

Audit Committee Charter

Saudi Kayan Petrochemical Company

Saudi Joint Stock Company

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Article (1): Objective

The objective of this Charter is to regulate the Audit Committee function through determining its duties, authorities, working procedures, its members' selection rules and nomination method, in accordance with the regulatory rules and procedures for audit committees of listed joint stock companies as provided for under the Companies Law, the Regulatory Rules and Procedures issued pursuant to the Companies Law relating to Listed Joint Stock Companies, and the Corporate Governance Regulations issued by the Capital Market Authority (CMA).

Article (2): Committee Formation

- The Committee is formed by the Ordinary General Assembly resolution, upon the Board proposal, determining its duties and responsibilities, working procedures, and members' remunerations and tenure.
 - The Committee is formed from the shareholders or others, other than executive Board members, provided that the number of Committee members shall neither be less than three nor more than five including an independent Board member.
 - The General Assembly, based on nomination by the Board, appoints the Audit Committee members according to the following selection rules:
 - The candidate shall have a record of expertise relevant to the Committee's duties and responsibilities.
 - The candidate shall have a good awareness and understanding of the Company's business activities and risks facing it.
 - The candidate shall have a university degree, knowledge of finance and accounting aspects, and the nature of the Company's business provided that some of the candidates shall be specialists in finance or accounting, such as holders of university degrees or professional certifications in accounting.
 - The candidate shall not be (or has been, during the past two years,) an employee of the Company, any company within its group, or any related party such as the External Auditor, a major supplier or customer, or is a holder (or has been a holder during the past two years) of controlling shares in any of these parties.
 - The candidate shall not have been convicted of an act of dishonor or dishonesty, or the violation of the laws and regulations of the Kingdom of Saudi Arabia or any other country.
 - The selection of the candidate shall not violate the relevant laws, regulations and instructions.
 - Committee members elect a chairman, from among themselves, for the Committee term. In the absence of the Committee's Chairman, the present members appoint a chairman to chair the meeting.
 - The Committee shall have a Secretary General appointed by the Board.
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- A Committee member shall carry out his/her duties and responsibilities from the date of his/her appointment until one of the following cases takes effect:
 - Expiry of the Board's term.
 - Submitting his/her resignation, without prejudice to the Company's right to demand compensation if the resignation is tendered at an inappropriate time.
 - Member's mental illness or physical disability that prevents him/her from performing Committee duties.
 - Issuance of a court order declaring the member's bankruptcy or insolvency, or his/her request for a settlement with creditors.
 - Conviction of committing an act of dishonesty, dishonor, forgery, or violation of laws and regulations in the Kingdom of Saudi Arabia or any other country.
 - A resolution by the General Assembly to dismiss him/her from the Committee for any of the following reasons, is issued:
 - Breaching his/her duties and responsibilities to the extent that results in damage to the Company's interests.
 - His/her absence from three consecutive meetings within one year without a legitimate excuse.
 - Other reasons as may be determined by the General Assembly, without prejudice to the right of the dismissed member to claim compensation if the dismissal occurs for an unacceptable reason or at an inappropriate time.
 - Becoming, at any time, disqualified in terms of any of the rules of members' selection to the Audit Committee, which are stated in the law or this Charter.
- the position of a Committee member becomes vacant due to one of the preceding or any other reasons during the Committee's term, the Board may temporarily appoint a member to the vacant position, provided that the Committee's membership principles stated in this Charter are met, and that the appointment is submitted to the Ordinary General Assembly at its first meeting for approval. The new member completes the term of his/her predecessor.
- If the Ordinary General Assembly is unable to form the Committee at the beginning of the Board's term, the Board may form a Temporary Audit Committee, provided that its members shall meet the Committee's membership principles stated in this Charter, and shall perform their duties according to this Charter. The temporary Committee members shall be granted a remuneration calculated according to the General Assembly resolution that defines the annual remuneration of the Audit Committee members that preceded the formation of the Temporary Audit Committee. The Board shall invite the General Assembly meeting within a period no later than three months from the date of forming the Temporary Audit Committee, to form the Audit Committee.

Article (3): Committee Duties and Responsibilities

Pursuant to the provisions of Chapter 4 of the Companies Law and the provisions of the regulatory rules for audit committees stated in the Corporate Governance Regulation issued by the Capital Market Authority (CMA), the Committee duties and responsibilities shall be as follows:

Financial Reporting

- Reviewing the Company financial statements and its financial-performance announcements, and making necessary recommendations in their respect to the Board.
- Providing a technical opinion on whether the Board of Directors' report and the Company's financial statements have been prepared in accordance with regulatory requirements for preparing and presenting them.
- Examining unusual transactions in the financial statements, and making recommendations thereon, if necessary.
- Investigating the matters raised by the Company's CFO (or whoever assumes his/her role), the compliance officer or the External Auditor.
- Verifying the accounting estimates of significant items listed in the financial statements.
- Studying the financial and accounting policies adopted by the Company and making recommendations thereon to the Board.

Internal Control Systems

- Studying and reviewing the internal and financial control systems and risk management systems and ensuring their effectiveness through regular reports prepared by the Internal Audit Dept. or others on the adequacy and effectiveness of the internal and financial control systems and risk management systems; and following-up on the implementation of recommended corrective actions.
- Preparing a report to the Board that includes the Committee's opinion on the adequacy of the said systems, its recommendations to address main concerns, and any other recommendations for development of such systems; in addition to any other activities falling within its jurisdiction, which have been accomplished.

Internal Audit

- Supervising and monitoring the Internal Audit Department activities, and verifying its effectiveness in carrying out its duties and responsibilities.
- Examining the annual audit plan with the Internal Audit Dept. and approving it.

- Examining and reviewing the Internal Audit's regular reports and following up on the implementation of corrective actions pertaining to the issues indicated.
- Recommending the Board approval of the organizational structure and job descriptions of the Internal Audit Dept. and ensuring its independence within the organizational structure of the Company.
- Recommending to the Board the appointment or dismissal of the Head of Internal Audit, and evaluating his/her performance annually.

External Auditor

- Recommending to the Board the appointment or dismissal of External Auditors and determining their fees, after assessing their performance, independence, scope of work, and terms of engagement.
- Verifying the independence of the External Auditor and his/her efficiency in the light of the relevant regulations and standards.
- Reviewing the External Auditor's plan and work to verify the extent of his/her compliance with the relevant regulations and standards.
- Answering queries of the External Auditor and providing him/her with the support necessary to enable him/her to perform his/her duties.
- Examining the External Auditor's reports and his/her observations and notes on the financial statements; and following up on the actions taken in their respect.

Ensuring Compliance

- Studying the reports of regulatory bodies on Company's compliance with the regulatory requirements, and ensuring that necessary actions in their respect are taken.
- Ensuring that the Company complies with relevant laws, regulations, policies, and instructions.
- Reviewing proposed related party's contracts and transactions and providing opinion thereon to the Board.
- Reporting and recommending to the Board the actions to be taken in matters that the Committee deems necessary.

Whistleblowing

- Establishing appropriate procedures for Company's employees to report violations of the Company's internal control systems, including the systems relating to financial statement preparation, and ensuring that the whistleblower's rights are not prejudiced.
- Establishing appropriate procedures for pursuing and following-up on reported violations, and ensuring independence of such procedures.

Article (4): Committee Authorities

In order to perform its duties according to relevant laws and regulations, the Committee shall have the following authorities:

- Requesting access to Company records and documents.
- Requesting clarifications or statements from the Board or the Executive Management.
- Requesting the Board to invite the General Assembly if the Board hampers the Committee's work, or the Committee undergo serious damage or losses.
- Seeking, at the Company's expense and after the Board approval, assistance of a non-executive Board member (other than Audit Committee members), or otherwise any expert or specialist, it deems suitable, in examining the subjects that fall within its duties and responsibilities.

Article (5): Committee Working Procedures

Authorities of the Committee Chairman and Secretary

- The Chairman duties include the following:
 - - Chairing the Committee meetings and seeking to enhance their effectiveness.
 - Representing the Committee before the General Assembly and the Board.
 - Inviting the Committee meetings, and specifying the time, date, and venue of the meeting in coordination with Committee members.
 - Preparing meeting agenda, taking into consideration the topics that any Committee member wishes to include.
 - Ensuring that the topics presented to the Committee are accompanied by sufficient information to enable decision-making.
 - Ensuring that sufficient time is made available to discuss agenda items.
 - Encouraging Committee members to participate effectively; to study and discuss agenda items and express their views in a manner that contributes to achieving the Committee's objectives.
 - Ensuring the availability of complete and correct information to Committee members in a timely manner to enable them to perform their duties and responsibilities.
 - Preparing regular reports on the Committee's activities and putting forward recommendations and conclusions to the Board.
 - Following up the implementation of the resolutions issued by the Committee.
 - Arranging for the periodical Committee's performance evaluation

- The Secretary General assumes the following duties:
 - Coordinating Committee meetings and proposing agenda items in coordination with the Committee Chairman.
 - Informing the Committee members of meeting dates and providing them with agenda items and necessary documents to enable them study the meeting items.
 - Attending Committee meetings and preparing the minutes of meeting and keeping them in a special record.
 - Maintaining documents, records and reports submitted to or issued by the Committee.
 - Providing assistance and advice to the Committee on matters falling within its competencies.

Member's Duties and Responsibilities

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

Committee Meetings

- The Committee meets at least once every three months at the Committee Chairman's invitation. The Committee Chairman shall also convene a meeting in
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an exceptional case, such as when the meeting is requested by the Board, two Committee members, the External Auditor or the Internal Audit Head, or otherwise if the circumstances so require, provided that the reasons for the exceptional meeting are indicated.

- The Committee approves the dates and agenda of meetings of a fiscal year prior to its commencement. The meeting's invitation is issued at least 15 days in advance and is accompanied by the agenda and the documents and information necessary for discussing matters presented to the Committee and making decision on their respect.
- In exceptional cases, meeting invitations may be issued at least five days prior to the meeting date in accordance with the invitation procedures specified in this Charter.
- The Committee holds its meetings at Company headquarters; however, they may be held elsewhere, if necessary, subject to the Board approval.
- The quorum of the Committee's meeting requires a majority of its members. A member - in cases of necessity - may attend the meeting using one of the forms of communication subject to the Committee approval.
- The Committee meeting shall be attended by its members only. However, a member of the Board or Executive Management, who is not a Committee member, may only attend that Committee meeting upon invitation by the Committee to take his/her opinion or advice.
- The Committee regularly meets with the External Auditor and the Head of Internal Audit.
- Committee resolutions are made by a majority vote of the present members. When votes are equal, the Chairman's vote shall be casting.
- A Committee member is entitled to object to any Committee's resolution, provided that his objection is expressly stated in the meeting minutes together with the reasons for the objection. Absence from a meeting at which a resolution is made, does not preclude the member's liability for implementing the resolution unless it is proven that the member was unaware of the resolution or was unable to challenge it immediately after knowing of it.

Committee Meetings Documentation

- The Committee Secretary prepares the minutes of meeting, which must include:
 - The venue, date, and start and end time of the meeting.
 - Names of present and absent members in addition to the names of non-member attendees.
 - Committee deliberations and resolutions with setting out the results of votes and reasons for objections, if any.
 - Specifying the party to be responsible for implementing the resolutions and setting the implementation timeline and follow-up mechanism.
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- The Committee Secretary sends the draft minutes of meeting to Committee members. Members must record their comments, if any, on the draft within a maximum of five working days from the date of dispatch.
- After incorporating the Committee members' comments in the draft minutes, and obtaining the meeting's Chairman Approval thereon, the Committee Secretary resends the amended draft to the Committee members in preparation for its approval at the next Committee meeting.
- The meeting minutes, agenda and all accompanying documents must be maintained in a special record to be signed by the Chairman and Secretary.

Committee Actions Follow-up

- The Committee Chairman submits the Committee's recommendations and conclusions to the Board at the first Board meeting following the Committee meeting.

Committee Performance Evaluation

- The Committee shall review its performance on regular basis against such indicators as its effectiveness in carrying out its duties and responsibilities

Article (6): Committee Report to Ordinary General Assembly

The Audit Committee shall prepare a report to the General Assembly on its opinion on the adequacy of the Company's internal control systems, in addition to the other activities falling within the Committee's competencies.

Article (7): Confidentiality

A Committee member must maintain confidentiality of the information and documents made available to him/her. He/ She may in no case - even if his/her membership is terminated - disclose them to any individual or entity unless he is so authorized by the Board; nor may he/she use any such information for his/her own personal benefit or that of his/her relatives or third parties. The Company has the right to demand compensation in case of violation of the provisions of this article. This obligation also applies to the Committee's Secretary.

Article (8): Conflict of Interest.

- Members must avoid situations that lead to conflict of interest with the Company. A conflict of interest means that there is a direct or indirect interest to a member in any matter listed on the Committee agenda; and such an interest may (or is

believed to) influence the independence of the member's opinion, which is presumed to reflect his/her professional views.

- If a member has a conflict of interest in relation to any matter on the Committee agenda, he/she must disclose such conflict before starting the discussion of the that matter, provided that it is stated in the minutes of the meeting. In such a case, the member must not attend nor participate in the discussion of the matter, nor vote thereon.
- Committee members may not have a direct or indirect interest in the contracts that are carried out for the Company's account nor engage in any business that may compete with the Company or competes in any branch of its business activity.
- If a Committee member fails to disclose his/her interest in contracts carried out for the Company's account, whether before or after he/she became a Committee member, the Company may claim, before the judicial authority, revocation of the contract with a compensation or an obligation upon the member to pay back any profit or benefit realized through such interest.
- If a Committee member fails to disclose his/her engagement in any business that may compete with the Company or compete in a branch of its business activity, the Company may claim, before the judicial authority, a proper compensation.
- Committee members must not - directly or indirectly - make use of, exploit, or benefit from any of the Company's assets, information, or investment opportunities that are under consideration by the Company - even if the Company has decided not to proceed with such an opportunity. A member may not exploit such opportunity even after expiry of his/her membership term.
- If it is proven that a Committee member exploited an investment opportunity, the Company or any interested party may claim, before the judicial authority, revocation of any business, profit, or gain resulting from such an opportunity. The Company may also claim a proper compensation.

Article (9): Committee Members Remunerations

- Committee members are entitled to annual remunerations in accordance with the Remunerations Policy of the Board Members, Committees Members, and Executive Management approved by the General Assembly.
- The Board determines the remunerations and allowances to be paid to the Committee's Secretary.
- In the event of a resolution by the General Assembly to terminate the membership of a Committee member due to his/her absence from three consecutive meetings within one year without an excuse acceptable to the Board, the member is not entitled to any remunerations or compensations for the period following the last meeting he/she attended, and is required to return all the remunerations and compensations paid to him/her for that period.

- The Company has the right to claim compensation for damage to its reputation, and recover the remunerations and any other costs incurred to enable the member to perform his/her responsibilities if that member committed an act of dishonesty, breach of trust, forgery, or violation of laws and regulations of Saudi Arabia or any other country; or when he fails to carry out his/her responsibilities and duties to the extent that results in damage to the Company's interest.

Article (10): Charter Review

This Charter is subject to regular review for enhancement and keeping it abreast with the relevant laws and regulations' updates, and at the discretion of the Board. No amendment may be made to this Charter except upon the recommendation of the Board and approval of the Ordinary General Assembly.

Article (11): Entry into Force

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