



Al Majed Oud

Audit Committee Terms of Reference Al Majed Oud Company

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1. Definitions

For the purpose of implementing the provisions of these Bylaws, the following words and expressions shall have the meanings indicated opposite each of them unless the context requires otherwise:

Committee: Audit Committee.

Company: Al Majed Oud Company

Board: Board of Directors of Al Majed Oud Company

Chief Executive Officer: CEO of Al Majed Oud Company

Executive Management: The executive management of the company, including the CEO and all those directly supervised by him.

Management: General Department of Internal Audit at Al Majed Oud Company

Auditor: The external auditor appointed by the General Assembly.

Independent Director: A member who enjoys complete independence in his position and decisions and is not subject to any of the limitations of independence mentioned in these Bylaws.

Non-Executive Director: A member of the Board of Directors who is not dedicated to managing the company full-time and does not participate in its day-to-day operations.

Secretary of the Audit Committee: The approved policy of professional conduct and business ethics applicable to members of the Board of Directors of the Company

Secretary: Policy of professional conduct and

Business ethics: Al Majid Al Futtain and its affiliated committees

2. Committee composition and governance:

1. The committee members shall not be less than three and not more than five. Their appointment shall be issued by the Board of Directors, provided that they meet the following conditions:

- They shall not include any of the executive members of the Board of Directors or any of the company's senior executives.
- They shall include at least one independent member.
- The chairman of the audit committee shall be an independent member.



- At least one member shall have experience in financial and accounting affairs.
- Anyone who works or has worked within the past two years in the executive or financial management of the company, or with the company's auditors, shall not be a member of the committee.
- A member of the audit committee shall not simultaneously serve on the audit committees of more than five joint-stock companies listed on the market.

2. The term of the committee's membership shall be equal to the term of the Board.

3. The Board of Directors shall appoint the Chairman of the Audit Committee from among its members. The Committee shall also appoint a Secretary to the audit Committee from among its members or from the Company's employees at its first meeting.

4. The Chairman of the Board of Directors may not be a member of the Audit Committee.

3. Liaison and Powers

1. The Committee has the right to review the Company's records and documents and to request any clarification or statement from the Board, Executive Management, or Company employees.
2. The Committee may request the Board to convene the General Assembly if the Board obstructs its work or the Company suffers significant damages or losses.
3. The Committee may seek the assistance of any consultants it deems necessary to perform temporary advisory tasks to assist it in fulfilling its responsibilities, and it may determine their fees.
4. The Committee may call for meetings with the Company's Executive Management, the Management, the Auditor, or any external consultant as necessary.
5. The committee is responsible for resolving disagreements between management and the external auditor regarding financial reports, in addition to recommending proposed solutions to the Board of Directors.

4. Duties and Responsibilities

The Audit Committee is responsible for monitoring the company's operations and verifying the integrity and accuracy of its financial reports, statements, and internal control systems. This includes the following duties and responsibilities:

A. Duties and Responsibilities Related to the Internal Audit Department

1. Overseeing the department's work, approving the annual internal audit plan, and taking any action the committee deems appropriate to enable the department to achieve its objectives, perform its duties, and ensure its independence.



2. Recommending to the Board the adoption of the necessary policies for the company's internal audit.
3. Reviewing and approving the department's organizational structure.
4. Recommending to the Board the appointment of the Director General of Internal Audit, recommending to the Board their dismissal or replacement, and determining their remuneration.
5. Approving the Director General's performance indicators and evaluating them accordingly.
6. Study the company's internal control, financial and disclosure systems, and information technology systems, ensure their adequacy to manage the company's business, and submit recommendations to the board regarding them.
7. Reviewing internal audit reports and following up on the implementation of corrective actions for the observations contained therein.
8. The Director General of the Internal Audit Department reports functionally to the Audit Committee and administratively to the CEO, as follows:
 - a. The Director General of Internal Audit reports directly to the Audit Committee regarding matters related to the performance of his duties. This direct communication must not be disrupted by executive management.
 - b. The Director General of Internal Audit reports administratively to the CEO regarding matters related to the daily management of the company.
9. The committee must establish arrangements and mechanisms that enable company employees to confidentially submit their observations and reports of concerns or irregularities related to financial reports and other matters. The committee must also ensure that procedures are effectively implemented by conducting appropriate independent investigations into the extent of reported violations, errors, irregularities, inaccuracies, or irregularities, and adopt and take appropriate follow-up measures.

B. Duties and Responsibilities Related to the External Auditor

1. Recommend to the Board of Directors the nomination and dismissal of auditors, determine their fees, and evaluate their performance after ensuring their independence and reviewing the scope of their work and the terms of their contracts, prior to their presentation to the General Assembly.
2. Verify the independence, objectivity, and fairness of the auditors, as well as the effectiveness of their audit work, taking into account relevant rules and standards, and study and address any restrictions on the auditor's work that could affect their ability to perform their duties.



3. Study the auditor's plan and work, determine its scope, and ensure that the auditor does not provide technical, administrative, or advisory work that falls outside the scope of the audit work. Ensure that such work is consistent with the management's plan and provide its opinions thereon.
4. Monitor the auditor's work and ensure compliance with the assigned scope of work, discuss it, and answer any inquiries.
5. Study the auditor's report and comments on the financial statements and follow up on any actions taken regarding them.

C. Tasks and Responsibilities Related to Financial Statements and Reports

1. Study the company's interim and annual financial statements before presenting them to the Board of Directors and provide an opinion to ensure their integrity, fairness, and transparency. Submit recommendations thereon to the Board and the General Assembly.
2. Provide a technical opinion—upon request by the Board of Directors—on whether the Board of Directors' report and the company's financial statements are fair, balanced, and understandable, and include information that enables shareholders and investors to assess the company's financial position, performance, business model, and strategy.
3. Verify accounting estimates on material matters contained in the financial reports, and carefully investigate any issues raised by the company's CFO, his/her representative, the company's compliance manager, or the auditor.
4. Study the company's accounting policies and provide an opinion and recommendation to the Board of Directors regarding them.
5. Submit an annual report to the Board of Directors, including the Audit Committee's views on the adequacy of the company's internal financial controls and risk management system.
6. Review the reports of the Internal Audit Department, the External Auditor, and any other reports issued by the company and falling under the Audit Committee's responsibility, and follow up on the implementation of corrective actions for the observations contained therein.

D. Tasks and Responsibilities Related to Risk Management and Compliance Ensuring

1. Ensure the company and its employees' compliance with relevant laws and regulations, and recommend appropriate action in the event of non-compliance.
2. Review the results of regulatory reports and ensure that the company has taken the necessary action in this regard.



3. Determine the level of risk tolerance to which the company may be exposed and ensure the effectiveness of the company's procedures to protect against claims, legal cases, and the risks of non-compliance with relevant rules and regulations.

4. The committee must study any conflict of interest that may arise for any member of the board of directors or committees. This includes reviewing the contracts and transactions proposed for the company to enter into with related parties, and submit its views on the matter to the board of directors.

5. Review the report of the director of risk management and compliance or his representative on a regular basis and make decisions regarding it.

6. Raise any matters it deems necessary to take action to the board of directors and make recommendations on the necessary actions.

5. Committee Meetings

1. The committee shall hold meetings to follow up on its work, at least four (4) meetings during the company's fiscal year or whenever necessary. In addition, the Committee meets periodically with the external auditors, internal auditors, and/or management to discuss any matters that these individuals wish to bring to the Committee's attention, or that the Committee wishes to bring to the attention of these individuals.

2. Invitations to Committee meetings shall be sent at least five business days prior to the meeting.

3. The meeting agenda and accompanying documents shall be sent at least three business days prior to the meeting.

4. The Committee shall meet at the invitation of its Chairman. The Chairman shall also call for a meeting if two members submit a written request addressed to the Chairman.

5. Committee meetings shall not be valid unless attended by at least a majority of the members.

6. The Committee shall hold its meetings at the company's headquarters or at any other location agreed upon by the committee members. Meetings, voting on its decisions, and signing may be conducted via modern technology.

7. The Committee Chairman shall preside over, manage, control, and direct its meetings. If the Chairman is unable to attend or if there is a conflict of interest with any of the matters presented to the Committee, he shall appoint a member of the Committee to chair the meeting. If the Chairman is unable to appoint someone to chair the meeting on his behalf, the attending members shall choose a chairman from among the members present.



8.A Committee member may not delegate another member to attend or vote on his behalf at the Committee meetings.

9. The Committee shall meet periodically with the Company's auditor and the Company's internal auditor at least once a year.

10.The Committee may invite whomever it deems appropriate to attend its meetings, but such members shall not have the right to vote.

11.The Internal Auditor and the Auditor may request a meeting with the Audit Committee whenever necessary.

6. Committee Minutes and Deliberations:

1.Committee meetings must be documented, and minutes must be prepared, including the discussions and deliberations, the committee's recommendations and voting results. These minutes must be kept in a special, organized register, including the names of the members present and any reservations they expressed, if any. These minutes must be signed by all members present.

2.The Secretary, after approval by the Committee Chair, shall send the draft minutes of the meeting to its members within five working days of the meeting. The minutes of the meeting shall be made available to all members of the committee after they have been revised and reflect the comments of the committee members and the Chair's directives. Committee members are deemed to have approved the draft minutes of the meeting if no comments or reservations are expressed within five working days of the date of their submission.

3.The minutes of the committee meetings and decisions shall be recorded in Arabic, although the committee may add any other language it deems appropriate.

4.The results of the committee's work shall be presented to the Council periodically.

5.Minutes of committee meetings shall be retained for a period of no less than ten (10) years.

7. Committee Decisions

1.Committee decisions shall be issued by a majority of votes. In the event of a tie, the side with which the chairperson or his/her representative votes shall prevail.

2.The committee may issue decisions on urgent matters by circulation, presenting them to the members separately, unless a member requests in writing a committee meeting to deliberate on them. These decisions shall be issued upon approval by a majority of the committee members. Members may vote electronically on these decisions, and these decisions shall be presented to the committee at its first subsequent meeting.



3. A committee member may not participate in voting on any decisions in which he or she has an interest or which relate to him or her.

8. Committee Reports:

1. Prepare a report on its opinion regarding the adequacy of the company's internal control system and any other work it has undertaken within its scope of authority.

2. The Audit Committee's report must include details of its performance of its duties and responsibilities stipulated in the Companies Law and its Implementing Regulations. It must also include its recommendations and opinion regarding the adequacy of the company's internal control, financial, and risk management systems.

3. The Board of Directors must deposit sufficient copies of the Audit Committee's report at the company's headquarters at least twenty-one days before the General Assembly meeting. It must be published on the company's website and the Exchange's website when the invitation to the General Assembly is issued, enabling shareholders who wish to obtain a copy. A summary of the report must be read during the General Assembly meeting.

4. The Audit Committee must submit summary reports to the Board of Directors following each meeting.

5. The Audit Committee may seek the assistance of any experts and specialists it deems necessary from within or outside the company, within the limits of its powers. This must be included in the minutes of the committee meeting, including the name of the expert and their relationship to the company or executive management.

6. The Audit Committee shall study matters within its jurisdiction or referred to it by the Board of Directors. It shall submit its recommendations to the Board for decision, or it may make decisions if authorized by the Board. However, the Board of Directors shall be responsible for such decisions.

7. The Chairman of the Audit Committee or their designated member must attend the company's general assemblies to answer shareholders' questions.

9. Termination or Expiration of Committee Membership

1. A member's membership shall terminate in any of the following cases:

- The expiration of the specified term of his membership on the Committee and its failure to renew it.
- The member loses legal capacity or dies.
- Resignation or retirement of a committee member, subject to the Board's approval



2.The Board of Directors may, at any time, dismiss all or some members of the Audit Committee, without prejudice to the dismissed member's right to claim compensation against the company if the dismissal is for an unacceptable reason.

3. The Board of Directors may terminate the membership of an Audit Committee member who fails to attend three consecutive meetings without a valid excuse, or five separate meetings during their term without a valid excuse.

10. Committee Membership Position:

If the position of a member of the Audit Committee becomes vacant, the company's Board of Directors may appoint a member to fill the vacant position, provided that the member possesses the required experience and competence. The Authority must be notified within five business days of the appointment date. The new Audit Committee member shall complete the term of their predecessor.

11. Committee Member Obligations

Each committee member shall adhere to the principles of honesty, integrity, loyalty, diligence, and concern for the interests of the company and shareholders, prioritizing these interests over their own personal interests. This includes, in particular, the following:

- 1.Adherence to the provisions of the Companies Law, the Capital Market Law, their implementing regulations, and related regulations, as well as the company's articles of association when performing their duties and responsibilities, and refraining from engaging in or participating in any action that would harm the company's interests.
- 2.Regular attendance at committee meetings, active participation in their work, and notification to the committee chairman of any absences from a committee meeting.
- 3.Maintaining company confidentiality. A committee member may not disclose to shareholders, other than the general assembly, or to third parties any company secrets they have come to know due to the performance of their duties. Otherwise, they shall be dismissed, held accountable, and required to pay compensation for any resulting damages.
4. Not to participate in any executive activities within the company.
- 5.Exercising due professional care in carrying out their assigned duties and keeping abreast of recent developments related to the company's business.
- 6.Not to participate, directly or indirectly, in any acts or activities deemed dishonorable or inconsistent with their duties or responsibilities to the company. They must not prioritize their personal interests over those of the company.



7. Not to accept anything of significant value from any employee, affiliate, customer, supplier, or anyone with a business relationship with the company that might undermine the committee member's independence, in form or substance, or influence, or be assumed to influence, the decisions they reach.

8. Disclose to the Board of Directors any transactions that have taken place or are likely to take place between them and the company and the nature of that relationship. He also discloses his relationship with the company's Board of Directors and executive management, in accordance with the requirements of the company's conflict of interest policy and code of professional conduct.

9. Actively participate in committee meetings by studying and discussing the topics on the committee's agenda.

12. Committee Chairman's Duties

The Committee Chairman shall oversee the committee's performance of its duties, particularly the following:

1. Calling the committee to convene, setting the time, date, and place of each meeting, and approving the committee's agenda, in coordination with the Committee Secretary.
2. Chairing the committee's meetings and submitting its work results and recommendations to the Board of Directors.
3. Informing the Board of Directors of the committee's findings and decisions in a transparent manner.
4. The Committee Chairman or his/her designated member shall attend the general assemblies to answer shareholders' questions.
5. Representing the committee before the Board of Directors and any other party as required.

13. Committee Members' Remuneration

1. The remuneration of the Audit Committee members shall be a fixed sum or an attendance allowance for meetings, and may be combined.
2. Without prejudice to the provisions of the Articles of Association, the remuneration of the Committee members and all benefits they receive, if any, shall be determined by the Board of Directors based on the remuneration policy approved by the General Assembly.



14. Communication with the Audit Committee:

1. To ensure the independence of the Audit Committee's work, the Internal Audit Manager/Internal Auditor and the External Auditor shall communicate directly with the Audit Committee without intermediaries.

2. The Company's management shall establish a reporting mechanism to facilitate communication with the Audit Committee in cases of serious and urgent risks that may affect the Company's business.

15. Conflicts between the Audit Committee and the Board of Directors:

If there is a conflict between the Audit Committee's recommendations and the Board of Directors' decisions, or if the Board of Directors refuses to accept the Committee's recommendations regarding the appointment, dismissal, remuneration, performance evaluation, or appointment of the internal auditor, the Board of Directors' report must include the Committee's recommendation, its justifications, and the reasons for not accepting it.

16. Committee Secretariat:

The Committee shall appoint a Secretary from among its members or from others. The Secretary's duties include the following:

- Documenting Committee meetings and preparing minutes of the meetings, including discussions and deliberations, indicating the location, date, and time of the meeting; documenting the Committee's decisions, recommendations, and voting results; recording the names of the members present and their reservations, if any; and having these minutes signed by all members present.
- Coordinating between the Committee and the Council
- Providing committee members with the committee's agenda, working papers, documents, and related information, subject to the approval of the committee chairman, and any additional documents or information requested by any committee member related to the topics covered in the meeting agenda.
- The secretary shall be responsible for keeping the committee's minutes and decisions.

17. Enforcement and Review

1. The provisions of these bylaws shall be effective from the date of their approval by the General Assembly of Shareholders. They shall also be published on the company's website for shareholders and stakeholders to review.



2.The content of these bylaws shall be reviewed as necessary based on the recommendation of the Board of Directors, provided that such amendments are submitted to the General Assembly of Shareholders for approval at its next meeting.

