



# Audit Committee Charter



**Proposed Amendments to the Audit Committee Charter**

In compliance with the new Companies Law Issued by Royal Decree No. M/132 dated 1/12/1443H corresponding to 30/6/2022G, its Implementing regulations, and the Company's Bylaws as amended by Extraordinary General Assembly on 22/08/2023.

**Before Amendments****After Amendments****First: Introduction**

This Charter is issued pursuant to ~~Companies law, its Executive Regulation, the Company bylaw, and~~ Clause (C) of Article (54) of Corporate Governance Regulation issued by Capital Market Authority which provides that “*The Company's General Assembly shall, upon a recommendation of the Board, issue a regulation for the audit committee which shall include the rules and procedures for the activities and duties of the committee, the rules for selecting its members, the means of their nomination, the term of their membership, their remunerations, and the mechanism of appointing temporary members in case a seat in the committee becomes vacant.*”

**First: Introduction**

This Charter is issued pursuant to Clause (e) of Article (51) of the Corporate Governance Regulation issued by Capital Market Authority which is amended by resolution of the Board of the Capital Market Authority number 8-5-2023 dated 25/6/1444H corresponding to 18/1/2023G which provides that “*The Company's General Assembly shall, upon a recommendation of the Board, issue a regulation for the audit committee which shall include the rules and procedures for the activities and duties of the committee, the rules for selecting its members, the means of their nomination, the term of their membership, their remunerations, and the mechanism of appointing temporary members in case a seat in the committee becomes vacant.*”

**Second: Committee Formation & Membership Duration**

- The Audit Committee shall be formed by a resolution of the Company's ~~Ordinary General Assembly, based on the board of Directors' nomination~~. The Members of the Audit Committee shall be ~~(three)~~ from the shareholders or others, provided that at least one of its members is an independent Director and that no Executive Director is among its members, and one of its members is specialized in finance and accounting. The Committee members to be selected in a way that guarantees the availability of various skills and experiences, appropriate to the company works and activities.
- The Chairman of the Audit Committee shall be an elected member by the majority of the Committee's members within the first meeting.

**Second: Committee Formation & Membership Duration**

- The Audit Committee shall be formed by ~~Board of Directors' resolution~~ from the shareholders or others, provided that at least one of its members is an Independent Director and that no Executive Director is among its members. ~~The number of the Audit Committee members must not be less than (three) and not more than (five)~~, and one of its members is specialized in finance and accounting. The Committee members to be selected in a way that guarantees the availability of various skills and experiences, appropriate to the company works and activities.
- The Chairman of the Audit Committee shall be an elected member by the majority of the Committee's members within the first meeting.

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شركة مساهمة سعودية**

<p>3. The Committee shall appoint a secretary among its members, Company's employees, or the Board Secretary within the first meeting.</p> <p>4. The Committee membership duration should not exceed the Board membership duration which is <del>three</del> years.</p> <p>5. The Chairman of the Committee or his deputy shall attend the General Assembly Meetings to answer any questions raised by the shareholders.</p> <p>6. Any person who works or has worked in the Company's Executive Management or Finance Department or with the Company's External Auditor during the preceding two years, may not be a member of the Audit Committee.</p> <p>7. The Company shall notify the Authority with the committee members names and their membership types within Five working days of their appointment date, and shall notify the Authority of any changes occurred within five working days of occurrence date of such changes.</p> <p>8. In case a seat in the Committee becomes vacant, the Board of Directors may appoint a temporary member, who shall have relevant experience and efficiency. The Authority shall be notified within (5) working days from the appointment date, and such appointment shall be presented at the Assembly during its first meeting. The new appointed member shall cover his/her period.</p> <p><del>9. The Audit Committee membership ends by the end of its term or by the end of the member power/authority pursuant to any applicable law, regulation, or proceeding rules in K.S.A.</del></p>	<p>3. The Committee shall appoint a secretary among its members, Company's employees, or the Board Secretary within the first meeting.</p> <p>4. The Committee membership duration should not exceed the Board membership duration which is (four) years.</p> <p>5. The Chairman of the Committee or his deputy shall attend the General Assembly Meetings to answer any questions raised by the shareholders.</p> <p>6. Any person who works or has worked in the Company's Executive Management or Finance Department or with the Company's External Auditor during the preceding two years, may not be a member of the Audit Committee.</p> <p>7. The Company shall notify the Authority with the committee members names and their membership types within Five working days of their appointment date, and shall notify the Authority of any changes occurred within five working days of occurrence date of such changes.</p> <p>8. In case a seat in the Committee becomes vacant, the Board of Directors may appoint a temporary member, who shall have relevant experience and efficiency. The Authority shall be notified within (5) working days from the appointment date, and such appointment shall be presented at the Assembly during its first meeting. The new appointed member shall cover his/her period.</p> <p>9. The Audit Committee membership shall expire in one of the following cases:</p>
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~~However, the Assembly has the right, at any time, to seclude all or any of the Committee members, without prejudice for the right of the secluded member to claim for compensation if the seclusion takes place for an unacceptable reason. The Committee Member may resign from the Committee membership.~~

- Issuance of a Board of Directors' resolution to dismiss and/or replace all or any of the committee members at any time it deems appropriate.
- Resignation of the committee member pursuant to a written notice submitted to the Committee chairman and secretary and the resignation shall take effect from the date specified in the notice.
- Loss of legal capacity or having a physical disability that prevents the committee member from carrying out his/her responsibilities and duties.
- Failure to attend (three) consecutive meetings or (five) nonconsecutive meetings during the term of the membership without an excuse acceptable to the Board.
- Failure to meet, at any time, any of the requirements for membership in the committee in accordance with the laws or this Charter.

**Third: The Committee Meetings**

- In case if a Committee's member was not able to attend, due to his travel, or for any other urgent reason, he may participate in the committee's meeting via modern technology means "~~group telephonic conversation~~", and he shall be signed as present.
- Except for the Secretary and the Committee's members, any Board or Executive member shall not attend meetings, unless requested by the Committee otherwise to hear his/her idea or get his/her consultation.
- The Committee's meetings shall be documented and prepared its minutes therefor to include the discussions, deliberations, recommendations and voting results, the minutes shall be kept in a special log, and mention the names of the attendees in addition to the reservations they express "if any". Such minutes shall be signed by all of the attendees' members.

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6. The Committee may meet in separate sessions, during any of its meetings with the Executive Management, internal Audit Manager and the Company's External Auditor to discuss and review any matters that the Committee or any of those parties see the necessity of discussing.

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7. The Committee may hold special meetings as deemed necessary. The Committee Chairman, or any member may call for holding a special meeting as deemed necessary, and majority attendance of members constitute a quorum.

#### Fourth: Competencies, Powers and Responsible of the Audit Committee

The Audit Committee is competent in monitoring the Company's activities and ensuring the effectiveness and integrity of the reports, financial statements, and the internal control systems. The duties of the Audit Committee shall practically include the following:

##### B. Internal Audit

1. Examining and reviewing the Company's internal and financial control systems, in addition to the risk management system.
2. Analysing the internal audit reports and following up the implementation of the corrective measures in respect of the remarks stated therein.
3. Monitoring and supervision the performance and activities of Internal Auditor and Internal Audit Department "if any", to ensure the availability of required resources and their efficiency in performing the assigned duties. ~~If the company has no Internal Auditor, the Committee shall recommend to the Board on whether there is a need to appoint an Internal Auditor.~~

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1. The content of this Charter will be revised based on the Board's recommendation, if needed, provided any amendments shall be submitted to the Shareholders' General Assembly for approval, in the nearest meeting.
2. This Charter will be effective and enforceable from the date of its approval by the Shareholders' General Assembly.
3. Any provision or rules, whatsoever, not stated in this Charter, will be subject to the Saudi Companies Law, its regulations, Capital Market Authority law and its executive regulations, Company's bylaw and decisions issued by the competent authorities.

Added

4. This Charter shall be available, after approval by the Shareholders' General Assembly, in the Company's website or via any other means to facilities the access of shareholders, stakeholders and the public.

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3. Any provision or rules, whatsoever, not stated in this Charter, will be subject to the Saudi Companies Law, its regulations, Capital Market Authority law and its executive regulations, Company's bylaw and decisions issued by the competent authorities.

4. This Charter has been drawn in Arabic and English texts. In case of any discrepancy or misinterpretation, the Arabic text shall prevail.

5. This Charter shall be available, after approval by the Shareholders' General Assembly, in the Company's website or via any other means to facilities the access of shareholders, stakeholders and the public.