

Item 2 : Voting on amending the Audit Committee Charter.

(Audit Committee Charter and changes tables are attached).

Audit Committee Charter Changes

Reasons for Amendments	Draft Amendments	Current Version	Article
Cohering the text.	This Audit Committee Charter (“the Charter”) governs the activities and operations of the Audit Committee of United Cooperative Assurance (“UCA” or the Company”). The Charter is established by the Board of Directors of UCA in accordance with the Audit Committee Regulation and Corporate Governance Regulation issued by the Saudi Central Bank (“SAMA”) and the Capital Markets Authority (CMA).	This Audit Committee Charter (“the Charter”) governs the activities and operations of the Audit Committee of United Cooperative Assurance (“UCA” or the Company”). The Charter is established by the Board of Directors of UCA in accordance with the Audit Committee Regulation and Corporate Governance Regulation issued by the Saudi Central Bank (“SAMA”) and Capital Markets Authority (CMA).	1.1
The text of the article has been reformulated to comply with the provisions of Article (51) of the Corporate Governance Regulations issued by the Capital Market Authority	<ul style="list-style-type: none"> ▪ An Audit Committee shall be formed by a resolution of the Board Company's General Assembly based on the Board's nomination. ▪ A committee shall be chaired by an independent member, and shall not be chaired by the Chairman of the Board (based on Article 85 of the Key Principles of Governance in Financial Institutions under the Control and Supervision of the Saudi Central Bank and based on Article 102 of Insurance Corporate Governance Regulation). ▪ Members of the Audit Committee shall be selected in a manner that ensures availability of diverse skills and experiences appropriate to the business of the Company, with consideration that majority of the committee's members to be Non-Directors. 	<ul style="list-style-type: none"> ▪ An Audit Committee shall be formed by a resolution of the Company's General Assembly based on the Board's nomination. ▪ A committee shall be chaired by an independent member, and shall not be chaired by the Chairman of the Board (based on Article 85 of the Key Principles of Governance in Financial Institutions under the Control and Supervision of the Saudi Central Bank and based on Article 102 of Insurance Corporate Governance Regulation). ▪ Members of the Audit Committee shall be selected in a manner that ensures availability of diverse skills and experiences appropriate to the business of the Company. 	2.1
The text of the article has been reformulated to comply with the provisions of Article (51) of the Corporate Governance Regulations issued by the Capital Market Authority	<ul style="list-style-type: none"> ▪ The Board of Directors shall appoint the Chairman and members of the Audit Committee as required by Article 89 of SAMA CG Regulation based on the recommendations of the Nomination and Remuneration Committee for a period of three years after obtaining the no-objection from SAMA in writing, provided that this appointment is approved by the General Assembly. ▪ Membership of the Audit Committee shall expire upon expiry of its term or upon expiration of the member's 	<ul style="list-style-type: none"> ▪ The Board of Directors shall appoint the Chairman and members of the Audit Committee as required by Article 89 of SAMA CG Regulation based on the recommendations of the Nomination and Remuneration Committee for a period of three years after obtaining the no-objection from SAMA in writing., provided that this appointment is approved by the General Assembly. ▪ Membership of the Audit Committee shall expire upon expiry of its term or upon expiration of the member's 	2.2

	<p>capacity in accordance with any system, Regulation, or instructions in force in the Kingdom. However, the Board General Assembly may at any time dismiss all or part of the members of the Audit Committee, without prejudice to the right of the member who is excluded from the Company to claim compensation in the event of dismissal for an unacceptable reason.</p> <ul style="list-style-type: none"> ▪ The Board of Directors may renew the membership of the Audit Committee or one of its members for a term of another three-years, one time only as specified in the by Article 24 of Audit Committee Regulation. ▪ The Company shall provide the Capital Market Authority (CMA) with the names of the members and the types of their memberships in such Board committees within five (5) days of their appointment, and shall notify the Authority of any changes thereto within five (5) days of the date of such changes (based on Article 50/6 of CMA Corporate Governance Regulations). ▪ A member of the Audit Committee has the right to submit his resignation, provided that he submits his resignation request to the Board of Directors, one month in advance from the effective date of his resignation, and the company shall notify SAMA in writing of the resignation of the member of the Audit Committee and the reasons for his resignation and to provide SAMA with a copy of the resignation request within five (5) working days from resignation date as specified in Article 80 of SAMA CG Regulation. ▪ The Board General Assembly may, on the recommendation of the Board, terminate the membership of the Audit Committee members who have been absent from three consecutive meetings without legitimate excuse. 	<p>capacity in accordance with any system, Regulation or instructions in force in the Kingdom. However, the General Assembly may at any time dismiss all or part of the members of the Audit Committee, without prejudice to the right of the member who is excluded from the Company to claim compensation in the event of dismissal for an unacceptable reason.</p> <ul style="list-style-type: none"> ▪ The Board of Directors may renew the membership of the Audit Committee or one of its members for a term of another three-years, one time only as specified by Article 24 of Audit Committee Regulation. ▪ The Company shall provide the Capital Market Authority (CMA) with the names of the members and the types of their memberships in such Board committees within five (5) days of their appointment, and shall notify the Authority of any changes thereto within five (5) days of the date of such changes (based on Article 50/6 of CMA Corporate Governance Regulations). ▪ A member of the Audit Committee has the right to submit his resignation, provided that he submits his resignation request to the Board of Directors, one month in advance from the effective date of his resignation, and the company shall notify SAMA in writing of the resignation of the member of the Audit Committee and the reasons for his resignation and to provide SAMA with a copy of the resignation request within five (5) working days from resignation date as specified in Article 80 of SAMA CG Regulation. ▪ The General Assembly may, on the recommendation of the Board, terminate the membership of the Audit Committee members who have been absent from three consecutive meetings without legitimate excuse. 	
<p>The text of the article has been reformulated to</p>	<ul style="list-style-type: none"> ▪ No member of the Audit Committee may serve simultaneously on Audit 	<ul style="list-style-type: none"> ▪ No member of the Audit Committee may serve simultaneously on Audit 	<p>2.3</p>

<p>comply with the provisions of Article (51) of the Corporate Governance Regulations issued by the Capital Market Authority</p>	<p>Committees for more than (5) Five four public listed companies.</p>	<p>Committees for more than four public companies.</p>	
<p>The text of the article has been reformulated to comply with the provisions of Article (51) of the Corporate Governance Regulations issued by the Capital Market Authority</p>	<p>▪ The Chairman of the Audit committee shall be appointed by the Board in the committee's first meeting by the members of the Audit Committee post approval of SAMA.</p>	<p>▪ The Chairman shall be appointed in the committee's first meeting by the members of the Audit Committee post approval of SAMA.</p>	<p>2.4</p>

- Yellow color for addition
- Red color for deleting.

UCA Audit Committee Charter - before amendment



المتحدة للتأمين التعاوني
UNITED COOPERATIVE ASSURANCE

Audit Committee Charter

Version 2.0

Document Control

Document Information

Information	
Document ID	UCA-AUCC-1.0
Document Creator	
Creation Date	February 10, 2022
Last Review Date	July 12, 2023
File Name	Audit Committee Charter

Document History

Version	Issue Date	Changes
1.0	February 10, 2022	New Document
2.0	July 12, 2023	

Document Ownership

Role	Name	Endorsement	Date
Head of Internal Audit	Nahil Bakri		

Reviews

Role	Name	Endorsement	Date
Acting Chief Compliance Officer	Abdulaziz Alghabban		

Endorsements & Approvals

Role	Name	Endorsement	Date
Board Risk Committee (BRC)			
Board of Directors			



Table of Contents

CHAPTER 1. CHARTER INTRODUCTION	1
1.1 INTRODUCTION	1
1.2 PURPOSE	1
1.3 DEFINITIONS.....	1
1.4 RECORD RETENTION	1
1.5 POLICY REVIEW AND APPROVAL.....	2
CHAPTER 2. COMMITTEE FORMATION AND MEMBERSHIP	3
2.1 COMMITTEE FORMATION	3
2.2 APPOINTMENT OF MEMBERS AND TERM OF MEMBERSHIP.....	3
2.3 MEMBERSHIP CONDITIONS	4
2.4 APPOINTMENT OF THE CHAIRMAN AND SECRETARY OF THE COMMITTEE	4
CHAPTER 3. DUTIES & RESPONSIBILITIES OF THE COMMITTEE	5
3.1 GENERAL	5
3.2 FINANCIAL REPORTS.....	6
3.3 INTERNAL AUDIT	6
3.4 COMPLIANCES	7
3.5 DUTIES OF THE CHAIRMAN OF AUDIT COMMITTEE	7
3.6 DUTIES OF THE SECRETARY OF AUDIT COMMITTEE	7
3.7 MANAGING CONFLICT BETWEEN THE AUDIT COMMITTEE AND THE BOARD OF DIRECTORS	8
3.8 POWERS OF THE AUDIT COMMITTEE	8
CHAPTER 4. COMMITTEE MEETINGS	9
4.1 COMMITTEE MEETINGS	9
4.2 MEETING QUORUM	9
4.3 AGENDA OF THE MEETING.....	9
4.4 MINUTES OF MEETING	9
4.5 RESOLUTIONS OF THE COMMITTEE	10
4.6 LIAISON WITH EXTERNAL AUDITORS.....	10
4.7 REPORTING	11
CHAPTER 5. COMMITTEE REMUNERATION AND EVALUATION	12
5.1 COMMITTEE MEMBER REMUNERATION.....	12
5.2 PERFORMANCE EVALUATION OF THE AUDIT COMMITTEE	12

Chapter 1. Charter Introduction

1.1 Introduction

This Audit Committee Charter (“the Charter”) governs the activities and operations of the Audit Committee of United Cooperative Assurance (“UCA” or the Company”). The Charter is established by the Board of Directors of UCA in accordance with the Audit Committee Regulation and Corporate Governance Regulation issued by the Saudi Central Bank (“SAMA”) and the Capital Markets Authority (CMA).

1.2 Purpose

The purpose of this Charter is to:

- Promote high standards of corporate governance; and
- Define the roles and responsibilities of the Audit Committee in its mandate to provide objective review and advise the Board with respect to:
 - Integrity of UCA’s financial statements and financial reporting process
 - Effectiveness and efficiency of UCA’s internal control systems
 - Competency and performance of UCA’s internal audit function
 - Independence, competency and performance of UCA’s external auditors; and
 - Compliance to regulatory requirements including UCA’s approved Code of Business Conduct, fraud and corporate governance activities.

1.3 Definitions

- **SAMA:** Saudi Central Bank
- **CMA:** Capital Market Authority
- **Senior Management:** Managing Director, Chief Executive Officer, General Manager, and their deputies; Chief Financial Officer; Managers of key departments; and officers of Risk Management, Internal Audit, and Compliance Departments, and in addition to occupants of any other positions determined by SAMA.
- **Audit Committee (The Committee):** an independent committee that reports directly to the Company’s Board. The committee’s mandate includes monitoring the performance and implementation of the internal control systems of the Company, ensuring the effectiveness and efficiency of those systems, verifying the implementation of internal control decisions and actions, and ensuring compliance with the Supervision of Cooperative Insurance Companies Control Law and its Implementing Regulations, other applicable Laws, Regulations, and Instructions in addition to the requirements set forth in this Regulation.
- **Compliance Department:** an independent department that reports to the Audit Committee and administratively to the Chief Executive Officer (CEO). Its mandate is to ensure the Company’s compliance with the laws, regulations, instructions issued by SAMA and the other Regulatory Bodies. The department submits, to the audit committee, reports on the company’s violations of the Laws, Regulations, and Instructions. This definition applies to the Compliance Officer.
- **Internal Audit Department:** an independent department that reports to the Audit Committee and administratively to the Chief Executive Officer (CEO). Its mandate is to set the audit action plan for the Company, to monitor the Company’s performance through evaluating and verifying the operations to ensure that there are no financial or non-financial violations of the Company’s bylaws, to ensure the compliance with the internal control systems, to ensure effectiveness and efficiency of those systems, and to verify the implementation of internal audit decisions. The department submits its reports to the Audit Committee. This definition applies to the Internal Auditor.

1.4 Record retention

UCA will comply with the record retention requirements contained in the SAMA and CMA CG Regulation and will ensure that all related documentation pertaining to the Audit Committee meetings and activities are retained for a minimum of 10 years, either physically or electronically.

1.5 Policy review and approval

- The Audit Committee Charter will be reviewed periodically (on an annual basis) or when major changes are warranted or recommended by the Audit Committee.
- The Board is responsible for approving this policy (as required by SAMA).

Chapter 2. Committee Formation and Membership

2.1 Committee Formation

- The number of the members of the Audit Committee shall not be less than three (3) or more than five (5).
- An Audit Committee shall be formed by a resolution of the Board Company's General Assembly based on the Board's nomination.
- Nomination of the Audit Committee members shall be based on the recommendation of the Nomination and Remuneration Committee.
- A committee shall be chaired by an independent member, and shall not be chaired by the Chairman of the Board (based on Article 85 of the key Principles of Governance in Financial Institutions under the Control and Supervision of the Saudi Central Bank and based on Article 102 of Insurance Corporate Governance Regulation).
- The members of the Audit Committee shall be from the shareholders or others, provided that at least one of its members shall be an Independent Director and one of the members shall be specialized in finance and accounting.
- Members of the Audit Committee shall be selected in a manner that ensures availability of diverse skills and experiences appropriate to the business of the Company, with consideration that majority of the committee's members to be Non Directors.

2.2 Appointment of Members and Term of Membership

- The Board of Directors shall appoint the Chairman and members of the Audit Committee as required by Article 89 of SAMA CG Regulation based on the recommendations of the Nomination and Remuneration Committee for a period of three years after obtaining the no-objection from SAMA in writing, provided that this appointment is approved by the General Assembly.
- Membership of the Audit Committee shall expire upon expiry of its term or upon expiration of the member's capacity in accordance with any system, Regulation or instructions in force in the Kingdom. However, the Board General Assembly may at any time dismiss all or part of the members of the Audit Committee, without prejudice to the right of the member who is excluded from the Company to claim compensation in the event of dismissal for an unacceptable reason.
- The Board of Directors may renew the membership of the Audit Committee or one of its members for a term of another three-years, one time only as specified in the by Article 24 of Audit Committee Regulation.
- The Board of Directors may appoint new members of the Audit Committee after obtaining no-objection from SAMA in writing.
- The Company shall provide the Capital Market Authority (CMA) with the names of the members and the types of their memberships in such Board committees within five (5) days of their appointment, and shall notify the Authority of any changes thereto within five (5) days of the date of such changes (based on Article 50/6 of CMA Corporate Governance Regulations).
- SAMA may cancel its no-objection to appoint any member or members of the Audit Committee in the event of any violation including the provisions of this Charter or the provisions of the Cooperative Insurance Companies Control Law and Its Implementing Regulations or the provisions of other Regulations and other relevant instructions, and to take the measures it deems appropriate against the company and the concerned person.
- The Board of Directors, after obtaining SAMA's no-objection in writing, have the right to dismiss any of the committee members in the event of losing membership conditions or violating the provisions of this Charter or the provisions of Cooperative Insurance Companies Control Law or Its Implementing Regulations or the provisions of other relevant Regulations and instructions.
- A member of the Audit Committee has the right to submit his resignation, provided that he submits his resignation request to the Board of Directors, one month in advance from the effective date of his resignation, and the company shall notify SAMA in writing of the resignation of the member of the Audit

Committee and the reasons for his resignation and to provide SAMA with a copy of the resignation request within five (5) working days from resignation date as specified in Article 30 of SAMA CG Regulation.

- The Board must appoint members to positions which become vacant during the year after obtaining SAMA's no-objection. The new member shall complete the tenure of their predecessor.
- The Board General Assembly may on the recommendation of the Board terminate the membership of the Audit Committee members who have been absent from three consecutive meetings without legitimate excuse.

2.3 Membership Conditions

- The Audit Committee member nominated for membership in the committee must be Independent.
- The Board of Directors must ensure that members of the Audit Committee are qualified to fulfil their responsibilities. At least one of the committee members, including the committee Chairman must have recent and relevant experience in the field of accounting and financial management.
- The Audit Committee member must not be a member of the Board of Directors, managers, employees, consultants, affiliates or representatives, a related party to the company, including, but not limited to, the following:
 - Major shareholders or founders
 - External auditors
 - Suppliers
 - The company's clients
 - Legal persons who have a financial or commercial relationship or is first-degree relative with the company's Board of Directors or Company executives
- The Chairman of the Board shall not be a member of the Audit Committee.
- A member of the Audit Committee must not be a member of the Board of Directors or the Audit Committee of any other company in the insurance sector in Kingdom of Saudi Arabia.
- Any person who works or has worked in the Company's finance Department, the Executive Management or for the Company's external auditor during the preceding two years may not be a member of the Audit Committee.
- No member of the Audit Committee may serve simultaneously on Audit Committees for more than (5) Five four public listed companies.

2.4 Appointment of the Chairman and Secretary of the Committee

- The Chairman of the Audit committee shall be appointed by the Board in the committee's first meeting by the members of the Audit Committee post approval of SAMA.
- The Chairman of the Audit Committee may not have a kinship, financial or commercial relationship with any member of the Board of Directors.
- The Chairman of the Audit Committee may not have a relationship with the Executive Management of the company that affects his independence.
- The Audit Committee shall appoint a Secretary from the UCA's staff to handle its administrative tasks.
- The Secretary shall be appointed in the committee's first meeting by the members of the Audit Committee.

Chapter 3. Duties & Responsibilities of the Committee

The Audit Committee shall be competent in monitoring the Company's activities and ensuring the integrity and effectiveness of the reports, financial statements, and internal control systems. The Audit Committee shall ensure the independence of the company's external auditors, members of the Board of Directors, and Senior Management in the company. The duties and responsibilities of the Audit Committee shall particularly include the following:

3.1 General

- The members of the Audit Committee are accountable to SAMA, the company's shareholders, and the Board of Directors for the implementation of the provisions of this Charter, and the implementation of the work plan of the Audit Committee issued by a decision of the Board of Directors.
- Members of the Committee should, while performing their duties, give priority to the company's interest against any other considerations that might affect their work and decisions.
- The Audit Committee has the right to directly communicate with the Board of Directors, the company's Senior Management, all employees and committees and legal advisors and internal and external auditors in the head office and the company's branches, as well other parties related to the company and have access to all private and confidential records and documents necessary to perform its work.
- The Audit Committee may seek the assistance of any experts or specialists it deems appropriate from inside or outside the Company, within the limits of its powers, and the same shall be set forth in the minutes, including the name of the expert and his relationship with the Company or Executive Management.
- All members of the Audit Committee shall maintain the confidentiality of matters related to the work of the Audit Committee.
- A member of the Audit Committee may not be directly or indirectly connected in the business and contracts that are carried out for the company's account.
- A member of the Audit Committee may not participate in any business that would compete with the company or trade in activities. The company may claim compensation for any damage incurred by the company as a result of this act or disposition.
- The company shall not issue or renew any insurance policy to any member of the Audit Committee or related parties that had a relationship with it before paying the instalment in full, and if any of the members of the Audit Committee submits a claim for payment compensation for an insurance policy issued to him by the company. The claim must be dealt with according to the procedures set out in the Regulation applicable to customer claims and without preferential treatment with a notice to the statutory controller of any compensation owed to the member.
- The Audit Committee shall ensure the availability of a written list of the rules of professional conduct after being approved by the company's board of directors to ensure that the Company's activities are conducted in a fair and ethical manner.
- Submit a report of its opinion concerning the efficiency of internal control within the company, and about any other activities falling within its powers.
- Update Board on Audit Committee's activities on a regular basis
- The Audit Committee shall:
 - Ensure optimal use and controls of information technology necessary to generate accurate and reliable information and data are in place.
 - Review effectiveness of the anti-money laundering and counterterrorist finance program.
 - Review the Actuary reports and making recommendations thereon for the Board.
 - Ensure adequacy of the provisions and technical reserves approved by the actuary.
 - Periodically evaluate the efficiency of the technical system for vehicle claims.

- Ensure the Company has a written code of conduct duly approved by its Board of Directors to ensure that the Company's activities are conducted in a fair and ethical manner.
- Develop a work guide for it approved by a decision of the Board of Directors that includes the rules, responsibilities, and obligations of the committee. The Audit Committee must also develop a detailed annual work plan that includes the main topics that it will discuss during the year and the dates of its meetings.
- The Committee has the right to investigate any matter that falls within its tasks or any matter specifically requested by the Board.
- The Committee has the right to request any clarification or statement from the members of the Board, the Executive Management, or the Company's employees for the purpose of investigation and inquiring about any information.

3.2 *Financial Reports*

The Audit Committee shall perform the following with respect to Financial Reports:

- Studying the Company's interim and annual financial statements before presenting them to the Board and providing its opinion and recommendations thereon to ensure their integrity, fairness, and transparency.
- Providing technical opinion, at the request of the Board, regarding whether the Board's report and the Company's financial statements are fair, balanced, understandable, and contain information that allows shareholders and investors to assess the Company's financial position, performance, business model, and strategy.
- Studying any important or non-familiar issues contained in the financial reports.
- Investigating any issues raised by the Company's Chief Financial Officer or any person assuming his duties or the Company's Compliance Officer or external auditor; and
- Examining the accounting estimates in respect of significant matters that are contained in the financial reports and examining the accounting policies followed by the Company and providing its opinion and recommendations to the Board thereon.
- Internal control and assessment of the assets and financial fitness of the company.

3.3 *Internal Audit*

The Audit Committee shall perform the following with respect to Internal Audit:

- Appointment and dismissal of the Head of the Internal Audit Department and the Internal Auditor staff after obtaining SAMA's no-objection in writing.
- Recommending to the Board on the appointment or reappointment of external auditors, including confirming that the nominated external auditors have the necessary experience in auditing Insurance and/or Reinsurance Companies.
- Reviewing and approving the Internal Audit Manual and ensure it clearly lays down the objectives, scope, responsibilities, approach and methodology of the Internal Audit function and aligns to the IIA standards.
- Reviewing and approving the risk based annual audit plan for Internal Audit.
- Analyzing the Internal Audit reports and review following up of the implementation of the corrective measures in respect of the remarks made in such reports.
- Monitoring and overseeing the performance and activities of the Internal Auditor and Internal Audit department of the company, if any, to ensure the availability of the necessary resources and their effectiveness in performing the assigned activities and duties.
- Providing recommendation to the Board on appointing the manager of the internal audit unit or department, or the internal auditor and suggest his remunerations.

- Determining the monthly salary, bonus and other remuneration of the Internal Audit Department or the Internal Auditor in accordance with the Company's internal by-laws approved by the Board.
- Confirming the independence of the internal audit department or the internal auditor in the performance of their duties. Verify that there is no restriction in their activities or the existence of something that could negatively affect their business.
- Examining and reviewing the Company's internal control system and making reports on its opinion about adequacy of this system and the other works it has performed within the scope of its functions.

3.4 *Compliances*

The Audit Committee shall perform the following with respect to Compliances:

- Ensuring the Company's compliance with the relevant laws, regulations, policies and instructions.
- Appointment and dismissal of the Compliance Department Manager or the Compliance Officer after obtaining SAMA's no-objection in writing.
- Ensure the independence of the Compliance Department or the Compliance Officer in the performance of their duties and verify that there is no restriction in their business or the existence of something that could negatively affect their business.
- Determining the monthly salary, bonus and other remuneration of the Compliance Control Department or the Compliance Officer in accordance with the Company's internal by-laws approved by the Board
- Studying and approving the annual Compliance Plan and following up on its implementation.
- Reviewing the reports of the Compliance Control Department or the Compliance Officer and making recommendations thereon for the Board.
- Reviewing the findings of the reports of SAMA or other supervisory authorities and ensuring that the Company has taken the necessary actions in connection therewith.
- Reviewing the contracts and proposed Related Party transactions and providing its recommendations to the Board in connection therewith.
- Reporting to the Board any issues in connection with what it deems necessary to take action on and providing recommendations as to the steps that should be taken.
- Reviewing and examining the Company's risk management activities.
- Following up on important lawsuits filed by or against the company by the Compliance Department or the Compliance Officer and submit periodic reports on it to the Board of Directors.
- Ensuring the Company's compliance with the Actuary's proposals and recommendations, where these are mandatory and required by Regulations or SAMA's instructions.
- Reviewing and advising regarding whistleblowing investigation cases.

3.5 *Duties of the Chairman of Audit Committee*

The duties of the Chairman of the Audit Committee would consist of the following:

- Assume responsibility and be accountable to the Board for the proper functioning of the Committee.
- Prepare/approve the agenda of the Committee meetings after consultation with other Committee members.
- Review requests from other Committee members, staff, and/or any other party to participate in the meetings of the Audit Committee whenever it is deemed necessary.
- Ensure appropriate documentation of the activities and decisions of the Committee and notify the Board and perform the necessary follow-up as required.
- Prepare periodic reports for submission to the Board and the General Assembly.

3.6 Duties of the Secretary of Audit Committee

The duties of the Secretary of the Audit Committee would consist of the following:

- The Secretary of the Audit Committee shall schedule the meetings of the Audit Committee in coordination with the Chairman.
- The Secretary shall circulate meeting agendas with any relevant materials to Committee members at least ten (10) working days prior to the meeting.
- The Secretary of the Audit Committee shall document and keep the minutes of the Audit Committee meetings.
- The Secretary of the Audit Committee shall ensure that the Committee Chairman and members signs the minutes of meetings.
- The Secretary shall ensure the availability of appropriate means of communication for the exchange and recording of information between the Audit Committee and the Board
- The Secretary shall maintain a log of the action items and a follow up tracker to track the actions emanating from the Audit Committee meetings and track the implementation by the agreed due dates.

3.7 Managing conflict between the Audit Committee and the Board of Directors

If a conflict arises between the recommendations of the Audit Committee and the Board resolutions, or if the Board refuses to put the committee's recommendations into action as to appointing or dismissal the company's external auditor or determining its remuneration, assessing its performance, or appointing the internal auditor etc., the Board's report shall include the committee's recommendations and justifications, and the reasons for not following such recommendations.

3.8 Powers of the Audit Committee

- The Committee has the right to investigate any matter that falls within its tasks or any matter specifically requested by the Board.
- The Committee has the right to review the company's records and documents, as required.
- The Committee has the right to request any clarification or statement from the members of the Board, the Executive Management, or the company's employees for the purpose of investigation and inquiring about any information.
- The Committee has the right to seek legal and technical advice from any external or other independent consultancy whenever this is necessary to assist the Committee in carrying out its duties.

Chapter 4. Committee Meetings

4.1 *Committee Meetings*

- The Audit Committee shall convene periodically, provided that at least six meetings are held during the Company's financial year.
- Validity of the meetings of the Audit Committee require attendance of the majority of its members as per the defined quorum.
- In the event it is not possible for any committee member to attend any of the committee's meetings due to travel or any other urgent reason, he may participate in the committee's meetings using modern means of communication, and such participation shall be deemed attendance.
- The Chairman of the Audit Committee shall call for the committee to convene.
- Any member of the Audit Committee, Chairman of the Board, External Auditor, Head of Internal Audit department may also request to call for the committee to convene, as necessary.
- The Audit Committee shall convene periodically with the Company's external auditor and internal auditor.
- The Head of the Internal Audit department may be invited to attend all or some of the meetings of the Audit Committee.
- The Chairman of the Audit Committee may, after notifying the Company's CEO, invite Senior Executives or any of the Company's employees to tell the committee about any aspect of the Company's activities.
- Members of the Board or the Executive Management shall not have the right to attend the meetings of the Audit Committee, unless requested by the committee to express opinion or advice, and attendance of the meetings of the Audit Committee shall be limited to the committee members and Secretary.
- The Audit Committee may invite guests as it deems fit from inside or outside the Company to attend its meetings if the need arises.
- Audit Committee meetings can be conducted on other matters such as:
 - Financial and audit matters
 - Statutory issues
 - Conflict of interest
 - The rules of professional and ethical conduct

4.2 *Meeting Quorum*

- The quorum of the Audit Committee meetings should be at least 2 members.
- The Audit Committee meetings shall not be held without the presence of at least half of its members at any point in time.

4.3 *Agenda of the Meeting*

The Secretary shall give advance notices, send meeting agendas with any relevant materials to committee members and ensure their delivery within a period of ten (10) working days prior to the meeting.

4.4 *Minutes of Meeting*

- Minutes for all meetings of the Committee shall be prepared to document the Committee's discharge of its responsibilities. The meeting minutes shall be sufficiently detailed to provide a trail of discussions before the final decision is made or a resolution is approved.
- The Committee Secretary shall maintain an accurate written record of each meeting which includes:
 - The location and time of the meeting

- Names of the present and absent members
 - The names of committee members giving their assent and dissent to the decisions/resolutions presented before the committee and reasons thereof, including objections or abstention from voting
 - Members who are excluded from discussions in the Committee meeting by reason of their interest in the matter under discussion
 - The results of voting on an individual basis
 - Decisions made by the Audit Committee including the rationale for the decision
 - Documents supporting the discussions held during the meeting
- The minutes of the meetings shall be recorded, signed by the Chairman, and members of the committee and its Secretary and entered into an official register.
 - All records and documents reviewed during the meeting and/or referred to in the minutes shall be attached to the minutes.
 - The minutes of the meeting will be distributed by the Secretary to the committee members within a period not exceeding (15) days after the date of the meeting.

4.5 *Resolutions of the Committee*

- The decisions of the Audit Committee are issued by majority of present votes, and in the event of an equal number of votes / tie vote, the Chairman of the Audit Committee shall have the casting vote.
- The decisions of the Committee shall be recorded by way of a circular signed by all the members of the Committee.
- Each member of the Committee shall have equal voting rights and shall vote on all decisions unless when a member has a personal material interest in the matter being considered.
- Non-members who attend Committee meetings will not have voting rights and the role of non-members shall be advisory.
- All approved resolutions taken by circulation shall be recorded at the next meeting minutes; and in case of objection by any member during the circulation process, such objection shall be recorded in the minutes.
- It is not permissible to vote on the decisions of the Audit Committee on behalf or by proxy of any of the members.

4.6 *Liaison with External Auditors*

Audit Committee shall liaison with External Auditor for below activities:

- Key amendments made by the Company to its accounting policies.
- Deficiencies in the general structure and performance of internal control systems.
- Material errors in financial statements.
- Management decisions and the basis on which the external auditors relied to validate critical accounting estimates, such as technical provisions and reserves.
- Accounting principles and standards and disclosure decisions related to extraordinary transactions.
- Adequacy of technical provisions and reserves set by the Actuary.
- Actuary's Reports relevant to the Financial Statements.
- Any major problems in dealing with the management that affected the working of the audit.
- Internal control and the assessment of the Company's assets and solvency.
- Any other issues that the committee is aware of and falls within its responsibilities.

- Any amendments introduced to the audit scope and the reasons thereof.
- Reviewing letters to management prepared by the external auditors and the Company's management comments thereon.
- Material conflicts with the management regarding any issue pertaining to the safeguarding of invested assets.
- Violations of Laws, Regulations and Instructions issued by the supervisory and control entities or non-compliance with the Company's policies and procedures

4.7 *Reporting*

- The Audit Committee shall prepare reports on its performance of its competencies and duties stated in the Companies Law and Its Implementing Regulations and opinion on the adequacy of the Company's internal control system and risk management systems and on other work carried out within its competence. The Board shall keep adequate copies of the report in the Company's Head Office and publish them on the Company's and the Exchange's websites when publishing the invitation to convene the General Assembly, to enable shareholders to get a copy thereof.
- The Audit Committee shall submit summary of the committee's meetings held during the preceding quarter for review by the Board after each meeting. The Committee shall bring to the attention of the Board material issues regarding compliance, accounting, internal accounting controls, auditing, or other related matters.
- The Audit Committee shall examine the matters pertaining to it or those referred to it by the Board and shall submit its recommendations to the Board for decision or take decisions if delegated to it by the Board. However, the Board shall be responsible for these decisions.

Chapter 5. Committee Remuneration and Evaluation

5.1 *Committee Member Remuneration*

- Every member of the Audit Committee shall be eligible for remuneration for each Committee meeting attended. The amount of such remuneration shall be determined in accordance with the General Assembly approved Corporate Governance Charter and Evaluation and Remuneration of Directors, Committee Members, and Senior Management Policy
- The Secretary of the Audit Committee shall be eligible for remuneration for carrying out his or her functions for each Committee meeting. The amount of such compensation shall be determined by a decision issued by the Board of Directors.

5.2 *Performance Evaluation of the Audit Committee.*

The Board of Directors must annually evaluate the performance of the Audit Committee in general and the performance of the Audit Committee members, and that evaluation should be kept in the records by the committee Secretary.

UCA Audit Committee Charter – after amendment



Audit Committee Charter

Version 2.0



Document Control

Document Information

Information	
Document ID	UCA-AUCC-1.0
Document Creator	
Creation Date	February 10, 2022
Last Review Date	July 12, 2023
File Name	Audit Committee Charter

Document History

Version	Issue Date	Changes
1.0	February 10, 2022	New Document
2.0	July 12, 2023	

Document Ownership

Role	Name	Endorsement	Date

Reviews

Role	Name	Endorsement	Date
Chief Compliance Officer	Abdulaziz Alghabban		

Endorsements & Approvals

Role	Name	Endorsement	Date
Board Risk Committee (BRC)			
Board of Directors			



Table of Contents

CHAPTER 1. CHARTER INTRODUCTION	1
1.1 INTRODUCTION	1
1.2 PURPOSE	1
1.3 DEFINITIONS.....	1
1.4 RECORD RETENTION	1
1.5 POLICY REVIEW AND APPROVAL.....	2
CHAPTER 2. COMMITTEE FORMATION AND MEMBERSHIP	3
2.1 COMMITTEE FORMATION	3
2.2 APPOINTMENT OF MEMBERS AND TERM OF MEMBERSHIP.....	3
2.3 MEMBERSHIP CONDITIONS	4
2.4 APPOINTMENT OF THE CHAIRMAN AND SECRETARY OF THE COMMITTEE	4
CHAPTER 3. DUTIES & RESPONSIBILITIES OF THE COMMITTEE	5
3.1 GENERAL.....	5
3.2 FINANCIAL REPORTS.....	6
3.3 INTERNAL AUDIT	6
3.4 COMPLIANCES	7
3.5 DUTIES OF THE CHAIRMAN OF AUDIT COMMITTEE	7
3.6 DUTIES OF THE SECRETARY OF AUDIT COMMITTEE	7
3.7 MANAGING CONFLICT BETWEEN THE AUDIT COMMITTEE AND THE BOARD OF DIRECTORS	8
3.8 POWERS OF THE AUDIT COMMITTEE	8
CHAPTER 4. COMMITTEE MEETINGS	9
4.1 COMMITTEE MEETINGS	9
4.2 MEETING QUORUM	9
4.3 AGENDA OF THE MEETING.....	9
4.4 MINUTES OF MEETING	9
4.5 RESOLUTIONS OF THE COMMITTEE	10
4.6 LIAISON WITH EXTERNAL AUDITORS.....	10
4.7 REPORTING	11
CHAPTER 5. COMMITTEE REMUNERATION AND EVALUATION	12
5.1 COMMITTEE MEMBER REMUNERATION	12
5.2 PERFORMANCE EVALUATION OF THE AUDIT COMMITTEE	12



Chapter 1. Charter Introduction

1.1 Introduction

This Audit Committee Charter ("the Charter") governs the activities and operations of the Audit Committee of United Cooperative Assurance ("UCA" or the Company). The Charter is established by the Board of Directors of UCA in accordance with the Audit Committee Regulation and Corporate Governance Regulation issued by the Saudi Central Bank ("SAMA") and the Capital Markets Authority (CMA).

1.2 Purpose

The purpose of this Charter is to:

- Promote high standards of corporate governance; and
- Define the roles and responsibilities of the Audit Committee in its mandate to provide objective review and advise the Board with respect to:
 - Integrity of UCA's financial statements and financial reporting process
 - Effectiveness and efficiency of UCA's internal control systems
 - Competency and performance of UCA's internal audit function
 - Independence, competency and performance of UCA's external auditors; and
 - Compliance to regulatory requirements including UCA's approved Code of Business Conduct, fraud and corporate governance activities.

1.3 Definitions

- **SAMA:** Saudi Central Bank
- **CMA:** Capital Market Authority
- **Senior Management:** Managing Director, Chief Executive Officer, General Manager, and their deputies; Chief Financial Officer; Managers of key departments; and officers of Risk Management, Internal Audit, and Compliance Departments, and in addition to occupants of any other positions determined by SAMA.
- **Audit Committee (The Committee):** an independent committee that reports directly to the Company's Board. The committee's mandate includes monitoring the performance and implementation of the internal control systems of the Company, ensuring the effectiveness and efficiency of those systems, verifying the implementation of internal control decisions and actions, and ensuring compliance with the Supervision of Cooperative Insurance Companies Control Law and its Implementing Regulations, other applicable Laws, Regulations, and Instructions in addition to the requirements set forth in this Regulation.
- **Compliance Department:** an independent department that reports to the Audit Committee and administratively to the Chief Executive Officer (CEO). Its mandate is to ensure the Company's compliance with the laws, regulations, instructions issued by SAMA and the other Regulatory Bodies. The department submits, to the audit committee, reports on the company's violations of the Laws, Regulations, and Instructions. This definition applies to the Compliance Officer.
- **Internal Audit Department:** an independent department that reports to the Audit Committee and administratively to the Chief Executive Officer (CEO). Its mandate is to set the audit action plan for the Company, to monitor the Company's performance through evaluating and verifying the operations to ensure that there are no financial or non-financial violations of the Company's bylaws, to ensure the compliance with the internal control systems, to ensure effectiveness and efficiency of those systems, and to verify the implementation of internal audit decisions. The department submits its reports to the Audit Committee. This definition applies to the Internal Auditor.

1.4 Record retention

UCA will comply with the record retention requirements contained in the SAMA and CMA CG Regulation and will ensure that all related documentation pertaining to the Audit Committee meetings and activities are retained for a minimum of 10 years, either physically or electronically.



1.5 Policy review and approval

- The Audit Committee Charter will be reviewed periodically (on an annual basis) or when major changes are warranted or recommended by the Audit Committee.
- The Board is responsible for approving this policy (as required by SAMA).



Chapter 2. Committee Formation and Membership

2.1 Committee Formation

- The number of the members of the Audit Committee shall not be less than three (3) or more than five (5).
- An Audit Committee shall be formed by a resolution of the Board.
- Nomination of the Audit Committee members shall be based on the recommendation of the Nomination and Remuneration Committee.
- A committee shall be chaired by an independent member, and shall not be chaired by the Chairman of the Board.
- The members of the Audit Committee shall be from the shareholders or others, provided that at least one of its members shall be an Independent Director and one of the members shall be specialized in finance and accounting.
- Members of the Audit Committee shall be selected in a manner that ensures availability of diverse skills and experiences appropriate to the business of the Company, with consideration that majority of the committee's members to be Non Directors.

2.2 Appointment of Members and Term of Membership

- The Board of Directors shall appoint the Chairman and members of the Audit Committee as required by SAMA CG Regulation based on the recommendations of the Nomination and Remuneration Committee for a period of three years after obtaining the no-objection from SAMA in writing.
- Membership of the Audit Committee shall expire upon expiry of its term or upon expiration of the member's capacity in accordance with any system, Regulation or instructions in force in the Kingdom. However, the Board may at any time dismiss all or part of the members of the Audit Committee, without prejudice to the right of the member who is excluded from the Company to claim compensation in the event of dismissal for an unacceptable reason.
- The Board of Directors may renew the membership of the Audit Committee or one of its members for a term of another three-years, one time only as specified in the Audit Committee Regulation.
- The Board of Directors may appoint new members of the Audit Committee after obtaining no-objection from SAMA in writing.
- The Company shall provide the Capital Market Authority (CMA) with the names of the members and the types of their memberships in such Board committees within five (5) days of their appointment, and shall notify the Authority of any changes thereto within five (5) days of the date of such changes.
- SAMA may cancel its no-objection to appoint any member or members of the Audit Committee in the event of any violation including the provisions of this Charter or the provisions of the Cooperative Insurance Companies Control Law and Its Implementing Regulations or the provisions of other Regulations and other relevant instructions, and to take the measures it deems appropriate against the company and the concerned person.
- The Board of Directors, after obtaining SAMA's no-objection in writing, have the right to dismiss any of the committee members in the event of losing membership conditions or violating the provisions of this Charter or the provisions of Cooperative Insurance Companies Control Law or Its Implementing Regulations or the provisions of other relevant Regulations and instructions.
- A member of the Audit Committee has the right to submit his resignation, provided that he submits his resignation request to the Board of Directors, one month in advance from the effective date of his resignation, and the company shall notify SAMA in writing of the resignation of the member of the Audit Committee and the reasons for his resignation and to provide SAMA with a copy of the resignation request within five (5) working days from resignation date as specified in SAMA CG Regulation.
- The Board must appoint members to positions which become vacant during the year after obtaining SAMA's no-objection. The new member shall complete the tenure of their predecessor.



- The Board may terminate the membership of the Audit Committee members who have been absent from three consecutive meetings without legitimate excuse.

2.3 Membership Conditions

- The Audit Committee member nominated for membership in the committee must be Independent.
- The Board of Directors must ensure that members of the Audit Committee are qualified to fulfil their responsibilities. At least one of the committee members, including the committee Chairman must have recent and relevant experience in the field of accounting and financial management.
- The Audit Committee member must not be a member of the Board of Directors, managers, employees, consultants, affiliates or representatives, a related party to the company, including, but not limited to, the following:
 - Major shareholders or founders
 - External auditors
 - Suppliers
 - The company's clients
 - Legal persons who have a financial or commercial relationship or is first-degree relative with the company's Board of Directors or Company executives
- The Chairman of the Board shall not be a member of the Audit Committee.
- A member of the Audit Committee must not be a member of the Board of Directors or the Audit Committee of any other company in the insurance sector in Kingdom of Saudi Arabia.
- Any person who works or has worked in the Company's finance Department, the Executive Management or for the Company's external auditor during the preceding two years may not be a member of the Audit Committee.
- No member of the Audit Committee may serve simultaneously on Audit Committees for more than (5) Five public listed companies.

2.4 Appointment of the Chairman and Secretary of the Committee

- The Chairman of the Audit committee shall be appointed by the Board post approval of SAMA.
- The Chairman of the Audit Committee may not have a kinship, financial or commercial relationship with any member of the Board of Directors.
- The Chairman of the Audit Committee may not have a relationship with the Executive Management of the company that affects his independence.
- The Audit Committee shall appoint a Secretary from the UCA's staff to handle its administrative tasks.
- The Secretary shall be appointed in the committee's first meeting by the members of the Audit Committee.



Chapter 3. Duties & Responsibilities of the Committee

The Audit Committee shall be competent in monitoring the Company's activities and ensuring the integrity and effectiveness of the reports, financial statements, and internal control systems. The Audit Committee shall ensure the independence of the company's external auditors, members of the Board of Directors, and Senior Management in the company. The duties and responsibilities of the Audit Committee shall particularly include the following:

3.1 General

- The members of the Audit Committee are accountable to SAMA, the company's shareholders, and the Board of Directors for the implementation of the provisions of this Charter, and the implementation of the work plan of the Audit Committee issued by a decision of the Board of Directors.
- Members of the Committee should, while performing their duties, give priority to the company's interest against any other considerations that might affect their work and decisions.
- The Audit Committee has the right to directly communicate with the Board of Directors, the company's Senior Management, all employees and committees and legal advisors and internal and external auditors in the head office and the company's branches, as well other parties related to the company and have access to all private and confidential records and documents necessary to perform its work.
- The Audit Committee may seek the assistance of any experts or specialists it deems appropriate from inside or outside the Company, within the limits of its powers, and the same shall be set forth in the minutes, including the name of the expert and his relationship with the Company or Executive Management.
- All members of the Audit Committee shall maintain the confidentiality of matters related to the work of the Audit Committee.
- A member of the Audit Committee may not be directly or indirectly connected in the business and contracts that are carried out for the company's account.
- A member of the Audit Committee may not participate in any business that would compete with the company or trade in activities. The company may claim compensation for any damage incurred by the company as a result of this act or disposition.
- The company shall not issue or renew any insurance policy to any member of the Audit Committee or related parties that had a relationship with it before paying the instalment in full, and if any of the members of the Audit Committee submits a claim for payment compensation for an insurance policy issued to him by the company. The claim must be dealt with according to the procedures set out in the Regulation applicable to customer claims and without preferential treatment with a notice to the statutory controller of any compensation owed to the member.
- The Audit Committee shall ensure the availability of a written list of the rules of professional conduct after being approved by the company's board of directors to ensure that the Company's activities are conducted in a fair and ethical manner.
- Submit a report of its opinion concerning the efficiency of internal control within the company, and about any other activities falling within its powers.
- Update Board on Audit Committee's activities on a regular basis
- The Audit Committee shall:
 - Ensure optimal use and controls of information technology necessary to generate accurate and reliable information and data are in place.
 - Review effectiveness of the anti-money laundering and counterterrorist finance program.
 - Review the Actuary reports and making recommendations thereon for the Board.
 - Ensure adequacy of the provisions and technical reserves approved by the actuary.
 - Periodically evaluate the efficiency of the technical system for vehicle claims.
 - Ensure the Company has a written code of conduct duly approved by its Board of Directors to ensure that the Company's activities are conducted in a fair and ethical manner.



- Develop a work guide for it approved by a decision of the Board of Directors that includes the rules, responsibilities, and obligations of the committee. The Audit Committee must also develop a detailed annual work plan that includes the main topics that it will discuss during the year and the dates of its meetings.
- The Committee has the right to investigate any matter that falls within its tasks or any matter specifically requested by the Board.
- The Committee has the right to request any clarification or statement from the members of the Board, the Executive Management, or the Company's employees for the purpose of investigation and inquiring about any information.

3.2 Financial Reports

The Audit Committee shall perform the following with respect to Financial Reports:

- Studying the Company's interim and annual financial statements before presenting them to the Board and providing its opinion and recommendations thereon to ensure their integrity, fairness, and transparency.
- Providing technical opinion, at the request of the Board, regarding whether the Board's report and the Company's financial statements are fair, balanced, understandable, and contain information that allows shareholders and investors to assess the Company's financial position, performance, business model, and strategy.
- Studying any important or non-familiar issues contained in the financial reports.
- Investigating any issues raised by the Company's Chief Financial Officer or any person assuming his duties or the Company's Compliance Officer or external auditor; and
- Examining the accounting estimates in respect of significant matters that are contained in the financial reports and examining the accounting policies followed by the Company and providing its opinion and recommendations to the Board thereon.
- Internal control and assessment of the assets and financial fitness of the company.

3.3 Internal Audit

The Audit Committee shall perform the following with respect to Internal Audit:

- Appointment and dismissal of the Head of the Internal Audit Department and the Internal Auditor staff after obtaining SAMA's no-objection in writing.
- Recommending to the Board on the appointment or reappointment of external auditors, including confirming that the nominated external auditors have the necessary experience in auditing Insurance and/or Reinsurance Companies.
- Reviewing and approving the Internal Audit Manual and ensure it clearly lays down the objectives, scope, responsibilities, approach and methodology of the Internal Audit function and aligns to the IIA standards.
- Reviewing and approving the risk based annual audit plan for Internal Audit.
- Analyzing the Internal Audit reports and review following up of the implementation of the corrective measures in respect of the remarks made in such reports.
- Monitoring and overseeing the performance and activities of the Internal Auditor and Internal Audit department of the company, if any, to ensure the availability of the necessary resources and their effectiveness in performing the assigned activities and duties.
- Providing recommendation to the Board on appointing the manager of the internal audit unit or department, or the internal auditor and suggest his remunerations.
- Determining the monthly salary, bonus and other remuneration of the Internal Audit Department or the Internal Auditor in accordance with the Company's internal by-laws approved by the Board.
- Confirming the independence of the internal audit department or the internal auditor in the performance of their duties. Verify that there is no restriction in their activities or the existence of something that could negatively affect their business.



- Examining and reviewing the Company's internal control system and making reports on its opinion about adequacy of this system and the other works it has performed within the scope of its functions.

3.4 Compliances

The Audit Committee shall perform the following with respect to Compliances:

- Ensuring the Company's compliance with the relevant laws, regulations, policies and instructions.
- Appointment and dismissal of the Compliance Department Manager or the Compliance Officer after obtaining SAMA's no-objection in writing.
- Ensure the independence of the Compliance Department or the Compliance Officer in the performance of their duties and verify that there is no restriction in their business or the existence of something that could negatively affect their business.
- Determining the monthly salary, bonus and other remuneration of the Compliance Control Department or the Compliance Officer in accordance with the Company's internal by-laws approved by the Board
- Studying and approving the annual Compliance Plan and following up on its implementation.
- Reviewing the reports of the Compliance Control Department or the Compliance Officer and making recommendations thereon for the Board.
- Reviewing the findings of the reports of SAMA or other supervisory authorities and ensuring that the Company has taken the necessary actions in connection therewith.
- Reviewing the contracts and proposed Related Party transactions and providing its recommendations to the Board in connection therewith.
- Reporting to the Board any issues in connection with what it deems necessary to take action on and providing recommendations as to the steps that should be taken.
- Reviewing and examining the Company's risk management activities.
- Following up on important lawsuits filed by or against the company by the Compliance Department or the Compliance Officer and submit periodic reports on it to the Board of Directors.
- Ensuring the Company's compliance with the Actuary's proposals and recommendations, where these are mandatory and required by Regulations or SAMA's instructions.
- Reviewing and advising regarding whistleblowing investigation cases.

3.5 Duties of the Chairman of Audit Committee

The duties of the Chairman of the Audit Committee would consist of the following:

- Assume responsibility and be accountable to the Board for the proper functioning of the Committee.
- Prepare/approve the agenda of the Committee meetings after consultation with other Committee members.
- Review requests from other Committee members, staff, and/or any other party to participate in the meetings of the Audit Committee whenever it is deemed necessary.
- Ensure appropriate documentation of the activities and decisions of the Committee and notify the Board and perform the necessary follow-up as required.
- Prepare periodic reports for submission to the Board and the General Assembly.

3.6 Duties of the Secretary of Audit Committee

The duties of the Secretary of the Audit Committee would consist of the following:

- The Secretary of the Audit Committee shall schedule the meetings of the Audit Committee in coordination with the Chairman.
- The Secretary shall circulate meeting agendas with any relevant materials to Committee members at least ten (10) working days prior to the meeting.



- The Secretary of the Audit Committee shall document and keep the minutes of the Audit Committee meetings.
- The Secretary of the Audit Committee shall ensure that the Committee Chairman and members signs the minutes of meetings.
- The Secretary shall ensure the availability of appropriate means of communication for the exchange and recording of information between the Audit Committee and the Board
- The Secretary shall maintain a log of the action items and a follow up tracker to track the actions emanating from the Audit Committee meetings and track the implementation by the agreed due dates.

3.7 Managing conflict between the Audit Committee and the Board of Directors

If a conflict arises between the recommendations of the Audit Committee and the Board resolutions, or if the Board refuses to put the committee's recommendations into action as to appointing or dismissal the company's external auditor or determining its remuneration, assessing its performance, or appointing the internal auditor etc., the Board's report shall include the committee's recommendations and justifications, and the reasons for not following such recommendations.

3.8 Powers of the Audit Committee

- The Committee has the right to investigate any matter that falls within its tasks or any matter specifically requested by the Board.
- The Committee has the right to review the company's records and documents, as required.
- The Committee has the right to request any clarification or statement from the members of the Board, the Executive Management, or the company's employees for the purpose of investigation and inquiring about any information.
- The Committee has the right to seek legal and technical advice from any external or other independent consultancy whenever this is necessary to assist the Committee in carrying out its duties.



Chapter 4. Committee Meetings

4.1 Committee Meetings

- The Audit Committee shall convene periodically, provided that at least six meetings are held during the Company's financial year.
- Validity of the meetings of the Audit Committee require attendance of the majority of its members as per the defined quorum.
- In the event it is not possible for any committee member to attend any of the committee's meetings due to travel or any other urgent reason, he may participate in the committee's meetings using modern means of communication, and such participation shall be deemed attendance.
- The Chairman of the Audit Committee shall call for the committee to convene.
- Any member of the Audit Committee, Chairman of the Board, External Auditor, Head of Internal Audit department may also request to call for the committee to convene, as necessary.
- The Audit Committee shall convene periodically with the Company's external auditor and internal auditor.
- The Head of the Internal Audit department may be invited to attend all or some of the meetings of the Audit Committee.
- The Chairman of the Audit Committee may, after notifying the Company's CEO, invite Senior Executives or any of the Company's employees to tell the committee about any aspect of the Company's activities.
- Members of the Board or the Executive Management shall not have the right to attend the meetings of the Audit Committee, unless requested by the committee to express opinion or advice, and attendance of the meetings of the Audit Committee shall be limited to the committee members and Secretary.
- The Audit Committee may invite guests as it deems fit from inside or outside the Company to attend its meetings if the need arises.
- Audit Committee meetings can be conducted on other matters such as:
 - Financial and audit matters
 - Statutory issues
 - Conflict of interest
 - The rules of professional and ethical conduct

4.2 Meeting Quorum

- The quorum of the Audit Committee meetings should be at least 2 members.
- The Audit Committee meetings shall not be held without the presence of at least half of its members at any point in time.

4.3 Agenda of the Meeting

The Secretary shall give advance notices, send meeting agendas with any relevant materials to committee members and ensure their delivery within a period of ten (10) working days prior to the meeting.

4.4 Minutes of Meeting

- Minutes for all meetings of the Committee shall be prepared to document the Committee's discharge of its responsibilities. The meeting minutes shall be sufficiently detailed to provide a trail of discussions before the final decision is made or a resolution is approved.
- The Committee Secretary shall maintain an accurate written record of each meeting which includes:
 - The location and time of the meeting
 - Names of the present and absent members



- The names of committee members giving their assent and dissent to the decisions/resolutions presented before the committee and reasons thereof, including objections or abstention from voting
 - Members who are excluded from discussions in the Committee meeting by reason of their interest in the matter under discussion
 - The results of voting on an individual basis
 - Decisions made by the Audit Committee including the rationale for the decision
 - Documents supporting the discussions held during the meeting
- The minutes of the meetings shall be recorded, signed by the Chairman, and members of the committee and its Secretary and entered into an official register.
 - All records and documents reviewed during the meeting and/or referred to in the minutes shall be attached to the minutes.
 - The minutes of the meeting will be distributed by the Secretary to the committee members within a period not exceeding (15) days after the date of the meeting.

4.5 Resolutions of the Committee

- The decisions of the Audit Committee are issued by majority of present votes, and in the event of an equal number of votes / tie vote, the Chairman of the Audit Committee shall have the casting vote.
- The decisions of the Committee shall be recorded by way of a circular signed by all the members of the Committee.
- Each member of the Committee shall have equal voting rights and shall vote on all decisions unless when a member has a personal material interest in the matter being considered.
- Non-members who attend Committee meetings will not have voting rights and the role of non-members shall be advisory.
- All approved resolutions taken by circulation shall be recorded at the next meeting minutes; and in case of objection by any member during the circulation process, such objection shall be recorded in the minutes.
- It is not permissible to vote on the decisions of the Audit Committee on behalf or by proxy of any of the members.

4.6 Liaison with External Auditors

Audit Committee shall liaison with External Auditor for below activities:

- Key amendments made by the Company to its accounting policies.
- Deficiencies in the general structure and performance of internal control systems.
- Material errors in financial statements.
- Management decisions and the basis on which the external auditors relied to validate critical accounting estimates, such as technical provisions and reserves.
- Accounting principles and standards and disclosure decisions related to extraordinary transactions.
- Adequacy of technical provisions and reserves set by the Actuary.
- Actuary's Reports relevant to the Financial Statements.
- Any major problems in dealing with the management that affected the working of the audit.
- Internal control and the assessment of the Company's assets and solvency.
- Any other issues that the committee is aware of and falls within its responsibilities.
- Any amendments introduced to the audit scope and the reasons thereof.



- Reviewing letters to management prepared by the external auditors and the Company's management comments thereon.
- Material conflicts with the management regarding any issue pertaining to the safeguarding of invested assets.
- Violations of Laws, Regulations and Instructions issued by the supervisory and control entities or non-compliance with the Company's policies and procedures

4.7 Reporting

- The Audit Committee shall prepare reports on its performance of its competencies and duties stated in the Companies Law and its Implementing Regulations and opinion on the adequacy of the Company's internal control system and risk management systems and on other work carried out within its competence. The Board shall keep adequate copies of the report in the Company's Head Office and publish them on the Company's and the Exchange's websites when publishing the invitation to convene the General Assembly, to enable shareholders to get a copy thereof.
- The Audit Committee shall submit summary of the committee's meetings held during the preceding quarter for review by the Board after each meeting. The Committee shall bring to the attention of the Board material issues regarding compliance, accounting, internal accounting controls, auditing, or other related matters.
- The Audit Committee shall examine the matters pertaining to it or those referred to it by the Board and shall submit its recommendations to the Board for decision or take decisions if delegated to it by the Board. However, the Board shall be responsible for these decisions.



Chapter 5. Committee Remuneration and Evaluation

5.1 Committee Member Remuneration

- Every member of the Audit Committee shall be eligible for remuneration for each Committee meeting attended. The amount of such remuneration shall be determined in accordance with the General Assembly approved Corporate Governance Charter and Evaluation and Remuneration of Directors, Committee Members, and Senior Management Policy
- The Secretary of the Audit Committee shall be eligible for remuneration for carrying out his or her functions for each Committee meeting. The amount of such compensation shall be determined by a decision issued by the Board of Directors.

5.2 Performance Evaluation of the Audit Committee

The Board of Directors must annually evaluate the performance of the Audit Committee in general and the performance of the Audit Committee members, and that evaluation should be kept in the records by the committee Secretary.