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MARAFIQ
Audit Committee Work Regulation

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Article (1): Purpose

This Regulation is referred to as “Audit Committee Work Regulation”, which was prepared in accordance with the provisions of the Corporate Governance Regulation issued by the Capital Market Authority in the Kingdom of Saudi Arabia, which stipulates that the Company’s General Assembly, based on a proposal by the Board of Directors, approve the Audit Committee Work Regulation. This Regulation came to clarify the mechanism of appointing the Audit Committee members, its competences, everything related to its meetings, the legal quorum for this Committee, and its work procedures.

Article (2): Definitions

The terms and phrases used in this Regulation shall have the meanings assigned thereto, while the masculine form applying to the feminine, the singular to the plural and vice versa, unless the context or text indicates otherwise.

Term	Definition
Governance Department	Corporate Governance Department in the Company.
The Secretary	The Secretary of the Board of Directors.
General Assembly	Ordinary General Assembly of the Company.
Policy	Audit Committee Work Regulation.
Company	Power and Water Utility Company for Jubail and Yanbu (a Public Joint Stock Company).
Committee	Audit Committee
The Board	The Company Board of Directors
Authority	Capital Market Authority
Business Day	A day on which the Authority normally performs its business.

Article (3): Policy Interpretation Provisions

3.1 Interpretation Rules

3.1.1 This Policy and the addendums attached thereto (if any) are considered an integral part thereof, and complementary to its clauses and shall be read and interpreted therewith for this purpose.

3.1.2 This Policy is directed and addresses job positions and not the people in charge of them.

3.1.3 All headings in this Policy are for convenience of reference only and shall not affect the interpretation of the policy provisions as a whole.

3.1.4 This Policy prevails over any other Policy on the same issue that may conflict therewith.

3.1.5 The Board is entitled to set rules and executive policies for this Policy.

3.1.6 This policy is formulated in accordance with the jus cogens in the Corporate Governance Regulations issued by the Authority. In the event that the Authority decides, at any time, to consider any provision in the corporate governance policy as jus cogen rather than a complementary, then this policy is read in light of that, and the complementary provision becomes as jus cogen by force of law and an integral part of this Policy. In the event that a complementary provision is included in this Policy in the form of a jus cogen, this shall not prejudice its remaining complementary and not binding until the Authority decides otherwise.

3.1.7 The Company’s application of any of the guidelines, steadily or incidentally, does not prejudice the provision to remain guiding unless a special resolution is issued by the Board or the Authority otherwise. The Company is entitled to exchange between applying and not applying the guiding provision in accordance with what it decides in this regard, and it is not allowed in any way to consider approval of this Policy / regulation as an approval for the guiding provisions contained therein to be mandatory.

3.2 Sources of Judging the Incident

3.2.1 The provisions of this Policy apply to the issues dealt with in these provisions in their terms and meanings, and there is no justification for effort in the source of the provision.

3.2.2 The provisions of this Policy shall not conflict with the legislative laws in the Kingdom of Saudi Arabia, and in the event of a conflict, the provisions of the jus cogen legislative laws shall be applied.

3.2.3 In the absence of a provision in this Policy on the issue, the following legislative sequence shall be applied:

3.2.3.1 The jus cogens in the Corporate Governance Regulations issued by the Authority are applied.

3.2.3.2 The provisions of the Companies Law and its executive regulations shall be applied.

3.2.3.3 The provisions of the Company's articles of association shall be applied.

3.2.3.4 The resolutions of the Company's General Assembly shall be applied.

3.2.3.5 The resolutions of the Board of Directors shall be applied.

3.2.3.6 Diligence of the Governance Department according to the circumstances surrounding regarding each issue for which there is no provision.

Article (4): The Committee Formation and Membership therein

4.1 The Committee is formed and its Chairman is appointed by a resolution of the Board. The remuneration of its members is determined in accordance with the policy of “Remunerations for Board Members, Committee Members and Executive Management” in this regard. Membership therein begins with the beginning of the Board term and ends with its end or with the dissolution of the Board.

4.2 The number of committee members shall not be less than three and not more than five, so that the members are as follows:

4.2.1 Shareholders or others.

4.2.2 None of them shall be members of the Executive Board.

4.2.3 At least one of them shall be an independent Board member.

4.2.4 One of its members shall be specialized in financial and accounting affairs.

4.2.5 The Board of Directors Chairman shall not be a member of the Audit Committee.

4.2.6 A person who works during the past two years in the financial or executive management of the Company or with the Company's external auditor shall not be a member of the Committee.

4.2.7 All the Committee members shall be aware of the financial rules and that at least one member shall be specialized in financial and accounting affairs.

4.2.8 The member shall have a university degree or its equivalent from a recognized educational center in the Kingdom of Saudi Arabia.

4.2.9 The Committee member shall not be a member of audit committees in more than five joint stock companies listed in the market at the same time.

4.2.10 The member shall not previously convicted of any felony or misdemeanor involving breach of honor or trust.

4.3 The Company shall notify the Authority of the Committee members names and their membership descriptions from the date of their appointment and any changes that may occur therein within five working days from the date of the change.

4.4 A Committee member may retire from the membership of the Committee by a written notice addressed to the Committee Chairman, who shall inform the Board and the Secretary of the Board directly. In addition, if the Committee Chairman resigns, the notice shall be directed to the Board and the Secretary of the Board. Retirement (resignation) is effective - in both cases - from the date specified in the notice.

4.5 If the position of one of the Committee members becomes vacant, the Board may appoint in the vacant position a person who has experience and competence within ten working days from the day on which the position becomes vacant at most. The new member completes the term of his predecessor, and the Company shall notify the Authority within five days from the date of appointment, and the appointed member completes the term of his predecessor.

4.6 If the necessary conditions for a Committee valid meeting are not met due to a decrease in the number of its members to less than half the number of the Committee members, the Board shall appoint a new committee immediately and within ten working days at most. In addition, the Company shall notify the Authority within five days from the date of appointment, and the appointed committee shall complete the term of its predecessor.

4.7 Membership in the Committee ends de jure if any of the following conditions are met:

4.7.1 In the event of the dissolution of the Board for any reason or due to the end of its session.

4.7.2 In the event of the member death or the existence of a total disability that prevents him from performing his duties.

4.7.3 In the event of retirement (resignation) or dismissal of the member.

4.7.4 In the event that one of the membership conditions set forth in these regulations and related regulations is no longer exist.

Article (5): The Secretary

The Committee shall appoint a secretary for it, and the Board shall determine his remuneration, provided that the appointment of the Secretary is from among the members of the Committee or whomever the Committee deems appropriate from the Company's management team to prepare for and document its meetings, its minutes, and follow up on the implementation of its recommendations, instructions, and resolutions without having the right to vote therein. The Secretary may resign from his position at any time by virtue of a written notice sent to the Committee Chairman, so that the Secretary continues to carry out his duties until another secretary is appointed by the committee.

Article (6): Committee Work Rules

6.1 The legal quorum of the Committee is achieved by the presence of the majority of its members at least. In addition, the Committee is entitled, in any meeting with a full quorum it holds in accordance with the rules, to exercise all or any of the authorizations and powers assigned thereto or that it is entitled to exercise. The Committee issues its resolutions by the majority of the members present at the meeting, and in the event of equal votes, the side with which the Committee/ meeting Chairman voted shall prevail

6.2 In the absence of the Committee Chairman, the remaining members present shall elect one of them to preside over the meeting.

6.3 Members may participate in any meeting by telephone, by videoconference, or by any similar electronic means.

6.4 A Committee member is entitle to object to any resolution taken by the Committee, provided that his objection is expressly recorded in the meeting minutes. Absence from any meeting in which the resolution is issued does not prevent the member from bearing responsibility for implementing the resolutions unless it is proven that the member was not aware of the resolution or was not able to object thereto.

Article (7): Committee Meetings

7.1 Committee meetings are convened by an invitation of the Secretary upon the request of the Committee Chairman at least four times a year, and shall coincide, when necessary, with key dates in the Company's financial reporting cycle. It may also convene extraordinary or emergency meetings as circumstances require and at any time. The Committee also convenes when the Board or two of the Committee members so request, or if the external auditor or the head of the Internal Audit Department so requests. In all cases, the reasons for the extraordinary meeting shall be clarified in the minutes of the relevant meeting.

7.2 The Committee meets with the external auditor in regular meetings.

7.3 The Committee meets at least once a year with the external auditor and the internal auditors without the presence of management.

7.4 Unless otherwise agreed, notice of each meeting confirming the place, time, date, agenda and items to be discussed shall be sent to each Committee member, any other person required to attend and all other members at least 10 business days prior to the meeting date. However, the notice may be issued in exceptional cases and notified of it 5 business days prior to the meeting date, while including a note on the extent of its urgency, and sent with supporting documents to the Committee members and to other attendees as appropriate at the same time.

7.5 The Committee convenes its meetings at the Company's headquarters, however it may be convened in any other place or by any available electronic means.

7.6 The Company CEO, the CFO, the Head of the Internal Audit Department, the representative of the external auditor and other specialists may attend the meetings upon the invitation of the Committee.

Article (8): Meeting Minutes

8.1 The Secretary shall prepare minutes in Arabic of the facts of all the Committee's meetings and the resolutions issued therein, including recording the names of the attendees. The minutes may be written in an additional language other than the Arabic. In case of disagreement, the Arabic only shall prevail.

8.2 The Secretary shall ensure, at the beginning of each meeting, that there are no cases of conflict of interest and include them in the meeting minutes accordingly.

8.3 The Secretary prepares a draft minutes of the meeting and presents it to the Committee Chairman and its members via e-mail to review the same and add their notes within (5) business days from the date of each meeting. In the event that the notes are not received within (10) business days after sending them, this is considered as confirmation that there are no notes on the initial draft, and the meeting minutes are kept after being signed by the Secretary and all the attending members.

Article (9): Committee Competences

In addition to the mandatory tasks determined by the Authority in the Corporate Governance Regulations issued whereby, or those guiding duties that become mandatory based on the Authority's resolutions in this regard, the Committee shall perform the following duties:

First: Financial Reports

9.1 Studying the preliminary and annual financial statements of the Company before presenting them to the Board of Directors, expressing its opinion therein, and making recommendations regarding them to ensure their integrity, fairness, and transparency.

9.2 Providing its technical opinion, upon the Board's request, on whether the Board's report and the Company's financial statements are fair, balanced, comprehensible, and include information that allows shareholders and investors to evaluate the Company's financial position, performance, business model, and strategy.

9.3 Thoroughly examining any significant or unfamiliar issues included in the financial statements.

9.4 Closely investigating any issues raised by the CFO of the Company, or those who assume their duties, the Compliance Officer, or the external auditor.

9.5 Studying any significant or unfamiliar issues included in the financial statements.

9.6 Studying the accounting policies followed in the Company and expressing opinions and recommendations to the Board of Directors regarding them.

Second: Internal Auditor

9.7 Studying and reviewing the Company's internal control, financial, and risk management systems.

9.8 Examining internal audit reports and following up the implementation of corrective actions for the notes contained therein.

9.9 Supervising and overseeing the performance and activities of the internal auditors and the internal audit management in the Company, ensuring the availability and effectiveness of resources in performing their assigned tasks and duties.

9.10 Recommending to the Board of Directors by appointing the Manager of the Internal Audit Unit or the Internal Audit Management or the internal auditor and proposing their remuneration.

Third: External Auditor

9.11 Recommending to the Board the nomination, removal, determination of external auditor, determining their fees, and evaluating their performance, after verifying their independence and reviewing the scope of their work and the terms of contracting with them.

9.12 Verifying the independence, objectivity, fairness, and effectiveness of external auditor's work, considering relevant rules and standards.

9.13 Revising the Company external auditor plan and work, verifying that they do not engage in any technical or administrative work beyond their scope and providing its opinions thereon.

9.14 Replying to inquiries from the Company's external auditor.

9.15 Studying external auditor reports and its notes on the financial statements, and following up on actions taken regarding them.

9.16 Revising and approving all services not related to external auditors to ensure their independence.

Fourth: Compliance Assurance

9.17 Revising the results of regulatory reports and ensuring that the Company has taken the necessary actions thereon.

9.18 Ensuring the company's compliance with relevant laws, regulations, policies, and instructions.

9.19 Revising contracts and proposed transactions the Company intends to undertake with related parties and providing recommendations to the Board thereon.

9.20 Informing the Board of any matters deemed necessary for taking actions and providing necessary recommendations on the steps to be taken.

Fifth: Values and Ethics

9.21 Revising and evaluating policies and procedures related to values and ethics rules.

9.22 Revising compliance reports related to laws, regulations, policies, unethical behaviors, and etc.

Sixth: Governance

9.23 Obtaining necessary confirmations regarding the application of Corporate Governance Rules from the Company Management.

Seventh: Fraud, Money Laundering, and Corruption

9.24 Supervising the Management's arrangements to prevent and combat fraud, money laundering, and corruption.

9.25 Ensuring that actions are taken against perpetrators of fraud, money laundering, and corruption.

9.26 Supporting the Management to ensure the existence of anti-fraud, anti-money laundering, and anti-corruption programs and controls.

Eighth: Internal Control

9.27 Revising the adequacy and completeness of the internal control system.

9.28 Revising the method and framework through which the Management is able to monitor the business and verify the appropriateness of the nature and size of the internal control systems and the effectiveness of their implementation.

Ninth: Annual Report

9.29 The Committee prepares an annual report that includes a comprehensive evaluation of control and compliance operations, committee activities, its competences, membership, and the number of meetings held and attended throughout the year. The report shall detail the Committee's performance of its assigned competences and duties specified in these regulations, provided that it includes its recommendations and opinion on the adequacy of the internal and financial control systems. The Board of Directors shall deposit sufficient copies of the audit committee report at the Company's headquarters and publish it on the Company's website and the website of the financial market when publishing the invitation to convene the General Assembly to enable shareholders who desires to obtain a copy thereof. A summary of the report is read during the General Assembly.

Article (10): Committee Powers

The Committee has the following powers and authorities (in addition to its other powers specified in these regulations and other powers determined by the Authority in the Corporate Governance Regulations issued whereby):

10.1 The Committee has the ability to access sufficient resources to perform its duties.

10.2 Requesting any information from the Company's management to perform its duties, provided that the Committee determines the information that shall be provided thereto by the Company's departments, its size and the date of its submission, so that the information is submitted to the Committee when it becomes available.

10.3 Requesting advice and assistance as needed from any department in the Company, and it may request any clarification or statement from the Board of Directors members or the Executive Management.

10.4 Receiving appropriate training in a timely manner, whether in the form of an induction program for new members or on an ongoing basis for all members.

10.5 Supervising any investigation into the activities that fall within its competence and making arrangements that enable the Company's employees to provide confidential observations regarding cases of fraud, money laundering, corruption or any material errors in financial or other reports.

10.6 Requesting the Board of Directors to convene the General Assembly of the Company if the Board impedes its work or if the Company suffers significant damages or losses.

Article (11): Committee Members Duties and Powers

11.1 In addition to its mandatory competences determined by the Authority in the Corporate Governance Regulations issued whereby, or those guiding competences that become mandatory based on the Authority resolution in this regard, the Committee Chairman is responsible for the following:

11.1.1 Managing Committee meetings and seeking to enhance their effectiveness.

11.1.2 Representing the Committee before the Board and the General Assembly and replying for inquiries that may be raised in the field of Committee competence.

11.1.3 Calling for Committee meetings and specifying their dates and locations in coordination with the Committee members.

11.1.4 Preparing meeting agendas.

11.1.5 Ensuring that the issues presented to the Committee are supported by the required basic documents and information.

11.1.6 Ensuring that sufficient time is provided to discuss agenda items.

11.1.7 Submitting the Committee recommendations to the Board as the Committee deems appropriate in any aspect of its competence when needed.

11.1.8 Following up on the implementation of the Committee's decisions.

11.2 The Secretary of the Committee is responsible for the following duties and responsibilities:

11.2.1 Coordinating Committee meetings and proposing meeting items in coordination with the Committee Chairman.

11.2.2 Notifying Committee members of meeting dates and providing them with the agenda and any necessary information.

11.2.3 Attending and documenting Committee meetings, and preparing and keeping meeting minutes.

11.2.4 Keeping the Committee minutes, exhibits, reports and other documents issued by the Committee, including the Audit Committee reports, at the Company's main office for a period of no less than ten years. Without prejudice to this period, the aforementioned shall be kept in the event of a lawsuit, including any existing or threatened by lawsuit, claim, or any existing investigation procedures related to those exhibits, until they are completed. This matter - i.e. keeping exhibits - applies to the policy approved by the Company in this regard.

11.3 In addition to other mandatory duties that the Authority decides in the Corporate Governance Regulations issued whereby or those guiding duties that become mandatory based on Authority resolution in this regard, each of Committee member shall act as follows:

11.3.1 Complying with the provisions of the Authority's statute, its regulations, the companies' bylaw, its executive regulation, other relevant laws, and the Company's articles of association when performing his duties, and refraining from entering into or participating in any transaction that may harm the interest of the Company.

11.3.2 Knowing the duties and responsibilities of the Committee while allocating sufficient time to perform his role in achieving them.

11.3.3 Performing the duties assigned thereto without any external influence, whether from inside or outside the Company, and not giving his personal interest over the interests of the company.

11.3.4 Refraining from accepting gifts from any person with whom the Company has commercial dealings.

11.3.5 Preparing for and attending all meetings and participating in all discussions effectively.

11.3.6 Ensuring knowledge of regulatory updates related to the Company, its activities, business and other related fields.

Article (12): Dispute of Jurisdiction and Conflict of Interest

12.1 Positive and Negative Jurisdiction Conflict:

In the event of a positive conflict between the competences of the Committee and any other permanent committee affiliated to the Board, so that each committee insisted on having jurisdiction to consider a specific matter or incident, or in the event of a negative conflict with any other permanent committee affiliated to the Board, so that each committee insists on its lack of competence in looking into a specific matter or incident, the matter is referred to the Board to issue its resolution in this regard.

12.2 Conflict between the Audit Committee and the Board of Directors

If there is a conflict between the Audit Committee's recommendations and the Board's resolutions, or if the Board refuses to take the Committee's recommendation regarding the appointment and dismissal of the Company's auditor, determining his fees and evaluating his performance, or appointing the internal auditor, the Board's report shall include the Committee's recommendation and its justifications, and the reasons for not taking it into consideration.

12.3 Conflict of Interest

Without prejudice to the rules of Avoiding Conflicts of Interest Policy approved by the Company and the details it includes in this regard:

12.3.1 Members shall avoid any situations that may lead to a conflict of interest with the Company at all times.

12.3.2 If a member has a conflict of interest in relation to any issue of the Committee, he shall disclose this conflict before starting to discuss that issue, provided that this is recorded in the meeting minutes. In this case, the member may not attend or participate in the discussion or vote on the issue.

12.3.3 A Committee member shall not have any direct or indirect interest in the business and contracts that are executed or concluded in the name of the Company unless authorized by the Ordinary General Assembly (if the Committee member also holds the position of a Board member) or by the Board (if the Committee member is not a Board member) in accordance with the applicable law and internal policies of the Company.

12.3.4 If the Committee member does not disclose his interest in the relevant contracts, the Company may request that the contract be canceled and obligate the member to pay compensation or any profit/benefit obtained through that interest.

12.3.5 If the Committee member does not disclose his participation in any business that would compete with the Company or one of its activity branches, the Company may resort to the competent judicial authority to claim appropriate compensation.

12.3.6 A Committee member may not, directly or indirectly, use, exploit or benefit from any of the Company's assets, information or investment opportunities considered by the Company, and the member may not exploit any such investment opportunity after the end of his membership term.

12.3.7 If it is proven that a member exploited any investment opportunity, the Company or any concerned party may resort to the competent judicial authority to claim the cancellation of any work, profit or gain resulting from that opportunity. In addition, the Company may also claim appropriate compensation.

12.3.8 A Committee member shall maintain the confidentiality of the information and documents available thereto, and he shall not in any way, even if his membership ends, disclose them to any person or entity unless authorized by the Board in writing. In addition, he shall not use any of this information for his personal interest, the interest of his relatives or any external parties, and the Company is entitled to claim compensation in case of violating the provisions of this Article.

Article (13): Revision and Amendment

13.1 The Committee revises this these Regulation in cooperation with the Company's Management when needed and recommends any amendments thereto to the Board for approval before obtaining the approval of the General Assembly.

12.2 The Governance Department in the Company maintains the original duly signed copy of this Regulation and, from time to time, provides the Authority with a copy thereof and any amendments thereto.

Article (12): Regulation Validity

This Regulation shall be in effect and implemented as of date of its approval by the General Assembly.

Regulation title	Audit Committee Work Regulation			
Revised and amended by: Governance Department	Name: Dr. Akram Ibrahim Al-Hamdan Faisal Khalaf Al-Enezi	Signature:	Date:	

Board Secretary:	Name: Muhammad Abd al-Hamid al-Mulhim	Signature:	Date:	
Date of General Assembly Approval by General Assembly:				
The approved language of the General Assembly	The Arabic language, and the English, if any, is only considered as a guiding language.			