authorities

In order to perform its duties according to relevant laws and regulations, the Committee shall have the following authorities:

- The right to review the Company's records and documents.
- Requesting clarifications or statements from the Board or the Executive Management.
- Requesting the Board to invite the General Assembly if the Board impedes the Committee's work or the Committee suffers serious damage or losses.
- Seeking, at the Company's expense and after the Board approval, assistance of any expert or specialist, it deems suitable, in examining the subjects that fall within its duties and responsibilities ،this should be included in the record with the name of the expert and his relationship with the company

Article (6): Committee Working Procedures

Authorities of the Committee Chairman and Secretary

a. The Committee Chairman's duties include the following:

1. Presiding over the Committee meetings, seeking to enhance their effectiveness and responding to all queries raised or authorize a Committee member to respond.

2. Representing the Committee or behalf of the committee's members before the General Assembly and the Board.
3. Inviting the Committee meetings, and specifying the time, date, and venue of the meeting in coordination with Committee members.
4. Preparing meeting agenda, taking into consideration the topics that any Committee member wishes to include.
5. Ensuring that the topics presented to the Committee are accompanied by sufficient information to enable decision - making.
6. Ensuring that sufficient time is made available to discuss agenda items.
7. Enhancing active participation of members in committee meetings by studying and examining the topics on the agenda and providing opinion in a way contributing to the achievement of Committee objectives
8. Ensuring the availability of complete and correct information to Committee members in a timely manner to enable them to perform their duties and responsibilities.
9. Preparing regular reports on the Committee's activities and putting forward recommendations and conclusions to the Board.
10. Following up the implementation of the resolutions issued by the Committee.
11. Arranging for the periodical Committee's performance evaluation.

b. The Secretary of the Committee assumes the following duties:

1. Verification at the beginning of the meeting that there is no conflict of interest with the members present
2. Coordinating Committee meetings and proposing agenda items in coordination with the Committee Chairman.
3. Informing the Committee members of meeting dates and providing them with agenda items and necessary documents to enable them study the meeting items In accordance with the conditions stipulated in these regulations.
4. Attending Committee meetings and preparing the minutes of meeting and keeping them in a special record.
5. Maintaining documents, records and reports submitted to or issued by the Committee.
6. Providing assistance and advice to the Committee on matters falling within its competencies.
7. Ensure that the procedures and decisions are circulated to the relevant management within the company to implement.

Member's Duties

a. Complying with the provisions of the Companies Law and the Capital Market Law and their Implementing Regulations, other relevant laws and regulations, and the Company's By -Laws in exercising his/her duties. He shall refrain from undertaking or participating in any business that may harm the interests of the Company.
b. Being aware of the Committee's duties and responsibilities and devoting sufficient time to exercise his/her role in performing them.
c. Carrying out his/her duties free from any external influence, whether from inside or outside the Company, and not prioritizing his/her personal interests over those of the Company.

d. Refraining from acceptance of gifts from any person having business dealings with the Company.
e. Preparing himself/herself for and attending the meetings and not absenting himself/herself except for valid reasons, which shall be notified to the Committee Chairman in advance and be acceptable to the Committee.
f. Participating effectively in the Committee meetings through his/her prior examination and discussion of agenda items.
g. Seeking to enhance his/her knowledge of the relevant regulatory updates in the areas and subjects related to the Committee's duties and responsibilities.
h. Seeking to enhance his/her knowledge of the recent developments in the areas related to the Company's activities, business, and other relevant areas.
i. Avoiding situations of conflicts of interest and perform duties without being influenced by other parties; and not prioritizing his/her own interest over the interests of the Company and acting in compliance with the Company's Conflict of Interest Policy.
j. Notifying the Committee with any intention to engage any activities which would compete the Company or compete with a branch of activity practiced by the Company.

Committee Meetings

a. The Committee meets regularly to the Committee Chairman's invitation, at lest of four (4) meetings during a fiscal year. The Committee Chairman shall also convenes a meeting in an exceptional case, such as when the meeting is requested by the Board, or any Committee members, the External Auditor or the Internal Audit Head, or otherwise if the circumstances so require, provided that the reasons for the exceptional meeting are indicated.
b. The Committee approves the dates and agenda of meetings of a fiscal year prior to its commencement. The meeting's invitation is issued at least 5 days in advance and is accompanied by the agenda and the documents and information necessary for discussing matters presented to the Committee and making decision on their respect.
c. In exceptional cases, meeting invitations may be issued within less than five days prior to the meeting date in accordance with the invitation procedures specified in this Charter.
d. The Committee holds its meetings at Company headquarters; however, they may be held elsewhere the meeting can be held by modern technology, if necessary, subject to the Board approval.

e. For the meeting to be valid, the majority of the committee members must be present, and the committee member - in cases of necessary - may attend through the use of modern technological means, after the committee's approval. For the meeting to be valid, the majority of the committee members must be present, and the committee member - in cases of necessity - may attend by modern technological means, after the committee's approval.
f. The Committee meeting shall be attended by its members only. However, a member of the Board or Executive Management, who is not a Committee member, may only attend that Committee meeting upon invitation by the Committee to take his/her opinion or advice.

g. A committee member may not authorize another committee member to attend committee meetings on his/her behalf, in compliance with the authorization provisions set forth in the relevant laws and regulations.
h. The Committee regularly meets with the External Auditor and the Head of Internal Audit.
i. Committee resolutions are made by a majority vote of the present members. When votes are equal, the Chairman's vote shall be casting.
j. The Committee may issue a decision to pass in urgent cases by submitting it to all members and requiring the approval of the majority of the members of the Committee at its first meeting to be documented in the minutes of the meeting.
k. A Committee member is entitled to object to any Committee's resolution, provided that his objection is expressly stated in the meeting minutes together with the reasons for the objection. Absence from a meeting at which a resolution is made, does not preclude the member's liability for implementing the resolution unless it is proven that the member was unaware of the resolution or was unable to challenge it immediately after knowing of it.

Committee Meetings Documentation

l. The Committee Secretary prepares the minutes of meeting, which must include:
m. The venue, date, and start and end time of the meeting.
n. Names of present and absent members in addition to the names of non -member attendees.
o. Committee deliberations and resolutions with setting out the results of votes and reasons for objections, if any The Committee's deliberations can be demonstrated by modern technical means
p. Specifying the party to be responsible for implementing the resolutions and setting the implementation timeline and follow - up mechanism.
q. The Committee Secretary sends the draft minutes of meeting to Committee members within 30 days of the meeting. Members must record their comments, if any, on the draft within a maximum of five working days from the date of dispatch.
r. After incorporating the Committee members' comments in the draft minutes, and obtaining the meeting's Chairman Approval thereon, the Committee Secretary resends the amended draft to the Committee members in preparation for its approval at the next Committee meeting. And signed by all members present
s. The meeting minutes, agenda and all accompanying documents must be maintained in a special record to be signed by the Chairman and Secretary.

Committee Actions Follow-up

The Committee Chairman submits the Committee's recommendations and conclusions to the Board at the first Board meeting following the Committee meeting.

Committee Performance Evaluation

The Committee shall review its performance on regular basis against such indicators as its effectiveness in carrying out its duties and responsibilities discuss the results with the Emoluments and Nominations Committee and submit its recommendations to the Board of Directors

Article (7): Committee Report to General Assembly

The Audit Committee shall prepare a report to the General Assembly annually on its opinion on the adequacy of the Company's internal control systems finance and risk management, in addition to the other activities falling within the Committee's competencies in accordance with the regulation issued by the competent authority.

Article (8): Confidentiality

A Committee member must maintain confidentiality of the information and documents made available to him/her. He/ She may in no case - even if his/her membership is terminated - disclose them to any individual or entity unless he is so authorized by the Board; nor may he/she use any such information for his/her own personal benefit or that of his/her relatives or third parties. The Company has the right to demand compensation in case of violation of the provisions of this article. This obligation also applies to the Committee's Secretary all attendees of committees meetings

Article (9): Conflict of Interest

Cases of conflict of interest and transactions of the relevant parties shall be dealt with in accordance with the policy of conflict of interest approved by the Board of Directors and the provisions contained in the regulations and regulations issued by the competent authority

Article (10): Committee Members Remunerations

- Committee members are entitled to annual remunerations in accordance with the Remunerations Policy of the Board Members, Committees Members, and Executive Management approved by the General Assembly.
- The Board determines the remunerations and allowances to be paid to the Committee's Secretary.
- In the event of a resolution by the board of directors to terminate the membership of a Committee member due to his/her absence from three consecutive meetings within five separate meetings during his membership without an excuse acceptable to the Board, the member is not entitled to any remunerations or compensations for the period following the last meeting he/she attended, and is required to return all the remunerations and compensations paid to him/her for that period.
- The Company has the right to claim compensation for damage to its reputation, and recover the remunerations and any other costs incurred to enable the member to perform his/her responsibilities if that member committed an act of dishonesty, breach of trust, forgery, or violation of laws and regulations of Saudi Arabia or any other country; or when he fails to carry out his/her responsibilities and duties to the extent that results in damage to the Company's interest.

Article (11): Charter Review

This Charter is subject to regular review for enhancement and keeping it abreast with the relevant laws and regulations' updates, and at the discretion of the Board. No amendment may be made to this Charter except upon the recommendation of the Board and approval of the Ordinary General Assembly.

Article (12): Entry into Force

This Charter is effective from the date of its approval by the General Assembly to the company.