



AUDIT COMMITTEE CHARTER



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1. PURPOSE

To assist the Board of Directors (the Board) in fulfilling its oversight responsibilities for

- 1.1 The financial reporting process to ensure the integrity of the Company's financial statements,
- 1.2 The system of internal control
- 1.3 The internal and external audit process
- 1.4 The company's process for monitoring compliance with laws and regulations. However, the Board retains ultimate responsibility.

2. AUTHORITY

The Audit Committee has authority to conduct or authorize investigations into any matters within its scope of responsibility. It is empowered to:

- 2.1 Recommend for appointment and compensation of the public accounting firm employed by the organization to conduct the annual audit and oversee their work. This firm will report directly to the Audit Committee.
- 2.2 Resolve any disagreements between management and the auditor regarding financial reporting.
- 2.3 Pre-approve all auditing and permitted non-audit services performed by the Company's external audit firm.
- 2.4 Retain independent counsel, accountants, or others to advise the Committee or assist in the conduct of an investigation.
- 2.5 Seek any information it requires from employees, all of whom are directed to cooperate with the Committee's requests or external parties.
- 2.6 Meet with Company officers, external auditors, or outside counsel, as necessary.

3. COMPOSITION

- 3.1 The Audit Committee will consist of at least three members appointed by the Board where at least one of them shall be an independent member.
- 3.2 The chairman of the board of directors and the executive Board members may not be members of the audit committee.
- 3.3 The Board defines the period of membership in the Committee and the approach on which it will operate.
- 3.4 Each Committee member will be both independent and financially literate. Within the Committee's composition, at least one member shall hold a certificate and/or have experience that is relevant to the

financial and accounting fields and shall be designated as the "financial expert," as defined by applicable legislation and regulation.

- 3.5 The Committee has the right to ask for the help of external experts (members) after getting the Board approval. It may also consult any external advisory body at the expense of the Company.

4. MEETINGS

- 4.1 The Committee will meet at least four times a year (quarterly), with authority to convene additional meetings, as circumstances require and shall record the minutes for its meetings that shall be subsequently approved by the members attending the meeting. The agenda should be circulated to the Committee members no later than 2 days prior to the scheduled meeting.
- 4.2 A quorum shall be the number of members who form a simple majority including the Chairman or the delegate assigned by him or elected by the members during the meeting in which the Chairman is absent.
- 4.3 A majority of Committee members should attend the meeting. All Committee members are expected to attend each meeting, in person or via tele- or video-conference.
- 4.4 The Committee shall have periodic meetings with the external auditors (at least once a year), where the internal and external auditors can request to meet the Committee whenever it's deemed necessary. The Committee may invite to its meetings any member of management as deemed appropriate.
- 4.5 The Committee will normally seek to reach consensus on matters discussed. If consensus on an agenda item cannot be achieved, the Chairman will call for a vote. Committee decisions shall be made by simple majority vote and the Secretary will record the results immediately against that item on the agenda. In the case of a draw the Chairman will be granted an additional vote. Any member contesting on any resolution may request to have his/her opinion recorded in the minutes.
- 4.6 The minutes will be circulated to the Board once approved.
- 4.7 The Committee shall nominate a person to be the Committee's secretary.

5. RESPONSIBILITIES

The Committee will carry out the following responsibilities:

5.1 Financial Statements

- 5.1.1 Review, express opinions and recommendations over the annual and periodic financial statements and discuss them with management and the external auditors before presenting the same to the Board. This is to ensure the fairness and transparency of the financial reports.
- 5.1.2 Studying the applied accounting policies and providing opinions and recommendations to the Board in this regard.
- 5.1.3 Review significant accounting and reporting issues and understand their impact on the financial statements. These issues include:
 - 5.1.3.1 Complex or unusual transactions and highly judgmental areas
 - 5.1.3.2 Major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles
 - 5.1.3.3 The effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company.
- 5.1.4 Review analyses prepared by management and/or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements.
- 5.1.5 Review with management and the external auditors the results of the audit, including any difficulties encountered. This review will include any restrictions on the scope of the independent auditor's activities or on access to requested information, and any significant disagreements with management. It will also include reviewing all other matters that are required to be communicated to the Committee under generally accepted auditing standards.
- 5.1.6 Reviewing the external auditor's management letter and notes on the Company's financial statements and following up on the actions taken in this regard.
- 5.1.7 Review other sections of the annual report and related regulatory filings before release and consider the accuracy and completeness of the information and compliance with the Capital Markets Authority's and other regulatory reporting requirements.

5.2 Internal Control

- 5.2.1 Assessing the adequacy of the internal control systems within the Company and preparing a report that includes the Committee's opinions and recommendations in this regard.
- 5.2.2 Consider the effectiveness of the Company's information technology security and control.
- 5.2.3 Understand the scope of internal and external auditors' review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management's responses.
- 5.2.4 Appoint an independent auditor to conduct a review on the Internal Control System (ICR Audit) and report to the Committee on an annual basis with the Committee's opinion and recommendation thereto. Subsequently, one copy of the ICR report shall be submitted to CMA.

5.3 Internal Audit

- 5.3.1 Approve the Group Internal Audit Charter.
- 5.3.2 Supervising the Group Internal Audit Department in the company to ensure its effectiveness in achieving its duties defined by the Board.
- 5.3.3 Recommending the appointment, transfer, discharge of the Group Chief Audit Executive and evaluating his performance along with the performance of the Group Internal Audit Department.
- 5.3.4 Reviewing and approving the Group Internal Audit plan proposed by the Group Chief Audit Executive and all changes to it and providing the Committee's notes on the same. Review the Group Internal Audit Department's activity's performance relative to its plan.
- 5.3.5 Review with the Group Chief Audit Executive the Group Internal Audit budget, resource plan, activities, and organizational structure of the Group Internal Audit function.
- 5.3.6 At least once per year, review the performance of the Group Chief Audit Executive and concur with the annual compensation and salary adjustment.
- 5.3.7 Reviewing the Group Internal Audit report results and ensuring that the required corrective actions have been taken regarding the observations noted in the report.
- 5.3.8 Review with management and the Group Chief Audit Executive the Charter, plans, activities, staffing, and organizational structure of the Group Internal Audit function.

- 5.3.9 Review the effectiveness of the Group Internal Audit function, including conformance with The Institute of Internal Auditors' Definition of Internal Auditing, Code of Ethics and the International Standards for Professional Practice of Internal Auditing.
- 5.3.10 On a regular basis, meet separately with the Group Chief Audit Executive to discuss any matters that the Committee or Group Internal Audit believes should be discussed privately.
- 5.3.11 Appoint an independent audit firm to assess the performance of the internal audit function every three years.

5.4 External Audit

- 5.4.1 Recommending to the Board to engage/re-engage the external auditors or changing them and determining their fees. At the recommendation stage, auditors' independence shall be assured and their engagement letters must be reviewed.
- 5.4.2 Ensure that the external auditor recommended are listed in the CMA's register, provided that it's fulfilling all the terms set out in the requirements of the CMA resolution with regards to registering external auditors.
- 5.4.3 Reviewing the functionality of the external auditors, and ensuring they are not providing the Company with any services except the services related to the external audit
- 5.4.4 Review the performance of the external auditors and exercise final approval on the appointment or discharge of the auditors. In performing this review, the Committee will:
- Take into account the opinions of management
 - Review and evaluate the lead partner of the independent auditor
 - Present its conclusions with respect to the external auditor to the board.
- 5.4.5 Review and confirm the independence of the external auditors by obtaining statements from the auditors and the company, including non-audit services and discussing the relationships with the auditors.
- 5.4.6 On a regular basis, meet separately with the external auditors to discuss any matters that the Committee or auditors believe should be discussed privately.

5.5 Compliance

- 5.5.1 Reviewing the results of the regulatory bodies' reports and other auditor observations and ensuring that the required corrective actions have been taken regarding the observations noted in the reports.
- 5.5.2 Obtain regular updates from management and Company Compliance Officer regarding compliance matters.
- 5.5.3 Ensure that the Company complies with the laws, policies, regulations and relevant instructions.
- 5.5.4 Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation (including disciplinary action) of any instances of noncompliance and follow-up.
- 5.5.5 Establish procedures for:
 - 5.5.5.1 The receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and
 - 5.5.5.2 The confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- 5.5.6 Review the process for communicating the code of conduct to Company personnel, and for monitoring compliance therewith.

5.6 Reporting Responsibilities

- 5.6.1 Regularly report to the Board of Directors about Committee activities and issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance and independence of the Company's independent auditors, and the performance of the Group Internal Audit function.
- 5.6.2 Provide an open avenue of communication between Group internal audit, the external auditors, and the Board of Directors.
- 5.6.3 Report annually to the Shareholders, describing the Committee's composition, responsibilities and how they were discharged.
- 5.6.4 In case of any conflict between the Audit Committee's recommendations and the Board's recommendations (including the cases where the Board rejects following the Committee's recommendations pertinent to the external and/or the Group Internal Audit), the Board shall include

in its corporate governance report a statement that details clearly these recommendations and the Board's reason(s) for not following these recommendations.

5.6.5 Review any other reports the Company issues that relate to Committee responsibilities.

5.7 Related Parties

5.7.1 Review the proposed deals and transactions with related parties, and provide adequate recommendations to the Board regarding them.

6. REVIEW OF CHARTER

Review and assess the adequacy of the Committee Charter annually, requesting Board approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation.

7. OTHER RESPONSIBILITIES

7.1 Discuss with management the Company's major policies with respect to risk assessment and risk management

7.2 Perform other activities related to this Charter as requested by the Board.

7.3 Institute and oversee special investigations as needed.

7.4 Confirm annually that all responsibilities outlined in this Charter have been carried out.

7.5 Evaluate the Committee's and individual members' performance at least annually.

7.6 Handle whistleblower complaints.

8. PERFORMANCE EVALUATION

The Committee may from time to time annually carry out self-appraisal of its performance and its effectiveness when compared against its objectives and duties as set out in its Charter. Such performance evaluation shall also include a review of the adequacy of this Charter and shall recommend to the Board any revisions therein as deemed necessary.