

A comparison table for amending the audit committee’s work regulations

Before amendment	After amendment	
N/A	<b>Definitions</b>	
	Companies	Naqi Water Company.
	General Assembly:	General Assembly of the shareholders of Naki Water Company.
	Board of Directors:	The Board of Directors of Naqi Water Company.
	Committee:	The Audit Committee formed by the Board of Directors of Naqi Water Company.
	Regulation:	The work regulations of the Audit Committee of Naqi Water Company approved by the General Assembly of Shareholders.
	Committee Member:	Member of the Audit Committee of Naqi Water Company.
	Executive Member:	A member who is full-time in the executive management of the company and participates in its daily operations.
	Non-Executive Member:	A member who is not a full-time manager of the company and does not participate in the daily work of the company and does not apply any of the symptoms of independence.
	Independent Member:	A non-executive member who enjoys full independence in his position and decisions, and none of the independence symptoms stipulated in the regulations issued by the Capital Market Authority and the relevant authorities apply thereto.
Secretary of the Committee:	He is the person responsible for the clerical work of the committee, keeping its records and preparing its correspondence, and he is	

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		administratively linked to the Chairman of the Audit Committee.
	Auditor (s):	The External Auditor appointed by the General Assembly of the shareholders of the Company to audit its financial statements and final accounts.
	Internal Auditor:	The internal auditor appointed by the Audit Committee, who examines and audits the various works in the accounting, financial and operational fields of the company's departments and reports to the Committee.
	Executive Management or Senior Executives:	Persons entrusted with managing the company's daily operations and proposing and implementing strategic decisions, such as the CEO, his deputies and the CFO.
	Conflict of interest:	The occurrence or existence of a real or presumed direct or indirect interest of any member in a subject on the agenda of the committee, and that interest would affect the contribution of the member concerned in his opinion expressing his professional point of view/ or conflict with the interest or competition of the company.
<p><b>Introduction:</b></p> <p>The Audit Committee (hereinafter referred to as the "<b>Committee</b>") was established in Naqi Water Company (the "<b>Company</b>") and its formation was approved by the General Assembly of the shareholders of the Company (the "<b>General Assembly</b>") under its powers and in accordance with the Company's Articles of Association, and the Committee operates in accordance with these Labor Regulations (the</p>	Delete	

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<p>"Regulations").</p>	
<p><b>Purpose</b></p> <p>The purpose of the Committee is to assist the Board of <b>Directors</b> of the Company (the “<b>Board of Directors</b>”, each of the Directors being referred to as a “<b>Director</b>”) in fulfilling its supervisory responsibilities and performing the duties, responsibilities and powers set out in these Regulation.</p> <p>The primary role of the Committee is to assist the Board in overseeing:          (i) The integrity and accuracy of the Company's financial statements and reports and its internal control system; (ii) The Company's compliance with legal and regulatory rules and requirements and codes of professional conduct; (iii)The qualifications and independence of the Company's external auditor; and (iv) The performance of the internal audit functions of the Company and its independent auditors.</p>	<p><b><u>Article (I): Purpose</u></b></p> <p>The Audit Committee Regulations for Naqi Water Company, a listed Saudi joint stock company, were prepared in accordance with the requirements of the Corporate Governance Regulations in the Kingdom issued by the Capital Market Authority and in light of the best international practices for corporate governance. The Audit Committee is an independent committee directly linked to the Board of Directors and is specialized in monitoring the performance and application of internal control systems and accounting policies. Approved in addition to the specializations mentioned in these regulations.</p> <p>The Regulation of the Audit Committee determines the terms of reference, powers and responsibilities of the Committee, the duties of the members of the Committee, how they are selected and their remuneration, as well as the procedures related to the meetings of the Committee. The main task of the Audit Committee is to assist the Board of Directors to carry out its supervisory tasks efficiently and effectively. In particular, the Committee ensures the integrity and accuracy of financial reports and statements, internal control policies and procedures, the relationship with the auditor and internal audit policies and procedures.</p> <p>All proposals submitted by the Audit Committee are recommendations submitted to the Board of Directors for review and appropriate decision.</p>

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**2 Formation**

2.1 The Committee shall be composed of at least three members and not more than five members (each individually referred to as a “**Member**”, and collectively as “**Members**”).

2.2 All members shall be appointed by the General Assembly on the recommendation of the Board of Directors for a period not exceeding three years. The recommendation of the Board of Directors to the General Assembly in this regard shall be based on the recommendation of the Nomination and Remuneration Committee of the Company. The recommendations of the Nomination and Remuneration Committee and the Board of Directors shall comply with the applicable laws, regulations, rules and policies (including these Regulations).

2.3 The term of membership of a member of the committee if it is a member of the board of directors shall not exceed the term of his membership in the board of directors.

2.4 Any of the executive members of the board of directors may not be appointed as members of the committee, and appointing the chairman of the board of directors may not be permitted as a member of the committee.

2.5 Whoever works or has worked during the past two years in the executive or financial management of the company, or as an employee or director with the external auditor of the company, may not be appointed as a member of the committee.

2-6 All members shall be familiar with financial matters, provided that at least one of them is competent in financial and accounting affairs. A “financial and accounting affairs specialist” shall be defined as a

**Article (II): Forming the committee and choosing the chairman**

- A. The formation of the Audit Committee shall be made by a decision of the Board of Directors of the Company. The members of the Committee shall consist of members of the Board of Directors or others, provided that it shall not include any of the executive members of the Board of Directors, and that the number of its members shall not be less than three and not more than five members, and that among them shall be competent in financial and accounting affairs.
- B. The members of the Audit Committee shall include at least one independent member.
- C. The committee shall choose from among its members a chairman of the committee at its first meeting, and the committee may appoint from among its members a deputy chairman, and it may appoint from among its members or from others a secretary of the committee.
- D. In the event that the membership of the Committee becomes vacant due to resignation or for any other reason, the Board of Directors shall be entitled to appoint a member to the vacant place and the new member shall complete the term of his predecessor.

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person who has the qualities of financial and accounting expertise through his academic qualifications or experience as an accountant or financial employee in a public company or other similar experiences. These qualities include all of the following (without limitation):

Familiarity with the general principles of accounting and auditing.

Knowledge of internal audit standards (including the International Standards for the Professional Practice of Internal Auditing).

Ability to evaluate internal audit procedures.

Ability to prepare, review, analysis and evaluate the financial statements or any of the above.

Knowledge of relevant laws and regulations.

Knowledge of the tasks and duties of the committee.

2.7 At least one member of the committee must be an independent member of the board of directors.

2.8 The General Assembly shall appoint from among the members of the Committee a Chairman (the “**Chairman**”) who shall be an independent member of the Board of Directors. The Chairman shall preside over the meetings of the Committee and shall attend, or be represented by, all meetings of the General Assembly to answer the questions of the shareholders of the Company. The term of appointment of the Chairman shall correspond to the term of his membership in the Committee, and the Committee may remove the Chairman at any time.

2.9 The Committee shall appoint from among its members or others a

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<p>secretary (“<b>Secretary</b>”). The Secretary to attend all meetings of the Committee and puts forward a proposal for its agenda in coordination with the Chairman of the Committee, prepares minutes of its meetings, documents its decisions and keeps them in a special record. Secretary also to inform the members of the Committee of the dates of the meetings and provides them with its agenda and documents necessary for the meeting, and provides assistance and advice to the Committee in matters that fall within his powers. As well as providing the Council Secretariat with a copy of the minutes of the committee meeting immediately after it is signed by the Chairman of the Committee. The committee shall determine the term of appointment of the secretary, and in the event that the secretary is a member of the committee, his term of appointment shall not exceed the term of his membership in the committee, and the committee may remove him at any time.</p> <p>2.10 The General Assembly may remove all or some of the members at any time. In the event that the membership of any member is terminated for any reason before the end of his term of membership, the Board of Directors may appoint a temporary member to replace him, provided that such appointment is presented to the General Assembly at its first subsequent meeting for approval, and the new member completes the term of his predecessor.</p> <p>2.11 The Board of Directors may accept the resignation of any member of the Committee upon his request.</p> <p>2.12 A member of the Audit Committee may not have a direct or indirect interest in the works and contracts concluded for the account of the Company except with the approval of the General Assembly.</p>	
<p><b>New article</b></p>	<p><b><u>Article III: Criteria and principles for selecting members of the committee</u></b></p>

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	<ul style="list-style-type: none"> <li>A. The member shall have the legal and regular capacity.</li> <li>B. The member of the committee or the candidate for its membership shall not be an executive member of the board of directors or a chairman of the board of directors of the company.</li> <li>C. To be characterized by honesty and integrity and has never been convicted of a crime related to honor and honesty.</li> <li>D. Not to be doing technical or administrative work in the company, even as a consultation.</li> <li>E. To have sufficient time to participate actively in the work of the committee and to have the ability to make wise decisions in line with the values and ethics of the profession.</li> <li>F. To be impartial and objective.</li> <li>G. To have a reasonable understanding of the policies and nature of the work of the Committee and a reasonable knowledge of the financial and accounting rules, preferably those with an appropriate scientific qualification in this field.</li> <li>H. To submit a notification of candidacy for membership of the Committee and submit his CV, qualifications and experience to the Nomination and Remuneration Committee by differentiating between the candidates and submitting its results to the Board of Directors.</li> <li>I. Not to work or have worked during the past two years in the executive or financial management of the company or with the auditor of the company.</li> <li>J. He is not a member of audit committees in more than five joint stock companies listed in the market at the same time.</li> </ul>
<p style="text-align: center;"><b>New article</b></p>	<p><b><u>Article IV: Expiration of the membership of the Committee</u></b>  The membership of the Committee shall expire upon the expiry of the term of the Committee in accordance with the decision of its formation, the death of the member, his resignation, the loss of any of the criteria for membership of the Committee, or his exemption from the Board for any of the reasons for this and within a reasonable time in a manner that does not harm the Company.</p>

<p><b>4 Responsibilities</b></p> <p>4.1 The Committee shall perform its main role set out in Section (1) above by carrying out at least the following terms of reference, tasks and responsibilities:</p> <p><b>Financial statements and reports</b></p> <p>(1) Review important accounting and reporting issues, including complex or unusual transactions, critical discretionary areas, and emerging professional and organizational announcements, and assess their impact on the financial statements.</p> <p>(2) Review any significant or unfamiliar matters contained in the Company's financial statements and reports, and review any matters raised by the Director of Finance (or his designee), the Compliance Officer or the Auditor.</p> <p>(3) Review the results of the audit with management and the External Auditor, including any difficulties encountered.</p> <p>(4) Study the initial and annual financial statements of the company and express an opinion thereon and make any recommendations in this regard to the Board of Directors before presenting them to the Board to ensure their integrity, integrity and transparency; and consider whether they are complete and consistent with the information known to the members and whether they reflect appropriate accounting principles and policies.</p> <p>(5) Review other sections of the annual report and related organizational files prior to their issuance and consider the accuracy and completeness of the information.</p>	<p><b><u>Article V: Tasks and responsibilities of the Chairman of the Committee</u></b></p> <p>Taking into account the importance and responsibilities of the member in general contained in these regulations, the tasks and responsibility of the Chairman of the Committee include, for example, the following:</p> <p>A. Chairing and managing the meetings of the Committee. In his absence, Chairman shall be replaced by his deputy (if any). In the absence of the Chairman of the Committee and his deputy (if any), Chairman shall delegate in sufficient time one of its members to chair the meeting. In the event that he is not delegated to one of the members, the Committee shall choose from among its present members a chairman of the meeting.</p> <p>B. Attend the meeting of the General Assembly, answer the questions of the shareholders. In the event that Chairman failed to attend the meeting, he shall authorize one of the members of the Committee to attend on his behalf well in advance of the meeting of the Assembly.</p> <p>C. Supervising the work of the committee and ensuring compliance with its regulations by the concerned authorities.</p> <p>D. Manage the relationship between committee members and internal and external auditors.</p> <p>E. Ensure the integrity of the decisions and recommendations taken by the committee and that they are based on knowledge and in the interest of achieving the company's objectives and strategic plans.</p> <p>F. Submit issues to the Board of Directors on which the Committee has not reached a decision and critical risk reports.</p> <p>G. Manage the work of the committee and following up on it or whoever is authorized to do so.</p> <p>H. Follow up the implementation of the decisions and recommendations of the Committee and its relevant authorities.</p> <p>I. Prepare for meetings, prepare and approve the agenda and ensuring the provision of documents and supporting documents.</p>
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<p>(6) Review all matters required to be referred to the Committee in the light of recognized auditing standards in cooperation with management and the External Auditor.</p> <p>(7) Examining the accounting policies followed by the Company and providing its opinion and recommendations to the Board thereon.</p> <p>(8) Understand how management develops initial financial information, and the nature and extent of involvement of the internal audit department and external auditor.</p> <p>(9) 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.</p> <p>(10) Verify accounting estimates in material matters contained in the Company's financial statements and reports.</p>	<p>J. Propose the schedule of the committee's meetings for each year before its start and share it with the members.</p> <p>K. Follow up on compliance with the regulation and verify the need to update it.</p> <p>L. Ensure that the necessary signatures are obtained on the minutes of meetings and any decisions and that they are kept in a special file.</p> <p>M. Provide the members of the Committee with the agenda of any meeting with the supporting documents and ensure that the members receive any updates thereto.</p> <p>N. Provide members with draft minutes of meetings and within a period not exceeding (seven) days from the date of the meeting and take into account any proposals or amendments to the minutes or any decisions issued at the meeting.</p> <p>O. Ensure the implementation of the decisions and recommendations approved by the Committee and prepare a list to follow up the decisions so that it includes a summary of the decisions, their implementation bodies and the latest developments on them, provided that they are submitted to the Committee at each meeting.</p> <p>P. The chairman of the committee may delegate part of his duties to any member of the committee he deems fit.</p>
<p><b>a) Internal Control</b></p> <p>(1) Study and review the company's internal control, financial and risk management systems and their effectiveness, including IT security and controls.</p> <p>(2) Understand the scope of internal audit of financial reports by the Internal Audit Department and obtain reports that include significant findings and recommendations and management's observations and feedback.</p> <p><b>b) Internal Audit</b></p> <p>(1) Adoption of the Internal Audit Regulations.</p>	<p><b><u>Article (VI): Duties and responsibilities of the committee member</u></b></p> <p>A. Regular attendance at the meetings of the Committee and active participation in its work. In the event of an event necessitating the absence of a member of the Committee from one of its meetings, committee member shall notify the Chairman of the Committee by any available means of notification.</p> <p>B. Good and appropriate preparation for the meeting and review before the meeting the subjects on the agenda of each meeting and the discussion and read all documents related thereto.</p> <p>C. Maintaining the secrets of the work of the Committee and the Company, and not broadcasting to others in other than the General</p>

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<p>(2) Review the performance and activities of the Director of the Internal Audit Department and ensure that there are no undue restrictions on his activities, and recommend to the Board of Directors his appointment, dismissal, annual remuneration and salary.</p> <p>(3) Control and supervise the performance and activities of the internal audit department of the company to verify the availability of the necessary resources and their effectiveness in performing the work and tasks entrusted thereto in accordance with the appropriate professional standards.</p> <p>(4) Approve the annual audit plan and all changes to the plan, and review the performance and activities of the Internal Audit Department compared to the plan set therefor.</p> <p>(5) Work with the Director of the Internal Audit Department to review the internal audit budget, resource plan, activities and organizational structure of the internal audit functions.</p> <p>(6) Review the Company's internal audit procedures.</p> <p>(7) Study the internal audit reports and following up on the implementation of corrective measures for the observations contained therein</p> <p>(8) Holding separate meetings with the Director of the Internal Audit Department periodically to discuss any matters that the Committee or the Internal Audit Officers deem necessary to discuss in private sessions.</p> <p><b>c) External Audit</b></p> <p>(1) Audit and provide feedback on the external auditor's proposed audit scope, approach and plan, including coordination of audit efforts</p>	<p>Assembly the information that is considered confidential because of his work.</p> <p>D. Review the draft facts and minutes of the Committee's meetings, understanding them well, making observations thereon within a reasonable period from the date of receipt of the draft, and requesting explanations of any unclear decision or text in those minutes.</p> <p>E. The member shall develop the necessary skills to carry out the work entrusted thereto.</p> <p>F. Review and understand the company's mission, goals and objectives well and be aware of its programs and operational plans and keep abreast of recent developments related to the company's business.</p> <p>G. To have integrity, honesty, sincerity and objectivity and to be stripped of personal interests by not directing the company's policy to his personal interest or knowingly disclosing misleading information.</p> <p>H. Not to accept anything of significant value from an employee, customer, supplier, or those who have a business relationship with the company that may lead to influencing its decisions taken by the committee.</p> <p>I. Obligation to disclose immediately to the board the cases that may lead to a conflict of interest or when this conflict occurs and the obligation to abstain from voting and participate in decision-making when there is a conflict of interest.</p>
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with internal audit activities.

(2) Recommend to the Board of Directors the nomination and removal of the external auditor and determining his fees, and reviewing the scope of his work and the terms of his contract, provided that the recommendation takes into account the independence of the external auditor.

(3) Review the performance of the External Auditor and supervise his activities and approve any activity outside the scope of the audit work assigned to him during the performance of his duties.

(4) Study the report of the external auditor and his observations and reservations on the financial statements of the company and following up the actions taken thereon.

(5) Verify the independence, objectivity and fairness of the external auditor, and the effectiveness of the audit work, taking into account the relevant rules and standards, and recommend to the Board of Directors in this regard.

(6) Verify that the external auditor does not submit technical or administrative works that are outside the scope of the audit work, and recommend to the Board of Directors in this regard.

(7) Holding separate meetings with the External Auditor periodically to discuss any matters that the Committee or the Auditor deems necessary to discuss in private sessions.

(8) Answer the inquiries of the external auditor.

(9) Resolve any disputes between management and the External Auditor in connection with the preparation of the financial reports.

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<p><b>d) Compliance</b></p> <p>(1) Verify and monitor the company's compliance with the relevant laws, regulations, policies and instructions.</p> <p>(2) Review the effectiveness of the monitoring system and ensure compliance with laws, regulations and the results of investigations conducted by management and follow up on any cases of non-compliance (including taking disciplinary action).</p> <p>(3) Review the reports and results of the investigations of the competent supervisory or regulatory authorities, and any observations made by the external auditor or internal auditors, and verify that the company has taken the necessary measures in this regard.</p> <p>(4) Review the process of communicating the Code of Professional Conduct to the Company's employees and monitor adherence thereto.</p> <p>(5) Review the contracts and transactions proposed to be conducted by the company with related parties, and presenting its views and recommendations regarding the same to the Board of Directors.</p> <p>(6) Ensure that the appropriate mechanism and arrangements are in place and implemented that allow the Company's employees, in a confidential and anonymous manner, to submit their observations and concerns regarding any financial or accounting matters, matters related to the audit work, or any cases of non-compliance.</p> <p>(7) Obtain regular updates from the Company's management and legal counsel regarding compliance matters.</p> <p><b>e) Reporting responsibilities</b></p> <p>(1) Submit periodic reports to the Board of Directors on the activities of the Committee and the matters discovered and make any</p>	
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recommendations to the Board of Directors it deems appropriate in any aspect of its competence where necessary.

(2) Provide open avenues for communication between the Internal Audit Department, the External Auditor and the Board of Directors.

(3) Submit an annual report to shareholders describing the composition, functions and performance of the Committee, and any other information as required by applicable rules, including approval of services outside the scope of the audit.

(4) Review any other reports issued by the Company relating to the responsibilities of the Committee.

(5) Prepare a written annual report on its opinion on the adequacy and effectiveness of the internal control, financial and risk management systems, including IT security and controls, of the Company and its recommendations in this regard, in addition to other work within its competence. Sufficient copies of this report shall be deposited at the company's head office to provide each shareholder with a copy thereof, and the same shall be published on the company's website and the website of the Saudi Stock Exchange (Tadawul) upon publishing the invitation to hold the relevant annual general assembly meeting, provided that this is at least ten days before the date specified for the meeting. The report is read out during the assembly.

(6) Prepare a written report to the Board of Directors on the internal audit procedures of the Company and the recommendations of the Committee in this regard.

**f) Additional responsibilities**

(1) Carry out other work related to this regulation at the request of the Board of Directors.

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<p>(2) Initiate and supervise special investigations, as appropriate.</p> <p>(3) Review and evaluate the adequacy and suitability of this regulation annually and make recommendations to the Board in this regard, and ensure that the necessary disclosures are made as required by the relevant laws and regulations.</p> <p>(4) Confirmation on an annual basis that all responsibilities contained in this regulation have been implemented.</p> <p>(5) Evaluate the performance of the committee and the performance of each member on a regular basis.</p> <p>4.2 In performing its role, the committee shall take into account the division of responsibilities and competences between it and the board of directors, the executive management of the company, the internal audit team, and the external auditor. In the event of a conflict between the recommendations of the Committee and the decisions of the Board of Directors, or if the Board refuses to accept the recommendation of the Committee regarding the appointment of the external auditor, his removal, the determination of his fees, the evaluation of his performance, or the appointment of the Director of the Internal Audit Department, the report of the Board of Directors shall include the recommendation of the Committee, its justifications, and the reasons for not taking them into account by the Board of Directors.</p>	
<p><b>5 Powers</b></p> <p>5.1. The committee shall have the authority necessary for the performance of its competences and tasks, and the power to conduct investigations into any matters within its competence (or to authorize</p>	<p><b><u>Article VII: Powers of the committee</u></b></p> <p>The Committee shall have full and unrestricted access to all information, data, reports, records and all operations of the Company and all its officials, employees, properties, legal advisors, auditors, internal auditors and others whom the Committee deems necessary to be accessed by it or whom it authorizes. The Board of Directors shall</p>

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<p>the same). In particular:</p> <p>(1) The right to access the company’s records and documents without restriction.</p> <p>(2) Unrestricted access to the Company's management and employees (including directors, executives and members of the Company's internal audit team), who shall fully cooperate with the Committee and respond as soon as possible and adequately to any questions raised by the Committee.</p> <p>(3) The right to form working groups consisting of one or more members to carry out the tasks delegated by the committee in accordance with this regulation.</p> <p>(4) The right to appoint and seek the assistance of external consultants, accountants or other specialists and experts as it deems appropriate to advise or assist the committee as appropriate (provided that the minutes of the meeting of the relevant committee shall include such appointment, mentioning the name of the appointed person and any relationship with the company or the executive management).</p> <p>(5) The right to take any other actions that the Committee reasonably deems necessary for the proper performance of its functions and responsibilities under this Regulation.</p> <p>5.2. The committee may request the board of directors to invite the general assembly to convene if the board of directors hinders its work or the company suffers serious damages or losses. The Board of Directors shall invite the General Assembly to convene within 15 days from the date of the Committee's request.</p>	<p>take all measures to ensure that the Committee carries out its tasks. Committee shall also have the authority to conduct or authorize investigations into matters within the scope of its responsibilities and the Committee has the authority to do the following:</p> <p>A. The right to access the company's records and documents and obtain any information from the company's departments, where all employees shall cooperate with the requests of the committee or external parties.</p> <p>B. To request any explanation or statement from the members of the Board of Directors or the Executive Management.</p> <p>C. To request the Board of Directors to invite the General Assembly of the Company to convene if the Board of Directors hinders its work or if the Company suffers serious damages or losses.</p> <p>D. Meeting with the company's management, executive departments, external auditor, internal auditors or external consultants as necessary.</p> <p>E. Recommending contracting qualified consultants to provide services to the committee, including evaluating the internal audit activity, therefore the evaluation is conducted at least once every five years.</p> <p>F. Select a secretary for the committee and determining his remuneration. When selecting him, secretary shall have the scientific qualification and practical experience that enable him to carry out the responsibilities entrusted thereto.</p> <p>G. Resolve any disagreements between the Company's management and the External Auditor regarding the financial reports and the External Auditor's observations and resolve any disagreements between the Company's management and the Internal Auditors regarding the observations and recommendations by the Internal Auditors.</p>
<p>New article</p>	<p><b>Article VIII: Functions and Terms of Reference of the Committee</b></p>

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	<p>The committee shall be responsible for monitoring the company's business and verifying the integrity of the reports, financial statements, internal control systems and control procedures in force in the company, as well as the processes of preparing reports and submitting the same to the Board of Directors. The tasks of the committee include, in particular:</p> <p style="text-align: center;"><b>Clause (I): Financial Reports</b></p> <ul style="list-style-type: none"><li>A. Study the preliminary and annual financial statements before presenting them to the Board of Directors and express an opinion and recommendation thereon to ensure their integrity, number and transparency.</li><li>B. Provide a technical opinion at the request of the Board of Directors on whether the report of the Board of Directors and the financial statements of the Company are fair and balanced and include information that allows shareholders and investors to evaluate the financial position of the Company, its performance, its business model, and its strategy.</li><li>C. Study any important or unusual issues included in the financial reports.</li><li>D. Examine thoroughly any issues raised by the company's financial manager, whoever assumes his duties, the company's compliance officer, or the auditor.</li><li>E. Verify accounting estimates on material matters contained in financial reports.</li><li>F. Examine the accounting policies followed by the Company and providing its opinion and recommendations to the Board thereon.</li></ul> <p style="text-align: center;"><b>Clause (II): Internal Audit</b></p> <ul style="list-style-type: none"><li>A. Study and review the internal control, financial and risk management system in the company</li><li>B. Study the reports of the internal auditors and following up the implementation of corrective actions for the observations contained therein.</li></ul>
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	<p>C. Control and supervise the performance and activities of the internal audit department in a company to verify the availability of the necessary resources and their effectiveness in performing the work and tasks entrusted thereto, to verify their effectiveness and efficiency in carrying out the work and tasks assigned thereto, and to ensure their independence.</p> <p>D. Adopt and approve the annual review plan and following up on its implementation.</p> <p>E. Review the internal audit department's strategy, plans and activities.</p> <p>F. Review the adherence of the internal audit activity to the international standards for the practice of the internal audit profession issued by the International Institute of Internal Auditors and relevant local standards.</p> <p>G. Study and address any restrictions on the work of the Internal Audit Department that would affect its ability to perform its work and tasks.</p> <p>H. Recommending to the Board of Directors the appointment of the Director of the Internal Audit Department or the appointment of an Internal Audit Department and proposing their wages and any other benefits they enjoy in accordance with the company's policies and evaluating their performance on an annual basis or assigning the CEO to determine their wages and benefits.</p> <p>I. Review and approve the internal audit charter at least annually.</p> <p><b>Clause (III): Auditor</b></p> <p>A. Recommend to the Board of Directors the nomination of external auditors licensed to audit the accounts of joint stock companies with high efficiency and effectiveness, remove them, propose their fees and evaluating their performance after verifying their independence and reviewing the scope of their work and the conditions of contracting with them.</p>
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	<ul style="list-style-type: none"><li>B. Verify the independence of the auditor and the objectivity, fairness and effectiveness of the audit work, taking into account the relevant rules and standards.</li><li>C. Review the auditor's plan and work and verify that auditor does not submit technical or administrative work that is outside the scope of the audit work and providing its views thereon.</li><li>D. Follow up the implementation of the audit plan and work and verify its compliance with the relevant rules and standards.</li><li>E. Study and address any restrictions on the work of the external auditor that may affect its ability to perform its work and tasks.</li><li>F. Review the responses of the company's management to the letters submitted by the external auditor, in which he clarifies his observations on the financial, administrative and control violations related to the company's account and provides its views to the Board of Directors.</li><li>G. Ensure that there is cooperation between internal and external auditors without any conflict of works.</li><li>H. Study the auditor's report and observations on the financial statements and make observations thereon and follow up on their implementation.</li><li>I. Answer the auditor's inquiries.</li></ul> <p style="text-align: center;"><b>Clause (IV): Ensuring commitment</b></p> <ul style="list-style-type: none"><li>A. Review the results of the reports of the regulatory authorities and express an opinion on the response of the company's management and verify that the company has taken the necessary measures in this regard.</li><li>B. Ensure the Company's compliance with the relevant laws, regulations, policies and instructions.</li><li>C. Review contracts and transactions proposed to be conducted by the Company with related parties and provide its views thereon to the Board of Directors.</li></ul>
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	<p>D. Review the process of informing and informing the company's employees of the Code of Business Ethics Manual and review the process of following up on compliance with these regulations.</p> <p>E. Submit the matters it deems necessary to take action thereon to the Board of Directors and making its recommendations for the actions to be taken.</p> <p><b>Clause (V): Risks Management Department</b></p> <p>A. Review the risk management strategy and ensuring its compatibility with the strategic objectives of the company in a manner commensurate with the nature and size of the company's activities, verify its implementation, review and updating it based on the internal and external variables of the company and submitting it to the Board for approval.</p> <p>B. Verify the feasibility of continuing the company and continuing its activity successfully while identifying the risks that threaten its continuation during the next twelve months.</p> <p>C. Verify that an appropriate risk management framework, policies and business procedures are in place.</p> <p>D. Validate the effectiveness of identify and evaluate key risk management including:</p> <ul style="list-style-type: none"><li>• The procedures carried out by the company to control and manage risks, including the accuracy and appropriateness of risk measurement methods used during the risk identification and assessment process.</li><li>• Measuring risks in accordance with their levels, which are different, current and expected to which the company may be exposed.</li><li>• Risk treatment plans and effective corrective actions measured including time plan.</li><li>• Assess the risks related to any new procedures or strategies developed in the company.</li></ul>
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	<p>E. Ensure that the approved risk limits are appropriately monitored by the risk management and executive management team and that violations of these limits are reported in a timely manner.</p> <p>F. Assess potential losses that may affect operations within the company as a result of risk exposure in terms of the size and frequency of events.</p> <p>G. Determine the levels of risk acceptance and tolerance, monitor the risks to which the company may be exposed and the extent of its response to those risks, conduct continuous risk assessments, and develop plans and strategies to deal with crises and emergencies.</p> <p>H. Evaluate weaknesses in the various activities and operations of the company that may result in risks and develop corrective action procedures for them.</p> <p>I. Supervise the risk management system and evaluating the effectiveness of systems and mechanisms to identify, measure and follow up on the risks that the company may be exposed to and identify or deficiencies therein.</p> <p>J. Make recommendations to the Board on issues related to risk management and any proposed steps to manage these risks.</p> <p>K. Submit a report at the end of each year on the information related to any risks faced by the company and the policy of managing, controlling and address such risks.</p> <p>L. Verify the independence of risk management personnel from activities that may give rise to the Company's exposure to risk.</p> <p>M. Reassess the company's risk tolerance and exposure periodically.</p> <p>N. Ensure adequate risk management infrastructure, resources and systems are in place to maintain the expected level of management operations.</p> <p><b>Clause (VI): Adequacy of the internal control system</b></p> <ul style="list-style-type: none"><li>- The Committee shall prepare a report containing details of its performance of its functions and tasks, and shall include its recommendations and opinion on the adequacy of the Company's internal control, financial and risk management</li></ul>
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	<p>systems, and shall request the Board of Directors to deposit sufficient copies of this report at the Company's head office and to publish it on the Company's website when the invitation to the annual general assembly is published. The summary of the report shall be read during the meeting.</p>
<p>New article</p>	<p><b><u>Article No. 9: Conflict of interest</u></b></p> <p>A. If the member has any conflict of interest in a subject on the agenda, member shall disclose this before discussing the subject, provided that this is recorded in the minutes of the meeting. In this case, he may not participate or vote on it.</p> <p>B. If the member doubts whether he is in a state of conflict of interest, he may request opinion and advice from the Chairman of the Committee.</p> <p>C. Any cases of conflict of interest of any member presented and discussed at the meeting of the Committee must be summarized after completing the statutory procedures to the Board of Directors to take what it deems appropriate.</p> <p>D. A member of the committee may not be entitled to have a direct or indirect interest in the works and contracts that are carried out for the company's account, and if any, the disclosure is made and the approval of the board of directors is taken and member shall not be entitled to vote on the clause.</p> <p>E. Disclosure of any relationship between the external or internal auditors, members of the committee, or the work team, if any.</p>
<p>New article</p>	<p><b><u>Article X: Confidentiality of the work of the Committee</u></b></p> <p>The members of the committee shall maintain the confidentiality of the information they have through their membership in the committee and use it only for the purpose of performing the tasks of their membership and not to announce or declare any of that information to any other party or disclose it or exploit it in any way or use it for any purpose or deal with the media or speak on behalf of the company. The obligation also includes maintaining the confidentiality of that information after</p>

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	<p>the end of membership in the committee. The independent members of the committee shall sign the "declarations and obligations of the independent member" form prepared by the company for this purpose.</p>
<p><b>3 Meetings</b></p> <p>3.1 The Committee shall meet at least four times each fiscal year, as well as whenever the need arises at the invitation of the Chairman of the Committee or whoever he authorizes, or whenever at least two members of the Committee deem it necessary. Minutes of its meetings shall be prepared, which include a summary of its discussions, recommendations, directions, and decisions.</p> <p>3.2 The committee shall meet at the invitation of its chairman by virtue of a written notice sent by the secretary to each member, and invited, as the case may be, at the request of the chairman, at least seven days before the date specified for the meeting, except in urgent cases where a meeting may be held with the approval of a majority of the members on the basis of a notice sent less than a period in advance. The notice shall include the date, time and place of the meeting, as well as the agenda of the meeting and the relevant accompanying documents. Members shall endeavor to attend all meetings of the Committee, whether in person, by telephone, by videoconference, or in any other manner approved by the Committee that allows members to listen to each other. The Committee shall meet at such times and places as it deems appropriate to carry out its responsibilities.</p> <p>3.3 The validity of the meetings of the committee shall require the presence of a majority of its members, and its decisions shall be issued by a majority of the votes of those present. In the event of a tie, the side with which the chairman of the meeting voted shall prevail.</p>	<p><b><u>Article (XI): Committee Meetings and Minutes</u></b></p> <p>A. The Committee shall meet periodically, provided that its meetings shall not be less than four meetings during the financial year of the Company. It may hold additional meetings whenever necessary, at the request of the Chairman of the Committee or one of its members, with a statement of the reasons for the invitation to the meeting and the approval of the majority of the members, or at the request of the Board of Directors, the internal auditor or the auditor. The validity of its meetings shall be conditional on the presence of at least two members. A member of the Committee may not delegate others to attend the meetings of the Committee.</p> <p>B. The committee meets periodically with the auditors and with the internal auditor of the company.</p> <p>C. The internal auditor and the auditor may request a meeting with the committee whenever the need arises.</p> <p>D. The decisions of the committee shall be issued by a majority of the votes of present members. In case of a tie, the opinion of the chairman of the meeting shall prevail.</p> <p>E. Any member of the Committee may reserve any decision taken by the Committee, provided that he indicates the reasons that led member to make that reservation and that it is recorded in the minutes of the meeting of the Committee. No member shall be relieved of his responsibility for the decisions taken at the meeting in the event of his absence from the meeting unless member makes a reservation thereto.</p> <p>F. A member of the committee shall be deemed to have resigned if an acceptable excuse fails to attend the meetings of the committee for more than two sessions per year.</p>

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<p>3.4 In the event of the absence of the chairman, and the absence or absence of a deputy appointed by chairman from among the members, the remaining members present shall choose from among themselves a member to chair the meeting from among those qualified to hold this position in accordance with these regulations.</p> <p>3.5 Non-members and the secretary shall not be entitled to attend the meetings of the committee. However, the members of the board of directors, the executive management, the auditors, or others may attend such meetings if the committee requests to hear their opinion or obtain their advice. The Committee shall hold periodic special meetings or executive sessions with the Director of the Internal Audit Department or the external auditors whenever necessary to perform its responsibilities.</p> <p>3.6 The Committee may adopt decisions by passing the proposed decisions in writing or in electronic form to all members for adoption and signature (noting that the scanned copy of the decision signed by the member is considered an acceptable form for that purpose). Written decisions shall be issued with the approval of a majority of the members, and in the event of a tie, the side with which the Chairman voted shall prevail.</p> <p>3.7 The secretary shall, within 5 days of the end of each meeting or the adoption of a written decision, send a copy of the minutes or the decision to the board of directors and to each member of the committee. Minutes of meetings shall be signed by all members present at the meeting.</p>	<p>G. The committee may hold its meetings using the means of technology by means of visual or audio communication. Attendance is considered authenticity.</p> <p>H. With the approval of the majority of the members, any meeting may be postponed or canceled as the Committee deems appropriate.</p> <p>I. The Committee shall be entitled to invite any of the members of the Board of Directors of the Company, the Executive Management, the Auditor, or others to attend its meetings and provide relevant information as needed.</p> <p>J. The Committee may seek the assistance of such experts and specialists as it deems necessary from within or outside the company within the limits of its powers, provided that this is included in the minutes of the meeting of the Committee with the name of the expert and his relationship with the company and the executive administration.</p> <p>K. The agenda of the meeting shall be adhered to, taking into account any subjects proposed to be added by the members at a previous meeting. Any member shall have the right to add a new item or items, whether before the meeting or when adopting the meeting agenda. The clause shall be included among the clauses of the meeting for discussion.</p> <p>L. In the event of any inquiry or request for explanations from any member about any of the agenda items or documents before the date of the meeting, they shall be answered in a timely manner by the Chairman of the Committee or whoever authorized by Chairman.</p> <p>M. A member of the committee or the secretary of the committee may not leave the meeting or leave for some time except with the permission of the chairman of the committee.</p>
<p><b>New article</b></p>	<p><b><u>Article (XII): Functions and responsibilities of the Secretary of the Committee</u></b></p>

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	<p>A. The secretary of the committee shall convene its meetings at the request of the chairman of the committee. Notices of meetings shall be sent to each member of the committee and any other person whose attendance is deemed necessary by the committee. The notice shall include specifying the place, date, and start time of the meeting, the agenda, and the annexes to the items of the meeting, sufficiently in advance of the date of its convening. The secretary of the committee shall also:</p> <ol style="list-style-type: none"><li>1. Coordinate the meetings of the Committee, and develop a proposal for its agenda in coordination with the Chairman of the Committee.</li><li>2. Approve the minutes of the meetings of the members of the Committee after the approval of the Chairman of the Committee.</li><li>3. Arrange and coordinate with parties whom the Committee requests to be invited to its meetings.</li><li>4. Inform the members of the dates of the meetings and provide them with their agenda and the necessary documents to study the items of the meeting.</li><li>5. Attend and document the meetings of the committee, preparing the minutes and keeping them in a special register.</li><li>6. Disseminate the committee’s decisions to concerned parties.</li><li>7. Provide assistance and advice to the Committee, in matters falling within its competences.</li></ol> <p>B. The meetings of the committee and its decisions shall be fixed in minutes signed by all members present, and any of the technical means may be used to sign and prove the deliberations, minutes and decisions of the committee, provided that all members present and not present at the meeting are provided with the draft of the meeting within the specified period, and if there are any observations or amendments to the draft, the members shall provide the chairman of the committee and the secretary of the committee with it within a period not exceeding (seven) days from the date of sending the minutes, otherwise the draft shall be considered final and its</p>
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	<p>signature shall be completed unless it is an emergency reason subject to its discretion by the chairman of the committee, and the minutes shall include the following:</p> <ol style="list-style-type: none"> <li>1. The place, date and time of the meeting.</li> <li>2. Deliberations and discussions with a statement of the results of decisions and recommendations.</li> <li>3. Determine who is responsible for implementing the decisions.</li> <li>4. Names of attendees from the committee and outside.</li> </ol> <p>C. The members shall be provided with the means available, whether by e-mail or otherwise, with the agenda, the topics proposed for discussion and the decisions required to be taken, accompanied by the endorsements, before the date of the meeting, which shall be extended by not less than one week for the scheduled meetings. With regard to emergency meetings, the members shall be provided with a reasonable and sufficient period before the meeting so as to enable the member to study the items and documents presented for each clause.</p> <p>D. In the event of any update or change in the agenda, documentation or time of the meeting, the members shall be provided with the change in time.</p> <p>E. The agenda shall specify the estimated time of the meeting, and the estimated time for each topic included therein.</p>
<p><b>New article</b></p>	<p><b><u>Article XIII: Conflict between the Audit Committee and the Board of Directors</u></b></p> <p>If there is a conflict between the recommendations of the Committee and the decisions of the Board of Directors, if the Board refuses to accept the recommendation of the Committee regarding the appointment and dismissal of the auditor of the Company, the determination of his fees and the evaluation of his performance, the report of the Board of Directors, the recommendation of the Committee and its justifications, and the reasons for not taking them into account shall be included.</p>

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<p><b>New article</b></p>	<p><b><u>Article (XIV): The mechanism for providing feedback or overrides in the company</u></b></p> <ul style="list-style-type: none"> <li>- The audit committee shall establish a mechanism that allows the employees of the company to submit their observations regarding any override in financial or other reports in confidence, and it shall verify the application of this mechanism by conducting a future investigation commensurate with the size of the damage or override and adopting appropriate follow-up measures.</li> </ul>
<p><b>New article</b></p>	<p><b><u>Article (XV): Application and Interpretation of the Regulations</u></b></p> <ul style="list-style-type: none"> <li>- The provisions of these Regulations shall be applied and interpreted in a manner that does not conflict with the Articles of Association of the Company and any other regulations approved by the Board of Directors and in accordance with the Saudi Companies Law and the Capital Market Authority's regulations and their executive regulations</li> </ul>
<p><b>6 Remuneration</b></p> <p>6.1 Any remuneration granted to members shall be in the form and to the extent determined by the general assembly upon the recommendation of the board of directors, in accordance with the relevant laws, regulations, decisions, and instructions.</p>	<p><b><u>Article (XVI): Remuneration of the Committee and the Secretary of the Committee</u></b></p> <ul style="list-style-type: none"> <li>A. The member of the Committee and the Secretary of the Committee shall be entitled to an annual remuneration and an allowance for attending meetings in accordance with the approved remuneration policy, or as recommended by the Board of Directors.</li> <li>B. Whoever ends his membership of the Review Committee for any reason whatsoever before the expiry of the period specified for the Review Committee shall be paid the annual bonus and the allowance for attending the sessions for the period preceding the expiry of his membership.</li> <li>C. The remuneration of the members of the Committee shall be disclosed within the contents of the annual report of the Board of Directors.</li> </ul>
<p><b>7 Effectiveness and Audit</b></p>	<p><b><u>Article (XVII): Validity of Regulation</u></b></p> <ul style="list-style-type: none"> <li>A. This Regulation shall be subject to review as part of the review of the effectiveness of the Committee's governance.</li> </ul>

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<p>7.1. This Regulation shall be adopted by a decision of the general assembly based on a proposal by the board of directors, and Regulation shall be effective from the date of its adoption by the general assembly.</p> <p>7.2 Any amendments to this regulation shall be adopted in the same manner as this Regulation.</p>	<p>B. No article, clause or paragraph of this Regulation shall be amended, deleted or added until the necessary approvals have been taken by the competent persons.</p> <p>C. This Regulation shall be adopted by the General Assembly and the date of their entry into force shall be in accordance with the decision of the Assembly, and any other previously applicable regulations shall be repealed.</p>
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