

Saudi Steel Pipes

New Audit Committee

Charter

2025

After Amendments

Audit Committee Charter 2025
The new additions are in green & bold.
The text with no changes is in black.

Audit Committee Charter - 2025	
Objective	
<div><div><div>1.</div><div>The objective of this Charter is to organize the functions of the Audit Committee in accordance with the regulatory requirements.</div></div><div><div>2.</div><div>The primary role of the Audit Committee is to assist the Board of Directors (the Board) of the Saudi Steel Pipes Company (the Company) in fulfilling its oversight responsibilities and carrying out its activities as described in this Charter.</div></div></div> <div>The Audit Committee shall assist the Board in its oversight of:<ul style="list-style-type: none">• The integrity and effectiveness of the Company's financial statements and reports;• The Company's compliance with legal and regulatory requirements and the approved policies by Board;• The reports of the External Auditors as well as their qualifications and independence;• The Company's Internal Audit function and its independence• The effectiveness of the Company's systems of Internal Control.</div>	
Formation	
<div><div>1.</div><div>The Audit Committee shall be formed by a resolution of the Board, and the members of the Audit Committee shall be from the shareholders or others, provided that no Executive Director is among its members.</div></div>	
<div><div>2.</div><div>The number of the members of the Audit Committee shall not be less than three and not more than five, provided that one of its members is specialized in finance and accounting.</div></div>	
<div><div>3.</div><div>The Audit Committee shall have at least one Independent Director among its members.</div></div>	
<div><div>4.</div><div>The Company's General Assembly shall, upon a recommendation of the Board, issue a regulation for the Audit Committee that shall include the rules and procedures for the activities and duties of the Audit Committee, the rules for selecting its members, their nomination, the term of their membership, their remuneration, and the mechanism of appointing temporary members in case a seat in the Audit Committee becomes vacant.</div></div>	
<div><div>5.</div><div>The Chairman of the Board may not be a member of the Audit Committee.</div></div>	
<div><div>6.</div><div>Any person who works or has worked in the Company's Finance Department, the Executive Management, or for the Company's External Auditor during the preceding two years may not be a member of the Audit Committee.</div></div>	
<div><div>7.</div><div>A member of the Audit Committee shall not be a member of the audit committees of more than five listed joint stock companies at the same time.</div></div>	
Appointment of Members	
<div><div>1.</div><div><div>Selection Criteria</div><div>The following criteria are to be used when selecting Audit Committee members:<div><div>a.</div><div>The candidate shall have relevant experience and knowledge with respect to the Audit Committee's role and responsibilities.</div></div><div><div>b.</div><div>The candidate shall have a good understanding of the Company's business activities.</div></div><div><div>c.</div><div>The candidate shall have professional qualifications or a university degree and finance, accounting, or audit knowledge.</div></div><div><div>d.</div><div>At least one of the candidates shall be a specialist in accounting and finance through a university degree or professional qualification.</div></div><div><div>e.</div><div>The candidate's selection shall not violate the relevant laws, regulations, and instructions.</div></div></div></div></div>	
<div><div>2.</div><div><div>Nomination</div><div><div>a.</div><div>The members of the Audit Committee shall be nominated by one or more of the following methods:<div><div>i.</div><div>The Company's announcement by any means of its intention to appoint members of the Audit Committee.</div></div><div><div>ii.</div><div>Providing names of candidates recommended by members of the Board.</div></div></div></div><div><div>b.</div><div>The Remuneration and Nomination Committee shall study the Curricula Vitae of the candidates and submit a detailed report for the Board to select the final list.</div></div></div></div>	
<div><div>3.</div><div><div>Vacant Positions</div><div><div>a.</div><div>If the position of an Audit Committee member becomes vacant during the term of the Audit Committee due to any reason, the Board shall appoint a member to the vacant position based on a recommendation of the Remuneration and Nominations Committee, provided that the criteria for membership of the Audit Committee set out in this Charter are met.</div></div><div><div>b.</div><div>The newly appointed member would complete the term of the predecessor.</div></div></div></div>	

Term
<div><div><div>1. The term of the Audit Committee shall be the shorter of three years or the remainder of the term of the Board.</div><div>2. The Board may re-nominate and appoint members of the Audit Committee for one or more terms.</div><div>3. The Audit Committee member shall carry out his/her role and responsibilities from the date of appointment until one of the following events takes effect:<div><div>a. End of the Board's term.</div><div>b. Submitting his/her resignation, provided that it is submitted at an appropriate time.</div><div>c. Member's mental illness or physical disability that prevents him/her from performing his/her duties.</div><div>d. Death</div><div>e. Conviction of committing an act of dishonesty, forgery, or violation of laws and regulations in the Kingdom of Saudi Arabia or any other country.</div><div>f. A decision by the General Assembly to dismiss him/her for any of the following reasons:<div><div>i. Breaching of the member's role and responsibilities that results in damage to the Company's interests.</div><div>ii. Absence from three consecutive meetings within one year without a legitimate excuse</div><div>iii. Other reasons, as decided by the General Assembly, without prejudice to the rights of the dismissed member, to claim compensation if the dismissal occurs for an inappropriate reason.</div><div>iv. Becoming, at any time, disqualified with respect to the criteria of the selection of the members of the Audit Committee, as set out in the law or this Charter.</div></div></div></div></div></div></div>
Competencies, Powers, and Responsibilities
<div>The Audit Committee shall be competent in monitoring the Company's activities and verifying the integrity and effectiveness of the reports, financial statements, and internal control systems.</div> <div>The duties of the Audit Committee shall include, in particular, the following:</div>
<div><div>1. Financial Reports</div><div><div>a. Analyzing the Company's interim and annual financial statements before these are presented to the Board and providing its opinion and recommendations thereon for the Company to ensure their integrity, fairness, and transparency;</div><div>b. Providing its technical opinion, at the request of the Board, regarding whether the Board's report and the Company's 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;</div><div>c. Analysing any important or non-familiar issues contained in the financial reports;</div><div>d. Investigating any issues raised by the Company's Chief Financial Officer or any person assuming his/her duties or the Company's Compliance Officer or External Auditor;</div><div>e. Examining the accounting estimates with respect to significant matters that are contained in the financial reports;</div><div>f. Examining the accounting policies followed by the Company for appropriateness and providing its opinion and recommendations for any changes thereto to the Board.</div></div></div>
<div><div>2. Internal Audit</div><div><div>a. Examining and reviewing the Company's internal and financial control systems that mitigate risks to the Company;</div><div>b. Approving the annual Internal Audit Plan.</div><div>c. Reviewing the Internal Audit reports and following up on the implementation of the corrective measures in respect of the observations contained in the reports;</div><div>d. Monitoring and overseeing the performance and activities of the Internal Auditor and Internal Audit Department of the Company to ensure the availability of the necessary resources, their effectiveness in performing the assigned activities and duties, and their independence.</div><div>e. Providing a recommendation to the Board on appointing the Head of the Internal Audit Department or the Internal Auditor and recommending his/her remuneration.</div></div></div>
<div><div>3. External Auditors</div></div>

- a. Providing recommendations to the Board to nominate External Auditors, dismiss them, determine their remuneration, and assess their performance after confirming their independence and reviewing the scope of their work and the terms of their contracts;
- b. Confirming the independence of the External Auditors, their objectivity, fairness, and effectiveness of the audit activities, taking into account the relevant rules and standards;
- c. Reviewing the plans of the External Auditors and their activities, and ensuring that they do not provide any technical or administrative services that are beyond their scope of work, and provide their opinion thereon;
- d. Responding to queries from the Company's External Auditors; and
- e. Review the External Auditors' reports and comments on the financial statements and follow up on matters they raised.

4. Compliance

- a. Reviewing the findings of the reports of supervisory authorities and confirming that the Company has taken the necessary actions in connection therewith;
- b. Verifying the Company's adherence to relevant regulations, policies, and instructions through, inter alia, testing by the Internal Audit Department and inquiry;
- c. Reviewing contracts and transactions proposed by the Company involving related parties and presenting recommendations to the Board of Directors; and
- d. Reporting to the Board on any matters that it deems necessary and providing recommendations on the actions that need to be taken.

5. Whistleblowing

- a. Developing a mechanism that enables the Company's Stakeholders (including Company employees) to confidentially report their observations with respect to any inaccuracies in the financial or other reports.
- b. Confirming that procedures are implemented to carry out independent investigations in respect of reported errors or inaccuracies notified by the Company's employees and implement follow-up procedures in this regard.

Powers

- In order to perform its duties, the Audit Committee may:
- 1. Access to all the Company's records and documents.
 - 2. Request any clarification or statement from the Board members or the Executive Management.
 - 3. Request that the Board calls for a General Assembly Meeting if its activities have been impeded by the Board or if the Company has suffered significant losses and damages.
 - 4. Seek assistance from any experts or specialists, whether internal or external, within the scope of its powers, provided that it shall be included in the minutes of the meeting stating the name of the expert and his/her relationship with the Company or its Executive Management.

Roles & Duties

1. Selection of Chairman and Secretary
- The Audit Committee shall select a Chairman from among its members. It may also select a Secretary from among its members or from others.

2. Chairman

The roles and duties of the Chairman of the Audit Committee include:

- a. Chairing Audit Committee meetings and seeking to enhance their effectiveness.
- b. The Chairman, or to whom he delegates, shall represent the Audit Committee before the General Assembly and the Board.
- c. Communicating directly or through the Secretary, invitations to attend Audit Committee meetings, specifying the time, date, and venue of the meetings in coordination with the other Audit Committee members.
- d. Preparing the Audit Committee meeting agenda, taking into consideration the topics that any Audit Committee members wish to include.
- e. Ensuring that sufficient time is made available to discuss the agenda items.
- f. Providing the agenda of any meeting to members with supporting documents and any updates to them.
- g. Encouraging Audit Committee members to participate effectively, to study and discuss agenda items, and to express their views in a manner that contributes to achieving the Audit Committee's objectives.
- h. Following up on the implementation of decisions issued by the Audit Committee.

3. Members

The roles and duties of the members of the Audit Committee include:

- a. Complying with the provisions of the Companies Law and its Implementing Regulations, the Capital Market Law and its Implementing Regulations, other relevant laws and regulations, and the Company's By-Laws in exercising his/her duties. He/she shall refrain from undertaking or participating in any business that may harm the interests of the Company.
- b. Being aware of the Audit Committee's duties and responsibilities and devoting sufficient time to exercise his/her role in performing them.
- c. Carrying out his/her duties free from any external influence, whether from inside or outside the Company, and not prioritizing his/her personal interests over those of the Company.
- d. Refraining from acceptance of gifts or anything of value from any person having business dealings with the Company.
- e. Preparing himself/herself for and attending the meetings and not absenting himself/herself except for valid reasons, which shall be notified to the Audit Committee Chairman in advance.
- f. Participating effectively in the Audit Committee meetings through prior studying of the agenda items.
- g. Seeking to enhance his/her knowledge of the relevant regulatory updates in the areas and subjects related to the Audit Committee's duties and responsibilities.
- h. Seeking to enhance his/her knowledge of the recent developments in the areas related to the Company's activities, business, and other relevant areas.

4. Secretary

The roles and duties of the Secretary of the Audit Committee include:

- a. Coordinating Audit Committee meetings and proposing Agenda items to the Audit Committee Chairman.
- b. Informing Audit Committee members of meeting dates and providing them with agenda items and necessary information.
- c. Attending Audit Committee meetings and preparing the Minutes of meetings.
- d. Maintaining Minutes of meetings and reports submitted or issued by the Audit Committee.
- e. Submitting, after approval from the Audit Committee Chairman, the signed minutes of the Audit Committee Minutes and relevant presentations to the Board Secretary.

<div><div>1. Meetings</div><div><div><div>a.</div><div>The Audit Committee shall convene periodically based on the Chairman's invitation, provided that at least four meetings are held during the Company's financial year.</div></div><div><div>b.</div><div>The Audit Committee Chairman shall also convene meetings if requested by the Board, two Committee Members, the External Auditors, the Internal Auditor, or if circumstances require, indicating the reasons for the meeting.</div></div><div><div>c.</div><div>The Committee shall approve the dates and agenda of the meetings of the financial year before its commencement. The meeting invitation is to be issued at least 15 days in advance. The invitation is to be accompanied by the agenda items and required documents and information. In exceptional cases, meeting invitations can be issued at least 2 days in advance.</div></div><div><div>d.</div><div>Audit Committee meetings are to be held at the Company's headquarters. They may meet outside, if necessary, either by the personal attendance of the members or, if it is not possible, the meeting may be held remotely using modern communication technologies.</div></div><div><div>e.</div><div>No member of the Board or the Executive Management, except for the Secretary or a member of the Audit Committee, may attend the meetings of the Audit Committee unless requested to do so.</div></div><div><div>f.</div><div>The Audit Committee shall meet periodically with the Company's External Auditors and Internal Auditor.</div></div><div><div>g.</div><div>The attendance of the majority of the Audit Committee members shall be required for the validity of the meeting.</div></div><div><div>h.</div><div>Audit Committee resolutions shall be issued by the majority of the votes present, and in case of a tie, the Chairman shall have the casting vote.</div></div><div><div>i.</div><div>Audit Committee members are entitled to object to any decision, provided that his/her objection is expressly stated in the meeting minutes with the reasons for the objection. Absence from meetings at which a decision is made is not a reason for exemption from liability for implementing a decision unless it can be proven that the member was unaware of the decision or was unable to challenge it directly after knowing it.</div></div></div></div>
<div><div>2. Minutes</div><div><div><div>a.</div><div>The Secretary shall prepare draft Minutes of the meeting which must include:<div><div><div>i.</div><div>The venue, date, and start and end time of the meeting.</div></div><div><div>ii.</div><div>Names of present and absent members, in addition to the names of non-member attendees.</div></div><div><div>iii.</div><div>Committee deliberations and decisions, indicating results of votes and reasons for the objections, if any.</div></div><div><div>iv.</div><div>Specifying the party responsible for implementing the resolutions and setting the implementation time frame.</div></div></div></div></div><div><div>b.</div><div>The Secretary shall send draft Minutes of the meeting to the Audit Committee members. Members must present comments on the draft, if any, within one week from the submission date.</div></div><div><div>c.</div><div>The draft minutes shall be amended in light of the comments received from the members and submitted to the members again for final approval.</div></div><div><div>d.</div><div>All members present at the meeting shall sign the final version of the meeting minutes.</div></div><div><div>e.</div><div>Unless the absent member has any objections or reservations, the absent member shall review the meeting minutes and acknowledge by noting his signature.</div></div><div><div>f.</div><div>The signed copy of the meeting minutes shall be retained in a special and organized register and accompanied by all relevant documents and correspondence.</div></div></div></div>
<div><div>3. Reporting</div><div><p>The Chairman shall submit to the Board through the Secretary a copy of the meeting Minutes, recommendations, or opinions on those matters, if any, referred to the Audit Committee by the Board. In the event that there are issues that are deemed necessary to take action on, the Chairman may address the Board by sending a memo, email, or any appropriate form highlighting the issues and recommendations.</p></div></div>
<div><div>Annual Report</div><div><div><div>1.</div><div>The report of the Audit Committee shall include details of its performance of the duties stated in the Companies Law and Its Implementing Regulations, provided that the report contains its recommendations and opinion on the adequacy of the Company's financial and internal control systems and risk management system in the Company.</div></div><div><div>2.</div><div>The Board shall make available sufficient copies of the report of the Audit Committee at the Company's headquarters and publish them on the Company's and the Exchange's websites while issuing the invitation to</div></div></div></div>

convene the General Assembly to enable shareholders to obtain a copy thereof. This report or its summary shall be read at the General Assembly.

Confidentiality

Audit Committee members must maintain confidentiality of the information and documents made available to them. They may in no case - even if their membership is terminated - disclose them to any individual or entity unless he is so authorized by the Board; nor may they use any such information for their own personal benefit or that of their relatives or third parties. The Company has the right to demand compensation in case of violation of the provisions of this article. This obligation also applies to the Secretary.

Conflicts

1. Conflict between the Audit Committee and the Board

If a conflict arises between the recommendations of the audit committee and the Board resolutions, or if the Board refuses to put the Committee's recommendations into action as to appointing or dismissal the Company's external auditor or determining its remuneration, assessing its performance or appointing the internal auditor, the Board's report shall include the Committee's recommendations and justifications, and the reasons for not following such recommendations.

2. Conflict of Interest

- a. Members must avoid situations that lead to Conflicts of Interest with the Company. A Conflict of Interest means that there is a direct or indirect interest of a member in any matter listed on the Audit Committee's agenda, and such an interest would influence (or could influence) the way in which the member reflects his /her professional point of view or discharges his/her duties as a member of the Committee.
- b. If a member has a Conflict of Interest in relation to any matter on the Audit Committee's agenda, he/she must disclose such conflict before starting the discussion of that matter, provided that it is mentioned in the Minutes of the Meeting. In such a case, the member must not attend, participate in the matter discussion, or vote thereon.
- c. Audit Committee members may not have a direct or indirect interest in the contracts carried out for the Company's account nor participate in any business activity that would compete with the Company in any area of its business activity.
- d. If an Audit Committee member fails to disclose his/her interest in contracts carried out for the Company's account, whether before or after he/she became a Committee member, the Company may claim, before the Judicial Authority in accordance with prevailing laws, a revocation of the contract with a compensation or an obligation upon the member to pay back any profit or benefit realized through such interest.
- e. If an Audit Committee member fails to disclose his/her engagement in any business that may compete with the Company or compete in a branch of its business activity, the Company may claim, before the Judicial Authority, a proper compensation in accordance with prevailing laws.
- f. Audit Committee members must not – directly or indirectly – make use of, exploit, or benefit from any of the Company's assets, information, or investment opportunities that are under study by the Company – even if a decision is taken not to implement such opportunity. A member may not exploit such opportunity even after his/her membership term expires.
- g. Audit Committee members must comply fully with the provisions of applicable laws and the relevant regulations with respect to conflicts and securities trading.
- h. If it is proven that an Audit Committee member exploited an investment opportunity through confidential information obtained in his/her capacity as an Audit Committee member, the Company or any interested party may claim, before the Judicial Authority in accordance with prevailing laws, a revocation of any business, profit, or gain resulting from such an opportunity. The Company may also claim a proper compensation.

Remuneration

- 1. Each member of the Audit Committee shall receive an attendance allowance of 3,000 Saudi Riyals for each meeting attended by him/her.
- 2. Each member of the Audit Committee, except for the Chairman of the Audit Committee, shall receive an annual remuneration of 100,000 Saudi Riyals. The Chairman of the Audit Committee shall receive an annual remuneration of 120,000 Saudi Riyals. The annual remuneration shall be paid provided that the attendance shall not be less than 75% of the number of Audit Committee meetings attended. If the number of audit Committee meetings attended is less than the 75% threshold, the remuneration will be calculated based on the attendance percentage.

General Provisions

1. Announcements

The Company is required to provide the Capital Market Authority with the names of the members, the types of their membership in the Audit Committee, and any changes thereto (including temporary appointments) within five days of the appointment or change.

2. Amendments

This Charter is subject to revision whenever needed. It shall be reviewed for each new term of the Audit Committee for enhancement and to keep it fully compliant with relevant Laws and Regulations updates. Any amendment proposed by the Audit Committee may only be effective after the recommendation of the Board and approval of the Ordinary General Assembly.

3. Committee Performance

The Committee will review its performance on a regular basis against such indicators as its effectiveness in carrying out its duties and responsibilities.

4. Effective Date

This Charter is effective from **January 1st, 2025**.

Saudi Steel Pipes
Previous Audit Committee
Charter
2024
Before Amendments

Audit Committee Charter - 2025

Objective

1. The objective of this Charter is to organize the functions of the Audit Committee in accordance with the regulatory requirements.
2. The primary role of the Audit Committee is to assist the Board of Directors (the Board) of the Saudi Steel Pipes Company (the Company) in fulfilling its oversight responsibilities and carrying out its activities as described in this Charter.

The Audit Committee shall assist the Board in its oversight of:

- The integrity and effectiveness of the Company's financial statements and reports;
- The Company's compliance with legal and regulatory requirements and the approved policies by Board;
- The reports of the External Auditors as well as their qualifications and independence;
- The Company's Internal Audit function and its independence
- The effectiveness of the Company's systems of Internal Control.

Formation

1. The Audit Committee shall be formed by a resolution of the Board, and the members of the Audit Committee shall be from the shareholders or others, provided that no Executive Director is among its members.
2. The number of the members of the Audit Committee shall not be less than three and not more than five, provided that one of its members is specialized in finance and accounting.
3. The Audit Committee shall have at least one Independent Director among its members.
4. The Company's General Assembly shall, upon a recommendation of the Board, issue a regulation for the Audit Committee that shall include the rules and procedures for the activities and duties of the Audit Committee, the rules for selecting its members, their nomination, the term of their membership, their remuneration, and the mechanism of appointing temporary members in case a seat in the Audit Committee becomes vacant.
5. The Chairman of the Board may not be a member of the Audit Committee.
6. Any person who works or has worked in the Company's Finance Department, the Executive Management, or for the Company's External Auditor during the preceding two years may not be a member of the Audit Committee.
7. A member of the Audit Committee shall not be a member of the audit committees of more than five listed joint stock companies at the same time.

Appointment of Members

1. Selection Criteria

The following criteria are to be used when selecting Audit Committee members:

- a. The candidate shall have relevant experience and knowledge with respect to the Audit Committee's role and responsibilities.
- b. The candidate shall have a good understanding of the Company's business activities.
- c. The candidate shall have professional qualifications or a university degree and finance, accounting, or audit knowledge.
- d. At least one of the candidates shall be a specialist in accounting and finance through a university degree or professional qualification.
- e. The candidate's selection shall not violate the relevant laws, regulations, and instructions.

2. Nomination

- a. The members of the Audit Committee shall be nominated by one or more of the following methods:
 - i. The Company's announcement by any means of its intention to appoint members of the Audit Committee.
 - ii. Providing names of candidates recommended by members of the Board.
- b. The Remuneration and Nomination Committee shall study the Curricula Vitae of the candidates and submit a detailed report for the Board to select the final list.

3. Vacant Positions

- a. If the position of an Audit Committee member becomes vacant during the term of the Audit Committee due to any reason, the Board shall appoint a member to the vacant position based on a recommendation of the Remuneration and Nominations Committee, provided that the criteria for membership of the Audit Committee set out in this Charter are met.
- b. The newly appointed member would complete the term of the predecessor.

Term

1. The term of the Audit Committee shall be the shorter of three years or the remainder of the term of the Board.

2. The Board may re-nominate and appoint members of the Audit Committee for one or more terms.
3. The Audit Committee member shall carry out his/her role and responsibilities from the date of appointment until one of the following events takes effect:
 - a. End of the Board's term.
 - b. Submitting his/her resignation, provided that it is submitted at an appropriate time.
 - c. Member's mental illness or physical disability that prevents him/her from performing his/her duties.
 - d. Death
 - e. Conviction of committing an act of dishonesty, forgery, or violation of laws and regulations in the Kingdom of Saudi Arabia or any other country.
 - f. A decision by the General Assembly to dismiss him/her for any of the following reasons:
 - i. Breaching of the member's role and responsibilities that results in damage to the Company's interests.
 - ii. Absence from three consecutive meetings within one year without a legitimate excuse
 - iii. Other reasons, as decided by the General Assembly, without prejudice to the rights of the dismissed member, to claim compensation if the dismissal occurs for an inappropriate reason.
 - iv. Becoming, at any time, disqualified with respect to the criteria of the selection of the members of the Audit Committee, as set out in the law or this Charter.

Competencies, Powers, and Responsibilities

The Audit Committee shall be competent in monitoring the Company's activities and verifying the integrity and effectiveness of the reports, financial statements, and internal control systems.

The duties of the Audit Committee shall include, in particular, the following:

1. Financial Reports

- a. Analyzing the Company's interim and annual financial statements before these are presented to the Board and providing its opinion and recommendations thereon for the Company to ensure their integrity, fairness, and transparency;
- b. Providing its technical opinion, at the request of the Board, regarding whether the Board's report and the Company's 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;
- c. Analysing any important or non-familiar issues contained in the financial reports;
- d. Investigating any issues raised by the Company's Chief Financial Officer or any person assuming his/her duties or the Company's Compliance Officer or External Auditor;
- e. Examining the accounting estimates with respect to significant matters that are contained in the financial reports;
- f. Examining the accounting policies followed by the Company for appropriateness and providing its opinion and recommendations for any changes thereto to the Board.

2. Internal Audit

- a. Examining and reviewing the Company's internal and financial control systems that mitigate risks to the Company;
- b. Approving the annual Internal Audit Plan.
- c. Reviewing the Internal Audit reports and following up on the implementation of the corrective measures in respect of the observations contained in the reports;
- d. Monitoring and overseeing the performance and activities of the Internal Auditor and Internal Audit Department of the Company to ensure the availability of the necessary resources, their effectiveness in performing the assigned activities and duties, and their independence.
- e. Providing a recommendation to the Board on appointing the Head of the Internal Audit Department or the Internal Auditor and recommending his/her remuneration.

3. External Auditors

<ul style="list-style-type: none"> a. Providing recommendations to the Board to nominate External Auditors, dismiss them, determine their remuneration, and assess their performance after confirming their independence and reviewing the scope of their work and the terms of their contracts; b. Confirming the independence of the External Auditors, their objectivity, fairness, and effectiveness of the audit activities, taking into account the relevant rules and standards; c. Reviewing the plans of the External Auditors and their activities, and ensuring that they do not provide any technical or administrative services that are beyond their scope of work, and provide their opinion thereon; d. Responding to queries from the Company's External Auditors; and e. Review the External Auditors' reports and comments on the financial statements and follow up on matters they raised.
4. Compliance
<ul style="list-style-type: none"> a. Reviewing the findings of the reports of supervisory authorities and confirming that the Company has taken the necessary actions in connection therewith; b. Verifying the Company's adherence to relevant regulations, policies, and instructions through, inter alia, testing by the Internal Audit Department and inquiry; c. Reviewing contracts and transactions proposed by the Company involving related parties and presenting recommendations to the Board of Directors; and d. Reporting to the Board on any matters that it deems necessary and providing recommendations on the actions that need to be taken.
5. Whistleblowing
<ul style="list-style-type: none"> a. Developing a mechanism that enables the Company's Stakeholders (including Company employees) to confidentially report their observations with respect to any inaccuracies in the financial or other reports. b. Confirming that procedures are implemented to carry out independent investigations in respect of reported errors or inaccuracies notified by the Company's employees and implement follow-up procedures in this regard.
Powers
<p>In order to perform its duties, the Audit Committee may:</p> <ul style="list-style-type: none"> 1. Access to all the Company's records and documents. 2. Request any clarification or statement from the Board members or the Executive Management. 3. Request that the Board calls for a General Assembly Meeting if its activities have been impeded by the Board or if the Company has suffered significant losses and damages. 4. Seek assistance from any experts or specialists, whether internal or external, within the scope of its powers, provided that it shall be included in the minutes of the meeting stating the name of the expert and his/her relationship with the Company or its Executive Management.
Roles & Duties
<p>1. Selection of Chairman and Secretary</p> <p>The Audit Committee shall select a Chairman from among its members. It may also select a Secretary from among its members or from others.</p>

2. Chairman

The roles and duties of the Chairman of the Audit Committee include:

- a. Chairing Audit Committee meetings and seeking to enhance their effectiveness.
- b. The Chairman, or to whom he delegates, shall represent the Audit Committee before the General Assembly and the Board.
- c. Communicating directly or through the Secretary, invitations to attend Audit Committee meetings, specifying the time, date, and venue of the meetings in coordination with the other Audit Committee members.
- d. Preparing the Audit Committee meeting agenda, taking into consideration the topics that any Audit Committee members wish to include.
- e. Ensuring that sufficient time is made available to discuss the agenda items.
- f. Providing the agenda of any meeting to members with supporting documents and any updates to them.
- g. Encouraging Audit Committee members to participate effectively, to study and discuss agenda items, and to express their views in a manner that contributes to achieving the Audit Committee's objectives.
- h. Following up on the implementation of decisions issued by the Audit Committee.

3. Members

The roles and duties of the members of the Audit Committee include:

- a. Complying with the provisions of the Companies Law and its Implementing Regulations, the Capital Market Law and its Implementing Regulations, other relevant laws and regulations, and the Company's By-Laws in exercising his/her duties. He/she shall refrain from undertaking or participating in any business that may harm the interests of the Company.
- b. Being aware of the Audit Committee's duties and responsibilities and devoting sufficient time to exercise his/her role in performing them.
- c. Carrying out his/her duties free from any external influence, whether from inside or outside the Company, and not prioritizing his/her personal interests over those of the Company.
- d. Refraining from acceptance of gifts or anything of value from any person having business dealings with the Company.
- e. Preparing himself/herself for and attending the meetings and not absenting himself/herself except for valid reasons, which shall be notified to the Audit Committee Chairman in advance.
- f. Participating effectively in the Audit Committee meetings through prior studying of the agenda items.
- g. Seeking to enhance his/her knowledge of the relevant regulatory updates in the areas and subjects related to the Audit Committee's duties and responsibilities.
- h. Seeking to enhance his/her knowledge of the recent developments in the areas related to the Company's activities, business, and other relevant areas.

4. Secretary

The roles and duties of the Secretary of the Audit Committee include:

- a. Coordinating Audit Committee meetings and proposing Agenda items to the Audit Committee Chairman.
- b. Informing Audit Committee members of meeting dates and providing them with agenda items and necessary information.
- c. Attending Audit Committee meetings and preparing the Minutes of meetings.
- d. Maintaining Minutes of meetings and reports submitted or issued by the Audit Committee.
- e. Submitting, after approval from the Audit Committee Chairman, the signed minutes of the Audit Committee Minutes and relevant presentations to the Board Secretary.

1. Meetings

- a. The Audit Committee shall convene periodically based on the Chairman's invitation, provided that at least four meetings are held during the Company's financial year.
- b. The Audit Committee Chairman shall also convene meetings if requested by the Board, two Committee Members, the External Auditors, the Internal Auditor, or if circumstances require, indicating the reasons for the meeting.
- c. The Committee shall approve the dates and agenda of the meetings of the financial year before its commencement. The meeting invitation is to be issued at least 15 days in advance. The invitation is to be accompanied by the agenda items and required documents and information. In exceptional cases, meeting invitations can be issued at least 2 days in advance.
- d. Audit Committee meetings are to be held at the Company's headquarters. They may meet outside, if necessary, either by the personal attendance of the members or, if it is not possible, the meeting may be held remotely using modern communication technologies.
- e. No member of the Board or the Executive Management, except for the Secretary or a member of the Audit Committee, may attend the meetings of the Audit Committee unless requested to do so.
- f. The Audit Committee shall meet periodically with the Company's External Auditors and Internal Auditor.
- g. The attendance of the majority of the Audit Committee members shall be required for the validity of the meeting.
- h. Audit Committee resolutions shall be issued by the majority of the votes present, and in case of a tie, the Chairman shall have the casting vote.
- i. Audit Committee members are entitled to object to any decision, provided that his/her objection is expressly stated in the meeting minutes with the reasons for the objection. Absence from meetings at which a decision is made is not a reason for exemption from liability for implementing a decision unless it can be proven that the member was unaware of the decision or was unable to challenge it directly after knowing it.

2. Minutes

- a. The Secretary shall prepare draft Minutes of the meeting which must include:
 - i. The venue, date, and start and end time of the meeting.
 - ii. Names of present and absent members, in addition to the names of non-member attendees.
 - iii. Committee deliberations and decisions, indicating results of votes and reasons for the objections, if any.
 - iv. Specifying the party responsible for implementing the resolutions and setting the implementation time frame.
- b. The Secretary shall send draft Minutes of the meeting to the Audit Committee members. Members must present comments on the draft, if any, within one week from the submission date.
- c. The draft minutes shall be amended in light of the comments received from the members and submitted to the members again for final approval.
- d. All members present at the meeting shall sign the final version of the meeting minutes.
- e. Unless the absent member has any objections or reservations, the absent member shall review the meeting minutes and acknowledge by noting his signature.
- f. The signed copy of the meeting minutes shall be retained in a special and organized register and accompanied by all relevant documents and correspondence.

3. Reporting

The Chairman shall submit to the Board through the Secretary a copy of the meeting Minutes, recommendations, or opinions on those matters, if any, referred to the Audit Committee by the Board. In the event that there are issues that are deemed necessary to take action on, the Chairman may address the Board by sending a memo, email, or any appropriate form highlighting the issues and recommendations.

Annual Report

1. The report of the Audit Committee shall include details of its performance of the duties stated in the Companies Law and Its Implementing Regulations, provided that the report contains its recommendations and opinion on the adequacy of the Company's financial and internal control systems and risk management system in the Company.
2. The Board shall make available sufficient copies of the report of the Audit Committee at the Company's headquarters and publish them on the Company's and the Exchange's websites while issuing the invitation to

convene the General Assembly to enable shareholders to obtain a copy thereof. This report or its summary shall be read at the General Assembly.

Confidentiality

Audit Committee members must maintain confidentiality of the information and documents made available to them. They may in no case - even if their membership is terminated - disclose them to any individual or entity unless he is so authorized by the Board; nor may they use any such information for their own personal benefit or that of their relatives or third parties. The Company has the right to demand compensation in case of violation of the provisions of this article. This obligation also applies to the Secretary.

Conflicts

1. Conflict between the Audit Committee and the Board

If a conflict arises between the recommendations of the audit committee and the Board resolutions, or if the Board refuses to put the Committee's recommendations into action as to appointing or dismissal the Company's external auditor or determining its remuneration, assessing its performance or appointing the internal auditor, the Board's report shall include the Committee's recommendations and justifications, and the reasons for not following such recommendations.

2. Conflict of Interest

- a. Members must avoid situations that lead to Conflicts of Interest with the Company. A Conflict of Interest means that there is a direct or indirect interest of a member in any matter listed on the Audit Committee's agenda, and such an interest would influence (or could influence) the way in which the member reflects his /her professional point of view or discharges his/her duties as a member of the Committee.
- b. If a member has a Conflict of Interest in relation to any matter on the Audit Committee's agenda, he/she must disclose such conflict before starting the discussion of that matter, provided that it is mentioned in the Minutes of the Meeting. In such a case, the member must not attend, participate in the matter discussion, or vote thereon.
- c. Audit Committee members may not have a direct or indirect interest in the contracts carried out for the Company's account nor participate in any business activity that would compete with the Company in any area of its business activity.
- d. If an Audit Committee member fails to disclose his/her interest in contracts carried out for the Company's account, whether before or after he/she became a Committee member, the Company may claim, before the Judicial Authority in accordance with prevailing laws, a revocation of the contract with a compensation or an obligation upon the member to pay back any profit or benefit realized through such interest.
- e. If an Audit Committee member fails to disclose his/her engagement in any business that may compete with the Company or compete in a branch of its business activity, the Company may claim, before the Judicial Authority, a proper compensation in accordance with prevailing laws.
- f. Audit Committee members must not – directly or indirectly – make use of, exploit, or benefit from any of the Company's assets, information, or investment opportunities that are under study by the Company – even if a decision is taken not to implement such opportunity. A member may not exploit such opportunity even after his/her membership term expires.
- g. Audit Committee members must comply fully with the provisions of applicable laws and the relevant regulations with respect to conflicts and securities trading.
- h. If it is proven that an Audit Committee member exploited an investment opportunity through confidential information obtained in his/her capacity as an Audit Committee member, the Company or any interested party may claim, before the Judicial Authority in accordance with prevailing laws, a revocation of any business, profit, or gain resulting from such an opportunity. The Company may also claim a proper compensation.

Remuneration

1. Each member of the Audit Committee shall receive an attendance allowance of SAR 3,000 for each meeting attended by him/her.
2. Each member of the Audit Committee, except for the Chairman of the Audit Committee, shall receive an annual remuneration of SAR 50,000. The Chairman of the Audit Committee shall receive an annual remuneration of SAR 100,000. The annual remuneration shall be paid provided that the attendance shall not be less than 75% of the number of Audit Committee meetings attended. If the number of audit Committee meetings attended is less than the 75% threshold, the remuneration will be calculated based on the attendance percentage.

General Provisions

1. Announcements

The Company is required to provide the Capital Market Authority with the names of the members, the types of their membership in the Audit Committee, and any changes thereto (including temporary appointments) within five days of the appointment or change.

2. Amendments

This Charter is subject to revision whenever needed. It shall be reviewed for each new term of the Audit Committee for enhancement and to keep it fully compliant with relevant Laws and Regulations updates. Any amendment proposed by the Audit Committee may only be effective after the recommendation of the Board and approval of the Ordinary General Assembly.

3. Committee Performance

The Committee will review its performance on a regular basis against such indicators as its effectiveness in carrying out its duties and responsibilities.

4. Effective Date

This Charter is effective from the date of the General Assembly approval.