

Audit Committee Regulation

Contents :

Article 1: General Introduction

Article 2: The Powers of the Audit Committee

Article 3: Rights and Responsibilities

Article 4: Selection of Committee Members and Termination of Membership

Article 5: Committee meetings

Article 6: Remunerations obtained by members of the Committee

Article 1: General Introduction:

The bylaw of the Audit Committee for Al-Jouf Agricultural Company, a Saudi joint stock company, has been prepared in accordance with the requirements of the Corporate Governance Regulations in the Kingdom of Saudi Arabia issued by the Board of the Capital Market Authority under Resolution No. 8-16-2017 and dated: 16/5/1438 AH corresponding to 2/13/2017 The Companies Law issued by Royal Decree No. M / 3 and dated: 1/28/1437 AH, and the rules for registration and listing, according to the company's articles of association.

The Audit Committee's bylaw defines the committee's powers, rights and duties of the committee's members, how they are selected, their rewards, the rules governing the termination of members 'service in the committee, and also the procedures related to the committee's meetings.

The primary function of the audit committee is to assist the board of directors to carry out its supervisory duties efficiently and effectively. In particular, the committee is responsible for ensuring the integrity and completeness of the lists, the internal control policies and procedures, the relationship with the chartered accountant, and the internal audit policies and procedures.

All the suggestions submitted by the audit committee are recommendations and are not binding on the board of directors.

Article 2: Formation of the Audit Committee:

1) A review committee shall be formed by a decision of the company's ordinary general assembly from the shareholders or others, provided that those among them are at least an independent member and not include any of the executive board members, and the number of members of the audit committee must not be less than three and not more than five. Also to be among them a specialist in financial and accounting affairs.

2) The Chairman of the Audit Committee must be an independent member.

The general assembly of the company, based on a proposal from the board of directors, shall issue the audit committee's work bylaw, provided that this regulation includes the controls and procedures for the committee's work, its tasks and rules for selecting its members, how to nominate them, the term of their membership, their remuneration, and the mechanism for temporarily appointing its members in the event that one of the committee seats becomes vacant.

4) It is not permissible for anyone who works or has been working during the past two years in the executive or financial administration of the company, or with the company's auditor, to be a member of the audit committee.

Article 3: The Committee's Functions, Powers and Responsibilities:

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

A) Financial Reports:

1. Study the initial and annual financial statements of the company before submitting them to the Board of Directors and expressing its opinion and recommendation in this regard; to ensure its fairness, fairness and transparency
2. Expressing the final opinion upon the request of the Board of Directors on whether the report of the Board of Directors, the financial statements of the

company are fair, balanced and understandable, and include information made available to the shareholders.

3. Investors will evaluate the company's financial position, performance, business model and strategy.

4. Study any important or unfamiliar issues included in the financial reports.

5. Carefully researching any issues raised by the company's financial manager, whoever assumes the duties of the company's compliance officer or the auditor.

6. Verifying the accounting estimates in the fundamental issues mentioned in the financial reports

7. Study the accounting policies applied in the company and express opinion and recommendation to the Board of Directors in this regard.

B) Internal audit:

1. Study and review the company's internal and financial control and risk management systems.

2. Examining the internal audit reports and following up on the implementation of corrective measures for the observations contained therein.
3. Control and oversee the performance and activities of the internal auditor and the company's internal audit department, if any; To verify the availability of the necessary resources and their effectiveness in performing the tasks and tasks assigned to them, and if the company does not have an internal auditor, the committee acted to submit its recommendation to the shop regarding the extent of the need to appoint him
4. Recommending to the Board of Directors to appoint a director of the internal audit unit or department or the internal auditor and suggesting his remuneration

C) Auditor:

1. Recommending to the Board of Directors to nominate and dismiss auditors, determine their fees and evaluate their performance, after verifying their independence and reviewing the scope of their work and the terms of contracting with them.

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

Reviewing the company's auditor's plan and business, verifying that he has not submitted technical or administrative works that are outside the scope of the audit work, and expressing its views on that.

4. Answer the inquiries of the company's auditor.

5. Study the auditor's report and his notes on the financial statements and follow up on what has been taken in their regard

D) Commitment Guarantee:

1) Review the results of the reports of the regulatory authorities and verify that the company has taken the necessary actions in this regard.

2) Verify the company's compliance with the relevant laws, regulations, policies and instructions.

3) Review the contracts and transactions proposed to be conducted by the company with related parties, and submit its views on this to the Board of Directors

4) Raise the issues it deems necessary to take action in their regard to the Board of Directors, and make recommendations on the measures to be taken.

E) With regard to the degree of compliance with regulations and laws:

1. Ensure that there are procedures for reviewing complaints related to internal control procedures and preparing financial reports.

2. Ensure that procedures are in place that enables employees to submit complaints to ensure complete confidentiality, and review the process of disclosing any deviations or irregularities related to the administration or one of the employees of the company.

Article 4: Conflict between the Audit Committee and the Board of Directors:

If there is a conflict between the recommendations of the audit committee and the decisions of the board of directors, or if the board refuses to take the committee's recommendation regarding the appointment and dismissal of the

company's auditor, determining his fees, assessing his performance or appointing the internal auditor, the board's report must include the committee's recommendation and justifications, and the reasons for not taking it into account.

Article 5: Audit Committee Meetings:

1. The Audit Committee meets periodically, provided that its meetings are not less than four meetings during the company's financial year.
2. The Audit Committee meets periodically with the company's auditor, and with the company's internal auditor.
3. The internal auditor and auditor may request a meeting with the audit committee whenever the need arises.

Article 6: Arrangements for Submitting Comments:

- The audit committee should set up a mechanism that allows the company's employees to submit their observations regarding any infringement of financial or other reports in secrecy. The committee must verify the application of this mechanism by conducting an independent investigation

commensurate with the size of the error or abuse, and adopting appropriate follow-up procedures.

Article 7: Powers of the Audit Committee: The Audit Committee, in order to perform its duties:

- 1) The right to review the company's records and documents
- 2) To request any clarification or statement from the members of the board of directors or the executive management.
- 3) To ask the board of directors to invite the general assembly of the company to convene if the board of directors impedes its work or the company suffers heavy damage or losses.

Article 8: Rights and Responsibilities

A) The company's audit committee has the following rights:

1. Requesting appropriate documents, reports, clarifications and other information from the company executives, officials and employees

2. Inviting the executives, officials and employees of the company to the committee meetings to ask them and to seek clarifications and explanations from them regarding what the interest of the work requires.
3. Seek the assistance of experts, consultants and specialists from outside the company
4. Perform any duties entrusted to them by the board of directors within the limits of the committee's powers that were mentioned in the second article.
5. The committee conducts an annual review and evaluation of its regulations and prepares recommendations if necessary for the board of directors with regard to amending a part of it.
6. The committee prepares its reports to the Board of Directors on a regular basis and according to the requirements of the business interest

B) The members of the audit committee will do the following:

1. Participate in all committee activities and endeavor to attend all meetings.

2. Dealing with the information available to them as a result of their undertaking the work of the committee with complete confidentiality.
3. Informing the Board of Directors of developments that affect their independence or conflicts of interest related to the decisions taken by the committee.
4. Preparing an annual evaluation and review of the activities of the committee and its members, including the degree of compliance of the committee with its regulations.
5. Study the internal control system and express its opinion and recommendations regarding it.
6. Follow up on the work of chartered accountants, and approve any work outside the scope of the auditing work that they are assigned to do while performing the audit work.

Article 9: Selection of Committee Members and Termination of Membership:

1. The audit committee consists of at least three members (not the executive members), provided that one of them is a specialist in financial and

accounting affairs, provided that at least an independent member is appointed from outside the board.

2. The term of membership of the committee will coincide with the term of membership of the Board of Directors.

3. The members of the committee must have the knowledge necessary to carry out the tasks related to the financial and accounting aspects and to prepare the financial statements, and how to deal with the chartered accountant, internal auditors and other appropriate parties.

4. It is not permissible for the managing director, one of the executive directors, or the employees of the company to be members of the committee.

5. The Board of Directors has the right, at any time, to terminate the membership of a member of the committee or to re-select him again.

Article 10: Committee meetings

1. The members of the committee select a chairperson, and he must obtain the support of the majority of the members in the selection process.

2. One of the committee members or any external person shall be selected to perform the duties of the committee secretary.

3. Committee meetings are held to cover the duties and responsibilities of the committee, according to the interest of the work, and in the event that the board of directors discusses an issue that falls under the responsibility of the committee, the committee must hold a meeting to discuss this issue and prepare a report on it for presentation to the board of directors, before the board meeting

4. Committee meetings are called by the committee chairman, one of the members, or by a decision of the board of directors or the chairman of the board.

5. Additional meetings will be held if necessary, or as a result of the request of the internal audit department or the chartered accountant, and in this case, the committee chairman will be responsible for calling the meeting.

6. The quorum of the committee shall be formed by the presence of at least half of the members.

7. The committee chairperson should send the meeting agenda and all information related to the topics that will be discussed in the meeting to the members of the committee no less than a week before the date of the meeting, so that the members can study those topics.

8. The members of the committee attending the meeting sign the minutes of the meeting, which include discussions, opinions that have been presented and the decisions taken by the committee, and it is sent to the chairman and secretary of the company's board of directors.

9. Decisions are taken by the committee by the votes of the majority of the members present. In the event of a tie when voting on those decisions, the opinion of the committee chairperson is preferred.

Article 11: Remunerations obtained by members of the Committee

The Board of Directors determines the attendance allowances or the annual remuneration for the members of the committee in accordance with the Companies Law and the regulations and instructions in force from the relevant authorities.

After Amending



Bylaw of the Audit Committee

2021

Contents

Contents	1
Article 1: General Introduction	2
Article 2: Formation of the Committee	2
Article 3: Powers of the Committee	3
Article 4: Duties of the Committee	4
A. Financial Reports	4
B. Internal audit	4
C. Auditor	5
D. Commitment Guarantee	5
Article 5: Obligations	5
A. Audit Committee:	5
B. Audit Committee members:	5
C. Audit Committee Secretary:	6
Article 6: Conflict between the Audit Committee & the Board of Directors	6
Article 7: Meetings of the Audit Committee	7
Article 8: Rewards	7
Article 9: Reporting Policy	7
Article 10: Entry into force, publication and amendment	8

Article 1: General Introduction

The bylaw of the Audit Committee for Al-Jouf Agricultural Company, a Saudi joint stock company, has been prepared in accordance with the requirements of the Corporate Governance Regulations in the Kingdom of Saudi Arabia issued by the Board of the Capital Market Authority under Resolution No. 8-16-2017 and dated 05/16/1438 AH corresponding to 02/13/2017 CE Companies issued by Royal Decree No. M / 3, dated 01/28/1437 AH, amended by the Capital Market Authority's Resolution No. 3-57-2019 and dated 9/15/1440 H corresponding to 5/20/2019 and the registration and listing rules, in accordance with the company's articles of association.

The Audit Committee Bylaw defines the committee's powers, rights and duties of the committee's members, how they are selected, their rewards, the rules governing the termination of members 'service in the committee, as well as the procedures related to the committee's meetings.

The primary function of the audit committee is to assist the board of directors to carry out its supervisory duties efficiently and effectively, and in particular the committee is responsible for providing assurances about the integrity and completeness of the financial statements, the internal control policies and procedures, the relationship with the auditor, and the internal audit policies and procedures. They are recommendations and are not binding on the Board of Directors.

Article 2: Formation of the Committee

1) A review committee shall be formed by a decision of the company's ordinary general assembly from the shareholders or others, provided that at least one of them is from outside the board and that it does not include any of the members of the executive board of directors, and the number of members of the audit committee must not be less than three and not more than

five And to be among them a specialist in financial and accounting affairs.

2) The company's general assembly, based on a proposal from the board of directors, shall approve the audit committee's work regulation, provided that this regulation includes the controls and procedures for the committee's work, its tasks, the rules for selecting its members, how to nominate them, their membership period, and remuneration. The mechanism for temporarily appointing its members in the event of a vacancy in one of the committee's seats.

3) It is not permissible for anyone who works or has been working during the past two years in the executive or financial management of the company or with the company's auditor to be a member of the audit committee.

4) The members of the committee select a chairperson, and he must obtain the support of the majority of the members in the selection process, and the head of the audit committee must be independent.

5) The term of the committee's membership will coincide with the term of the board of directors.

6) The members of the committee must have the necessary knowledge to carry out the tasks related to the financial and accounting aspects and to prepare the financial statements, and how to deal with the auditor, internal auditors and other appropriate parties.

7) The Board of Directors has the right, at any time, to raise the recommendation to terminate the membership of a member of the committee or to re-select him again.

8) If the position of one or more members of the committee becomes vacant, the board of directors may appoint a member temporarily for the vacant position, provided that he meets the selection rules for the membership of the committee mentioned in these regulations, provided that the appointment is

presented to the first meeting of the general assembly for approval provided that he completes The new member is the term of his predecessor.

Article 3: Powers of the Committee

1) The right to review the company's records and documents, and to obtain any information they require from the departments - all employees are also required to cooperate with the audit committee's requests - or external parties.

2) Asking the Board of Directors to invite the company's general assembly to convene if it impedes its work or if the company suffers heavy damage or losses.

3) To seek the assistance of experts and specialists from within or outside the company within the limits of its powers, provided that this is included in the minutes of the committee's meeting, noting the name of the expert and his relationship with the company or the executive management whenever this is necessary in order to provide advice to or assist the audit committee in Carry out its tasks.

Article 4: Duties of the Committee

The Audit Committee is responsible for monitoring the company's business and verifying the integrity and integrity of the reports, financial statements, and internal control systems therein. The committee's tasks include, in particular, the following:

A. financial reports

1) Study the quarterly and annual financial statements of the company before submitting it to the Board of Directors and expressing its opinion and recommendation in its regard.

2) Express a technical opinion upon the request of the board of directors on whether the report of the board of directors and the financial statements of the company is fair, balanced and

understandable and includes information that allows shareholders and investors to evaluate the financial position of the company, its performance, its business model, and its strategy.

3) Examine any important or unfamiliar issues included in the financial reports.

4) Carefully research any issues raised by the company's financial manager, whoever assumes the duties of the company's compliance officer, or the auditor.

5) Verification of accounting estimates in material matters in financial reports.

6) Study the financial and accounting policies followed in the company and express opinions and recommendations to the Board of Directors in their regard.

B. Internal audit:

1) Studying and reviewing the company's internal, financial and risk management systems.

2) Study the internal audit reports and follow up on the executive management in implementing corrective measures and the notes contained therein.

3) Control and supervise the performance and activities of the internal auditor and the internal audit department of the company, if any, approve its bylaws, verify the availability of the necessary resources and their effectiveness in performing the work and tasks assigned to it. If the company does not have an internal auditor, the committee must submit its recommendation to the Board regarding the extent of the need to appoint him.

4) Approving the annual review plan and the amendments that may occur to it, and approving the estimated budget for the internal audit department and the training plan.

5) Recommending to the Board of Directors to appoint or dismiss the Director of the Internal Audit Department, and suggesting his remuneration.

C. Auditor:

1) Recommending to the board of directors the nomination and dismissal of the auditor, determining their fees, evaluating their performance, reviewing the scope of their work and the terms of contracting with them.

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

3) Reviewing the company's auditor's plan and his work, verifying that he is not presenting technical or administrative work outside the scope of the audit work, and expressing its views on that.

4) Study the auditor's report and his notes on the financial statements and follow up on what has been taken regarding them.

5) Follow up on the auditor's work, and approve any work outside the scope of the audit work they are assigned to while performing the audit work.

6) Find solutions to the inconsistencies that may arise between management and the auditors regarding the clarifications of the financial statements or the financial accounting policies.

D. Commitment guarantee

1) Review the results of the reports of the regulatory authorities and verify that the company has taken the necessary actions in this regard.

2) Raise the issues it deems necessary to take action in their regard to the Board of Directors and express its recommendations on the measures to be taken.

Article 5: Obligations

A. Review Committee:

- 1) The committee conducts an annual review and evaluation of its regulations and prepares recommendations if necessary for the board of directors regarding amending a part of it.
- 2) Preparing an annual evaluation and review of the activities of the committee and its members, including the degree of compliance of the committee with its regulations.

B. Audit Committee Members:

- 1) Participate in all committee activities and endeavor to attend all meetings.
- 2) Dealing with the information available to them as a result of their undertaking the work of the committee with complete confidentiality.
- 3) Informing the Board of Directors of developments that affect their independence or conflicts of interest related to the decisions that the committee takes.

C. Audit Committee Secretary:

The audit committee appoints a secretary for it, so that his term of work is equivalent to that of the committee's work (while reserving the right to re-appointment) and he is responsible for the following matters:

- 1) Coordinating the committee's meetings and developing the proposal for its agenda in coordination with the committee chairman.
- 2) Inform the committee members of the meeting dates and provide them with its agenda and documents necessary to study the meeting items.
- 3) Attending committee meetings with the aim of preparing meeting minutes, and circulating these minutes to all committee members for approval, signature and keeping in a special record.

- 4) Coordination with the concerned departments with regard to committee decisions that are related to commitment or require taking specific procedural steps.
- 5) Documenting and following up on issues that require the committee to take a specific action and need to be followed up in subsequent committee meetings, as they are recorded in the relevant procedures form.
- 6) Arranging with the parties that the committee requests to invite them to its meetings. These parties include consultants, legal advisors, auditors, or any other party.
- 7) Circulate the committee's decisions to the concerned parties.
- 8) Preparing a periodic follow-up report on the implementation of the committee's decisions by the executive management.

Article 6: A conflict occurs between the Audit Committee and the Board of Directors

If there is a conflict between the recommendations of the audit committee and the decisions of the board of directors, or if the board of directors refuses to take the recommendations of the committee, then the report of the board of directors must include the committee's recommendation and justifications, and the reasons for not taking it into account.

Article 7: Meetings of the Audit Committee

Controls and procedures for audit committee meetings are as follows:

- 1) The audit committee meets periodically, with no less than five meetings during the company's financial year.
- 2) Additional meetings are held if necessary, or as a result of the request of the internal audit department or the auditor,

and in this case, the committee chairman will be responsible for calling the meeting.

3) Committee meetings are called by the committee chairman, one of the members, or by a decision of the board of directors or the chairman of the board.

4) The committee approves the dates of the fiscal year meetings, and invitations are sent to it 5 days before the date. The meeting agenda, information and documents required to be discussed are attached, with the exception of meetings for discussing the financial statements.

5) The minimum quorum for the committee shall be attended by at least half of the members.

6) The secretary of the committee shall send the meeting agenda and all information related to the topics that will be discussed in the meeting to the members of the committee no less than a week before the date of the meeting.

7) The members of the committee attending the meeting sign the minutes of the meeting that include discussions, opinions that have been presented and the decisions taken by the committee, and it is sent to the chairman of the board of directors.

8) The committee's decisions are taken by the votes of the majority of the members present, and in the event of a tie when voting on those decisions, the opinion of the committee chairperson is preferred.

Article 8: Rewards

1- The remuneration for the members of the committee is a specific amount annually in addition to an attendance allowance of three thousand riyals for each meeting.

2- Annual remuneration for the members of the committee shall be determined based on the recommendation of the Nomination and Remuneration Committee.

Article 9: Reporting Policy

The audit committee shall set up a mechanism (reporting policy) that allows the employees of the company to submit their observations regarding any excess in financial, operational or other reports in confidence, and the committee must verify the application of this mechanism by conducting an independent investigation commensurate with the size of the error or abuse and adopting appropriate follow-up procedures.

Article 10: Entry into force, publication and amendment

This bylaw shall be implemented and adhered to from the date of its approval by the General Assembly, and it is published to the shareholders and the public, and it is amended and updated as necessary and based on the recommendation of the Board of Directors, provided that the proposed amendments or updates are presented to the General Assembly at its nearest meeting for approval.