



Savola Group Audit Committee Charter

This Charter was approved based on the Savola Group Extraordinary General Assembly's resolution in its meeting held on May 10th 2023

<u>DISCLAIMER</u>	<u>تنويه هام لأخذه في الاعتبار</u>
<p>This English version of this document is a translation of the original Arabic document and has been made for the purpose of informing non-Arabic speakers of the said document.</p> <p>In case of any discrepancy or misinterpretation of any clause or article, the original Arabic document shall prevail.</p>	<p>هذه النسخة الإنجليزية من هذه الوثيقة تمثل ترجمة للنسخة الأصلية الصادرة باللغة العربية، والغرض منها تعريف الناطقين بغير اللغة العربية بهذه الوثيقة، وفي حالة وجود اختلاف في الترجمة أو خطأ في تفسير النص لأي بند أو مادة من هذه الوثيقة يُعتبر النصّ الأصلي الصادر باللغة العربية هو الحاكم.</p>

Reference:

This charter was amended pursuant to the resolution of the Company's General Assembly in its meeting held on 10th May 2023, and in line with item (e) of Article (51) of the amended Corporate Governance (CG) Regulations issued by the Board of the Capital Market Authority (CMA) pursuant to resolution number 8-16-2017 dated 16/5/1438H corresponding to 13/2/2017G, which stated that: "The Company's General Assembly shall, upon a recommendation of the Board, issue a regulation for the audit committee which shall include the rules and procedures for the activities and duties of the committee, the rules for selecting its members, the means of their nomination, the term of their membership, their remunerations, and the mechanism of appointing temporary members in case a seat in the committee becomes vacant.⁽¹⁾". The words and expressions in this charter shall mean the meanings set forth in the relevant CMA Regulations unless the context requires otherwise.

Preface:

The Audit Committee is one of the important committees in publicly listed companies for its essential and effective role in internal and external audit, the internal control process, the development of systems and plans related to these activities, the follow-up of their implementation and the Company's compliance with the accepted rules and standards. The regulations of the Saudi Capital Market Authority have given special importance to the Audit Committee through the empowerment of its functions and authorities. The Committee's main objectives are as follows:

Objectives of the Committee:

1. Ensuring the adequacy and comprehensiveness of the Internal Audit's activities and scope of work through reviewing the effectiveness of the arrangements carried them.
2. Ensuring that Savola's management is responsive to matters identified and reported through the Audit Committee, specifically if these matters are related to the Internal and External Audit work and ensuring their independence.
3. Ensuring that Savola accepts and understands the role and value of the Internal Audit Department through the mechanisms (i.e. the internal audit annual report).
4. Ensuring the effectiveness of Savola's internal control and internal audit function at Savola.

⁽¹⁾ The Audit Committee Charter was first issued based on a resolution from the Savola Group's General Assembly (GA) on its meeting dated 25 March 2008, which was amended later based on GA resolution dated 13th February 2017 and 9th May 2019.

5. Monitoring compliance with the relevant laws, regulations, internal standards, policies and processes within its scope of work, duties and responsibilities.

1. Rules and Regulations regarding Committee Membership

The Audit Committee of Savola Group shall be formed according to the following:

- a) The Audit Committee is formed upon a resolution by the company's Board of directors.
- b) The Audit Committee members shall not be less than 3 members or more than 5; with at least one of whom is competent in financial and accounting matters.
- c) The membership of the Committee shall be composed of independent, non-executive Board members or Shareholders or others, and shall not include any of the Executive members or any of the senior Executive in the Company and shall have at least one of whom shall be an independent member.
- d) Half of the Audit Committee's members must be independent directors or from those on whom the issues affecting independence in the CG regulation do not apply.⁽²⁾
- e) 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. Additionally, The Chairman of the Board may not be a member of the Audit Committee.
- f) A member of the Audit Committee shall not be a member of Audit Committees of more than five listed joint stock companies at the same time.
- g) The term of the office of the Committee starts and expires with the office term of the board. The Board may also re-appoint them for another term or other similar terms.⁽³⁾
- h) The Board of Directors shall appoint from its members a Chairman for the Committee. If that appointment did not take place, the committee members shall choose from amongst them a Chairman. In all cases, the Chairman of the committee shall be an independent or non-executive member.⁽⁴⁾
- i) The Audit committee membership shall expire in one of the following cases:
 1. Issuance of a Board of Directors resolution to remove and/or replace all or any of the committee members at any time it deems appropriate.
 2. Resignation of the committee member pursuant to a written notice submitted to the Committee chairman and secretary and the resignation shall take effect from the date specified in the notice.

⁽²⁾ Item (d) of Article (51) of the CG Regulation is a guiding paragraph which states: "Half of the audit committee's members must be independent directors or from those on whom the issues affecting independence do not apply"

⁽³⁾ The duration of Savola Group's Board office term is four years.

⁽⁴⁾ Item (c) of Article (51) of the CG Regulations is a guiding paragraph which states: "The chairman of the audit committee shall be an Independent Director."

3. Loss of legal capacity or having a physical disability that prevents the committee member from carrying out his/her responsibilities and duties.
 4. Failure to attend three consecutive meetings or five non-consecutive meetings during the course of the membership without an excuse acceptable to the board.
 5. Failure to meet, at any time, any of the requirements for membership in the committee in accordance with the laws or this charter.
- j) In case a seat in the committee becomes vacant for any of the above-mentioned reasons or other reasons during the Committee's official term, or the number of the committee members becomes below the minimum requirement the Board of Directors shall have the right to appoint a member in the vacant seat/s, provided that the new member/s has/have adequate experience and the committee membership requirements applies to the member.
- k) The Committee will appoint a Secretary among its members or as it deems fit from the Company's Management team to prepare for the Committee's meetings and work, prepare and document its minutes and follow-up implementation of its recommendations, directives and decisions without voting rights.

2. Meetings, procedures and controls of the Committee's work

- a. The Audit Committee will convene periodically, at least 4 times per year, and as may be necessary in the Company's head office, and it may meet outside the head office. Also Committee meetings may be held by Video Conference. Minutes of meetings should be prepared, including a summary of their discussions, recommendations, directives and decisions.
- b. The committee meetings are scheduled in advance - prior to the beginning of the year - on an annual basis for the whole year, as part of the annual meetings calendar of Savola Group boards and its committees.
- c. The Audit Committee will convene periodically with the Company's external auditor and internal auditor at least once a year.
- d. The internal auditor and the external auditor may call for a meeting with the Committee as deemed necessary.
- e. The Committee may hold special meetings as deemed necessary. The Committee Chairman or majority members may call for holding a special meeting as deemed necessary, and majority attendance of members constitute a quorum.
- f. In the event that a member is not able to attend the Committee meeting in person, sufficient effort is made to enable the member to attend through the means of modern communication (conference call), and in this case, the presence of the member shall be considered as physically present.

- g. **Proxy:** In the event that a member is not able to attend the Committee meeting in person, the member may appoint another Committee member on his behalf, and a Committee member may not represent more than one member for the same meeting.
- h. **Voting:** Each member of the Committee will have one vote. Decisions are issued by the majority of the attendees' votes represented in the meeting and in case of a tie, the Chairman shall have the casting vote.
- i. The Committee Secretary prepares the draft minutes of meeting (The names of the present and absent members, place, date, time of commencement and adjournment of the meeting, the summary of deliberations and resolutions) and circulates it to the Committee Chairman and members via email for review and add their comments within (7) to (10) working days from the dated of each meeting. In case comments were not received, it is considered as a confirmation of approval, such minutes of meeting shall be kept in a book to be signed by the Committee Chairman and its members and its Secretary, and such records shall be kept within the Company's important documents, also means of technology may be used to obtain signatures, record deliberations and decisions, and prepare meeting minutes.
- j. A Committee member has the right to object to any resolution taken by the Committee, provided that the objection is expressly recorded in the minutes of the meeting with a statement of the reasons for objection, and the member absence from the meeting in which the resolution is taken shall not be considered as a reason for exemption from liability unless it is proved that the member was unaware of the resolution or was unable to object immediately after becoming aware of it.
- k. Members of the Board or Executive Management except the Committee members may not attend the meetings unless such Committee requests his opinion or advice.

3. Research, Studies and External Consultants

The Committee is empowered to investigate or study any matter within its scope of work, or designated, or delegated who can. The Audit Committee shall have the authority use, at the expense of the Company, independent specialized external consultants to carry out such independent consulting services whenever necessary. The Committee also has the power to appoint or dismiss any independent external consultants that may help carry out its duties. In addition, the Committee has the power to approve the fees and other terms with independent external consultants on the Company's expense.

4. Audit Committee Authorities

- a. The Committee has the right to form a team from within itself for any reason it sees appropriate to achieve its goals. The Committee also has the right to delegate to the team some of its authorities as deemed necessary provided that any team is comprised of not less than two members.

- b. Investigate any activity that falls within its authority and any requests received from the Board of Director or the external auditor.
- c. The use of legal and technical advice from any external party or consultant as deemed necessary to help the Committee in fulfilling its duties.
- d. The Audit Committee is responsible for monitoring the Company's activities and in performing its duties:
 - 1) Access the records and documents of the Company.
 - 2) Request any clarification, statement, or information from the Board members or the Executive Management.
 - 3) Request the Board to call for a General Assembly Meeting if its activities were hindered by the Board or if the Company has suffered significant losses and damages.
 - 4) Meet with the external auditors or the internal auditors, to enquire about the audit results and to provide recommendations within its scope of work.

5. Competencies, authorities and responsibilities of the Audit Committee & its Chairman

a) Audit Committee Competencies, Authorities, and Responsibilities:

1. Reviewing and re-evaluating the adequacy of the functions, controls and regulations contained in this charter from time to time, and recommending any proposed changes to the Board, which shall be considered and recommended to the Shareholders' General Assembly.
2. Monitoring the Company's activities and ensuring the policies and procedures that confirm the integrity and effectiveness of the reports, financial statements and internal control systems. The duties of the audit committee shall particularly include the following:

a-1) With Regards to Financial Reports:

- a. Analyzing 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;
- b. Providing its technical opinion, at the request of the Board, regarding whether the Board's annual 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;
- c. Analyzing any important or non-familiar issues contained in the financial reports;

- d. Investigating any issues raised by the Company's chief financial officer or any person assuming his/her duties or the Company's compliance officer or external auditor;
- e. Examining the accounting estimates in respect of significant matters that are contained in the financial reports;
- f. Examining the accounting policies followed by the Company and providing its opinion and recommendations to the Board thereon.

a-2) With Regards to Internal Audit:

- a. Analyzing and reviewing the company's internal and financial control and risk management systems.
- b. Oversee the internal audit plans and its operations, and ensuring their effectiveness required by the laws, regulations, and professional practices in this regard.
- c. Analyzing the internal audit reports and following up the implementation of the corrective measures in respect of the remarks made in such reports;
- d. Monitoring and overseeing the performance and activities of the internal auditor and internal audit department of the company to ensure the availability of the necessary resources and their effectiveness in performing the assigned activities and duties.
- e. Verifying the independence of the Internal Audit and enable it to perform its role effectively.
- f. Providing a recommendation to the Board on the appointment and/or termination of the Head of the internal audit unit or department, or the internal auditor and suggesting his/her remunerations.

a-3) With Regards to External Auditor:

- a. Providing recommendations to the Board to nominate external auditors, dismiss them, determine their remunerations, and assess their performance after verifying their independence and reviewing the scope of their work and the terms of their contracts.
- b. Verifying the independence of the external auditor, its objectivity, fairness, and effectiveness of the audit activities, taking into account the relevant rules and standards.
- c. Reviewing the plan of the Company's external auditor and its activities, and ensuring that there is no violation or failure in their performance and that it does not provide any technical, administrative or consulting works that are beyond its scope of work and provides its opinion thereon.

- d. Responding to queries of the Company's external auditor.
- e. Reviewing the external auditor's reports and its comments on the financial statements, and following up the procedures taken in connection therewith.

a-4) With Regards to Ensuring Compliance:

- a. Reviewing the findings of the reports of supervisory authorities and ensuring that the Company has taken the necessary actions in connection therewith.
- b. Ensuring the Company's compliance with the relevant laws, regulations, policies and instructions related to the committee's scope of work.
- c. Reviewing the contracts and proposed Related Party transactions including cases of conflict of interest, if any, and providing its recommendations to the Board in connection therewith.
- d. Reporting to the Board any important issues within its scope of work in connection with what it deems necessary to take action on, and providing recommendations as to the steps that should be taken.

b) Chairman Powers and Responsibilities:

1. Manage and chair the committee meetings and work to enhance their effectiveness, and in the event that the Committee Chairman is not present, he may delegate one of its members to preside over the specific session.
2. Attend General Assembly meetings to answer shareholders questions regarding committee mandates and activities and the Chairman may delegate this to one of the committee members.
3. Invite the Committee meetings to attend the meeting in writing before a sufficient time from the date of the meeting.
4. Provide committee members with the meeting agenda, and ensure having sufficient time to discuss the items and clauses contained in the agenda.
5. Ensure that committee members are provided with the necessary presentations, documents, and the sufficient information regarding subjects presented to the Committee before a sufficient time ahead of the meeting date that enables the Committee to take decisions in this regard.
6. Submit periodic reports to monitor the work and performance of the Committee, and its recommendations to the Company's Board. The said report may be verbal or written.
7. The committee Chairman may delegate any of the abovementioned authorities to any of the committee members or the secretary.

6. Confidentiality of the Committee's Work

The Committee's members shall maintain the confidentiality of the information made available to them and the documents they review, and they shall not be permitted under any circumstances - even in the event of the termination of their membership - to disclose it to any individual or entity, or to use any of this information to achieve personal benefit for themselves or for one of their relatives or for others, and if they did they shall be removed from the committee membership. This provision shall be applied to the Committee's Secretary as well.

7. The Audit Committee Report to the Shareholder General Assembly

The Committee issues an annual report that contains a summary of its work, performance, most prominent achievements and how it performs its roles and responsibilities in light of the relevant rules, regulations and the professional standards, provided that the report contains its recommendations and opinion on the adequacy of the internal and financial control systems and risk management systems in the Company.

The Board shall make available sufficient copies of the audit committees' report at the Company's head office and publish them on the Company's and the Exchange's websites when publishing the invitation to the General Assembly to enable shareholders to obtain a copy. Summary of the report shall be presented at the General Assembly.

8. Arrangements Providing Remarks

The Audit Committee shall review the mechanisms that enable the Company's employees to confidentially provide their remarks in respect of any inaccuracies in the financial or other reports. The Committee shall ensure that such mechanisms have been put into action through an adequate independent investigation in respect of the size of the error or inaccuracy, adopt appropriate follow-up procedures.

9. Audit Committee Remuneration

1. The annual remuneration of the committee members shall be determined based on the policy defined by the board and in accordance with the Company's Bylaws and General Assembly resolutions in this respect and without infringement of the relevant laws and regulations.
2. The committee member's remuneration shall be a specific sum in addition to meetings attendance fees and any other benefits stipulated in the remuneration policy defined by the board for its members, the committee's members, and executive management. Payment shall be processed in line with the procedures set out in the remuneration policy. ⁽⁵⁾

⁽⁵⁾ According to the Remuneration Policy, which was approved by the Shareholders' General Assembly, the annual remuneration for the Audit Committee's membership amounts to 150,000 Saudi Riyals, the meeting attendance fee is 5,000 Saudi Riyals for each member per meeting, and the travel accommodation expense is set by the said policy, which is published in the Company's website.

3. The Company shall cover the travel, accommodation, and other expenses to enable the members to attend the committee meetings and participate in the committee activities in line with the said policy.
4. Committee meetings attendance compensation for the Committee Secretary amounting to 3,000 Saudi Riyals for each session. The Committee may revise the allowances for the Committee secretary periodically as deemed necessary.

10. Conflict between the Audit Committee and the Board

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, the Board's report shall include the committee's recommendations and justifications, and the reasons for not following such recommendations.

11. Final Provisions for (Publications, Access and Amendments)

This Charter shall be implemented and complied with by the Company starting from the date it is approved by the GA. This Charter shall be published and made available to the shareholder and public in the Company's website. The content of this Charter shall be reviewed - as needed - upon the recommendation of the Board, provided that, any recommended changes are presented to the GA in the next meeting for approval.