

Audit Committee





Audit Committee

Introduction:

On the recommendation of the Board of Directors, the General Assembly of the Company issued an Audit Committee's Charter to clarify the rules and standards adopted by the Committee and the conditions of membership, all in accordance with the following:

Article (1): Composition of the Audit Committee and the remuneration of its members

1. An Audit Committee was created by the General Assembly's resolution, the Committee consist of not less than three members and no more than five members of non-executive board members, whether they are shareholders or others, including at least one independent member, a financial and an accounting expert.
2. The Committee shall elect from among its members a Chairman of the Committee. The Chairman of the Committee shall be an independent member.
3. The Chairman of the Board may not be a member of the Audit Committee.
4. Upon the proposal of the Chairman of the Committee and the approval of the Board of Directors, members of the Committee shall be temporarily appointed in the event of the vacancy of one of the seats of the Committee.
5. The Commission's remuneration shall consist of amounts to be determined by the Board of Directors.

Article (2): Membership and duration

The term of membership shall be three years at most, starting from the date of issuance of the resolution of the Ordinary General Assembly to form the Committee. The session of the Committee shall end with the end of the session of the Board of Directors. The Committee may be reconstituted for one or several new sessions. A Committee member may also request to be exempted from the membership of the Committee if that was in the right time with the approval of the Board of Directors.

Article (3): The Audit Committee's competencies and responsibilities

The Audit Committee is responsible for monitoring the company's business and verifying the integrity of its financial statements and internal control systems. The functions of the Committee include;

1. Reviewing the financial statements of the company prior to presenting them to the Board of Directors and to give an opinion thereon and recommend them to ensure their integrity, fairness and transparency.
2. To provide the technical opinion, at the request of the Board of Directors, whether the Board of Directors' report and the financial statements of the company are fair, balanced and understandable and include information that allows shareholders and investors to evaluate the company's financial position, performance, business model and strategy.
3. Consider any important or unusual issues contained in the financial reports.
4. Investigate thoroughly in any matter raised by the company's CFO or his/ her duties or the Compliance Officer or the Auditor.
5. Verification of accounting estimates on substantive issues in the financial reports.
6. Studying the accounting policies and principles used in the company and its subsidiaries according to the nature of its work and expressing its opinion and recommendations to the board of directors in this regard.
7. Supervise and monitor the performance and activities of the internal audit department of the company in order to ensure the availability of the necessary resources and their effectiveness in carrying out their assigned tasks.
8. Study the internal audit reports and follow up the implementation of the corrective actions of the observations contained therein.
9. Study and review the internal control, financial and risk management systems of the company.
10. Recommend to the Board of Directors to appoint the Head of Internal Audit and propose his remuneration.
11. Recommend to the Board of Directors the nomination and dismissal of external auditors, the determination of their fees and the evaluation of their performance. After ensuring their independence and reviewing the scope of their work and the terms of their contract.
12. Verify the independence, objectivity and fairness of the external auditor, and the effectiveness of the audit work, taking into account relevant rules and standards.
13. Review the audit plan of the company and its work and verify that it does not provide technical or administrative works beyond the audit's scope and make comments thereon.
14. Answer the inquiries of the company's auditors.
15. Study the external auditor's report and his observations on the financial statements and follow up on what has been taken.
16. Review reports' results coming from the regulators and verify that the company takes the necessary action.
17. Verify the company's compliance with relevant regulations and policies.
18. Review the contracts and transactions proposed by the company with the relevant parties and submit their views thereon to the Board of Directors.
19. Raise significant issues to the Board of Directors and make recommendations for action to be taken.
20. The committee shall set up a mechanism that allows the employees of the company to submit their observations regarding any deviation in the financial or other reports in strict confidence. The committee shall verify the application of this mechanism by conducting an independent investigation commensurate with the size of the error or overflow and adopting appropriate follow up procedures.

Article (4): Audit Committee's Authority

1. The right to access the Company's records and documents.
2. Request any clarification or statement from the members of the Board of Directors or the Executive Management.
3. To request the Board of Directors to invite the General Assembly of the Company to convene if the Board of Directors hinders its work or the company suffered serious damage or loss.

Article (5): The Committee's meeting quorum and its resolutions

1. The meeting shall be valid only in the presence of a majority of the members of the original or a proxy under a letter of authorization, and the member may not delegate more than one member. The Committee shall adopt the calendar of its meetings prior to the beginning of each year however, the date of the subsequent meeting shall be finalized at each meeting. In all cases, the Committee shall have at least four meetings in the fiscal year or in the event that the Chairman of the Committee or two of its members or the Chairman of the Board or two of its members. The invitation to attend shall be at least one week in advance and shall be accompanied by the agenda and its documents.
2. Decisions and recommendations of the Committee shall be made by a majority vote of its members present and represented at the meeting. In the case of equal votes, the president side is likely to be elected.
3. Any member may reserve any decision taken by the Committee to indicate the underlying reasons for the reservation. If any member walked out from the Committee meeting prior to its end, the reservation shall be limited to the decisions concerning the clauses that have been brought up for discussion. Therefore, the clauses which have not been attended by the member shall be included in the record in case he /she wishes to write about it.
4. The Committee may also invite any member of the Board or members of the Executive Directorate or any other specialist or persons from inside or outside the company to attend the meeting to participate in the discussion of any subject falling within the jurisdiction of the Committee without having the right to vote on any of the decisions of the Committee.
5. The Committee shall meet periodically with the Auditor and with the Internal Auditor.
6. The internal auditor and auditor may request the meeting with the committee whenever the need arises.

Article (6): Roles and responsibilities of the Committee's Chairman

1. Inviting the Committee to meet and determine the time, date and place of each meeting of the Committee and the agenda.
2. To preside over the Committee's meetings.
3. Prepare periodic reports on the Committee's activities and present them to the Committee for submission to the Board of Directors.
4. Presenting the Committee's reports to the Board of Directors accompanied by recommendations, if any, for approval at the first ordinary meeting following the Committee meeting as requested by the Board of Directors or as the Chairman of the Committee deems fit.
5. Representing the Committee to the Board of Directors and any other party that requires this.
6. Raise the results of the Committee's work and recommendations to the Board of Directors.

Article (7): Tasks of the Committee's Secretary

1. Notify the members of the Committee of the meetings dates and agenda.
2. Minutes of meetings should be recorded so that the record includes the date and place of the meeting, the names of the attendees, the agenda, the summary of the discussions and the texts of the recommendations and decisions reached by the committee.
3. Formulation and publication of financial disclosures "financial statements - annual and quarterly financial results" in accordance with the Committee's decisions and in accordance with relevant regulations, resolutions and instructions.
4. Provide the Chairman of the Board of Directors after each meeting a copy of the minutes of the meeting after the Committee members ratify it.
5. Keeping minutes of meetings in a safe and orderly place.
6. To carry out any other tasks entrusted to the Committee's decision by the Committee.

Article (8): General Provisions and Rules

1. The members of the Committee shall be present at the meetings and participate actively, and a member who is absent from a meeting shall notify the Chairman of the Committee in writing. A member may not leave the meeting permanently without the permission of the Chairman of the Committee.
2. The members of the Committee shall preserve the secrets of the Company. A member of the Committee shall not disclose the company's secrets. Otherwise, the Board may remove him from the Committee and hold him accountable for the damage that may result.
3. No member of the Committee may perform any executive work of the Company or any of its subsidiaries.
4. The members of the committee shall practice their assigned work carefully and keep up with the latest developments related to the company's business.
5. The member of the Committee shall be impartial, honest, objective, independent, fair and confidential. Such matters shall be taken into account in the appointment of a member of the Committee or during the performance of the functions of the member.
6. A member of the Committee may not participate in any business or competitive activities of the Company or its subsidiaries and shall not be prejudicial to honor and honesty.
7. A person who has worked during the past two years in the executive or financial management of the company or with the auditor of the company may not be a member of the audit committee.