

F I P C O

FILLING & PACKING MATERIALS MFG. CO.

A Saudi Stock Company

Paid-up Capital : SR. 115,000,000



ف ي ب ك و

شركة تصنيع مواد التعبئة والتغليف

شركة مساهمة سعودية

رأس المال المدفوع : ١١٥,٠٠٠,٠٠٠ ريال

قبل التعديل



2017

Audit Committee Charter

**Issued by the Company's Board of Directors in line with the Corporate Law issued by
The Ministry of Commerce and Investment submitted to the General Assembly for Approval**

Audit Committee Charter

1– Introduction:

With reference to the Capital Market Authority Circular No. P/16/6345/5 dated 24/09/1437 AH corresponding to 29/06/2016 AD emphasizing the need for joint stock companies to abide by the provisions of the Companies Law issued by Royal Decree No. (M/3) dated 28/01/1437 AH, which entered into force on 25/07/1437 AH corresponding to 02/05/2016 AD, in accordance with the announcement of the Ministry of Commerce and Industry and the Capital Market Authority on 17/04/2016 AD regarding the mechanism of applying the Law, specifically with regard to the Audit Committee, where the announcement included that the existing companies upon the entry into force of the Law shall not have any action, arranging or creating any new legal center contrary to the Law after entry into force, for example, the provisions of Articles 101, 102, 103 and 104 when a new decision is issued to form or reconstitute the Audit Committee, from the date of entry into force of the Law.

2– Definitions:

For the purpose of applying this Charter, the words and phrases mentioned below shall have the meanings shown opposite each of them, unless the context requires otherwise.

Company: Filling and Packing Materials Manufacturing Company (FIPCO).

Board of Directors: The Board of Directors of the Company whose members are elected by the shareholders in the General Assembly.

Independent member: A non-executive member of the Board of Directors who is fully independent in its position and decisions and does not have any of the symptoms of independence, including but not limited to the following:

- a– Owning 5% or more of the shares of the company or any company in its group, or having a first–class relation with the person who owns this percentage of shares.
- b– To be a representative of a legal entity standing who owns 5% or more of the shares of the company or any company of its group.
- c– Working now or was working during the past two years for the company or in any company of its group or any party dealing with it such as auditors and major suppliers, or being an owner of controlling stakes in any of these parties during the past two years.
- d– Having a first–class relation with any of the members of the Board of Directors in the company or in any company of its group.
- e– Having a first–class relation with any of the senior executives in the company or in any company of its group.
- f– Being a member of the board of directors of another company within the group of the company where it is nominated for membership in its board of directors.
- g– Receiving sums of money from the company in addition to the remuneration of the Board of Directors members or any of its committees.
- h– Participating in a business, which would compete with the company, or to trade in one of the branches of the activity that the company practices.
- i– Being a member of the company's board of directors for more than 9 consecutive or separate years.

Non–Executive Member: A member of the Board of Directors who is not fully dedicated to the management of the company and does not participate in its daily business.

Executive Member: A member of the Board of Directors who is not a fully dedicated to the management of the company, but participates in the daily business of the company.

Stakeholders: Anyone having an interest with the company, such as employees, creditors, customers, suppliers, and community.

Audit Committee (the Committee): It is the Audit Committee appointed by the General Assembly of Shareholders by its resolution in accordance with the provisions of this charter.

Regulatory Bodies: The official authorities and bodies that have the authority to request information from the company to ensure that the company complies with the laws and regulations issued by it.

Member: A member of the Audit Committee.

Charter: Audit Committee Charter approved by the General Assembly of Shareholders.

Fiscal year: The fiscal year of the company, which begins on 1st January and ends on 31st December of each year.

3– **Charter's goal:**

This Charter aims to identify:

- a– The basis for the committee formation, its membership and its meetings.
- b– The committee's relationship with the board of directors, executive management, and other departments.
- c– Committee's competencies, duties and responsibilities.

4– **Committee membership and formation:**

- a– An audit committee shall be formed from shareholders or others by a decision of the Ordinary General Assembly provided that at least one of them is an independent member, and that it shall not include any of the executive members of the Board of Directors.
- b– The number of committee members shall not be less than three and not more than five.

- c– There shall be a specialist in financial and accounting affairs among the members of the committee.
- d– Any person who is or has been working during the past two years in the executive or financial management of the company, or for the company's auditor, may not be a member of the Audit Committee.
- e– If a member loses its independence or impartiality, like in case of being entrusted with one of the executive positions in the company, it shall notify the Chairman of the Board of Directors to take the necessary measures.
- f– If the position of one of the members of the Committee becomes vacant, the Board shall appoint another member in its position. Such appointment shall be submitted to the first General Meeting following such appointment to express its opinion and take its decision on this member, and the rest of the members of the Committee may continue their work, if necessary, until a member is appointed in place of the member who has been vacant.

5– The Committee's competencies, duties and responsibilities:

The audit committee shall be responsible for monitoring the company's business and verifying the integrity of the reports, financial statements and internal control systems in it. The committee's duties shall include, in particular, the following:

First: Financial reports

- 1– Studying the initial and annual financial statements of the company before submitting them to the Board of Directors and giving its opinion and recommendation regarding them to ensure their integrity, fairness and transparency.
- 2– Giving a technical opinion – at the request of the Board of Directors – whether the report of the Board of Directors and the company's financial statements are fair, balanced and understandable and whether they include information that

allows shareholders and investors to assess the company's financial position, performance, business model and strategy.

- 3– Studying any important or unfamiliar issues that are included in the financial reports.
- 4– Considering any issues that are raised by the financial manager of the company or whoever assumes its functions or the compliance officer or the auditor in the company.
- 5– Verifying the accounting estimates regarding the fundamental issues mentioned in the financial reports.
- 6– Studying the accounting policies followed in the company and giving opinions and recommendations to the Board of Directors in this regard.
- 7– The Audit Committee shall prepare a report on its opinion regarding the sufficiency of the internal control system in the company and the other works undertaken by it that fall within the scope of its competence. The Board of Directors shall keep sufficient copies of this report at the company's headquarters at least ten days before the date of holding the General Assembly meeting to provide any of the shareholders who wants with a copy of it, and the report shall be read during the meeting of the assembly.

Second: The Internal Audit

- 1– Studying and auditing the company's internal and financial control and risk management systems.
- 2– Studying the internal audit reports and following up implementing the corrective measures for the notes contained in them.
- 3– Controlling and supervising the performance and activities of the internal auditor and the internal audit department in the company – if any – in order to verify the availability of the necessary materials and their effectiveness in performing the works and tasks entrusted to them.

- 4- Recommending appointing a director of the Internal Audit Unit or Department or the Internal Auditor and suggesting its remuneration to the Board of Directors, provided that the Internal Audit Department reports shall be administratively affiliated to the Chairman of the Board of Directors and shall be technically affiliated to the Audit Committee.
- 5- Verifying the independence and impartiality of the internal auditor as well as the employees of the internal audit department.

Third: Auditor

- 1- Recommending the nomination and dismissal of auditors, determining their fees and evaluating their performance to the Board of Directors, after verifying their independence and reviewing the scope of their work and the terms of contracting with them.
- 2- Ensuring that the auditors are invited to get at least 3 offers for audit and zakat works.
- 3- Verifying the auditor's independence, objectivity and fairness, and the effectiveness of audit work, taking the relevant rules and standards into account.
- 4- Reviewing the company's auditor's plan and its work, verifying that it has not submitted technical or administrative works that are beyond the scope of the audit work, and giving its opinions in this regard.
- 5- Replying to inquiries of the company's auditor.
- 6- Studying the auditor's report and its notes regarding the financial statements and following up on what has been decided in their regard.
- 7- Ensuring that the auditor nominated to audit the company's accounts has not passed the lawful period for succession of auditors, in conformity with professional practices and instructions issued by the regulatory bodies.

- 8– Prior approval of all professional services, whether auditing or non–auditing, provided by the auditor to the company, including services related to the internal control system.
- 9– Ensuring that the auditor is not appointed in order to provide any professional services to the company prohibited by the relevant regulations issued by the regulatory bodies, and the rules of ethics and professional conduct issued by the Saudi Organization for Certified Public Accountants to be practiced during the period of their appointment as auditors for the company.
- 10– Discussing any accounting adjustments that were not registered in the company's books and were reflected in the financial statements for the relevant financial period that may have been noticed or suggested by the auditor, according to the concept of concept of materiality or otherwise.
- 11– Informing the auditor to provide the committee with a written report at least once a year regarding:
 - a– The quality of the internal control procedures in its office.
 - b– Any important issue that has recently been raised as a result of examining the quality of the internal control of the auditor's office by the Saudi Organization for Certified Public Accountants during the past five years that is related to the audit done by the auditor's office or any inquiries or investigation by the regulatory bodies and any steps taken to address such issues.
 - c– Any decision issued against the office or the partners by the committee of investigating certified public accountants issued by a decision of the Minister of Commerce and Investment or the Board of Grievances.
 - d– The relationship between the auditor, the company's employees, members of the board of directors and senior executives to evaluate the auditor's impartiality.

Fourth: Ensuring compliance

- 1– Reviewing the results of the regulatory bodies’ reports and verifying that the company has taken the necessary measures in this regard.
- 2– Verifying the company's compliance with relevant laws, regulations, policies and instructions.
- 3– Reviewing the contracts and transactions proposed to be made by the company with the relevant parties, and submitting its views in this regard to the Board of Directors.
- 4– Submitting what it deems necessary to take action against, and making its recommendations regarding the actions that should be taken to the Board of Directors.

6– Committee Members' Remuneration

- a– Committee members shall be granted annual remuneration determined by the Remunerations Nominations Committee and approved by the Board of Directors.
- b– Committee members of members of the Board of Directors shall be entitled to an allowance for attending the meetings with the same allowance paid to the members of the Board for their attendance at the meetings of the Board.

7– Committee meetings

- a– The committee shall meet at the invitation of the committee chairman or at the request of one of the members submitted to the committee chairman asking it to set a date for the meeting and stating in its request the reasons for calling for the meeting.
- b– For the audit committee meeting to be valid, the presence of the majority of its members is required, and its decisions shall be issued by the majority of the votes of the members present. In the event of equal votes, the party with which the chairman of the meeting votes shall prevail.

- c- The committee shall hold the necessary meetings so that its meetings shall not be less than four meetings yearly in order to enable it to carry out its responsibilities and the tasks entrusted to it.
- d- The committee chairman shall prepare the committee meeting agenda in addition to sending it to the committee members well in advance of the meeting date. It shall also coordinate with the committee secretary to organize the committee meetings, record its minutes and sessions, as well as keeping its papers and documents.
- e- The Audit Committee shall meet regularly with the company's auditor and the company's internal auditor. Either of them may request a meeting with the Audit Committee whenever needed.

8- Committee member duties

- a- Attending the committee's sessions regularly and actively participating in its work. The member having something that necessitates its absence from one of the committee's sessions shall notify the committee in writing of that. The member may not completely leave the session before its conclusion except with the permission of the committee chairman.
- b- keeping the company's secrets, and it is not allowed to disclose the company's secrets it knows in the course of doing its work to shareholders or others, except in the General Assembly.
- c- In the event that a member violates the provisions of paragraph (b) of Article 8, the Board may cancel its membership in the committee, appoint another member in its place and show this appointment to the General Assembly, in addition to holding it accountable for compensation for the damage that results from that attitude.
- d- Not to do any executive work in the company.

- e- To be fair, to be honest, chaste, truthful, objective and independent while doing its work, to be free of self-interest and that its judgment shall not be affected by opinions of others, and not to disclose information that is not true.
- f- The member shall not participate in any acts or activities that constitutes breach of honor and trust.
- g- Not to accept any valuable thing from an employee, subordinate, client or supplier who has a business relationship with the company that may lead to weakness in its independence in form and substance or may affect or is supposed to affect its decisions.
- h- To disclose the transactions that took place between it and the company and the nature of the relationship to the Board of Directors, in accordance with what is required by the accounting standard known as Disclosure of Transactions with Related Parties issued by the Saudi Organization for Certified Public Accountants.

9- The powers of the audit committee and its relations with the executive management of the company:

- a- The Audit Committee is linked to the Board of Directors and submits its periodic and non-periodic reports to the Board directly.
- b- The role of the committee is regularity, not executive, and accordingly, it is not permissible for it to undertake any action that harms its independence or impartiality, whether that action is related to auditing, accounting, or any other work that it has control over.
- c- The company's executive management shall be responsible for maintaining regular books of accounts and extracting financial statements from them, which give a fair picture of the company's financial position and a result of its activity. It shall also be responsible for establishing a financial and accounting control system that suits the nature of the company's activity and the size of its

- operations. It shall also be responsible for verifying its effective implementation.
- d– The chartered accountant and the internal auditor shall be technically linked to the committee.
- e– In addition to the powers mentioned in the following paragraphs, the Audit Committee shall have absolute powers that enable it to perform the duties and responsibilities assigned to it, including, for example:
- 1– Investigating any matter within its scope of responsibility, and it shall have the right to contact the officials and employees of the company to get information relevant to its duties, and to use impartial or other consultants to assist it in conducting any investigation.
 - 2– Requesting any clarification or statement from the members of the Board of Directors or the Executive Management.
 - 3– Inviting the general manager or its representative, or any other official in the company such as the financial manager, production manager, etc., to attend the committee's meetings for the aim of discussing issues related to the internal control system, financial statements, audit work and other matters related to the committee's work.
 - 4– Appointing the secretary of the committee.
 - 5– Having the right to view the company's records and documents.
 - 6– Requesting the Board of Directors to hold the General Assembly of the company if the Board of Directors hinder its work or if the company suffers serious damage or losses.
- f– If there is a conflict between the recommendations of the Audit Committee and the decisions of the Board of Directors, or in the event that the Board refuses to take the Committee's recommendation into account regarding the appointment of the company's auditor, its dismissal, determination of its fees and evaluation of its performance, or the appointment of the internal auditor,

the Board of Directors' report shall include the Committee's recommendation and its justifications, and the reasons for not adopting it.

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FILLING & PACKING MATERIALS MFG. CO.

A Saudi Stock Company

Paid-up Capital : SR. 115,000,000



فيبيكو

شركة تصنيع مواد التعبئة والتغليف

شركة مساهمة سعودية

رأس المال المدفوع : ١١٥,٠٠٠,٠٠٠ ريال

بعد التعديل



Audit Committee Charter

1- Introduction:

Whereas the Audit Committee Charter was previously approved and worked accordingly since 2017 AD to date, and in line with the new Companies Law issued by Royal Decree No. (M/132) dated 01/12/1443 AH corresponding to 30/06/2022 AD, in addition to the executive regulations of the Companies Law for listed joint-stock companies issued by the Capital Market Authority, a number of amendments have been introduced to comply with the laws referred to, as follows:

2- Tariffs:

For the purpose of applying this Charter, the words and phrases mentioned below shall have the meanings shown opposite each of them, unless the context requires otherwise.

Company:

Filling and Packing Materials Manufacturing Company (FIPCO).

Board of Directors: The Board of Directors of the Company whose members are elected by the shareholders in the General Assembly.

Independent member:

A non-executive member of the Board of Directors who is fully independent in its position and decisions and does not have any of the symptoms of independence, including but not limited to the following:

- a- Owning 5% or more of the shares of the company or any company in its group, or having a first-class relation with the person who owns this percentage of shares.
- b- To be a representative of a legal entity standing who owns 5% or more of the shares of the company or any company of its group.
- c- Working now or was working during the past two years for the company or in any company of its group or any party dealing with it such as auditors and major suppliers, or being an owner of controlling stakes in any of these parties during the past two years.
- d- Having a first-class relation with any of the members of the Board of Directors in the company or in any company of its group.
- e- Having a first-class relation with any of the senior executives in the company or in any company of its group.
- f- Being a member of the board of directors of another company within the group of the company where it is nominated for membership in its board of directors.
- g- Receiving sums of money from the company in addition to the remuneration of the Board of Directors members or any of its committees.
- h- Participating in a business, which would compete with the company, or to trade in one of the branches of the activity that the company practices.
- i- Being a member of the company's board of directors for more than 9 consecutive or separate years.

Non-Executive Member:

A member of the Board of Directors who is not fully dedicated to the management of the company and does not participate in its daily business.

Executive Member: A member of the Board of Directors who is not a fully dedicated to the management of the company, but participates in the daily business of the company.

Stakeholders:

Anyone having an interest with the company, such as employees, creditors, customers, suppliers, and the community.

Related Parties:

Company's subsidiaries except for those wholly owned by the Company, major shareholders, members of the Board of Directors and senior executives of the Company, members of the Board of Directors in the Company's subsidiaries, members of the Board of Directors and senior executives in companies controlled by major shareholders of the Company, any relatives of the persons referred to above as required by the law.

Audit Committee (the Committee):

It is the audit committee emanating from the Board of Directors of the company that regulates the conflict-of-interest policy and verifies the efficiency of the company's control system, which is one of its main roles.

Regulatory bodies: The official authorities and bodies that have the authority to request information from the company to ensure that the company complies with the laws and regulations issued by it.

Member:

A member of the Audit Committee.

Charter:

Audit Committee Charter approved by the General Assembly of Shareholders.

Fiscal year: The fiscal year of the company, which begins on 1st January and ends on 31st December of each year.

3- Charter's goal:

This Charter aims to identify:

- a- The basis for the committee formation, its membership and its meetings.
- b- The committee's relationship with the board of directors, executive management, and other departments.
- c- Committee's competencies, duties and responsibilities.

4- Committee membership and formation:

a- An audit committee shall be formed from shareholders or others by a decision of the Board of Directors provided that at least one of them is an independent member, and that it shall not include any of the executive members of the Board of Directors.

b- The number of committee members shall not be less than three and not more than five, and none of them shall be from the company's directors or employees working in it. The member of the board of directors of the company that is chosen as a member of the audit committee shall be a non-executive member, and shall not be a member of audit committees from more than five companies that are listed in the financial market at the same time.

c- There shall be a specialist in financial and accounting affairs among the members of the committee, so that at least one member should have suitable and recent financial experience. The members' ability to read and understand financial statements shall also be taken into consideration when forming the committee.

d- A person who works or has been working during the past two years in the company's executive or financial management, or with any company of its group, or with the company's auditor, or who owns a controlling stake in any of these parties, shall not be allowed to be a member in the audit committee.

e- If a member loses its independence or impartiality, like in case of being entrusted with one of

the executive positions in the company, it shall notify the Chairman of the Board of Directors to take the necessary measures.

f- The committee member shall not have been subjected to a ruling for committing an act involving a breach of honor or trust in violation of laws and regulations, and it shall not have been declared insolvent or bankrupt in the Kingdom of Saudi Arabia or any other country.

g- The Board of Directors of the company - based on a recommendation from the Audit Committee - shall appoint the Chairman of the Committee from among its members, and in the event that the Chairman of the Committee is absent from one of its meetings, the rest of the present members of the Committee shall elect one of them to preside over the chairmanship of the meeting.

h- The committee's tenure shall be four years.

i- The membership of a committee member shall expire at the end of its term, or in the event of death, resignation, mental illness or physical disability that may prevent a committee member from carrying out its work, or the expiration of its validity for membership in the committee in accordance with any law or instructions in force in the Kingdom. The membership of a board of directors' member who is a member of the audit committee shall end when its membership in the Board of Directors ends. In the event that the position of one of the members of the Committee becomes vacant, the Board shall appoint another member in its place, provided that it shall meet the membership conditions included in the Charter, and the new member shall complete the term of its predecessor.

5- The Committee's competencies, duties and responsibilities:

The audit committee shall be responsible for monitoring the company's business and verifying the integrity of the reports, financial statements and internal control systems in it. The committee's duties shall include, in particular, the following:

First: Financial reports

1- Studying the initial and annual financial statements of the company before submitting them to the Board of Directors and giving its opinion and recommendation regarding them to ensure their integrity, fairness and transparency.

2- Giving a technical opinion - at the request of the Board of Directors - whether the report of the Board of Directors and the company's financial statements are fair, balanced and understandable and whether they include information that allows shareholders and investors to assess the company's financial position, performance, business model and strategy.

3- Studying any important or unfamiliar issues that are included in the financial reports.

4- Considering any issues that are raised by the financial manager of the company or whoever assumes its functions or the compliance officer or the auditor in the company.

5- Verifying the accounting estimates regarding the fundamental issues mentioned in the financial reports.

6- Studying the accounting policies followed in the company and giving opinions and recommendations to the Board of Directors in this regard.

7- The Audit Committee shall prepare a report on its opinion regarding the sufficiency of the internal control system in the company and the other works undertaken by it that fall within the scope of its competence. The Board of Directors shall keep sufficient copies of this report at the

company's headquarters twenty-one days before the date of holding the General Assembly meeting at least to provide any of the shareholders wants with a copy of it, and the report shall be read during the meeting of the assembly.

Second: The internal audit

1- Studying and auditing the company's internal and financial control and risk management systems.

2- Studying the internal audit reports and following up implementing the corrective measures for the notes contained in them.

3- Controlling and supervising the performance and activities of the internal auditor and the internal audit department in the company - if any - in order to verify the availability of the necessary materials and their effectiveness in performing the works and tasks entrusted to them.

4- Recommending appointing a director of the Internal Audit Unit or Department or the Internal Auditor and suggesting its remuneration to the Board of Directors, provided that the Internal Audit Department reports shall be administratively affiliated to the Chairman of the Board of Directors and shall be technically affiliated to the Audit Committee.

5- Verifying the independence and impartiality of the internal auditor as well as the employees of the internal audit department.

Third: Auditor

1- Recommending the nomination and dismissal of auditors, determining their fees and evaluating their performance to the Board of Directors, after verifying their independence and reviewing the scope of their work and the terms of contracting with them.

2- Ensuring that the auditors are invited to get at least two candidates for audit and zakat work.

3- Verifying the auditor's independence, objectivity and fairness, and the effectiveness of audit work, taking the relevant rules and standards into account.

4- Reviewing the company's auditor's plan and its work, verifying that it has not submitted technical or administrative works that are beyond the scope of the audit work, and giving its opinions in this regard.

5- Replying to the company's auditor's inquiries.

6- Studying the auditor's report and its notes regarding the financial statements and following up on what has been decided in their regard.

7- Ensuring that the auditor nominated to audit the company's accounts has not passed the lawful period for succession of auditors, in conformity with professional practices and instructions issued by the regulatory bodies.

8- Prior approval of all professional services, whether auditing or non-auditing, provided by the auditor to the company, including services related to the internal control system.

9- Ensuring that the auditor is not appointed in order to provide any professional services to the company prohibited by the relevant regulations issued by the regulatory bodies, and the rules of ethics and professional conduct issued by the Saudi Organization for Certified Public Accountants to be practiced during the period of their appointment as auditors for the company.

10- Discussing any accounting adjustments that were not registered in the company's books and were reflected in the financial statements for the relevant financial period that may have been noticed or suggested by the auditor, according to the concept of concept of materiality or otherwise.

11- Informing the auditor to provide the committee with a written report at least once a year regarding:

a- The quality of the internal control procedures in its office.

b- Any important issue that has recently been raised as a result of examining the quality of the internal control of the auditor's office by the Saudi Organization for Certified Public Accountants during the past five years that is related to the audit done by the auditor's office or any inquiries or investigation by the regulatory bodies and any steps taken to address such issues.

c- Any decision issued against the office or the partners by the committee of investigating certified public accountants issued by a decision of the Minister of Commerce and Investment or the Board of Grievances.

d- The relationship between the auditor, the company's employees, members of the board of directors and senior executives to evaluate the auditor's impartiality.

Fourth: Ensuring compliance

1- Reviewing the results of the regulatory bodies' reports and verifying that the company has taken the necessary measures in this regard.

2- Verifying the company's compliance with relevant laws, regulations, policies and instructions.

3- Reviewing the contracts and transactions proposed to be made by the company with the relevant parties, and submitting its views in this regard to the Board of Directors.

4- Submitting what it deems necessary to take action against, and making its recommendations regarding the actions that should be taken to the Board of Directors.

6- Committee members' remuneration

a- Committee members shall be granted annual remuneration determined by the Remunerations Nominations Committee and approved by the Board of Directors.

b- The members of the committee shall be entitled to an allowance for attending the sessions in accordance with the policy for distributing remuneration to members of the board, sub-committees and senior executives that are approved by the company's general assembly.

7- Committee meetings

a- The committee shall meet at the invitation of the committee chairman or at the request of one of the members submitted to the committee chairman asking it to set a date for the meeting and stating in its request the reasons for calling for the meeting.

b- For the audit committee meeting to be valid, the presence of the majority of its members is required, and its decisions shall be issued by the majority of the votes of the members present. In the event of equal votes, the party with which the chairman of the meeting votes shall prevail.

c- The committee shall hold the necessary meetings so that its meetings shall not be less than four meetings yearly in order to enable it to carry out its responsibilities and the tasks entrusted to it.

d- The committee chairman shall prepare the committee meeting agenda in addition to sending it to the committee members well in advance of the meeting date. It shall also coordinate with the committee secretary to organize the committee meetings, record its minutes and sessions, as well as keeping its papers and documents.

e- The Audit Committee shall meet regularly with the company's auditor and the company's internal auditor. Either of them may request a meeting with the Audit Committee whenever needed.

f- Committee meetings shall be held in person or through modern technology. The Audit Committee shall approve decisions it deems appropriate or recommendations it makes through written approval by signing the minutes of those meetings or by passing it among the members.

8- Committee member duties

a- Attending the committee's sessions regularly and actively participating in its work. The member having something that necessitates its absence from one of the committee's sessions shall notify the committee in writing of that. The member may not completely leave the session before its conclusion except with the permission of the committee chairman.

b- keeping the company's secrets, and it is not allowed to disclose the company's secrets it knows in the course of doing its work to shareholders or others, except in the General Assembly.

c- In the event that a member violates the provisions of paragraph (b) of Article 8, the Board may cancel its membership in the committee and appoint another member in its place, in addition to holding it accountable for compensation for the damage that results from that attitude.

d- Not to do any executive work in the company.

e- To be fair, to be honest, chaste, truthful, objective and independent while doing its work, to be free of self-interest and that its judgment shall not be affected by opinions of others, and not to disclose information that is not true.

f- The member shall not participate in any acts or activities that constitutes breach of honor and trust.

g- Not to accept any valuable thing from an employee, subordinate, client or supplier who has a business relationship with the company that may lead to weakness in its independence in form and substance or may affect or is supposed to affect its decisions.

h- To disclose the transactions that took place between it and the company and the nature of the relationship to the Board of Directors, in accordance with what is required by the accounting standard known as Disclosure of Transactions with Related Parties issued by the Saudi Organization for Certified Public Accountants.

9- The powers of the audit committee and its relations with the executive management of the company:

a- The Audit Committee is linked to the Board of Directors and submits its periodic and non-periodic reports to the Board directly.

b- The role of the committee is regularity, not executive, and accordingly, it is not permissible for it to undertake any action that harms its independence or impartiality, whether that action is related to auditing, accounting, or any other work that it has control over.

c- The company's executive management shall be responsible for maintaining regular books of accounts and extracting financial statements from them, which give a fair picture of the company's financial position and a result of its activity. It shall also be responsible for establishing a financial and accounting control system that suits the nature of the company's activity and the size of its operations. It shall also be responsible for verifying its effective implementation.

d- The chartered accountant and the internal auditor shall be technically linked to the committee.

e- In addition to the powers mentioned in the following paragraphs, the Audit Committee shall have absolute powers that enable it to perform the duties and responsibilities assigned to it, including, for example:

- 1- Investigating any matter within its scope of responsibility, and it shall have the right to contact the officials and employees of the company to get information relevant to its duties, and to use impartial or other consultants to assist it in conducting any investigation.
- 2- Requesting any clarification or statement from the members of the Board of Directors or the Executive Management.
- 3- Inviting the general manager or its representative, or any other official in the company such as the financial manager, production manager, etc., to attend the committee's meetings for the aim of discussing issues related to the internal control system, financial statements, audit work and other matters related to the committee's work.
- 4- Appointing the secretary of the committee.
- 5- Having the right to view the company's records and documents.
- 6- Requesting the Board of Directors to hold the General Assembly of the company if the Board of Directors hinder its work or if the company suffers serious damage or losses.
- f- If there is a conflict between the recommendations of the Audit Committee and the decisions of the Board of Directors, or in the event that the Board refuses to take the Committee's recommendation into account regarding the appointment of the company's auditor, its dismissal, determination of its fees and evaluation of its performance, or the appointment of the internal auditor, the Board of Directors' report shall include the Committee's recommendation and its justifications, and the reasons for not adopting it.

10- Secretary of the Committee:

The committee shall appoint a secretary from among its members or whom it considers appropriate from the company's management team, and determine its duties and competencies as follows:

- 1- Coordinating committee meetings and developing a suggestion for its agenda, in coordination with the committee chairman.
- 2- Following up with the committee members with respect to arranging meeting dates and providing them with the agenda and documents that are required to take the necessary actions in this regard during the meeting.
- 3- The Secretary of the Committee shall submit the minutes and periodic reports regarding the activities and work of the Committee to the Board of Directors.
- 4- Attending and documenting committee meetings, preparing their minutes and keeping them in a special register.
- 5- Keeping documents, records and reports submitted to or issued by the committee.
- 6- Providing assistance and advice to the committee in matters that fall within its competence, and carrying out all tasks required by the committee for the aim of carrying out the roles entrusted to it.
- 7- The secretary of the committee shall not be entitled to participate in any of the committee's decisions, vote on them, or give an opinion, unless the committee requests its assistance by virtue of its competence, and in all cases it shall not have the right to vote.

11- Enforcement:

- This Charter shall be effective starting from the date of its approval by the Ordinary General Assembly, and its application shall be the responsibility of the Board of Directors and the Audit Committee - each in their respective areas of competence.
- The Board of Directors - with the assistance of the Audit Committee - shall review this Charter on periodic basis to ensure its suitability for changes that may occur in the nature of the company's business, its strategic objectives, and relevant legislation and laws.
- This Charter shall be complementary to the Company's Articles of Association, its governance framework and other approved policies in this regard.
- Anything that is not mentioned in this Charter shall be subject to what is stated in the relevant regulations and laws issued by the competent authorities.
- In the event of any conflict between the provisions of this Charter and any of the regulations and statutory instructions, the statutory regulations and instructions shall apply.