



Al Majed Oud

Audit Committee Terms of Reference Al Majed Oud Company

Accreditation Information		
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1 Definitions:

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

Regulations	All applicable laws in the Kingdom of Saudi Arabia and the regulations, instructions, and decisions issued pursuant thereto.
Article of assoisation	Article of assoisation Al Majed Oud Company
Company	Al Majed Oud Company
Board:	Board of Directors of Al Majed Oud Company
Board Member	A member of the Board of Directors of Al Majed Oud Company appointed by a decision of the General Assembly.
Chairman:	Chairman of the Board of Directors of Al Majed Oud Company, appointed by the Board of Directors from among its members.
Chief Executive Officer	CEO of Al Majid Perfumes Company
Secretary:	Secretary of the Board of Directors of Al Majid Perfumes Company, appointed by a decision of the Board of Directors.
Committees	Any of the committees established by the Board of Directors of Al Majid Perfumes Company
Professional Conduct Policy and Business Ethics:	The approved policy of professional conduct and business ethics applicable to members of the Board of Directors Al Majid Perfumes Company
Conflict of Interest	Any actual or potential direct or indirect conflict between the interests of the Company and any personal, commercial, or other interest of any Board member that may affect their impartiality when voting on Board decisions and their actions related to the Company.
Relatives or Relationship	<ul style="list-style-type: none"> - Parents, mothers, grandfathers, and grandmothers, and so on. - Children, their children, and so on. - Full-brothers and sisters, paternal or maternal. - Spouses and wives

2 Board Composition and Governance

1. The Board shall consist of (5) members appointed by the General Assembly, provided that one-third of them shall be independent members or two members, whichever is greater.
2. The term of membership on the Board shall be four years, renewable.
3. If the position of a member of the Board of Directors becomes vacant and this vacancy does not result in a breach of the conditions necessary for the validity of the Board's meeting due to the number of its members falling below the minimum number permitted by the system, the Board may appoint a temporary member in The position must be one of those with the experience and competence, as the board deems appropriate, without resorting to the voting system in the assembly that elected the board. The Commercial Registry and the Authority, if the company is listed on the stock market, must be notified of this within fifteen (15) days from the date of



appointment. This appointment must be presented to the Ordinary General Assembly at its first meeting, and the new member must complete the term of his predecessor.

4. The following conditions must be met for an independent board member:

- A. He must not own five percent or more of the company's shares or shares of another company in its group, nor be a relative of anyone who owns this percentage.
- B. He must not be a relative of any member of the board of directors of the company or of another company in its group.
- C. He must not be a representative of a legal person who owns five percent or more of the company's shares or shares of another company in its group.
- D. He must not be a relative of any senior executive in the company or of another company in its group.
- E. The candidate must not be a member of the board of directors of another company within the group of companies whose board of directors they are nominated for.
- F. The candidate must not work, or have been an employee within the past two years, for the company or any party dealing with it, or another company within its group, such as auditors or major suppliers, or hold a controlling interest in any of these parties within the past two years.
- G. The candidate must not have a direct or indirect interest in the business or contracts concluded on behalf of the company.
- H. The candidate must not receive financial sums from the company, in addition to the remuneration for membership in the board of directors or any of its committees, exceeding (200,000) two hundred thousand riyals or (50%) of the remuneration received in the previous year for membership in the board of directors or any of its committees, whichever is less.
- I. The candidate must not participate in any business that would compete with the company, or trade in any of the branches of the company's activity.
- J. Not to have spent more than nine consecutive or separate years as a member of the company's board of directors.

3. Board Responsibilities and Powers

Subject to the powers assigned to the General Assembly, the Board shall exercise all responsibilities and powers in managing the company to achieve its objectives in accordance with the Companies Law and the Articles of Association, all relevant laws and regulations, and any amendments thereto. The responsibilities and powers include the following:

1. All powers stipulated in the Articles of Association and necessary for the management of the company.



2. Exercising the duties of diligence and loyalty in managing the company and in everything that would preserve its interests, develop it, and maximize its value.
3. The Board of Directors is responsible for the Company's operations, even if it delegates some of its powers to committees, entities, or individuals. In all cases, the Board of Directors may not issue a general or indefinite delegation.
4. Approval, amendment, and exceptions to the Company's administrative and financial powers table.
5. Approval, amendment, and exceptions to the Company's organizational structure.
6. Approval, amendment, and exceptions to the Company's general policies.
7. Approval of the formation of Board committees and the appointment of their members.
8. Approval of the Company's annual plans and strategy, supervision of their implementation, and periodic review, ensuring the availability of the necessary human and financial resources to achieve them.
9. Approval of the appointment of the Company's Chief Executive Officer, determination of his remuneration, adoption of his annual performance indicators, evaluation, and dismissal.
10. Approval, amendment, and exceptions to the Company's operating rules
11. Approval of the Company's salary and incentive scale and any amendments thereto.
12. Establishing and overseeing internal control systems and controls.
13. Supervising the company's finances, cash flows, and financial and credit relationships with third parties.
14. Approving the company's annual budget.
15. Preparing and approving the interim and annual financial statements prior to publication.
16. Preparing and approving the Board of Directors' report prior to publication.
17. Approving business, contracts, and projects in accordance with the Terms of Reference.
18. Recommending to the General Assembly regarding the use of the company's contractual reserve if it is not allocated for a specific purpose and proposing a method for distributing profits.
19. Notifying the General Assembly, upon its convening, of business and contracts in which a Board member has a direct or indirect interest. This notification shall be accompanied by a special report from the company's external auditor.



20. The Board may delegate specific tasks to any Board member for a specified period by a written resolution issued in this regard. In all cases, the Board may review any decisions taken based on such delegation.

4. Duties of Care and Loyalty:

Members of the company's board of directors must adhere to the duties of care and loyalty, particularly the following:

- Carry out their duties within the limits of their assigned powers.
- Act in good faith to achieve the company's best interests and strive to do everything possible to enhance its success, growth, and value for shareholders, and to achieve its sustainability.
- To make decisions and vote independently and to avoid situations that might affect their impartiality when making or voting on decisions
- To exercise reasonable and expected care, attention, diligence, and skill.
- To avoid conflicts of interest.
- To disclose any direct or indirect interest in the business and contracts concluded for the company.
- To refrain from accepting any benefit granted to them from third parties in connection with their role in the company.

5. Board Member Duties and Responsibilities

A board member is committed to the following:

- To be aware of and abide by the provisions of the Professional Conduct and Business Ethics Policy.
- To fully abide by the provisions of the Ministry of Commerce's regulations and bylaws, the Corporate Governance Regulations issued by the Capital Market Authority, and the Articles of Association, including the disclosures and obligations contained therein, when exercising their duties as a board member. They must refrain from engaging in or participating in any act that constitutes mismanagement of the company's affairs.
- To attend board meetings. If a board member is unable to attend any scheduled board meeting for any reason, they must notify the chairman or secretary.
- Enabling other board members to freely express their opinions, urging the board to discuss topics and seek the opinions of specialists from the company's executive management and others when necessary.
- Monitoring the performance of the executive management and the extent to which it achieves the company's goals and objectives.



6. Ensuring the strength of the company's financial oversight and risk management systems.
7. Disclosing any conflict of interest in any matter presented to the board or the committee of which they are a member, provided that this is documented in the minutes of the meeting. In this case, they may not attend the discussion of the matter subject to the conflict of interest or vote on it. When the board or committee becomes aware of a conflict of interest, they must prevent the member who believes they have an interest in the matter presented from attending the discussion and voting on it. The votes required to issue decisions and recommendations in this case shall be counted based on the votes of the members participating in the meeting.
8. Not disclosing company secrets that a board member has learned by virtue of their membership, or exploiting such secrets in a manner that would harm the company and its interests.
9. Fully and immediately inform the Board of any involvement, directly or indirectly, in any business that may directly or indirectly compete with the Company in any of its activities.
10. Resign from the Board if you are unable to fully fulfill your duties as a Board Member.

6. Chairman's Duties and Responsibilities

1. The Board shall appoint a Chairman from among its members. The Chairman may not combine the position of Chairman with any executive position in the Company.
2. The Chairman's term of office shall not exceed the term of the Board, and he may be re-elected.
3. The Chairman shall assume the powers and duties assigned to him and shall exercise them in accordance with the regulations, the Articles of Association, and these Bylaws, including the following:
 - a. Leading the Board, supervising its work, and performing its duties effectively.
 - b. Representing the Company before third parties in accordance with the regulations, the Articles of Association, the Policy of Professional Conduct, and Business Ethics
 - c. Encouraging Board members to perform their duties effectively and in the best interests of the Company.
 - d. Encouraging constructive relations and effective participation between the Board and Executive Management.
 - e. Approving the agenda for Board meetings, taking into account any matter raised by a member or the auditor, and consulting with the Board members and the CEO when preparing the agenda for the Board meeting.



- f. Ensuring that the Board discusses all matters included in the meeting agenda effectively and in a timely manner.
- g. Receiving requests and suggestions from members and chairpersons of Board committees regarding topics they deem necessary to include on the agenda of Board meetings or any proposals related to the company.
- h. Supervising the work of the Board Secretariat.

7. Exploiting the Company's Investment Opportunities

Members of the Board of Directors are prohibited from exploiting or benefiting, directly or indirectly, from any of the Company's assets, information, or investment opportunities presented to them in their capacity as members of the Board of Directors, or presented to the Company. This includes investment opportunities that fall within the Company's activities, or if the Company wishes to benefit from the investment opportunity or is expected to benefit from it. This prohibition applies to any member of the Board of Directors who resigns in order to exploit, directly or indirectly, investment opportunities that the Company wishes to benefit from and that they became aware of during their employment with the Company.

8. Sale of Company Assets:

The Board of Directors must obtain the approval of the General Assembly when selling Company assets whose value exceeds 50% of the total value of its assets, whether the sale is through a single transaction or multiple transactions. In this case, the transaction that results in exceeding 50% of the value of the assets is considered the transaction requiring the approval of the General Assembly. This percentage is calculated from the date of the first transaction within the preceding (12) months.

9. Providing Loans:

The Company may not provide a loan of any kind to any member of the Board of Directors, nor may it enter into any guarantee or provide any guarantees related to a loan entered into by any of them with a third party. This applies to any loan, guarantee, or security provided to any of their relatives. Any contract concluded in violation of this provision is null and void, and the Company has the right to seek compensation from the violator before the competent judicial authority for any damages it may suffer.

10. Board Members' Remuneration:

Without prejudice to the provisions of the Articles of Association, the remuneration of the Chairman and members of the Board, as well as all benefits they receive, if any, shall be in accordance with the decision of the General Assembly or the Remuneration Policy, if any, as the case may be.



11. Board Meetings

1. The Board of Directors shall meet periodically as deemed necessary by the Board, provided that no fewer than four meetings are held per year upon the invitation of its Chairman. The Chairman of the Board shall convene the Board whenever requested by one or more Board members.
2. Invitations to scheduled Board meetings shall be sent at least five (5) days prior to the meeting date. An emergency meeting may be held if necessary, and the invitation may be sent less than three (3) days prior to the meeting date.
3. Invitations to Board meetings shall be sent to members at their addresses approved by the Board Secretariat, delivered in person, or by any other electronic means. They may also be held using modern technology.
4. The meeting agenda and accompanying documents shall be sent at least three working days prior to the meeting.
5. The Board approves its agenda items at the time of the meeting. A Board member may submit any proposal to the Chairman for inclusion on the Board agenda items. He may also propose deleting any such items. If any member objects to the agenda, this must be documented in the Board meeting minutes.
6. A Board meeting shall not be valid unless attended by at least half of the Board members (in person and by proxy), provided that the number of attendees is not less than three.
7. Board members may attend its meetings and vote on decisions made therein via visual or audio communication, provided that the content of the invitation, the date and time of its dispatch, and the sender and addressee are known.
8. The Board may invite any person other than members to attend any of the Board's meetings without the right to vote.

12. Board Minutes and Deliberations

1. Subject to the provisions of the regulations, the Board's deliberations and minutes shall be confidential and may not be disclosed except as required.
2. Subject to the provisions of Article (15), the Secretary shall record the Board's deliberations and decisions in minutes signed by the Chairman, the attending Board members, and the Secretary after taking the members' comments into account.
3. The Secretary shall send the draft minutes of the meeting to the Board members within a period not exceeding ten business days from the date of the meeting. The minutes shall be deemed approved and adopted if no member raises an objection within five business days of the date of sending them.



4. Any comments made by any member of the Board of Directors regarding the Company's performance or any of the matters presented and not decided upon at the Board meeting shall be recorded, and a statement of the actions taken or deemed necessary by the Board shall be prepared in the minutes.
5. All reservations of members who disagree with any of the Board's decisions shall be recorded in the minutes.
6. The minutes of Board meetings and decisions shall be recorded in Arabic, and the Board may add any other language it deems appropriate.

13. Board Decisions

1. Board decisions shall be issued by a majority vote of the members present or represented. In the event of a tie, the side with which the Chairman of the meeting voted shall prevail.
2. The Board may issue decisions on urgent matters by circulation, presenting them to the members separately, unless a member requests in writing a Board meeting to deliberate on them. These decisions shall be issued upon approval by a majority of the Board members. Members may also vote electronically on these decisions. These decisions shall be presented to the Board at its first subsequent meeting.
3. The Chief Executive Officer shall be responsible for implementing all decisions taken by the Board and shall update the Board at each meeting on the latest developments regarding the Board's decisions.
4. A Board member may not participate in voting on any decisions in which he has an interest or which relate to him.

14. Termination of Board Membership:

1. A Board member's membership shall terminate in any of the following cases:
 - a. The expiration of the specified term of his/her Board membership and its non-renewal.
 - b. The dismissal of a Board member by a decision of the General Assembly, his/her loss of legal capacity, or his/her death.



c. Resignation of a Board member.

2. If a Board member resigns and has any concerns regarding the Company's performance, he/she must submit a written statement of these concerns to the Chairman of the Board, which must be presented to the Board members.

15. Board Secretariat

1. The Board shall appoint a Secretary from among its members or from others. The Secretary's duties and remuneration shall be determined by a Board resolution, provided that these duties include the following:

- Documenting Board meetings and preparing minutes of them, including discussions and deliberations, indicating the meeting's location, date, start and end times, documenting Board decisions and voting results, and keeping them in a special, organized register. The names of the members present and any reservations they expressed, if any, are recorded, and these minutes are signed by all members present and the Secretary.
- Maintaining reports submitted to the Board of Directors and reports prepared by the Board.
- Notifying Board members of the dates of Board meetings well in advance.
- Presenting draft minutes to Board members for their comments before signing.
- Ensuring that Board members have full and prompt access to copies of Board meeting minutes, information, and documents related to the company.
- Providing Board members with the Board agenda, working papers, documents, and information related to the Board, with the Chairman's approval, and any additional documents or information requested by any Board member related to the topics covered in the meeting agenda.
- Ensuring that Board members comply with the obligations stipulated in these Bylaws.
- Coordinating among Board members and providing them with assistance and advice.
- Organizing the disclosure records of Board members and executive management.

2. The Board Secretary may not be dismissed except by a Board resolution.

16. Oversight of the Board of Directors

The shareholder exercises oversight over the Board of Directors in accordance with the provisions of the bylaws. The shareholder may not interfere in the work of the Board of Directors or the work of the company's executive management unless he is a member of its board of directors, works in its executive management, or intervenes through the general assembly in accordance with its powers.

17 Rules for Evaluating Decisions

1- The members of the company's board of directors shall be deemed to have fulfilled their duty in the decision they made or voted on in good faith if the following occurs:



- a- If they have no interest in the subject matter of the decision.
- b- If they are fully informed and familiar with the subject matter of the decision to the extent appropriate under the surrounding circumstances, according to their reasonable belief.
- c- If they firmly and rationally believe that the decision serves the interests of the company.
- 2- The burden of proof to the contrary rests on the plaintiff. A decision refers to an action or inaction in a matter related to the company's business.

18. Enforcement and Review

The provisions of these regulations shall be enforced and adhered to by all relevant parties from the date of their approval by the General Assembly of Shareholders. These regulations shall be reviewed periodically when necessary by the Board of Directors, and any proposed amendments shall be presented by the Board of Directors, who shall recommend them to the General Assembly of Shareholders for approval.

