



هُنَا خِدْمَة
HunaKhidma

بِكُلِّ لُغَاتِ الْعَالَمِ
تَرْجُمة مَعْتَمَدَة

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إفادَة

تفید مؤسسه هنا خدمة للترجمة أن المستندات و المواد المترجمة المرفقة عبارة عن ترجمة صحيحة للنص الأصلي دون أدنى مسؤولية عن المحتوى و المؤسسة غير مسؤولة عن أي تعديل أو إضافة دون الرجوع لها.

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that one of the nominees is specialized in financial and accounting affairs.

- No one who works or has worked during the past two years in the executive or financial management of the company, or with the company's auditor, may be a member of the Audit Committee.

- The nominee must not have been convicted of committing an act of dishonesty or violation of laws and regulations in the Kingdom of Saudi Arabia or in any other country.

- The selection of the nominee should not be contrary to the relevant regulations and instructions.

- The Committee shall have a secretary general appointed by the Audit Committee or the Board of Directors.

- A member of the Committee shall perform his duties from the date of his appointment, provided that his membership shall terminate in one of the following cases:

- The end of the Board of Directors' session.

- Resignation, without prejudice to the Company's right to compensation if the resignation is untimely.

- Suffering from any of the diseases that prevent him from performing his duties on the Committee or his death.

- The issuance of a court judgement against him.

- Being convicted of an act against honor, honesty, forgery or violation of laws and regulations in the Kingdom of Saudi Arabia or in any other country.

- A decision by the General Assembly to exempt him from membership of the Committee for any of the following reasons:

c) His breach of his responsibilities, tasks and duties resulting in damage to the company.

D) Absence from three consecutive meetings within one year without a legitimate excuse.

E) Other reasons considered by the General Assembly, without prejudice to the right of the removed member towards the company to claim compensation if the removal occurred for an unacceptable reason or at an inappropriate time.

F) Losing at any time any of the membership selection rules of the Audit Committee prescribed by law or by this regulation.

- If the position of a member of the Audit Committee becomes vacant in any of the above or other cases during the term of

- **The Board of Directors shall appoint** the members of the Audit and Risk Committee in accordance with the following selection rules:

- The nominee must have expertise relevant to the duties of the Audit Committee.

- The nominee should be familiar with the Company's activities, business and the risks it faces.

- **The members of the Committee shall have appropriate financial expertise and at least one of them shall have qualifications and knowledge of financial and accounting matters.**

- No one who works or has worked in the last two years in the executive or financial management of the Company, or with the Company's auditor, may be a member of the Audit and Risk Committee.

- The nominee must not have been convicted of committing an act of dishonesty or violating the laws and regulations of the company.

- The selection of the candidate should not be contrary to the relevant regulations and instructions.

- **A member of the Audit Committee may not simultaneously serve on the audit committees of more than five listed shareholding companies in the market.**

- The Committee shall have a secretary appointed by the Audit Committee or the Board of Directors.

- A member of the committee shall perform his duties from the date of his appointment, noting that his membership shall terminate in one of the following cases:

- The end of the Board of Directors' session.

- Resignation, without prejudice to the Company's right to compensation if the resignation is untimely.

- Suffering from any of the diseases that prevent him from performing his duties on the Committee or his death.

- The issuance of a court judgement against him.

- Conviction of an act against honor, honesty, forgery or violation of laws and regulations in the Kingdom of Saudi Arabia or in any other country.

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violations. The committee must verify the application of this mechanism through independent investigations proportionate to the severity of the issue and adopt appropriate follow-up procedures.

Internal Audit Management

- Supervise and monitor the performance and work of the internal auditor and the internal audit department, ensuring the availability of necessary resources and their effectiveness in carrying out tasks.
- Review and approve the annual audit plan.
- Follow up on the implementation of corrective actions for observations included in the internal audit report.
- Recommend to the Board of Directors the appointment or dismissal of the head of the internal audit department, evaluate their performance annually, and propose their remuneration.
- Recommend the organizational structure of the internal audit department to the Board of Directors and ensure its independence within the company's organizational structure.

Internal Control System Review

- Review and assess the internal control, financial, and risk management systems to ensure their effectiveness, and monitor the implementation of recommendations and corrective actions for observations mentioned in reports.
- Prepare a report for the Board of Directors that includes the committee's opinion on the adequacy of these systems, along with its recommendations for addressing critical issues or other suggestions.

External Auditors

- Recommend the appointment or dismissal of external auditors and determine their fees to the Board of Directors.
- Ensure the independence of the external auditors and the effectiveness of their audit activities.
- Review the work of external auditors and ensure their compliance with regulatory standards.
- Provide the necessary support for the company's external auditors to perform their duties effectively.

- Study the **accounting policies adopted** by the company, provide opinions and recommendations to the Board of Directors in this regard.
- **Verify the accounting estimates for key matters in the financial reports.**
- Establish a mechanism that enables employees to confidentially report any irregularities in financial reports or other matters. The committee must ensure the application of this mechanism through independent investigations and appropriate follow-up actions.

Internal Audit

- Supervise and monitor **the performance and operations of the internal auditor** and the internal audit department to ensure the **availability of necessary resources** and their effectiveness.
- Review and approve the annual **internal audit plan.**
- **Study internal audit reports** and follow up on the implementation of corrective actions for reported observations.
- Recommend to the Board of Directors the appointment or dismissal of the head of the internal audit department, evaluate their performance annually, and propose their remuneration.
- Recommend the organizational structure of the internal audit department to the Board of Directors and **ensure** its independence within the company's organizational **framework.**

Internal Control Systems

- **Review periodic reports from the internal audit department or other relevant departments on internal control, financial control, and risk management systems to ensure their adequacy and effectiveness plus following-up the implementation of recommended recommendations and corrective actions.**
- **Ensure compliance with company policies regarding periodic disclosures.**
- **Prepare a report that includes the committee's opinion on the adequacy of these systems and recommendations for addressing critical issues, improving systems, or any other activities within the**

- Review the external auditors' report and their observations on the financial statements and follow up on the actions taken regarding them.

Compliance Assurance

- Review the findings of regulatory bodies' reports and verify that the company has taken the necessary actions in response.
- Ensure the company's compliance with relevant laws and regulations.
- Review proposed contracts and transactions between the company and related parties and provide feedback to the Board of Directors.
- Recommend necessary actions to the Board of Directors that the committee believes the Board should take.

Article 4: Committee Powers

- Access company records at any time.
- Request clarifications from the Board of Directors or executive management.
- Request the Board of Directors to convene the company's General Assembly if its work is obstructed or if the company faces damages or losses.
- The audit committee, at the company's expense and after Board approval, may enlist the assistance of non-executive members outside the committee or experts and specialists to study matters within its duties and responsibilities.



committee's scope of responsibilities. Submit this report to the Board of Directors for recommendation and presentation to the General Assembly.

Risk Management

- Provide recommendations to the Board of Directors regarding acceptable risk levels and monitor the executive management's adherence to them.
- Verify the quality of the company's risk management systems.
- Review and ensure updates to the company's key risk register.
- Submit quarterly risk reports to the Board of Directors.

Auditors

- Recommend the appointment, dismissal, remuneration, and evaluation of auditors to the Board of Directors.
- Continuously verify the independence, impartiality, and fairness of external auditors and the effectiveness of their audit work.
- Review the external auditors' audit plan and ensure they do not perform non-audit services outside the audit scope.
- Respond to inquiries from the company's external auditor.
- Review the external auditors' report and their comments on the financial statements and monitor actions taken in response to these comments.

Compliance Assurance

- Review reports from regulatory bodies and verify that the company has taken the necessary actions in response.
- Ensure the company's compliance with relevant laws, regulations, policies, and instructions.
- Review proposed contracts and transactions with related parties and provide recommendations to the Board of Directors.
- Recommend necessary actions to the Board of Directors that the committee deems essential.

Article 4: Committee Powers

- Access the company's records at any time.
- Request clarifications from the Board of Directors or executive management.
- Request the Board of Directors to convene the General Assembly if the committee's

work is obstructed or if damage or losses occur.

- With the Board of Directors' approval and at the company's expense, the committee may enlist the assistance of non-executive members or other experts and specialists to study matters within its functions and responsibilities.

Article 5: Committee Working Regulations
Functions of the Head of Committee

- Manage committee meetings and ensure their effectiveness.
- Represent the committee at the company's General Assembly.
- Ensure that topics presented to the committee are accompanied by sufficient information for informed decision-making.
- Allocate adequate time to discuss agenda items.
- Promote active participation of committee members and ensure they express their views to achieve the committee's objectives.
- Prepare periodic reports on the committee's activities and outcomes for the Board of Directors.
- Follow up on the implementation of the committee's decisions.
- Evaluate the committee's performance.
- Prepare the meeting agenda, considering the topics suggested by members for inclusion within the agenda.

Duties of the Committee Secretary

- Coordinate committee meetings and prepare a draft agenda in consultation with the committee chairperson.
- Notify committee members of meeting schedules and provide them with the agenda and necessary documents.
- Attend and document committee meetings, prepare meeting minutes, and maintain records.
- Keep records and reports presented to the committee.
- Provide support and advice to the committee on matters within the secretary's scope of expertise.

Duties of Committee Members

- Comply with the provisions of the Companies Law, Capital Market Authority

Article 5: Committee Work Regulations
Functions of the Head of Committee

- Manage committee meetings and ensure their effectiveness.
- Represent the committee at the company's general assembly.
- Ensure that topics presented to the committee are accompanied by sufficient information to make decisions.
- Allocate adequate time to discuss agenda items.
- Promote active participation of committee members and ensure they express their opinions in a manner that achieves the committee's objectives.
- Prepare periodic reports on the committee's work and outcomes for submission to the Board of Directors.
- Follow up on the implementation of the committee's resolutions.
- Evaluate the committee's performance.
- Prepare the meeting agenda, considering the topics suggested by members for inclusion within the agenda.

Duties of the Committee Secretary

- Coordinate committee meetings and propose an agenda in coordination with the committee chairperson.
- Notify committee members of meeting dates and provide them with the agenda and necessary documents.
- Attend meetings, document discussions, prepare minutes, and maintain records.
- Safeguard records and reports presented to the committee.

Provide support and advice to the committee on matters within its scope of authority.

Responsibilities of Committee Members

Adhere to the provisions of the Companies Law, the Capital Market Authority regulations, executive bylaws, and related rules, as well as the company's bylaws when



regulations, related laws, and the company's articles of association when performing their duties. Refrain from participating in activities that may harm the company's interests.

- Be familiar with the committee's duties and responsibilities and allocate sufficient time to fulfill their role.
- Perform their duties independently, free from internal or external influence.
- Prioritize the company's interests over personal interests.
- Avoid accepting gifts from individuals or entities engaged in business with the company.
- Prepare for and attend committee meetings, notifying the chairperson in case of absence.
- Actively participate in committee discussions and review agenda items.
- Work to enhance developments in the company's operations and related areas.

Committee Meetings

- The committee must meet at least quarterly. The chairperson must call for extraordinary meetings if requested by the Board of Directors, the auditor, the head of the internal audit committee, or two or more committee members, specifying the reasons for the meeting.
- Provide members with the meeting agenda and relevant documents in advance.
- Meetings are held at the company's headquarters but may also be conducted elsewhere or via modern technology.
- A quorum is met with the presence of a majority or half of the members, whichever is greater. Members may delegate another committee member to attend and vote on their behalf.
- A committee member cannot represent more than one absent member. If the chairperson is unavailable, they may delegate a member to chair the meeting. If no delegation is made, members select a chair from among themselves.
- Non-committee board members or executives may attend meetings only upon invitation to provide input or consultation.

performing their duties. Refrain from participating in any activity that might harm the company's interests.

- Be fully acquainted with the committee's duties and responsibilities and allocate sufficient time to perform their role effectively.
- Perform duties independently without being influenced by internal or external factors.
- Prioritize the company's interests over personal interests.
- Refrain from accepting gifts from any party conducting business with the company.
- Prepare for and attend committee meetings, notifying the chairperson in advance if unable to attend.
- Actively participate in committee meetings, study agenda items, and engage in discussions.
- Work to advance developments in the company's activities and other relevant areas.

Committee Meetings

- The Audit Committee shall meet **periodically, with no fewer than four meetings** during the company's fiscal year.
- **The Audit Committee shall periodically meet with the company's external auditor and internal auditor.**
- **The internal auditor and external auditor may request a meeting with the committee whenever necessary.**
- Members shall be provided with the meeting agenda and necessary documents well in advance of the meeting.
- Meetings are held at the company's headquarters but may also occur outside the headquarters or via modern technology platforms.
- A quorum is achieved with the attendance of the **majority of members**. Members may delegate another committee member to attend and vote on their behalf.
- A member attending in person may only represent one absent member at the same meeting. If the chairperson cannot attend, they may delegate a member to chair the meeting. If no delegation occurs, the members present shall select one among them to chair the meeting.

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- Decisions are made by a majority vote. In the case of a tie, the chairperson's vote prevails.
- Members may object to decisions, with their objections and reasons recorded in the meeting minutes.

Follow-up on Committee Activities

The Head of committee submits the committee's recommendations and findings to the Board of Directors during its next meeting.

Documentation of Committee Meetings

- The committee secretary prepares meeting minutes, including:
 - Meeting location, date, start, and end times.
 - Names of attendees, absentees, and invitees.
 - Discussions, decisions, and voting results, including reasons for objections (if any).
 - Designated parties responsible for implementing decisions and timelines for action.
- The draft minutes are shared with members for comments. After incorporating feedback and obtaining the chairperson's approval, the revised draft is shared for final approval at the next meeting.
- The final minutes, along with the agenda and related documents, are archived and signed by the chairperson and secretary.

Evaluation of Committee Performance

The committee evaluates its activities to ensure the effectiveness of its performance in fulfilling its defined responsibilities.



Article 6: Committee's Report to the General Assembly

The Audit Committee prepares a report on its

- No member of the Board of Directors or the executive management, who is not part of the committee, may attend meetings unless invited by the committee to provide insights or consultations.
- Committee resolutions are passed by a majority vote of attending members. In case of a tie, the side favored by the chairperson prevails.
- Members may object to any committee resolution, provided their objection is documented in the meeting minutes, including the reasons for their objection.

Follow-up on Committee Activities

The Head of committee submits the committee's recommendations and findings to the Board of Directors in its first meeting following the committee meeting.

Documentation of Committee Meetings


- The committee secretary prepares meeting minutes including the following:
 - Meeting location, date, and start and end times.
 - Names of attendees and absentees, along with the names of invited non-members.
 - Deliberations and resolutions, including voting results and reasons for objections (if any).
 - Identification of the party responsible for implementing the resolutions and the timeframe for action.
 - The secretary sends a draft of the meeting minutes to members for their comments (if any).
 - After addressing members' comments and obtaining the chairperson's approval, the revised draft is sent to members for adoption in the next meeting.
 - The final minutes, along with the meeting agenda and accompanying documents, are preserved in a signed record by the chairperson and the secretary.

Evaluation of Committee Performance

The committee evaluates its performance outcomes, ensuring the evaluation includes the effectiveness of the committee in carrying out its defined responsibilities.

Article 6: Committee's Report to the General Assembly

The Audit Committee prepares a report on its opinion

<p>opinion regarding the adequacy and effectiveness of the company's internal control system and the work it has carried out within its scope of specialization.</p>	<p>regarding the adequacy and effectiveness of the company's internal control system and the work it has carried out within its scope of specialization.</p>
<p>Article 7: Confidentiality of Committee's Agenda Each member of the committee must maintain the confidentiality of the information and documents they access. Under no circumstances, even after their membership ends, should they disclose such information to any individual or entity unless authorized by the Board of Directors. They must also refrain from using this information for personal gain. The company has the right to seek compensation from the member if they breach this provision, and this applies to the Committee's Secretary as well.</p>	<p>Article 7: Confidentiality of Committee's Agenda Each member of the committee must maintain the confidentiality of the information and documents they access. Under no circumstances, even after their membership ends, should they disclose such information to any individual or entity unless authorized by the Board of Directors. They must also refrain from using this information for personal gain. The company has the right to seek compensation from the member if they breach this provision, and this applies to the Committee's Secretary as well.</p>
<p>Article 8: Conflict of Interest If a member has any conflict of interest regarding a subject on the committee's agenda, they must disclose it before the discussion begins, and this must be recorded in the meeting minutes. The member is prohibited from discussing or participating in the voting on that subject. If there is a conflict between the recommendations of the Audit Committee and the decisions of the Board of Directors, or if the Board rejects the committee's recommendation regarding the appointment or dismissal of the company's auditor, the determination of their fees, or the appointment of the internal auditor, the Board's report must include the committee's recommendations, justifications, and the reasons for not adopting them.</p>	<p>Article 8: Conflict of Interest If a member has any conflict of interest regarding a subject on the committee's agenda, they must disclose it before the discussion begins, and this must be recorded in the meeting minutes. The member is prohibited from discussing or participating in the voting on that subject.</p>
 <p>Hunakhidma Certified Translation مناخيدمة ترجمة م.س. ٢٢٢٢٧٣ ٧١٤٣٣٣٢٢٢٦٣ license 719</p>	<p>Article 9: Conflict Between the Audit Committee and the Board of Directors If there is a conflict between the recommendations of the Audit Committee and the decisions of the Board of Directors, or if the Board rejects the committee's recommendation regarding the appointment or dismissal of the company's auditor, the determination of their fees, or the appointment of the internal auditor, the Board's report must include the committee's recommendations, justifications, and the reasons for not adopting them.</p>
<p>Article 9: Committee Members' Remuneration</p> <ul style="list-style-type: none"> Each member of the Audit Committee receives an annual remuneration of 100,000 (one hundred thousand) Saudi Riyals, paid quarterly. 	<p>Article 9: Committee Members' Remuneration</p> <ul style="list-style-type: none"> Members of the Audit Committee receive annual remuneration in addition to meeting attendance fees in accordance with the 'Remuneration Policies' approved by the General Assembly.

