

Audit Committee Charter

1-1 Introduction

The audit committee's charter has been prepared in accordance with the Corporate Governance Regulations issued by the Capital Market Authority, which requires that the general assembly of the company's shareholders – based on a proposal from the Board of Directors – approve the committee's charter, provided that this regulation includes the controls and procedures of the committee's duties, its tasks, and the rules for selecting its members. And the duration of their membership and their remunerations. And the mechanism of temporary appointment of its members in the event of a vacancy in one of the committee seats.

1-2 Tasks & Responsibilities of Audit Committee

The Audit Committee shall be specialized in monitoring the Company's business and verifying the safety and integrity of the reports, financial statements, and the internal control systems therein, in addition to what is referred to it by the Board of Directors, and it must submit its recommendations to the Board to take a decision regarding the matter, or to take decisions if the Board delegates to it Considering that this delegation is for a specific period and not to be general.

The Committee's duty shall include the following:

A. At the Level of Financial Reports

- Oversee the interim and annual financial Statements of the Company before presenting them to the Board of Directors, provide its opinions and recommendations in that regard to ensure the integrity, fairness, and transparency of the Statements.
- Provide the technical opinion, when requested by the Board, about whether the Board report and the Company's financial statements are fair, balanced, and understood and include the information enabling the shareholders and investors to evaluate the financial position, performance, business model, and strategy of the Company.
- Examine any important or unfamiliar issues that financial reports include.
- Look into any issues that arise by the Company's CFO or its representative, the compliance officer at the Company, or the Auditor.
- Verify the accounting estimates in the substantial issues stated in the financial reports.
- Review the accounting policies followed in the Company and suggest opinions and recommendations to the Board in that regard.

B. At the Level of Internal Audit

- Examine and review the internal and financial controls systems and risk management in the Company.
- Studying the reports of the internal audit and follow up the implementation of the corrective measures for the provided remarks.
- Controlling and supervising the performance and activities of the Internal Auditor and the Internal Audit Department in the Company, if any, to verify the availability of the necessary tools and their effectiveness in performing the assigned duties and tasks. If the Company does not have an internal auditor, the Committee shall provide its recommendation to the Board on the extent of the need to appoint one.

- Submitting a recommendation to the Board regarding appointing a manager for the unit or the Internal Audit Department or appointing the internal auditor; and suggesting remunerations.

C. At the Level of Auditor

- Recommend to the Board on nominating, removing, identifying the fees of auditors, and evaluating the performance of auditors, after verifying their independence and reviewing their scope of work and terms of contracting with them.
- Verify the independence, objectivity, and fairness of the Auditor, along with the extent of audit duties efficiency, taking into consideration the relevant rules and standards.
- Reviewing the plan and duties of the Company's Auditor, verifying the non-provision of technical or administrative mechanism out of the scope of audit duties, and submitting insights in that regard.
- Responding to the inquiries of the Company's Auditor.
- Examine the report of the Auditor and its notes on the financial Statements and following up the actions taken.

D. At the Level of Compliance Assurance

- Reviewing the results of the supervisory authorities reports and verifying the Company's adoption of necessary actions in that regard.
- Assuring the Company's compliance with the relevant laws, regulations, policies, and instructions.
- Reviewing the contracts and transactions proposed to be made by the Company with the relevant parties and giving its insights in that regard to the Board.
- Refer any issues as it is deemed necessary to act in that regard to the Board and submit recommendations on the actions to be taken.

1-3 Formation of Audit Committee and Requirements for Committee Member

The Audit Committee shall be one of those emanating from the Board. The Committee shall be formed of three (3) members from the shareholders or others, provided that it shall, at least, include an independent member and shall not include any executive member of the Board. In addition, at least one independent member of the committee shall be competent in financial and accounting affairs. No person, who works or had been working during the last two years in the Company's as an executive or in the financial departments or at the Company's Auditor, may be a member in the Audit Committee.

The member shall be considered competent in the financial and accounting affairs if any of the following terms are met:

- PhD in accounting, or its equivalent, and a practical experience in the field of accounting and auditing not less than two years, and may be reduced to a year if it has the fellowship of the Saudi Organization for Chartered and Professional Accountants (SOCPA) or any equal professional qualification approved by the Authority;
- Master's degree in accounting, or its equivalent, and a practical experience in the field of accounting and auditing not less than five years, and may be reduced to three years if it has the fellowship of the SOCPA or any equal professional qualification approved by the Authority; or

- Bachelor's degree in accounting, or its equivalent, and a practical experience in the field of accounting and auditing not less than seven years and may be reduced to five years if it has the fellowship of the SOCPA or any equal professional qualification approved by the Authority.

1-4 Appointing or exempting of Audit Committee members and their membership period

- The audit committee shall be formed in accordance with a decision of the company's Board of directors for a period not exceeding four years and considering the requirements to be met by the audit committee members. The Board of directors shall take the required procedures to enable the committee to carry out its assigned tasks including informing the Committee, without any restrictions, of all data, information, reports, records, correspondence, or other matters which the Committee deems important.
- The members of the Committee may be reappointed for another session.
- Any member of the Committee may be exempted in accordance with the decision of the Board in the following cases:
 - A. Member's request for exemption from membership of the Committee.
 - B. Abuse of a member's position on the Committee or misconduct if considered by the Board to be detrimental to the objectives and reputation of the company in general and the Committee in particular.
 - C. Members not attending three consecutive meetings or five non-consecutive meetings without an excuse accepted by the Board.
 - D. The lack of any of the conditions for membership of the Member.
- At the end of the membership term, during the term of the Committee's, due to death, resignation, disability or dismissal, the Board of Directors shall assign another member to fill the vacant seat in the Committee, taking into account the conditions that shall be met by a Committee member. The member whose position becomes vacant in the Committee and the member assigned to fill the vacant seat are deemed to have served a full term.

1-5 The Powers and Scope of the Audit Committee

- The Committee shall develop an annual action plan, including a description of the work that it will carry out during the next year in the form of work programs in which it assesses the estimated cost and the time required to complete each program and submits this plan to the Board for approval.
- The Audit Committee shall report its opinion regarding the adequacy of the internal control system in the Company and the other duties it has undertaken that fall within its responsibilities. The Board shall file sufficient copies of the report at the Company headquarters. The Board shall also publish the report on the Company website and the market website (Tadawul) when publishing the invitation to convene the General Assembly (GA), at least twenty-one days before the date of the GA, to provide each of the shareholders who desires a copy of the report, and shall read a summary of the report during the GA.
- The audit committee shall establish a mechanism that allows the employees of the company to submit their observations regarding any breach of financials or other reports confidentially. The committee shall verify the application of this mechanism by conducting an independent investigation commensurate with the extent of the error or overreach and adopting appropriate follow-up procedures.

- The committee meets at the request of at least two members or the request of the internal auditor or the external auditor. The committee meets periodically four times at least in the fiscal year and whenever the need arises.
- The quorum shall be completed with the presence of the majority of the committee members, and the decisions of the committee are voted for by the majority of votes.
- Each member shall have one vote when voting on decisions in the Committee, and resolutions shall be taken by majority of votes, if votes are equal, the side which the chair voted with shall prevail.
- The Committee shall arrange individual periodic meetings with each of the Internal Audit Department, the Risk Department, and the Executive Management.
- Only the members of the committee are entitled to attend its meetings, except for the secretary of the committee. However, the Committee may - as it deems appropriate - allow the presence of any of the members of the Board of Directors or members of the Executive Management in the event that the Committee wishes to hear an opinion or obtain advice.
- The chartered accountant shall be invited to attend the Committee meetings periodically.
- In case of contradiction between the Audit Committee recommendations and the Board resolutions, or if the Board refuses to consider the recommendation of the Committee regarding appointment, dismissal, fee determination, the performance appraisal of the company's External Auditor or the appointment of the Internal Auditor, then, the report of the Board shall include the Committee's recommendation and justification, and the reasons for not taking them into account.
- The Audit Committee shall have the right to seek the assistance of experts and specialists from within or outside the company within the limits of its powers, provided that this is included in the minutes of the committee meeting, with the name of the expert and the relationship with the company or the executive management.
- The Audit Committee, in order to exercise its duty, may:
 - A. Access to the company's records and documents.
 - B. Request any clarification or explanation from the Board members or the Executive Management.
 - C. Request the Board to convene the Company General Assembly if the Board hinders its duties or if the Company suffers severe damage or losses.

1-6 Terms of Reference of the Chairman, Vice-Chairman and Secretary of the Committee

- The Committee members shall select, among them, a Chairman for the term of the Committee session. The Chairman of the Committee shall oversee the completion of the Committee's functions and shall be responsible for:
 - A. Convene the Committee and determine the time, date and venue of each meeting of the Committee and the agenda, in coordination with the Committee's members.
 - B. Chair the Committee's meetings.
 - C. Submit the findings of the Committee and recommendations to the Board.
 - D. Prepare the Committee's budget, action plan and projects in the short and long term in coordination with the Secretary of the Committee and to submit it to the Committee Board for approval prior to submitting it to the Board.

- E. Prepare periodic reports on the Committee's activities in coordination with the Secretary of the Committee and submit it to the Committee Board for approval prior to submitting it to the Board.
 - F. Represent the Committee before the Board of Directors and any other required entity, hence, the committee chairman or whomever he delegates among the committee members must attend the general assemblies to answer shareholders' questions.
- The Committee members shall select, among them, a Vice-Chairman for the term of the Committee session, who shall assist the Chairman in the performing the functions and, in case of meeting absence, shall assume the Chair position.
 - The committee secretary, who is appointed by the committee and whose remunerations are determined by the committee, attends the committee's meetings, without having the right to vote. The committee's meetings must be documented, and the minutes shall include the discussions and deliberations that took place during the meeting, the committee's recommendations and the voting results must be documented, and kept in a special and organized record, and the names of the attended members and the reservations they made – if any – should be indicated, these minutes shall be signed by all the attended members. The selected Secretary of the Committee shall have academic qualifications and practical experience to carry out the tasks. The Secretary of the Committee is committed to preserving the company's secrets and refraining from any activity that may be incompatible with the interest of the company.

1-7 Determination of Audit Committee Remunerations

- The members of the Committee shall be entitled to attendance allowance for each meeting, as determined and approved by the Board and the Shareholders' General Assembly.
- The annual report of the Board for the General Assembly discloses the paid attendance allowances to the members of the Committee during the year.