

Al ASEEL

**Audit Committee Regulations of
Thob Al Aseel Company**

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Article I: Definitions

Sr.	Words & Expressions	Meanings
1	Companies Law	Companies' Law issued by Royal Decree No. (M/3) on 28/01/1437 AH.
2	Capital Market Law	Capital Market Law issued by Royal Decree No. (M/30) on 2/6/1424 AH.
3	Corporate Governance Regulations	CMA Council's Corporate Governance Regulation by Resolution No. (8-16 2017) dated 16/5/1438 AH - 13/02/2017 AD based on Companies Law issued by Royal Decree No. M/3 on 28/01/1437 AH as amended by CMA Council Resolution No. 3-57-2019 on 15/09/1440 AH - 20/05/2019 AD.
4	Authority	Capital Market Authority
5	Market	Saudi Stock Exchange (Tadawul) or Saudi Stock Exchange, as the context requires.
6	Company	Thob Al Aseel Company
7	Board of Directors	Company Board of Directors
8	Committee	Audit Committee
9	Secretary	Secretary of Committee
10	Shareholders	Shareholders of the company
11	General Assembly	An assembly constituted of the company shareholders under the Company Law Provisions and the Company's Articles of Association.
12	Independent Member	A non-executive board member with full independence in his position and decisions. None of the independence incidents set out in Article 20 of the Corporate Governance Regulation shall apply to him.
13	Member	Audit Committee Member
14	Executive Management or Senior Executives	Persons entrusted with managing the company's day-to-day operations, proposing and implementing strategic decisions, such as the Chief Executive Officer, his deputies, and the Financial Officer.
15	Remuneration	Amounts, allowances, profits, etc., periodic or annual performance-related remuneration, short or long-term incentive plans, and any other in-kind benefits, except for reasonable actual expenses incurred by the company on behalf of the Board member for performing his work.

16	Person	Any natural or legal person recognized by the Kingdom's regulations as such.
17	Related parties	<ul style="list-style-type: none"> a) Major shareholders in the company. b) The company's board members or any of its subsidiaries and their relatives. c) Senior executives of the company or any of its subsidiaries and their relatives. d) Board members and senior executives of the company's major shareholders. e) Establishments - other than companies owned by a board member, senior executive, or relatives. f) Companies to which any of the board members, senior executives, or their relatives are partners. g) Companies to which any of the board members, senior executives, or relatives are members or senior executives. h) Joint-stock companies in which any of board members or senior executives or their relatives own 5% or more, taking into account paragraph (d) of this definition. i) Companies whose decisions, even by providing advice or guidance, are influenced by any board members, senior executives, or relatives. j) Anyone whose advice and guidance influences the decisions of the company, its board members, and senior executives. k) Holding companies or affiliates of the company. <p>Paragraphs (i) and (j) of this definition exclude professional advice and guidance from a person authorized to do so.</p>
18	Day	Calendar day, whether it's a business day or not.

Article II: Preamble

These Regulations set out rules and procedures for the Audit Committee working, its tasks, rules of selecting its members, how they are nominated, their membership duration, remuneration, and mechanism of a temporary appointment of its members if there is a vacancy in the committee seats. These Regulations have been prepared in application to Article 54 Parag (c) of the Corporate Governance Regulation.

Article III: Committee Composition

1. The Committee shall be constituted by a resolution of the Company's Ordinary General Assembly for a period of three years, consisting of three members from shareholders or others, including at least one independent member and not including any Executive Board members.
2. At least one member of the Committee shall be competent in financial and accounting issues. The member shall be considered competent in financial and accounting issues if any of the following conditions are met:
 - a. Ph.D. in accounting or equivalent, and practical experience in accounting and auditing not less than two years, is reduced to one year if he is a fellowship of the Saudi Organization for Certified Public Accountants or any similar professional qualification adopted by the Authority.
 - b. Master's degree in accounting or equivalent, and practical experience in accounting and auditing, not less than five years, and is reduced to three years if he is a fellowship of the Saudi Organization for Certified Public Accountants or any similar professional qualification adopted by the Authority.
 - c. Bachelor's degree in accounting or equivalent, and practical experience in accounting and auditing, not less than seven years, and is reduced to five years if he is a fellowship of the Saudi Organization for Certified Public Accountants or any similar professional qualification adopted by the Authority.
3. No one who works or has worked in the company's executive or financial management for the past two years, or with the company's auditor, may be a member of the audit committee.
4. The Chairman of the Board of Directors shall not be a member of the Audit Committee.

5. Its members shall be nominated on the proposal of the Nominations and Remuneration Committee, including the names of candidates for membership of the Committee, and shall be submitted to the Board of Directors. The Board of Directors shall recommend to the General Assembly the names of candidates for Committee membership to be constituted by the Assembly.

Article IV: Vacant position

If the Committee seat vacates during the Committee's term of working due to death, resignation, disability, or a member's request for exemption from membership of the Committee the Board of Directors shall appoint, on the recommendation of the Nominations and Remuneration Committee, another temporary member to occupy the vacant position in the Committee, taking into account the conditions to be met in the Committee member; This appointment shall be submitted to the next first General Assembly for approval and a member of the Committee may be reappointed in the Committee for another session.

Article V: Exemption from Committee membership

Any Committee member may be exempted by the General Assembly resolution on the recommendation of the Board of Directors in the following cases:

1. Abuse of a member's position on the Committee or misconduct which the Board considers being detrimental to the objectives and reputation of the company in general and the Committee in particular.
2. A member's absence from three consecutive meetings without an excuse accepted by the Board of Directors.
3. None of the conditions of membership are to be met in the Member.

Article VI: Committee's terms of reference, powers, and responsibilities

The Audit Committee is competent to monitor the Company's business and verify the integrity of its reports, financial statements, and internal control systems. The Committee's tasks include, in particular:

a. Financial reports:

1. Examine the company's initial and annual financial statements before presenting them to the Board of Directors and expressing its opinion and recommendation thereon; to ensure its integrity, fairness, and transparency.
2. Technical opinion expressed - upon the Board of Directors' request - on whether the annual report of the Board of Directors and the financial statements of the Company are fair, balanced, and understood and included information that allows shareholders and investors to assess the Company's financial position or status, performance, business form, and strategy.
3. Study any important or unfamiliar issues contained in the financial reports.
4. Thoroughly examine any issues raised by the company's financial officer, caretaker, company compliance officer, or auditor.
5. Verification of accounting estimates in material issues contained in the financial reports.
6. Examine the company's accounting policies and express an opinion and recommendation to the Board of Directors.

b. Internal audit:

1. Study and review the company's internal and financial control systems and risk management.
2. Examine internal audit reports and follow implementing corrective procedures for the observations contained therein.
3. Oversight and supervision of the internal auditor and company's internal audit department performance and activities, if any, to verify the availability and effectiveness of the necessary resources in performing works and tasks entrusted to it. If the company does not have an internal auditor, the Committee should recommend to the Board the need to appoint him.
4. Recommend to the Board of Directors that the Director of the Internal Audit Unit or Department be appointed or proposed for remuneration.

c. Auditor:

1. Recommend the Board of Directors to appoint and dismiss auditors, determine their fees and evaluate their performance, after confirming their independence and reviewing their scope of work and contractual conditions.
2. Verify the auditor's independence, objectivity, fairness, and effectiveness of the audit committee work, taking into account relevant rules and standards.

3. Review the company's auditor's plan and works, verify that it does not provide substantive or administrative work beyond the scope of the audit work, and give its opinion thereon.
4. Answer the company's auditor inquiries.
5. Review the company's auditor's reports and observations on the financial statements and, if any, express his opinion and follow up on what has been taken.

d. Ensure Commitment:

1. Review the supervisory authorities' reports results and verify the company's action.
2. Verify the company's compliance with laws, regulations, policies, and related instructions.
3. Review the company's proposed contracts and transactions with relevant parties and submit what it considers to the Board of Directors.
4. Report to the Board of Directors on such issues as it deems necessary to take action and to make recommendations on the steps to be taken.
5. Verify the obligation and supervise the implementation of the complaint policy and report on contrary practices by reviewing communications received by the independent board member of the Committee.

Article VII: Committee's working methods

The Committee shall prepare and submit to the Board of Directors for accreditation an annual work plan that shall include a description of next year's work in the form of work programs estimated at the estimated cost and duration of each program.

Article VIII: Conflict between the Committee and the Governing Council

If there is a conflict between the recommendations of the Audit Committee and the decisions of the Board of Directors, or if the Board refuses to take up the Committee's recommendation on the appointment, dismissal, fees, and evaluation of the performance or appointment of the Internal Auditor, the Board report should include the recommendation and justification of the Committee and the reasons for its failure to take them into account.

Article IX: Providing the Committee with information

1. The Board of Directors shall take the necessary measures to enable the Committee to carry out the tasks entrusted to it, including the Committee's unrestricted access to all data, information, reports, records, correspondence, or other matters which the Committee considers important.
2. The company's executive management shall provide the Board members, the non-executive members in particular, and the Company's committees with all necessary information, data, documentation, and records, which shall be complete, clear, correct, non-misleading, and timely; To enable them to perform their duties and tasks

Article X: Committee Report

1. The Audit Committee shall prepare an estimate detailing the performance of its terms of reference and tasks under the Companies Law and its executive regulations, including its recommendations and opinion on the adequacy of the Company's internal control system.
2. The Board of Directors shall deposit sufficient copies of this report at the company's head office and shall publish it on the Company's website and the market website when publishing the invitation to the General Assembly, at least twenty-one days prior to the General Assembly, to provide each interested shareholder with a copy and a summary of the report during the General Assembly.

Article XI: Committee Meetings

1. The Committee shall meet upon the request of at least two members or of the internal auditor and auditor. The Committee shall meet periodically at least four times during the company's fiscal year and whenever necessary.
2. The Committee meets periodically with the company's auditor and, if any, with the company's internal auditor.
3. The Internal Auditor and the Auditor may request the Committee's meeting whenever the need arises.

4. Only members of the Committee other than the Secretary of the Committee shall attend its meetings unless the Committee requests its opinion or advice.
5. The validity of the Committee's meeting shall require the attendance of a majority of its members. Its decisions shall be taken by a majority vote of those present, and when the votes are equal, the side with which the Chairman of the meeting voted is more likely.
6. The Committee may hold its meetings by electronic means in person or by delegation. Members' attendance through video conferences or any electronic means is considered to be supplementary to the quorum.
7. The Committee may raise its decisions in urgent matters by submitting them to members separately by passing unless a member requests that the Committee's meeting be written for deliberation. These recommendations are presented to the Committee at the Committee's next meeting.
8. If any member leaves the Committee's meeting prior to its conclusion, his reservation, if any, shall be limited to the recommendations and decisions that he has been present for discussion, provided that, if he so wishes, the items that he has been present for discussion, shall be reflected in the minutes.
9. The Board of Directors shall be provided with a copy of the Committee's meeting minutes.
10. The legal accountant is invited to attend the Committee meetings periodically.
11. For the performance of its duties, the Audit Committee may:
 - A. Review the company's records and documents.
 - B. Request any clarification or statement from the Board members or the Executive Management.
 - C. Request the Board of Directors to hold the General Assembly of the Company if the Board of Directors obstructs its work or suffers serious damage or losses to the Company.
12. The Committee shall make use of such experts and specialists as it deems appropriate from within or outside the company within the limits of its powers, to be included in the minutes of the Committee's meeting, indicating the expert's name and his relationship with the company or executive management.

Article XII: Tasks of the Committee Chairman, Vice-Chair, and Secretary

1. The Committee members shall select a Chairman and a Vice-Chairperson for the Committee membership term. The Vice-Chairperson shall assist the Chairman in performing his tasks and shall be on behalf in his absence.
2. The Committee Chairman shall supervise the completion of the Committee's tasks and in particular shall:

- a. Invite the Committee to held and to determine the time, date, and place of each of the Committee's meetings and agenda, in coordination with the members of the Committee.
 - b. Chairing the Committee's meetings.
 - c. Prepare periodic reports on the Committee's activities in coordination with the Secretary of the Committee and submit them to the Committee for submission to the Board of Directors after their accreditation by the Committee.
 - d. Prepare the Committee's budget, work plan, and projects in the short and long term in coordination with the Secretary of the Committee and present them to the Committee in preparation for submission to the Board of Directors, after approval by the Committee.
 - e. Representing the Committee before the Board and any other entity that so requires.
3. The Committee shall appoint a Secretary and determine his remuneration.
- a. To attend meetings of the Committee, he may not vote.
 - b. Preparing meeting minutes, reporting of meeting dates, and members' agenda.
 - c. Carry out all the Committee's administrative work.
 - d. The obligation to keep the company's secrets.
 - e. Refrain from any activity that may be inconsistent with the company's interest.
 - f. In selecting the Secretary of the Committee, account shall be taken of the Secretary's scientific qualification and practical experience to enable him to carry out the tasks entrusted to him.
 - g. The Chairman of the Committee or any other member of the Committee shall be present at General Assembly to answer shareholders' questions.

Article XIII: Documentation of the Committee's meetings

Meetings of the Committee should be documented and minutes prepared, including discussions and deliberations, the Committee's recommendations and the results of the voting should be documented, kept in a special and organized record, the names and reservations of the members present and, if any, signed by all members present.

Article XIV: Arrangements for Submission of Notes

The Committee should establish a mechanism to allow the company's employees to submit their observations on any irregularities in financial or other reports confidentially. The Committee should verify the application of this mechanism by conducting an independent investigation commensurate with the magnitude of the error or abuse and adopting appropriate follow-up procedures.

Article XV: Remuneration of Committee Members

1. The remuneration for members of the audit committee consists of an amount (80, 000) eighty thousand riyals annually, divided among the attendance.
2. The remuneration for members of the Committee is disclosed in the Board of Directors' annual report to the General Assembly.

Article XVI: Accreditation and Enforcement

These Regulations shall be effective from the date of their accreditation by the General Assembly, on the basis of a proposal by the Board of Directors, and shall be communicated to the parties concerned. These Regulations shall be reviewed as necessary.

These regulations were accredited by the General Assembly resolution of the company's shareholders at its meeting held on: