



Audit Committee Charter

1. Introduction

This Charter aim to set clear standards for the work of the Audit Committee of SHL Finance Company "SHL", based on the Main Principles of Governance in the Financial Institutions subject to the control and supervision of the Saudi Central Bank and the Corporate Governance Regulations issued by the Board of the Capital Market Authority.

2. Objectives

This Charter aim to set the controls and procedures for the work of the Audit Committee, its scope of work, responsibilities, and the mechanism for making decisions and tasks.

3. Appointment of Committee Members:

- 1) The Chairman and members of the Committee shall be formed by a decision of the Board of Directors based on a recommendation from the Nominations and Remunerations Committee after obtaining the required regulatory approvals.
- 2) The nomination of Audit Committee members shall be based on a recommendation from the Nominations and Remunerations Committee and this recommendation shall be submitted to the Board of Directors. The selection criteria shall be taken into consideration, including the suitability and sufficiency of the skills and practical experience of the Nominee.
- 3) The Committee shall consist of at least three members and not more than five members, one of whom shall be a specialist in financial and accounting affairs.
- 4) All members shall be non-executive members, and at least one of them must be independent Board member.
- 5) Members from outside the Board of Directors shall be more than members from the Board of Directors.
- 6) The Chairman of the Committee shall be an independent member, and the Chairman of the Board of Directors must not chair the Committee.
- 7) The Chairman and members of the Committee shall be appointed for a period not exceeding the term of the Board of Directors according to the Company's

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Articles of Association, and they shall be eligible for reappointment for another term or terms.

- 8) No one who works or has worked during the past two years in the executive or financial department of the Company, or with the Company's auditors, may be a member of the Audit Committee.
- 9) If the position of a member of the Committee becomes vacant during the term of membership, the Board of Directors may appoint a member to the vacant position, provided that he meets the membership requirements, and the new member shall complete the term of his predecessor.

4. Committee Procedures

Based on a recommendation from the Board of Directors, the General Assembly shall adopt the Committee's Charter, which shall include the controls and responsibilities of its work, the procedures for appointing its members, the term of their membership, and their remuneration.

5. Committee Membership Conditions

The members of the Committee must have academic qualifications and diverse professional experience in auditing, risk and information technology, including knowledge of accounting standards and auditing standards, the ability to read financial reports, and understand the laws, regulations and instructions issued by the relevant authorities.

6. Committee Duties, Powers and Responsibilities

The Committee shall be responsible for monitoring the company's business and verifying the integrity and honesty of its financial reports and financial statements and the availability of internal control systems. Its duties shall include the following:

(A) Financial Reports:

1. Study the company's quarterly and annual financial statements before presenting them to the Board, and express an opinion and recommendation thereon; to ensure their integrity, fairness and transparency.
2. Express a technical opinion - upon the Board's request - on whether the Board of Directors' Report and the company's financial statements are fair, balanced and understandable, and include information that enables shareholders and

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investors to evaluate the company's financial position, performance, business model and strategy.

3. Study any major or unusual issues included in the financial reports.
4. Carefully investigate any issues raised by the finance manager or the company's auditor.
5. Verify accounting estimates in the material issues included in the financial reports.
6. Study the internal accounting policies and procedures followed in the company, and express an opinion and recommendation to the Board in this regard.

(B) Internal Audit:

1. Study and review the internal control, financial and risk systems in the company.
2. Study the internal audit reports and follow up on the implementation of corrective measures for the notes and observations contained therein.
3. Monitor and supervise the performance and activities of the internal auditor and the internal audit department in the company; to verify the availability of the necessary human resources and their effectiveness in performing the work and tasks assigned to them.
4. Recommend to the Board the appointment / termination of the services of the Head of the internal audit unit or department, or the internal auditor and propose his rewards.
5. Evaluate the effectiveness and efficiency of internal controls, policies and procedures, the reporting mechanism and the extent of compliance with them, and submit recommendations for improving them.

(C) External Auditors:

1. Recommend to the Board the nomination and dismissal of auditors, 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.
2. Verify the independence, objectivity and fairness of the auditor, and the effectiveness of the audit work, considering the relevant rules and standards.

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3. Review the company auditor's plan and work, and verify that he does not provide technical or administrative work that falls outside the scope of the audit work, and express its views on the same.
4. Answer the inquiries raised by the company's external auditors.
5. Study the auditor's report and his comments on the financial statements and follow up on the actions taken regarding them.
6. Evaluate the performance of the external auditor and submit the results to the Board of Directors.

(D) Ensure compliance:

1. Recommend to the Board of Directors the appointment / termination of the services of the Compliance Officer and propose his remuneration.
2. Review the results of the reports of the regulatory authorities, and verify that the Company has taken the necessary measures in this regard.
3. Submit to the Board the issues that it deems necessary to take action on, and make recommendations on the measures that should be taken.
4. Verify the Company's compliance with the relevant laws, regulations, policies and instructions, and take the necessary measures to improve the level of regulatory compliance in the Company.
5. The Committee verifies the existence of control systems that ensure the appropriateness of the measures adopted by the Management to address credit, market (fluctuations in foreign exchange rates and interest rates) and operational risks, as well as liquidity, maturity policies and the adequacy of reserves.
6. Provide independent assurance to the Board of Directors on the organization and effectiveness of the Company's compliance operations, policies and procedures.
7. Assume responsibility for ensuring that appropriate policies are in place to manage compliance risks in the Company. The Audit Committee oversees the implementation of the policy, including ensuring that compliance issues are resolved effectively and quickly by senior management with the assistance of the Compliance Department.
8. Review and make decisions regarding compliance management and report any material failures (for example, failures that may cause significant risks, legal or regulatory penalties, significant financial loss or loss of reputation).

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9. Review the quarterly reports of the compliance department before sending them to the Board of Directors for review and approval.

7. Conflict between the Audit Committee and the Board of Directors

1. In the event of a conflict between the recommendations of the Audit Committee and the decisions of the Board of Directors, or if the Board refuses to implement the recommendations of the Committee regarding the appointment or dismissal of the Company's external auditor, or determining his fees, evaluating his performance, or appointing the internal auditor, the Board's report must include the recommendations of the Committee and its justifications, and the reasons for not following such recommendations.
2. The Board of Directors must call for a meeting of the Ordinary General Assembly, upon the request of the auditor in accordance with the applicable laws and regulations.
3. The Chairman of the Committee or his representative from the members of the Committee shall attend the meetings of the General Assembly of Shareholders, and answer any questions that the Chairman of the Board of Directors deems appropriate to be answered by the Chairman of the Audit Committee.

8. Remuneration of Audit Committee Members

1. The members of the committee are entitled to the remunerations and allowances determined in accordance with the Remuneration Policy of the Board of Directors, its committees and the executive management approved by the General Assembly of the company, considering the relevant regulatory requirements and the company's articles of association.
2. The remunerations and allowances determined for the members of the committee shall be studied and determined based on the recommendation of the Remuneration and Nominations Committee, and such recommendation shall be submitted to the Board of Directors.
3. The remuneration of the Audit Committee membership shall be approved by the General Assembly of Shareholders, considering the approved remuneration policy of the company and any relevant regulations or regulatory controls.

9. Audit Committee Report

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1. The Audit Committee report shall include details of its performance of its powers and tasks stipulated in the relevant laws and regulations, and shall include its recommendations and opinion on the adequacy of the internal control, financial and risk systems in the company.
2. The Board of Directors shall deposit sufficient copies of the Audit Committee report at the company's head office and publish it on the company's website and the market's website when publishing the invitation to hold the General Assembly; to enable shareholders who wish to obtain a copy of it. The summary of the report shall be read during the General Assembly meeting.

10. Arrangements for submitting comments

1. The Audit Committee shall establish a mechanism that allows the company's employees to submit their comments regarding any irregularity in the financial reports or others in confidence.
2. The Committee shall verify the implementation of this mechanism by conducting an independent investigation that commensurate with the volume of the error or irregularity and adopt appropriate follow-up procedures.

11. Powers of the Audit Committee

- The Audit Committee shall be independent from the Board and senior management, in order to ensure that the Committee's functions and duties are performed in an unbiased and objective manner, and in the manner that the Committee deems appropriate to exercise its functions properly.
- The Audit Committee may seek the services of external, qualified and experienced consultants in the field of its tasks and responsibilities after obtaining the approval of the Board of Directors.
- In order for the Committee to be able to carry out its responsibilities, it shall be granted the following powers:
 1. The Committee shall have the right to review the Company's records and documents.
 2. The Committee shall have the right to request any clarification or statement from the members of the Board of Directors or the Executive Department.
 3. The Committee shall have the right to request the Board of Directors to call the General Assembly of the Company to convene if the Board of Directors obstructs its work or the Company suffers significant damages or losses.

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12. Audit Committee Meetings

1. The Audit Committee shall hold its meetings at least 4 times a year, and the meeting shall be valid if attended by two-thirds of the Committee members in person or by proxy. The Committee may issue its decisions on urgent matters by presenting them to the Committee members by circulation, and such decisions shall be issued with the approval of the majority of the members, and the Chairman of the Committee shall have a casting vote in the event of a tie.
2. A member of the committee may participate in any meeting by telephone, video conference or any similar electronic means through which all members of the committee can communicate at the same time, and this participation shall be considered attendance at the meeting.
3. The Agenda and materials of the meeting shall be sent by the Secretary of the Committee to the members of the Audit Committee at least (5) working days before the meeting.

13. The quorum for the meeting

The quorum for the meeting of the Audit Committee shall be completed with the attendance of at least two-thirds of the members, and in the event that a member delegates another member to attend on his behalf, such delegation shall be made in accordance with the following:

1. No member of the committee may delegate more than one member to attend the same meeting.
2. The delegation shall be made in writing and the Secretary of the Committee shall be notified of this notice before the date of the meeting.

14. Secretary of the Committee and the minutes of the meetings

1. The committee shall appoint a secretary who may be among its members or the Secretary of the Board or one of the company's employees. He shall be responsible for keeping the minutes of the meetings and signing them by the members in person or electronically, in addition to a schedule for tracking the committee's decisions and following up on their implementation.
2. The minutes of the meetings shall include a report on the main recommendations to the Board of Directors.

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3. The remuneration and allowances of the Committee Secretary shall be determined by a decision of the Board of Directors or as stated in the Company's Articles of Association or in accordance with the Company's contracting system or relevant Company policies.

15. Amending the Bylaws

This Charter shall be effective in accordance with the decision of its approval and this Charter may be amended after its issuance, provided that the General Assembly approves any amendment at its first meeting.

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