

Audit Committee Charter

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Introduction

The Audit Committee ("**Committee**") is one of the important committees in listed public shareholding companies due to its essential and effective role in the internal and external audit work, the internal control process, the development of systems and plans related to these activities and the follow-up of their implementation, and the Company's commitment to and compliance with generally accepted regulations and standards. The regulations of the Capital Market Authority (CMA) and the Companies Law in Saudi Arabia have given special importance to the Audit Committee through its formation by the General Assembly of Shareholders, in accordance with the provisions of Article (101) of the Companies Law, and by strengthening its framework and powers.

Article (1) Committee Objectives

The Audit Committee assists the Company's Board of Directors ("Board") in fulfilling its supervisory responsibility over the Company's financial, operational and information systems; the Committee aims in particular to:

1. Verify the completeness and adequacy of the internal audit work by reviewing the effectiveness of the arrangements of the Internal Audit Division and their completeness and adequacy.
2. Verify the response of the Company's Management to the issues identified and monitored through the Committee's work and activities, especially internal and external audit work, and verify its independence.
3. Verify the Company's acceptance and understanding of the role, work and value of the internal audit through applicable mechanisms, such as the internal audit annual report.
4. Measure and evaluate the effectiveness of the Company's internal control and audit systems.
5. Verify compliance with the regulations, laws, standards and policies related to the Committee's scope of work, tasks and responsibilities.

Article 2: Committee Membership Rules and Controls

The Company's Committee is formed according to the following rules:

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1. The Committee is formed by a decision of the Company's Ordinary General Assembly upon a proposal from the Board in accordance with the provisions of Article (101) of the Companies Law. Its members shall be from among the shareholders or others, provided that they include at least one independent member and exclude any executive Board member, Chairman of the Board, or Managing Director.
2. The number of Committee members shall not be less than three and not more than five, and shall include in financial and accounting specialist.
3. A person who works or has worked during the past two years in the company's executive or financial management, or with the company's External Auditor, may not be a member of the Committee.
4. The term of the Committee's membership shall be three years, starting from the beginning of the term of the Company's Board and ending with its expiry. The Shareholders' General Assembly may reassign the Committee for another similar period or periods.
5. The members of the Committee shall choose the Chairman of the Committee from among themselves, provided that he is a non-executive or independent member.
6. The membership of a Committee member, if he is a Board member, shall be ended at the expiry of his membership in the Board or upon his voluntary resignation from the Committee's membership. If the Committee member is not a Board member, his membership ends upon voluntary resignation, or at the end of the term of Committee membership, or if the Ordinary General Assembly so decides.
7. The Committee shall appoint its secretary from among its members, or from the Company's management team or third parties, as it deems appropriate, to prepare for the Committee's meetings and work, prepare its minutes, document and follow up on the implementation of its recommendations, directives and decisions. If the Committee's secretary is not from among its members, he does not have the right to vote.
8. A Committee member may not have a direct or indirect interest in the business or contracts concluded for the Company without the approval of the General Assembly.
9. The Board may accept the resignation of any member of the Committee upon his request.

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10. In the event of a vacancy in the Committee's membership seats during one term of office, the Board may appoint a member or members temporarily for the vacant seats to complete the term of their predecessors until the term of office expires, provided that they have sufficient experience and that the Board's appointment decision shall be presented for approval at the first meeting following the Ordinary General Assembly.

Article (3) Roles and Responsibilities of the Committee

The Committee has the following roles and responsibilities:

1. Review and reassess the adequacy of the tasks, rules and controls included in this Regulation from time to time, and recommend any proposed changes to the Board, which studies and recommends them to the General Assembly of Shareholders.
2. Monitor the Company's business, verify the policies and procedures that ensure the validity and integrity of its reports, financial statements and internal control systems. The duties of the Committee include the following, in particular:

Financial Statements

- A. Study and consider the preliminary quarterly and annual financial statements before presenting them to the Board, express opinions and make recommendation in this regard to ensure their integrity, fairness and transparency.
- B. At the request of the Board, express a technical opinion on whether the annual report of the Board and the Company's financial statements are fair, balanced and understandable, which includes information that allows shareholders and investors to evaluate the Company's financial position, performance, business model and strategy.
- C. Study any important or unfamiliar issues included in the financial reports and accounts.
- D. Thoroughly examine any issues raised by the Company's Financial Manager, or deputy thereof, or the Compliance Officer, or the External Auditor.
- E. Verify accounting estimates for material issues contained in the financial reports.
- F. Study the accounting policies applied in the Company, and express an opinion and make a recommendation to the Board in this regard.

Internal audit

- A. Recommend to the Board the appointment of the Head of Internal Audit, and propose his remuneration.

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- B. Study and review the Company's internal and financial control systems and risk management, ensure their efficiency and effectiveness through periodic reporting to the Internal Audit or other departments, prepare reports that include proposals and recommendations in this regard and submit them to the Board.
- C. Supervise the plans and work of the Internal Audit Division, and verify their effectiveness in line with the regulations, laws and professional norms in this regard.
- D. Study internal audit reports, and follow up the implementation of corrective actions for the observations contained therein.
- E. Monitor and supervise the performance and activities of the internal auditor and the Internal Audit Division in the Company, in order to verify the availability of necessary resources and their effectiveness in executing the work and tasks assigned to them.
- F. Ensure internal audit independence, and enable the Internal Audit Division to perform its work effectively.

Internal control system

- A. Study draft policies and powers and expressing an opinion on them in light of its oversight role before being approved by the Board.
- B. Review the bylaws of the Board and its committees, and express an opinion on control-related issues before being approved by the Board.
- C. Review the Executive Management reports related to the internal control system and its components, and express an opinion on them to the Board.
- D. Examine the issues referred to it by the Board in order to recommend on them to the Board in light of the supervisory role of the Committee.
- E. Evaluate the effectiveness of the Company's assessment of significant risks to which it may be exposed, and the steps taken by the Company's Management to monitor and confront those risks.
- F. Supervise investigations related to breach of trust (such as fraud, embezzlement or material errors) that occur in the Company, or any other matters that the Committee considers important to be investigated.

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External Auditor

- A. Recommend to the Board for nominating and removing External Auditors, determine their fees and evaluate their performance, after ensuring their independence and reviewing their scope of work and contractual terms.
- B. Verify the External Auditor's independence, objectivity and fairness, and the effectiveness of auditing, taking into account relevant rules and standards.
- C. Review the plan of the Company's External Auditor and his works, verify that there is no transgression or deficiency in the performance of his duties and that he has not submitted technical or administrative works outside the auditing scope, and express its views in this regard.
- D. Answer the inquires of the Company's External Auditor.
- E. Study the External Auditor's reports and his notes on the financial statements, express its views on them, if any, and follow up on actions taken in their regard.
- F. Study and overcome any restrictions on the External Auditor's work that would affect his ability to perform his work and tasks.
- G. Discuss with the External Auditor and inquire from him if needed.

Compliance Assurance

- A. Review the findings of the reports of regulatory authorities, and verify that the Company has taken necessary measures in this regard.
- B. Supervise the Company's compliance with relevant laws, regulations, policies and instructions.
- C. Review the contracts and transactions proposed to be conducted with relevant parties by the Company, and submit its recommendations in this regard to the Board.
- D. Submit to the Board, within its scope of work, the issues for which it considers action should be taken, and present its recommendations on the steps required to be taken.

Information Technology control

The Committee shall work with the Senior Management, External Auditor and Internal Audit Division to ensure the following:

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- A. Effectiveness of the controls and oversight regulations for the Company's information system.
- B. Any relevant findings and recommendations by the chartered accountant and the Internal Audit Division with the management responses thereto, which include the agreed schedule for implementing the recommendations on controls and oversight tools, including reducing risks related to those key controls.
- C. Effectiveness and efficiency of the Company's administrative information systems and other information technology systems.
- D. The Committee, Internal Audit Division and chartered accountant should coordinate audit efforts to ensure full coverage of the controls system and key IT-related risk areas.

Risk Management

- A. Oversee and enhance the Company's risk management framework.
- B. Identify and monitor the Company's main risks, work on evaluating their management, and align risk management activities with the Company's general objectives and policies.
- C. Ensure the size of risks and study them wisely.
- D. Recommend for approving risk management policies and procedures that define the minimum appropriate monitoring and control, set and define risk limits, and identify reporting requirements from the management point of view.
- E. Receive annual reports from the internal auditor on the implementation of risk management policies and procedures in the Company, and make recommendations with regard to change in the event of any problems with management or internal audit methodologies.
- F. Provide managerial oversight to follow up the required administrative procedures, and include a future risk analysis and long-term view in various entities.
- G. Conduct an annual evaluation of the Company's commercial strategies and plans developed from a risk perspective.
- H. Discuss the policies related to assessment and management of risks that the Company may be exposed to, and review the steps taken by the Company's Management to monitor and control exposure to financial risks.

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- I. Review and assess the risks of key activities on a periodic basis.
- J. Review any legal claims against the Company by communicating with its legal advisors to know the impact of those claims on the Company's business.
- K. Review the Company's business continuity plan.

Subsidiaries

- A. Ensure the effectiveness of the procedures for the formation and performance of Audit Committees in the subsidiaries.
- B. Ensure the efficiency of the Internal Audit Division in the subsidiaries by reviewing the annual evaluation of their internal audit quality and submitting what it deems appropriate in this regard to the Board.
- C. Verify the mechanism for nominating and appointing the external auditor of the subsidiaries, and submitting what it deems appropriate in this regard to the Board.
- D. Obtain necessary and appropriate assurance from the Audit Committees of the subsidiaries with respect to the effectiveness and integrity of the internal control system, in accordance with the applicable regulations and partner agreements.
- E. Adopt the audit general framework and protocol between the Internal Audit Division, Audit Committees and Internal Audit Division in the subsidiaries.
- F. Study the audit projects proposed by the Internal Audit Division to be implemented on affiliate companies, and coordinate with the Audit Committees in these companies.

Article (4) Committee Meetings, Procedures and Working controls

- A. The Committee meets periodically, at least four times a year, and whenever the need arises. Minutes of its meetings must be prepared and include a summary of its discussions, recommendations, directives, and decisions.
- B. The Committee meetings are scheduled in advance - before the beginning of the relevant year - for the whole year on an annual basis, and within the annual schedule of the meetings of the Company's Boards of Directors and its committees.
- C. The Committee meets periodically with company's external auditor, and internal auditor (if any), provided that this meeting is conducted at least once a year.
- D. The internal auditor and the External Auditor may request a meeting with the Committee whenever the need arises.

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- E. The Committee may hold extraordinary meetings as necessary. The Chairman of the Committee or the majority of its members are entitled to call for an extraordinary meeting as required.
- F. The invitation to attend the Committee's meetings shall be sent in writing or by e-mail, by the Committee Chairman, or a Committee member authorized thereby, or its Secretary, with sufficient time prior to the meeting date. Committee members shall also be provided with the meeting agenda, presentations and necessary documents well in advance of the date of the meeting.
- G. In the event that the Committee Chairman is unable to attend, he may delegate one of its members to preside the specified session.
- H. The meeting of the Committee shall be held when the quorum is present, whether physically or through the use of modern means of communication, and at the attendance of the majority of its members.
- I. In the event that the member is unable to attend in person, the member may delegate another Committee member on his behalf. A Committee member may not represent more than one member for attending the same meeting.
- J. Each Committee member shall have an equal vote, and the Committee's decisions are issued by a majority vote of the present members who are represented at the meeting. In the event of equal votes, the Chairman of the meeting shall have a casting vote.
- K. The Committee Secretary shall prepare a draft of the Committee's meeting minutes and email it to the Chairman and Committee members for their review and making any observations thereon within 7 to 10 business days from the date of the Committee; in the event that no observations are received within 10 business days, this is considered an acknowledgment of their approval. The minutes of the Committee's meetings are recorded in writing in a special record signed by the Committee Chairman, its members and Secretary, and kept among important documents of the Company.
- L. The Board monitors the work and performance of the Committee through its Chairman, and through periodic reports submitted to the Company's Board.
- M. No Board member or an Executive Management team member, other than Committee members and its Secretary, shall attend its meetings unless the Committee requests hearing his opinion or obtaining his advice.

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Article (5) Membership Obligations

The Committee member must abide by the following:

1. Abide by the Company's rules and regulations when exercising its duties, and he shall refrain from committing or participating in any act that would harm the Company's interests.
2. Be aware of the tasks and responsibilities of the Committee, and devote sufficient time to performing his role in achieving them.
3. Carry out his duties away from any external influence, whether from within or outside the Company.
4. Prepare for meetings, commit to attending them, and not be absent from them except for objective justifications, to be notified to the Chairman of the Committee in advance.
5. Actively participate in the Committee's meetings by studying and discussing the topics on the agenda of its meetings.
6. Seek to enhance knowledge of organizational developments in the field related to the Company's activities.
7. Committee members must maintain confidentiality of the information they obtain through their membership in the Committee, and use it only for the purpose of performing their membership duties. They must not declare any of such information to any other party, disclose or exploit it in any way, use it for any purpose whatsoever, or deal with the media or speak on behalf of the Company about it. Compliance also includes maintaining the confidentiality of such information after the membership in the Committee is terminated. Independent members of the Committee must sign the "Independent Member Representation and Obligation Form" prepared by the Company for this purpose.
8. The Chairman of the Committee, or whomever he delegates from among its members, is obligated to attend General Assemblies to answer the shareholders' questions.

Article (6) Duties of the Committee Secretary

The Committee Secretary shall undertake the following duties:

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1. Coordinating the Committee's meetings, and developing a proposal for its agenda in coordination with the Committee Chairman.
2. Notifying the Committee members of the meeting dates and providing them with its agenda and the documents needed to study the Committee meeting items.
3. Attending and documenting the Committee meetings, preparing minutes and keeping them in a special register.
4. Providing assistance and advice to the Committee in matters that fall within its mandate.
5. Documenting the Committee's meetings and preparing their minutes that include discussions and deliberations, recording the Committee's recommendations and voting results, and keeping them in a special and organized register, stating the names of the attending members and their reservations - if any - and signed by all the present members.
6. Providing the Council secretariat with a copy of the Committee's meeting minutes immediately after they are signed by all the members present at the meeting.

Article (7) Research, Studies and External Consultants

The Committee may conduct investigations or studies on issues within the scope of its responsibilities, or delegate someone to do so. It may seek, at the Company's expense, the assistance of an independent, specialized third party to carry out such works as it deems appropriate. The Committee is exclusively authorized to appoint or remove any entity to help it carry out its responsibilities, in addition to the authority to approve the remuneration of this entity and other conditions related to its fees, provided that the Company bears such expenses.

Article (8) Committee Authorities

1. The Committee has the right to form a work team emanating from it for any purpose it deems appropriate and for achieving its objectives. It is also entitled to grant some of its powers and authorities to the said work team, whenever it deems it appropriate, provided that the number of members of any work team is not less than two members.
2. The Committee may investigate any activity that falls under its powers, or any subject specifically requested by the Board, the Shareholders' Assembly, or the external auditors.

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3. It may seek legal and technical advice from experts and specialists within the Company or any external or advisory body, whenever necessary, to assist the Committee in performing its tasks, provided that this is included in the Committee's meeting minutes, mentioning the name of the expert and his relationship with the Company or the Executive Management.
4. The Committee is responsible for monitoring the Company's work and, in the performance of its duties, it is entitled to:
 - Access the Company's records and documents.
 - Request any clarification or statement from the Board members or Executive Management.
 - Request the Board to invite the Company's General Assembly to convene in case its work is obstructed or the Company is exposed to severe damages or losses.
 - Interview the External Auditor and the Company's employees, including the internal auditor, to inquire from them about the audit work and make any observations within the scope of its work.
 - Approve the controls for nominating the External Auditor.
 - Approve the regulations of the Internal Audit Division.
 - Approve the plan and budget of the Internal Audit Division.
 - Approve the internal audit organizational structure.
 - Recommend to the Board on the appointment or removal of the Head of Internal Audit, whether due to resignation, disability or dismissal.
 - Propose monthly salary, allowances and other benefits allocated to the Head of Internal Audit.
 - Approve the annual performance appraisal of the Head of Internal Audit, and propose his annual bonuses and allowances.
5. The Committee authorizes its Chairman to act on its behalf in resolving urgent issues related to internal audit work, to ensure they are dealt with in a timely and appropriate manner. At the Committee's following meeting, the Committee Chairman informs the Committee members of the actions and decisions taken to address these urgent issues. The Chairman also has the power to act on important matters to ensure the Internal Audit Division is able to carry out its responsibilities independently and in a timely manner.

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6. Carry out any duties entrusted to it by the General Assembly within the limits of its powers.

Article (9) Audit Committee Annual Report

1. The Committee issues an annual report that includes a comprehensive summary of its work, performance, most prominent achievements, and how to perform its functions and tasks. It shall be presented to the Ordinary General Assembly.
2. The Audit Committee's report must include details of its performance of its competencies and tasks stipulated in the Companies Law and Implementing Regulations thereof. It shall also include the Committee's recommendations and opinion on the adequacy of the Company's internal and financial control systems and risk management.
3. The Board must maintain sufficient copies of the Audit Committee's report at the Company's head office at least (twenty-one) days before the date of holding the General Assembly. The report must be published on the Company's and the Exchange's websites - in the event the Company is a listed company - at the time of publishing the invitation to convene the General Assembly, for shareholders who wish to obtain a copy of it. A summary of the report will be read at the General Assembly meeting.

Article)10(Submission of notes arrangements

The Committee shall review the establishment of a mechanism that allows employees of the Company to submit their feedback anonymously regarding any abuse in financial or other reports. The Committee shall verify the application of this mechanism by conducting an independent investigation commensurate with the extent of the error or transgression, and it shall adopt appropriate follow-up actions.

Article (11) Conflict between the Committee and the Board of Directors

If a conflict arises between the Committee's recommendations and the Board's decisions, or if the Board refuses to accept the Committee's recommendation regarding the appointment and removal of the Company's External Auditor, determining his fees, evaluating his performance, or appointing the internal auditor, the report of the Board

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must include the Committee's recommendation and its justifications, and the reasons for disregarding it.

Article (12) Final Provisions for Publication, Enforcement and Amendment

The provisions of this Regulation shall be enforced and adhered to by the Company as of the date of its approval by the General Assembly of Shareholders. The Company may publish this Regulation on its website so that it can be viewed by shareholders, the public, and stakeholders. The contents of this Regulation may be amended - as needed - based on a recommendation from the Board, provided that any proposed amendment be submitted to the General Assembly of Shareholders.