

Audit Committee Charter

Table of Contents

Article #	Detail	Page
First	Introduction	2
Second	Purpose	2
Third	Rules for Selecting Audit Committee Members	2
Fourth	Committee Meetings	2
Fifth	Audit Committee Duties and Responsibilities	3
Sixth	Arrangement of Submitting Observations	4
Seventh	Audit Committee Powers and Authorities	4
Eighth	Committee Chairman and Secretary Responsibilities	4
Nineth	Conflict Between the Committee and the Board	5
Tenth	Remuneration and Allowances	5
Eleventh	General Provisions	5
Twelfth	Review	5
Thirteenth	Final Provisions	5

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Page	Approval Date	Prepared By	Approved By	Policy/Charter Name
Page 1 of 5	23/05/2024	Board Affairs	General Assembly	Audit Committee Charter

BOARD AFFAIRS

First: Introduction:

In compliance with the Companies Law issued by Royal Decree No. (M/132), dated 01/12/1443 AH, and its Implementing Regulations, and in accordance with the articles of the Corporate Governance Regulations issued by the Capital Market Authority ("CMA") pursuant to Resolution No. (8-5-2023) dated 06/25/1444 AH corresponding to 01/18/2023 AD, the "Audit Committee Charter" ("Charter") has been prepared.

This Charter was amended pursuant to a proposal by the Board of Directors on 12/10/1445 AH corresponding to 21/04/2024, and approval by the General Assembly on 15/11/1445 AH corresponding to 23/05/2024.

Second: Purpose:

The purpose of this Charter is to stipulate and outline the regulations and procedures of the Audit Committee's ("the Committee") processes, procedures, responsibilities, selection criterion, nomination methods, term, remuneration, and mechanism for appointment.

Third: Rules for Selecting Audit Committee Members:

- 1- The Committee shall be formed by a Board resolution.
- 2- The Committee shall be formed from the shareholders or others and shall not include executive Board members and must include at least one independent member.
- 3- The Committee Chairman must be an independent member.
- 4- Half of the Committee members must be independent members or those who do not meet the criteria of independence mentioned in Article (19) of the Corporate Governance Regulations issued by CMA.
- 5- The number of Committee members shall not be less than (3) three and not more than (5) five and should include an expert in financial and accounting matters for a period not exceeding the Board term.
- 6- Company Executives or those who worked with the external auditor during the last two years are restricted from becoming a committee member.
- 7- The Committee term shall be (3) three years and shall be in line with the Board term. The Committee members can be reappointed for a similar period or periods.
- 8- The Board Chairman cannot be a member of the Committee.
- 9- The Committee shall select a Chairman from amongst its members.
- 10- The Committee shall select a Secretary from among its members or others.
- 11- The Committee Chairman or a delegated Committee member shall be present at the General Assembly meetings to respond to shareholders questions.
- 12- If the Committee member's position becomes vacant during the term, the Board may appoint a member to fill the vacant position, provided the member has the necessary experience and competencies. The member will complete the predecessor's remaining term.
- 13- The Board shall notify CMA and the Saudi Exchange (Tadawul) of the Committee members' names and capacities within (5) five business days of the appointment date, and any subsequent changes.
- 14- Committee membership expires at the end of the term, resignation, death, or if the member is deemed unfit in accordance with the Kingdom's prevailing laws and regulations.
- 15- The Board has the right at any time to dismiss or replace any Committee member. A member also has the right to resign from the Committee, provided it is at an appropriate time.
- 16- A Committee member may not participate in any business that would compete with the company, or trade in a similar activity of any of the company branches, unless approved by the General Assembly.
- 17- The Committee member shall not serve in more than (5) five Audit Committees at the same time of listed joint-stock companies.

Fourth: Committee Meetings:

- 1- The Committee shall meet at least (4) four times during the fiscal year. It may convene as often as it deems necessary.
- 2- The Committee shall convene either by invitation from the Chairman, or at the request of two Committee members, or at the request of the Internal Auditor, or at the request of the External Auditor.

Page	Approval Date	Prepared By	Approved By	Policy/Charter Name
Page 2 of 5	23/05/2024	Board Affairs	General Assembly	Audit Committee Charter

BOARD AFFAIRS

- 3- In case of the absence of the Chairman, he can delegate one of the members to chair the meeting.
- 4- The Committee will meet periodically with the company's External Auditor and Internal Auditor.
- 5- A Committee member is considered resigned if absent without acceptable excuse for not attending more than (3) consecutive or (5) separate meetings.
- 6- Committee meetings are in session if at least half of the members are attending.
- 7- A member may delegate another Committee member to attend a meeting on his behalf. Any member cannot be delegated on behalf of more than one member to attend the same meeting.
- 8- The Internal Auditor and the External Auditor may request to meet whenever the need arises.
- 9- The Committee meetings shall be documented, and the minutes thereof, including the discussions and deliberations. Committee recommendations and the results of any vote shall be documented and maintained in a special register. The names of members in attendance and reservations expressed by them (if any) shall be indicated in the minutes. The minutes shall be signed by all the members in attendance.
- 10- Committee decisions shall be made by majority of the members in attendance. The Chairman will have a casting vote.
- 11- Save the Committee secretary and members, Board members and executive management shall not attend the meetings unless the Committee requests to hear their opinion or to obtain their advice.
- 12- Should a member be unable to physically attend, due travel or any other reason, the member may participate via other communications mediums. In all cases, it shall be documented in the minutes of the meeting.
- 13- The Committee shall submit a summary report in the Board's first subsequent meeting. The recommendations can be submitted to the Board whenever necessary.
- 14- The Committee can circulate recommendations.

Fifth: Audit Committee Duties and Responsibilities:

The Committee shall monitor the Company's activities and ensure the integrity and effectiveness of the reports, financial statements, and internal control systems. The duties of the Committee shall particularly include the following:

A) Financial Statements:

- 1- Analyze interim and annual financial statements prior to presenting them to the Board and provide opinion and recommendations thereon to ensure their integrity, fairness, and transparency.
- 2- Provide technical opinion, at the Board's request, regarding whether the Board's report and the financial statements are fair, balanced, understandable, and contain information that allows shareholders and investors to assess the Company's financial position, performance, business model, and strategy.
- 3- Analyze any important or non-familiar issues contained in the financial reports.
- 4- Accurately investigate any issues raised by the Chief Financial Officer – or any person assuming his/her duties – or the compliance officer or External Auditor.
- 5- Examine the accounting estimates in respect of significant matters contained in the financial reports.
- 6- Examine the adopted accounting policies and provide its opinion and recommendations to the Board thereon.

B) Internal Audit:

- 1- Examine and review the Company's internal and financial control systems and risk management system.
- 2- Analyze the internal audit reports and follow up the implementation of the corrective measures outlined in such reports.
- 3- Monitor and oversee the performance and activities of the Internal Auditor and Internal Audit department to ensure the availability of the necessary resources and their effectiveness in performing the assigned activities and duties.
- 4- Recommend to the Board the appointment of the internal audit department head, or the internal auditor and propose his/her remuneration.

C) External Auditor:

- 1- Recommend to the Board the nomination of external auditors, their dismissal, their remuneration, and assess their performance after verifying their independence, review their scope of work, and contractual terms.

Page	Approval Date	Prepared By	Approved By	Policy/Charter Name
Page 3 of 5	23/05/2024	Board Affairs	General Assembly	Audit Committee Charter

BOARD AFFAIRS

- 2- Verify the auditor's independence, objectivity, fairness, and effectiveness of the audit activities, taking into account the relevant rules and standards.
- 3- Review the plan and activities of the Company's external auditor, and ensure that they do not provide any technical, administrative, or consulting works that are beyond their scope, and provide opinion thereon.
- 4- Respond to the Company's External Auditor's inquiries.
- 5- Review the External Auditor's reports and comments on the financial statements and follow up on actions taken.

D) Ensuring Compliance:

- 1- Review the findings of the reports of supervisory authorities and ensure that the Company has taken the necessary actions in connection therewith.
- 2- Ensure that the Company complies with the relevant laws, regulations, policies, and instructions.
- 3- Review contracts and proposed Related Party Transactions and offer recommendations to the Board.
- 4- Report to the Board any issues that are deemed to require action and provide recommendations about the actions that should be taken.

Sixth: Arrangement of Submitting Observations:

The Committee shall review the arrangements that allow the company's employees to confidentially submit their observations regarding any abuse of financial statements or other reports. The Committee shall ensure that these arrangements are applied through an independent investigation in proportion to the size of fault or abuse. It shall also adopt appropriate follow-up action.

Seventh: Audit Committee Powers and Authorities:

- A) The Committee shall prepare a report that includes its views and opinions on the adequacy of the company's system of internal and financial controls and risk management. The report shall also include other work it carried out within the scope of its responsibilities. The Board shall deposit copies of the report at least (10) ten days before convening the General Assembly meeting and shall be presented during the meeting.
- B) The Committee may seek the assistance from consultants and subject matter experts from within or outside the company within the limits of its authorities, provided that this shall be documented in the minutes of the meeting, including the name of the expert and his relationship with the company or executive management.
- C) For the Committee to carry out its responsibilities, it is entitled to:
 - 1- Access the company's records and documents.
 - 2- Request any clarification from the Board or executive management.
 - 3- Request the Board to call for a General Assembly meeting if the Board hindered its operations or if the company sustained material losses or damages.

Eighth: Committee Chairman and Secretary Responsibilities:

A. Chairman's Responsibilities:

- (1) Preside over and convene the Committee's meetings.
- (2) Set the agenda of the meeting after coordinating with the rest of the members. He shall also add any item whenever a member so requests.
- (3) Attend the General Assembly sessions and represent the Committee before the Board.
- (4) Follow up on Committee decisions and recommendations and ensure their implementation.

B. Secretary's Responsibilities:

- (1) The Secretary shall document the discussions and recommendations in meeting minutes and shall send them to the Committee Chairman and members within (10) ten business days of the meeting date.
- (2) Coordinate with all members regarding the dates of the meetings and ensure that they are provided with all the necessary meeting material for discussion in accordance with the items on the agenda.
- (3) Safeguard all Committee documents and records.

Page	Approval Date	Prepared By	Approved By	Policy/Charter Name
Page 4 of 5	23/05/2024	Board Affairs	General Assembly	Audit Committee Charter

BOARD AFFAIRS

Ninth: Conflict Between the Committee and the Board:

If a conflict arises between the Committee recommendations and the Board resolutions; or if the Board refuses to put the Committee's recommendations into action regarding appointing or dismissing the Company's External Auditor or determining its remuneration, assessing its performance; or appointing the internal auditor, then the Board's report shall include the Committee's recommendations and justifications and the reasons for not following such recommendations.

Tenth: Remuneration and Allowances:

- 1- The Board shall decide on the Committee members' remuneration based on a recommendation from the Nominations and Remuneration Committee. The remuneration shall be a lump sum amount for each member, provided it is proportionate to the members' performance and attendance.
- 2- Each member shall receive a sitting fee for attending meetings, and such fees shall not, in any case, exceed the stipulated amount for a Board member.
- 3- The Company shall cover all travel and accommodation expenses and any other expenses to ensure effective participation in the meetings.
- 4- The annual Board Report presented to the General Assembly must include disclosure of the remunerations and other payments made to the members.
- 5- The remuneration is paid annually at the end of each fiscal year according to the Committee recommendation and Board approval.

Eleventh: General Provisions:

- 1- The Committee issues recommendations to the Board that are not mandatory.
- 2- The Company cannot issue loans of any kind to the members or issue third party guarantees.
- 3- Committee members shall uphold company secrets, as other Board members.
- 4- Committee members shall inform and update the Board on developments that affect their independency or cause conflict of interests. The Committee performance shall always be subject to Board supervision.

Twelfth: Review:

The Nominations and Remuneration Committee shall review the charter in accordance with the Companies Law and the Corporate Governance Regulations issued by CMA.

Thirteenth: Final Provisions:

1. This Charter shall be effective, and its provisions shall be adhered to upon its adoption by the General Assembly.
2. This Charter shall be published on the company's website.
3. This Charter shall be amended, as and when required, upon a proposal by the Board under a resolution issued by the General Assembly.

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Page	Approval Date	Prepared By	Approved By	Policy/Charter Name
Page 5 of 5	23/05/2024	Board Affairs	General Assembly	Audit Committee Charter