Board Risk Committee Charter

Article (1): Objective

This regulation aims to organize the work of the Risk Committee by defining its tasks and powers, in addition to the controls and procedures of its work, and the rules for selecting its members. This is in light of the company's articles of association, the rules governing the work of committees in listed joint stock companies, stipulated in the Companies Law, the Executive Regulations issued in implementation of the Companies Law for Joint Stock and Listed Companies, and the Corporate Governance Regulations issued by the Capital Market Authority.

Article (2): Committee Formation

- The Risk Committee shall be formed by a decision of the Board of Directors, and the term of membership of the Committee shall be determined in the resolution.
- Its Chairman and the majority of its members shall be non-executive members of the Board of Directors.
- The candidate must have a good knowledge of the company's activities and business and the skills and experience required to manage its work.
- The candidate must have a university qualification, and knowledge of the financial and accounting aspects and the nature of the company's business, provided that the candidates are specialists in financial and accounting affairs, such as holders of a university degree or a professional fellowship in accounting.
- The slicer should not be an employee (or have previously worked during the past two years as an employee) of the company, or the company's auditor.
- The candidate should not have been convicted of committing an act that violates honor or trust or violates the laws and regulations in the Kingdom of Saudi Arabia or in any other country.
- The number of members of the Committee shall not be less than three and not more than five members.
- The members of the Committee shall choose from among them a chairman for the term of membership of the Committee, and in his absence, the members of the Committee present shall appoint a chairman of the meeting.
- A member of the Committee shall exercise his duties from the date of his appointment by the Board of Directors, and his membership shall end in one of the following cases:
- End of the Board of Directors' term. Death.
- His resignation, without prejudice to the company's right to compensation if the resignation occurs at an inappropriate time.
- Mental illness or physical disability that prevents him from performing his duties in the Committee.
- Conviction of committing an act that violates honor and trust, forgery or violation of laws and regulations in the Kingdom of Saudi Arabia or in any other country.
- Issuance of a resolution by the Board of Directors exempting him from membership of the Committee for any of the following reasons:
- Breach of his responsibilities, duties and duties, which results in damage to the interest of the company.
- Absence from three consecutive meetings or five separate meetings without a legitimate excuse acceptable to the Board.
- Other than the above reasons deemed by the Board, without prejudice to the right of the dismissed member towards the company to claim compensation if the dismissal occurs for an unacceptable reason or at an inappropriate time.
- Loss at any time of any of the rules of selection for membership of the Risk Committee established under these Regulations.

- If the position of a member of the Committee becomes vacant in one of the previous cases or otherwise during the term of membership, the Board may appoint a member to the vacant position, provided that he meets the selection rules for membership of the Committee referred to in these Regulations, and the new member shall complete the term of his predecessor.
- The Committee shall have a Secretary appointed by the Board of Directors upon the recommendation of the Committee, and the Secretary of the Committee shall not be entitled to vote on the decisions of the Committee.

Article (3): Tasks and responsibilities of the Committee

The tasks and responsibilities of the Risk Committee are as follows:

A. Develop a comprehensive risk management strategy and policy commensurate with the nature of the company's business and activities, in addition to the company's objectives and strategy, and recommend to the Board of Directors the adoption of such policy.
B. Review the comprehensive risk management policy periodically to ensure its suitability for changes that may occur in the internal or external environment in which the company operates, or the legislation governing the business, or its strategic or other objectives, and recommend to the Board of Directors regarding the proposed changes to this policy.
C. Determine an acceptable level of risk that the company may be exposed to and how to maintain it, and the committee verifies that the company does not exceed it.
D. Verify the feasibility of the company's continuation and successful continuation of its activities, while identifying the risks that threaten its continuation during the next twelve months.
E. Supervise the company's risk management systems and evaluate the effectiveness of systems and mechanisms for identifying, measuring and following up on risks that the company may be exposed to, in order to identify deficiencies.
F. Periodically reassess the company's risk tolerance and exposure (e.g. by conducting stress tests).
G. Prepare detailed reports on risk exposure and proposed steps to manage these risks and submit them to the Board of Directors.
H. Provide recommendations to the Board on issues related to risk management.
I. Verify the availability of adequate resources and risk management systems and recommend them to the Board of Directors.
J. Review the organizational structure of risk management and make recommendations thereon before being approved by the Board of Directors.
K. Verify the independence of risk management staff from activities that may result in the company's exposure to risks.
L. Ensure that risk management staff understand the risks surrounding the company, and work to raise awareness of the risk culture.
M. Review issues raised by the Audit Committee that may affect the company's risk management.

Article (4): Committee Authorities

In order to perform its functions, the Risk Committee shall have the following powers:

1. Request information and data that would assist the Committee in studying the topics it is concerned with or referred to it by the Board of Directors.
2. Seek the assistance of any experts, specialists or others it deems appropriate in studying the topics that fall within its tasks and responsibilities, after the approval of the Board of Directors, provided that this is included in the minutes of the committee's meeting with mentioning the name of the expert and his relationship with the company and the executive management.

Article (5): Committee Working Procedures

First: Authorities of the Committee Chairman and Secretary

A. The Chairman of the Committee shall have the following functions:
B. Managing the meetings of the Committee and working to enhance its effectiveness.
C. Representing the Committee – or his deputy – before the Board of Directors and the General Assembly to answer shareholders' questions.
D. Invite the committee to convene with the time, date and place of the meeting, after coordination with the members of the committee.
E. Prepare the agenda taking into account the topics that one of the members of the Committee wishes to include.
F. Ensure that the topics before the Committee are accompanied by sufficient information to enable the Committee to take decisions on them.
G. Ensure that there is sufficient time to discuss the agenda items of the committee meeting.
H. Enhancing the effective participation of members in the meetings of the Committee by studying and discussing the topics on the agenda of its meetings, and by expressing their opinions in a manner that contributes to achieving the objectives of the Committee.
I. Ensure that the members of the Committee have complete and correct information in a timely manner to enable them to perform their duties.
J. Prepare periodic reports on the activities of the Committee and submit its recommendations and findings to the Board of Directors.
K. Follow up the implementation of the decisions issued by the Committee.
L. Make the necessary arrangements for the periodic evaluation of the Committee's performance.
M. The functions of the Secretary of the Committee shall be as follows:
N. Coordinate the meetings of the Committee and develop a proposal for its agenda in coordination with the Chairman of the Committee.
O. Inform the members of the Committee of the dates of the meetings and provide them with its agenda and the documents necessary to study the items of the Committee's meeting.
P. Attend and document the meetings of the Committee, prepare its minutes and keep them in a special register.
Q. Keeping documents, records and reports presented to or issued by the Committee.
R. To provide assistance and advice to the Committee in matters falling within its competence.

Second : Member's Duties

A. Comply with the provisions of the Companies Law, the Capital Market Law, their implementing regulations, the relevant regulations and the Company's Articles of Association when exercising his duties, and refrain from carrying out or participating in any work that may harm the interests of the Company.
B. To be aware of the tasks and responsibilities of the Committee, and to allocate sufficient time to play his role in achieving them.
C. Carry out his duties away from any external influence, whether from inside or outside the company, and he must not put his personal interests ahead of the company's interests.
D. Not to accept gifts from anyone who has business dealings with the company.
E. Preparing for meetings and committing to attend them and not to be absent from them except for objective justifications notified to the Chairman of the Committee in advance, and accepted by the Committee.
F. Effective participation in the meetings of the Committee by studying and discussing the topics on the agenda of its meetings.
G. Make an effort to know the organizational developments in the areas and topics related to the tasks and responsibilities of the Committee.
H. Make an effort to know all developments in the field of the company's activities, business and other related fields.

Third: Meetings of the Committee

I. The Committee shall meet twice a year at least every six months, at the invitation of its Chairman, and the Chairman of the Committee shall invite it to meet in exceptional cases, for example, if requested by the Board of Directors or any member of the Committee or if circumstances so require, with an explanation of the reasons for calling the extraordinary meeting.
J. The Committee shall adopt the dates and agenda of the meetings of the fiscal year before its beginning, and the invitation to attend the meeting of the Committee shall be sent at least (5) days before its date, and the meeting's invitation shall be accompanied by the agenda, documents, and information necessary to discuss the topics presented to the meeting of the Committee and take decisions thereon.
K. In exceptional cases, an invitation to attend the meeting may be extended within a period of less than five (5) days, in accordance with the invitation procedures specified in these Regulations.
L. The Committee shall hold its meetings at the Company's head office, and may meet outside the head office, and the meeting of the Committee may be held by means of modern technology adopted by the Company to enable members to participate in the deliberations of the agenda and vote on its decisions and recommendations.
M. The validity of the meeting requires the attendance of the majority of the members of the Committee, and the member of the Committee - in cases of necessity - may attend through the use of one of the means of communication, after the approval of the Committee on that.
N. No member of the Board of Directors or the executive management who is not a member of the Committee is entitled to attend its meetings except at the invitation of the Committee to listen to his opinion or obtain his advice.
O. The decisions of the Committee shall be issued by a majority of the votes of the members present, and in the event of equality of votes, the side with which the chairman of the meeting voted shall prevail.

P. A member of the Committee shall have the right to object to any decision taken by the Committee, provided that his objection is expressly recorded in the minutes of the meeting with a statement of the reasons for his objection, and his absence from attending the meeting in which the decision is issued shall not be considered a reason for exemption from responsibility unless it is proven that he is not aware of the decision or unable to object to it immediately after becoming aware of it.

Fourth: Documenting the Committee's Meetings

a. The Secretary of the Committee shall prepare the minutes of documenting the meetings of the Committee, provided that they include the following:
b. Venue, date, starting and ending times of the meeting.
c. Names of attendee and non-attendee members and names of non-member invitees for the meeting
d. Deliberations and resolutions of the Board along with the voting results and reasons for objections, if any
e. Specification of the prime party in charge of implementing the adopted resolution,
f. Secretary of the Board shall send the draft Minutes of the Meeting to the Board members who shall give remarks, if any, with respect to the draft minutes within a period not exceeding five (5) business days from the date of sending the draft Minutes to them.
g. After handling the members' remarks on the draft Minutes of Meeting and after approval by the Chairman of the meeting, the draft shall be re-sent to the Board members in preparation for approving the same during the next meeting of the Board and signed by all members present.
h. Minutes of the meeting, along with the agenda and all accompanying documents, shall be kept in a special register to be signed by Board Chairman and Secretary.

Fifth Committee Actions Follow-up

The Chairman of the Committee shall submit its recommendations and findings to the Board of Directors at the first meeting of the Board following the meeting of the Committee.

sixth Committee Performance Evaluation

The Board of Directors shall periodically appraise its performance. Performance appraisal elements shall include, for example, the extent of Board's efficiency in performing its tasks and achieving its objectives.

Article (6): Disclosure of Risk Management Policy

The Committee recommends to the Board of Directors to disclose in the Board report information related to any risks faced by the Company, whether operational, financing risks, or market risks, and recommends the Board to disclose the risk policy and how to monitor it.

Article (7): Confidentiality

A Committee member must maintain confidentiality of the information and documents made available to him/her. He/ she may, in no case and even if his/her membership is terminated, disclose them to any person or entity unless he/she is so authorized by the Board, nor may he/she use any such information for his/her personal benefit or for that of his relatives or other 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 and all attendees of the Committee meetings.

Article (8): Conflict of Interest

Cases of conflicts of interest and the dealings or transactions of related parties are tackled according to the Company's Conflicts-of-Interests Policy approved by the Board of Directors, and provisions of relevant laws and regulations issued by the competent party.

Article (9): Committee Members Remunerations

Committee members are entitled to an annual remuneration in accordance with the Remuneration Policy of Board Members, Committees Members, and Executive Management approved by the Company's General Assembly.
The Board determines the remunerations and allowances to be paid to the Committee's Secretary.
In the event of a decision by the board to terminate the membership of a Committee member due to his/her absence from three consecutive meetings or five separate meetings during his term, without an excuse acceptable to the Board, the member shall not be entitled to any remunerations or compensations for the period following the last meeting he/she attended. In addition, he/she shall be 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 allowances paid and any other costs incurred to enable the member to perform his/her responsibilities if that member committed an offence of dishonesty, breach of trust, forgery, or violation of the laws and regulations in Saudi Arabia or any other country; or when he fails to carry out his responsibilities, duties and tasks to the extent that results in damage to the Company's interest.

Article (10): Charter Review

This Charter is subject to regular review for enhancement and for keeping it abreast with the relevant laws and regulations updates, and according to the discretion of the Board. No amendment may be made to this Charter except upon a approved by Board.

Article (11): Enforcement

This Charter is effective from the date of its approval by the company board.