

Audit Committee Regulations

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Preamble:

The Audit Committee is one of the important committees in listed public joint-stock companies due to the fundamental and effective role it plays in internal and external audit work, the internal control process, developing systems and plans related to these activities, and following up on their implementation and the company's commitment and compliance with recognized regulations and standards. The regulations of the Saudi Capital Market Authority have given special importance to the Audit Committee through its formation by the Board of Directors in accordance with the provisions of the Corporate Governance Regulations and the strengthening of its framework and powers.

The following are the committee's most prominent objectives:

Article (1): Objectives of the Committee

1. Verifying the completeness and adequacy of internal audit work by reviewing the effectiveness of the arrangements for the internal audit department and the extent of their completeness and adequacy.
2. Verifying the company's management's response to the issues identified and monitored through the committee's activity and work, especially internal and external audit work, and verifying its independence.
3. Verifying the company's acceptance and understanding of the role, work and value of internal audit through established mechanisms such as the annual internal audit report.
4. Measuring and evaluating the level of effectiveness of the company's internal control and audit systems.
5. Verifying compliance with regulations, laws, standards and policies related to the scope of work, tasks and responsibilities of the committee.

Article (2): Formation of the Audit Committee

1. An Audit Committee shall be formed by a decision of the company's Board of Directors from shareholders or others, provided that it does not include any of the executive members of the Board of Directors. The number of members of the Audit Committee shall not be less than three and not more than five, and among them shall be a specialist in financial and accounting affairs.
2. The members of the audit committee shall include at least one independent member.

3. It is not permissible for anyone who works or has worked during the past two years in the executive or financial management of the company, or for the company's auditor, to be a member of the audit committee.
4. It is required that the audit committee member does not serve as a member of audit committees in more than five joint stock companies listed on the market at the same time.
5. The term of committee membership is the term of the company's Board of Directors term and does not exceed four years, ending with the end of the Board cycle. The Board may also re-nominate them for another similar period or periods.
6. The members of the committee choose from among themselves a chairman at the first meeting.
7. In the event that one of the committee membership seats becomes vacant during the term of membership, the Board of Directors has the right to appoint a temporary member to the vacant position, provided that he is one of those with sufficient experience, and the new member shall complete the term of his predecessor.

Article (3): The Committee's Powers, Authorities, and Responsibilities

The Audit Committee is responsible for monitoring the company's business and verifying the integrity of its reports, financial statements and internal control systems. The committee's tasks include, in particular, the following:

1. Supervising and evaluating the adequacy of the tasks, rules and controls included in these regulations from time to time, and recommending any proposed changes to it to the Board of Directors, which studies it and recommends it to the General Assembly of Shareholders.
2. Monitoring the company's business and verifying the policies and procedures that ensures the integrity of the reports, financial statements, and internal control systems. The committee's tasks include, in particular, the following:

A. Financial Reports

1. Studying the company's initial and annual financial statements before presenting them to the Board of Directors and expressing its opinion and recommendation regarding them; to ensure its integrity, fairness and transparency.
2. Expressing a technical opinion - at the request of the Board of Directors - as to whether the Board of Directors' report and the company's financial statements are fair, balanced and understandable and include information

that allows shareholders and investors to evaluate the company's financial position, performance, business model and strategy.

3. Study any important or unusual issues included in the financial reports.
4. Carefully research any issues raised by the company's financial director, whoever assumes his duties, the company's compliance officer, or the auditor.
5. Verifying accounting estimates on material matters contained in financial reports.
6. Study the accounting policies followed in the company and express an opinion and recommendation to the Board of Directors regarding them.

B. Internal Audit:

1. Study and review the company's internal, financial, and risk management systems.
2. Study internal audit reports and follow up on the implementation of corrective measures for the observations contained therein.
3. Monitoring and supervising the performance and activities of the company's internal audit department; to verify the availability of necessary resources and their effectiveness in performing work and tasks.
4. Recommending to the Board of Directors to appoint the Director of the Internal Audit Department and proposing his remuneration.
5. Ensuring the independence of internal audit and enabling it to perform its work effectively.

C. Auditor:

1. Recommending to the Board of Directors to nominate auditors, dismiss them, determine their fees, and evaluate their performance, after verifying their independence and reviewing the scope of their work and the terms of their contract.
2. Verifying the independence, objectivity, and fairness of the auditor and the effectiveness of the audit work, taking into account the relevant rules and standards.
3. Reviewing the company's auditor's plan and work, verifying that he does not provide technical, administrative, or consulting work that falls outside the scope of audit work, and expressing its views on that.
4. Answering the company auditor's inquiries.
5. Studying the auditor's report and his comments on the financial statements and following up on what was taken regarding them.

D. Ensuring Commitment

1. Reviewing the results of the regulatory authorities' reports and verifying that the company has taken the necessary measures regarding them.
2. Verifying the company's compliance with relevant laws, regulations, policies and instructions.
3. Reviewing the contracts and transactions proposed to be undertaken by the company with related parties, and presenting its views regarding that to the Board of Directors.
4. Submit any issues it deems necessary to take action on to the Board of Directors, and make its recommendations regarding the actions that shall be taken.

H. Risks:

1. Review internal audit reports on the effectiveness of risk management.
2. Communicate important or material risk information by submitting reports to the Board of Directors on any alleged or actual cases of fraud, corruption or negligence coming from the Internal Audit or Risk Management Department.
3. Providing its recommendations regarding the adequacy of the company's internal control and risk management systems.
4. Ensuring the evaluation of the effectiveness of control procedures by the Internal Audit Department.

Article (4): A conflict occurs between the Audit Committee and the Board of Directors

In the event that there is a conflict between the recommendations of the Audit Committee and the decisions of the Board of Directors, or if the Board refuses to take into account the Committee's recommendation regarding appointing the company's auditor, dismissing him, determining his fees, evaluating his performance, or appointing the internal auditor, the Board of Directors' report shall include the Committee's recommendation, its justifications, and the reasons for not taking it into account.

Article (5): Audit Committee Meetings

1. The Audit Committee shall hold meetings periodically, provided that its meetings shall not be less than four meetings during the company's fiscal year, and whenever necessary, and minutes of its meetings shall be

prepared, which include a summary of its discussions, recommendations, directions, and decisions.

2. The Audit Committee meets periodically with the company's auditor and the company's internal audit department.
3. The Director of Internal Audit and the Auditor may request a meeting with the committee whenever necessary.
4. The Committee may hold extraordinary meetings as necessary. The Chairman of the Committee or the majority of members have the right to call for an extraordinary meeting as necessary. The quorum for the Committee meeting is complete when the majority of its members are present.
5. The invitation to attend the committee meetings shall be submitted in writing by the committee chairman, the committee member he delegates, or the committee secretary a sufficient period before the meeting date. The committee members shall also be provided with the meeting agenda, presentations, and necessary documents a sufficient period before the meeting date.
6. In the event that the Chairman of the Committee is unable to attend, he may delegate one of its members to chair the specified session.
7. In the event that the member is unable to attend the committee meeting in person, sufficient effort will be made to enable the member to attend. In this case, the member's attendance through the use of modern means of communication will be considered attendance in person.
8. In the event that a member is unable to attend in person, the member may deputize another member of the committee on his behalf. A committee member may not represent more than one member in attending the same meeting.
9. Each member of the committee has an equal vote, and the committee's decisions are issued by a majority of the opinions of the members present and represented at the meeting. When the votes are equal, the opinion voted for by the meeting chair shall prevail.
10. The Committee Secretary prepares a draft of the minutes of the Committee meeting and sends it to the Chairman and members of the Committee for review and to make any comments via e-mail. The minutes of the Committee meetings are recorded in writing in a special register signed by the Committee Chairman and Secretary, and those minutes are kept among the important documents of the company.

11. The Board of Directors follows up the work and performance of the committee through its Chairman and through periodic reports submitted to the company's Board of Directors.
12. No member of the Board of Directors or Executive Management who is not a member of the Committee has the right to attend its meetings unless the Committee requests to hear his opinion or obtain his advice.

Article (6): Arrangements for Submitting Comments

The audit committee shall establish a mechanism that allows the company's employees to confidentially submit their observations regarding any irregularity in the financial or other reports. The committee shall verify the implementation of this mechanism by conducting an independent investigation commensurate with the extent of the error or violation and adopting appropriate follow-up procedures.

Article (7): Powers of the Audit Committee

In order to perform its duties, the Audit Committee shall have:

1. The right to review the company's records and documents.
2. To request any clarification or statement from members of the Board of Directors or Executive Management. .
3. To request the Board of Directors to convene the company's General Assembly if the Board of Directors obstructs its work or the company is exposed to serious damage or losses.

Article (8): Research, Studies and External Consultants

The committee may conduct investigations or studies on issues within the scope of its responsibilities, or authorize someone to do so. It may seek assistance, at the company's expense, from a specialized, independent third party to carry out such work whenever it deems it necessary. The committee also has the unique authority to appoint or dismiss any party that helps it carry out its responsibilities. It also has the unique authority to approve the wages of this party and other conditions for its fees, provided that the company bears these expenses.

Article (9): Duties of the Chairman of the Audit Committee

1. Managing committee meetings and work priorities.

2. Assigning the work and tasks of the committee to members through its meetings.
3. Informing committee members of important events related to the business sector and cases of business exposure to high risks.
4. Generally responsible for implementing the decisions taken by the committee.
5. Attending general assemblies to view and read the audit committee report and answer shareholders' questions or authorize a member or the secretary of the board of directors.

Article (10): Duties of Committee Members

1. Attending committee meetings.
2. Active participation during meetings and using their expertise and specializations for the benefit of the work.
3. Participate in managing and handling work-related tasks and matters.

Article (11): Secretary of the Committee

The committee chooses a secretary from among its members or from the company's employees, provided that he does not have the right to vote on its decisions (if he is not a member of it), and he is responsible for preparing for the committee's meetings and activities, preparing and documenting its minutes, following up on the implementation of its recommendations, directions and decisions, communicating among its members, and carrying out administrative procedures. The committee determines his remuneration and the method of disbursing it in light of the policies in force in this regard.

Article (12): Audit Committee Report

1. The audit committee's report shall include details of its performance of its powers and tasks stipulated in the corporate governance regulations, and shall include its recommendations and opinion on the adequacy of the company's internal and financial control and risk management systems.
2. The Board of Directors shall deposit sufficient copies of the Audit Committee's report at the company's main office and publish it on the company's website and the market's website when the invitation to convene the General Assembly is published to enable any shareholders who wish to obtain a copy of it. A summary of the report shall be read during the General Assembly.

Article (13): Final Provisions

The provisions of this regulation shall be implemented and adhered to by the company as of the date of its approval by the General Assembly of Shareholders. This policy shall be published on the company's website to enable shareholders, the public and stakeholders to view it, and the contents of this regulation shall be amended when needed - based on the recommendation of the Board of Directors. Management and any proposed amendments will be presented to the General Assembly of Shareholders at its earliest meeting for approval.