Working Regulations of the Audit Committee

Saudi Cable Company

These regulations were issued pursuant to the decision of the General Assembly of the Company's shareholders held on 15 Rajab 1444 AH corresponding to February 6,2023 AD. As amended by the Assembly's decision on 20 Dhu al-Hijjah 1445 Corresponding to June 26, 2020, AD.

Contents

Article 1: Definitions

To implementing this regulation, the following words and phrases have the meanings stated next to them unless the context of the text requires otherwise.

Governance regulation:	Corporate Governance regulation issued by the Capital Market Authority Board.
Company Governance system:	Governance system of the Saudi Cable Company
Company:	Saudi Cable Company and its subsidiaries
General Assembly:	An association formed by the company's shareholders in accordance with the provisions of the companies LAW and Bylaws
The Board of Directors/council:	Board of Directors of Saudi Cable Company
The Commission:	Audit Committee of the Saudi Cable Company

Executive management/senior executives:	It consists of the company's CEO, the rest of the company's executive management members (Deputies of the CEO, First vice presidents) and heads of subsidiaries.
Executive Member:	An Executive Board member who is full-time in the executive management of the company and participate in its daily operations.
Non-executive Member:	An Executive Board member who is Not full-time in the executive management of the company and does not participate in its daily operations.
Independent Member:	A non-executive independent Board member who enjoys complete independence in his position and decisions, and none of the criteria of independence stipulated un the corporate Governance Regulations apply to him.
Auditor:	The company's auditor appointed by the General assembly.
Internal Auditor:	Company's Internal Auditor
Stakeholders:	Everyone who has in interest in the company, Such as employees, creditors, customers, suppliers, society, competent authorities, and legislators
Invitees:	Any person who is invited to attend the committee meeting other than its member.

Article 2: Objectives of the charter

The objective of this regulation is to clarify the controls and procedures for the committee's work and tasks. and the rules for testing its members and the duration of their membership. The regulation clarifies the general procedures established by the Council to ensure the definition of the committee's tasks.

Article 3: Purpose and reference

1- The audit committee assists the Board of Directors in performing its duties and carrying out its responsibilities. Related to the competencies, tasks and responsibilities assigned to him in accordance with what is stated in these regulations. Or which referred to it by the Board of Directors. The Audit committee shall be a reference for the board of directors. It's responsible for the Board and shareholders verifying the adequacy of the internal control system and its effective implementation. The Board of Directors will activate and develop the internal control system.

2- The committee must inform the Board of Directors of the results in a transparent manner. Its minutes, including the results of its work and any reports issued by it, are presented to the Board of Directors on a periodic basis to take decisions regarding them. The Board of Directors must follow up with the committee regularly to verify the practice of business entrusted to the committee.

3- The audit committee should evaluate the performance and effectiveness of the committee on an annual basis and submit a report containing its recommendations to the Board of Directors regarding any amendments it deems appropriate to the audit list.

4- The committee shall be responsible for its work before the Board of Directors, without prejudice to the Board's responsibility for those works and the power or authorities delegated to it.

Article 4: Organization of the committee

1- Committee formation and membership requirements

The committee is formed by a decision of the Board of Directors, and the number of committee members may be less than three members, and not more than five members.

a- The company's general assembly, based on the proposal of the Board of Directors, issues the work regulations of the audit committee. Provided that this regulation includes the controls and procedures for the committee's work and tasks, the rules for selecting its members, how to nominate them, the duration of the membership, and the mechanism for appointing its members temporary if one of the committee's seats becomes vacant.

b- The committee member may be a member of the Board of Directors, a shareholder of the company, or someone else, required that at least one independent member is among the members.

c- The membership of the Audit Committee is nominated based on the recommendation of the Board of Directors

d- The nominations and Remunerations Committee is responsible for studying the applications submitted by the candidates and submitting its recommendation to the Board of Directors to select the final list.

e- The committee member must not be an executive member of the Board of Directors, anyone who works or has worked during the past two years in the executive of financial management of the company's auditor can not be a member of the committee, or anyone who works in technical or administrative work in the company.

f- The committee member must be a reasonable Master of Financial and accounting rules, and someone with appropriate academic qualifications in this field is preferred.

g- The company must notify the Authority of the names of the committee members and their membership positions within five working days from the date of their appointment, and any changes that occur within five working days from the date of the changed occurring.

2- Chairman of the Committee

a- The committee chooses a chairman from among its members.
b- The head of the audit committee must be an independent member, if possible.
c- The head of the audit committee must carry out the following duties:
  - Organizing committee meetings and accessing all information and documents needed to implement its responsibilities.
  - Managing committee meetings and working to enhance their effectiveness.
  - Inviting the committee to meet and specifying the time, date, and place of the meeting after coordination with the members of the committee.
  - Adopting the agenda, considering the topics that some committee members want to include.
  - Ensure that the issues presented to the committee are accompanied by sufficient information to enable the committee to make decisions regarding them.
  - ensure that sufficient time is available to discuss the committee's agenda items.
  - Enhancing the effective participation of members in committee meetings by studying the topics on the agenda of its meetings, discussing them, and expressing their opinions in a way that contributes to achieving the committee's objectives.
  - Ensure the availability of complete and correct information to the committee members in a timely manner to enable them to carry out their duties.
  - Approving periodic reports on the committee's accomplishments and submitting its recommendations and finding to the Board of Directors
  - Follow up on the implementation of decision issued by the committee.
  - Adopting the necessary arrangements to conduct periodic evaluation of the committee's performance.

d- The chairman of the Committee or whoever represents from among the members of the Committee must attend the General Assembly meetings to provide answers for shareholder's questions and represent the committee before the Board of directors.

3- Committee Secretary

The committee appoints a secretary at its first meeting, who can be a member of the committee or an employee of the company.

a- The committee secretary manages the dates of the Committees' meetings on an annual basis, documenting the committee's meetings, preparing minutes for them that includes the discussions and deliberations that took place, statin the location, date and start and end times of the meeting, documenting the committee's decisions and voting results, keeping them in a special organized register, recording the names of the present members and the reservation they expressed-if any- and signing these minutes by all the present members.

b- The committee secretary shall provide the committee members with the committee's agenda, working papers, documents and information related to it, and any additional documents or information he requests from the committee members related to the topics included in the meeting agenda, in accordance with the periods specified in these regulations.

c- The committee secretary is responsible for submitting periodic reports and minutes on the activities and work of the committee to the Board of Directors and performing all other tasks that may be assigned to him by the committee.

d- The committee secretary is not entitled to participate in or vote on any of the committee's decisions.

4- Invitees to committee meetings

No member of the Board of Directors or Executive Management has the right to attend the meetings of the Audit Committee unless the Committee requests to hear his opinion or obtain his advice.

5- Confidently of the Committee 's work

The committee member and other persons invited to the committee meetings must commit to maintaining the confidentiality of the information made available to him and the documents he has access to. He may not have under any circumstances, even in the event of the expiration of his membership, disclose them to any individual or entity unless he is authorized to do so by the Board of Directors, or he uses any of this information to archive his personal benefit or to benefit his relative or others.

6- Committee Duration

The duration of the committee's work begins from the date of issuance of the Board of Directors' decision to form it and ends with the end of the session of the Board that recommended its formation or until the issuance of decision by the Board terminating or re-forming the committee. The expiry of the Board's term or its dissolution for any reason ends the term of the committee's mandate and requires its reconstitution.

Termination of Committee Members Services

a- The membership of the committee member ends at the end of his term or in any of the following periods:

- Death
- Resignation without prejudice to the company's right to claim compensation if the resignation occurs at an inappropriate time.
- If the member did not attend three committee meetings per year without prior permission from the committee chairman or an acceptable excuse.
- Missing one or more of the membership conditions
- End of the Board of Directors session.
- The member's inability, from a health standpoint, to complete his duties on the committee.
- Conviction of committing a crime, and act prejudicial to honor or trust, or committing fraud on their behalf.

b- The council has the right to remove or replace any of the committee members at any time it deems appropriate.

c- Any member of the committee may resign membership in the Committee, by submitting a written notice. To the chairman of the Board of Directors with a copy to the chairman of the committee. The resignation will become effectives as of the date of the chairman of the committee. The resignation will become effective as of the date of the chairman of the Boards's approval of the resignation or a later date determined by the Chairman of the Board.

d- The Board of Directors has the right to nominate an alternative member for the vacant position and new members shall complete the remaining term, considering the conditions that must be met by committee members.

7- Committee Members's Rewards and Allowances

Without prejudice to the relevant legal requirements and the company's bylaws, the committee members remuneration will be in accordance with the remuneration policy for members of the Board of Directors, the committees emanating from it, and the executive management approved by the company's general assembly.

8- Committee Meetings

a- Call of Meeting

- The committee meets periodically at the invitation of its chairman, provided that its meetings are not less than four meetings during one fiscal year of the company. The committee member is considered to have resigned if he fails, without an acceptable excuse for more than three sessions.

- The committee meets periodically with the company's auditor and with the company's internal auditor. The internal auditor and the auditor may request a meeting with the committee whenever need arises.

- The committee holds all its meetings at the company's main office or in any other place agreed upon through the committee members.

- Meetings invitation must be sent by the committee secretary to each member of the committee at least seven days before the meeting date. Meeting time, date, place of meeting, and agenda are indicated in the schedule accompanied by the necessary documents and information, unless the meeting is not requires to be holding an emergency (unscheduled) in this case it is permissible to send the invitation to the meeting agenda and the necessary documents and information, within a period of not less than five days from the date of meeting, or as approved by the Chairman and members of the committee.

b- Meeting Agenda

- The committee secretary, in coordination with the committee chairman and executive management prepares the agenda for the committee meeting and schedule the topics up for discussion according to their importance and priorities, if they are reviewed and approved by the committee chairman before distributing them to the members.

- The committee decides its agenda once it meets and if any member objects to the agenda, this must be recorded in the minutes of the committee. meeting, and every member of the committee has the right to suggest adding any item to the agenda.

c- Quorum for attendance and voting

- The committee meeting shall not be valid unless attended by at least a majority of the members, including the chairman or his deputy in the event of his absence.

- A committee member may authorize another member to attend the committee meeting on his behalf or to vote on his behalf at the meeting.

- The committee's decisions are issued by a majority of the opinions of of the member presents, and when the votes are equal, the side with which the committee chairman coted prevails.

- If a member of the committee is unable to attend in person, he may use any of the available means of communication to attend the committee meetings. In all cases, this must be documented in the minutes of meetings.

d- Approval of meeting minutes decisions

- The committee secretary sends the committee chairman and members a draft of the minutes of the meeting within five days from the date of the meeting to review and express their comments on it, if any.

- Any member may make reservations about any decision taken by the committee, if he explains the reasons that prompted him to express the reservation. If a member leaves the committee meeting before its conclusion, his reservation, if any, shall be limited to the decisions related to the items he attended the discussion, provided that the minutes are decided based on his desire regarding the items he discussed. He did not attend the discussion if he expressed his desire to do so in writing.

- Amendments must be reflected by the Secretary of the Committee. On the first draft, based on comments received from committee members on the minutes. The amended draft will be sent to the members within two working-days from the date of receiving the comments after presenting them to the Chairman of the committee.

- The committee secretary prepares the minutes in their final form. The minutes are considered official once they are signed by all the members present and the committee secretary, the committee secretary sends the approved and authenticated minutes to the committee members immediately.

- The committee follows up on the results of implementing the decisions issued, and any other topics they were discussed in the previous meetings. A report shall be issued by the committee secretary in coordination with the executive Management about the results of implementing its decisions.

- The committee's deliberations and decisions are recorded in minutes signed by the chairman and the committee's secretary, and these minutes are recorded in a special register.

e- Study Topics

The committee oversees studying topics which specialize in it or are referred to by the Board of Directors. It submits its recommendations to the Council for decision – making or that decisions are considering that the mandate granted to the committee is not general or indefinite.

f- Resources and sources of information

- The committee has the right to access all resources and information necessary for it. And review the company's records, and its documents to enable it to perform its powers, tasks, and responsibilities to the fullest extent.

- The committee has the right to investigate everything that falls within its powers and competencies, as well as the matters entrusted to it.

- The committee has the right to request any clarification and statement from members of the Board of Directors or Executive Management.

- The committee has the right to seek assistance when needed from whomever it deems appropriate whether he is the chairman of the Board, a member of the Board of Directors, the Managing Directors, the Executive Management or any of the company's employee, the committee has the right to seek help when needed by any of the consulting offices linked to agreements with the company. It may also assign or seek the assistance of expert regulations specialist whether individual or advisory or specialized bodies for the purpose of obtaining advice assistance, conducting studies, auditing, investigating or examining records in a matter it needs, which falls within the scope of its work in accordance with these regulations the system, provided that this is included in the minutes of the committee.

- meeting, mentioning the name of the expert and his relationship with the company or with the executive management. The committee shall submit the recommendations for their remuneration to the Board of Directors for approval and the Board may authorize it to do so. Provided that this is recorded in the minutes of the name of the expert or the consultant and his relationship to the company or the executive management.

- The committee has the right to request the Board of Directors to obstruct its work or is unable to obtain the necessary.

9- Duties of a committee member

- Compliance with the provisions of the Companies Law, the Financial Market Law, their executive regulations, the relevant regulations, and the company's bylaws when exercising its duties, which means refraining from performing or participating in any action that would harm the company's interests.

- Maintaining the company's secrets. A member of the committee may not broadcast to shareholders or others any information, data, or secrets of the company or its employees that comes to his attention because of his membership of the committee. The Board of Directors must recommend his removal, in addition to holding him accountable for compensation for any damage that may result to the company, its employees, or its advisors.

- He must be aware of the committee's tasks and responsibilities and must allocate sufficient time to play his role in achieving them.

- he must also not advance his interests Carrying out his duties away from any external influence, whether inside or outside the company.

- Active participation in committee meetings by studying the topics presented on the agenda of its meetings and discussions.

- Make an effort to learn about organizational developments in the areas of topics related to the committee's tasks and responsibilities.

- Make an effort to know all developments in the field of the company's activities, business and other related fields.

- Committee members must adhere to the principles of honesty, sincerity, and consider the interests of the company and shareholders, put the company's interests ahead of their personal interests, and adhere to what is stated in the information confidentiality and conflict of interest policy.

- Disclosure to the Committee or Board of Directors in the event that their membership does not comply with the terms and conditions of membership in this regulation or in any regulation to the contrary, or if something inconsistent with these terms and conditions will happen in the future.

Article 5: Committee's Power and Duties

The Audit Committee is responsible for monitoring the company's work and verifying the integrity and validity of reports, financial statements, and control systems. The committee's tasks include the following:

a- Financial Reports

1- Studying the company's initial and annual financial statements before presenting them to the Board of Directors and expressing an opinion and recommendation regarding them. To ensure its integrity, fairness, and transparency.
2- Expressing a technical opinion, upon the request of the Board of Directors, on whether the Board of Directors' report and the company's financial statements are fair, balanced, and understandable and include information that allows shareholders and investors to evaluate the company's financial position, performance, business model and its strategy.
3- Study any important or unusual issues included in the important financial reports.
4- Carefully research any issues raised by the company's financial director or whoever assumes his duties, the company's compliance officer, or the company's auditor the accounts.
5- Verifying accounting estimates on material matters contained in financial reports.
6- Studying the accounting policies followed in the company and expressing an opinion and recommendation to the Board of Directors regarding them

b- Internal Audit:

1- Study and review the company's internal and financial control and risk management systems.

2- Studying internal audit reports and following up on the implementation of corrective measures for the observations contained therein.

3- Monitoring and supervising the performance and activities of the internal auditor and the internal audit department in the company - if any - to verify the availability of the necessary resources and their effectiveness in performing the work and tasks assigned to them. If the company does not have an internal auditor, the committee must submit its recommendation to the council regarding the necessity of appointing one.

4- Recommending to the Board of Directors to appoint the director of the internal audit unit or department or the internal auditor.

c- Auditor:

1- Recommending to the Board of Directors to nominate the auditors, dismiss them, determine their fees, and evaluate their performance, after verifying their independence Review the scope of their work and terms of contracting with them.

2- Verifying the independence, objectivity and fairness of the auditor, and the effectiveness of the audit work, in accordance with the relevant rules and standards.

3- Reviewing the plan and work of the company's auditor and ensuring that no technical or administrative work is provided outside the scope of work, reviewing it and expressing an opinion on that.

4- Responding to the company's auditor's inquiries.

5- Studying the auditor's report and his observations on the financial statements and following up on what was taken.

d- Ensuring commitment

1- Reviewing the results of regulatory authorities' reports and verifying that the company has taken the necessary measures regarding them.
2- Verifying the company's compliance with relevant laws, regulations, policies and instructions

3- Reviewing the contracts and transactions that the company is proposed to conduct with related parties and submitting its opinion thereon to the Board of Directors
4- Raising any matters regarding which he deems it necessary to act to the Board of Directors and submitting his recommendations regarding the actions that must be taken.

Article 6: Audit Committee Report

1- The audit committee's report must include details about its performance and tasks and include its recommendations and opinion on the adequacy of the company's internal control, financial, and risk management systems.
2- The Board of Directors must deposit sufficient copies of the Audit Committee's report at the company's main office and publish it on the website and the market website when the invitation to hold the General Assembly is published. To enable shareholders who wish to obtain a copy of it. The summary of the report will be read during the General Assembly.

Article 7: Conflict of interest

1- The member must avoid situations that lead to a conflict between his interests and those of the company. A conflict of interest means that any member has a direct or indirect interest in a matter on the committee's agenda, and this interest would affect (or believe that this interest would affect) the independence of the opinion of the committee member whose professional view is supposed to be expressed.

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3- It is not permissible for a member of the committee to have a direct or indirect interest in contracts and work carried out on behalf of the company except after obtaining a license from the General Assembly or the Board of Directors, as the case may be. Provided that the license issued by the Board of Directors to the member shall be in accordance with the controls and procedures determined by the General Assembly.

4- He may not participate in any work that would compete with the company or compete with it in any branch of the activity it practices unless he obtains a license from the General Assembly.

5- If a member of the committee fails to disclose his interest in contracts and work carried out for the benefit of the company or his contracts with the company directly or indirectly, whether before his appointment as a member of the committee or during his membership, the company may terminate his membership. The request, before the competent judicial authority, is to invalidate the contract, compensate the company, and oblige the member to pay any profit or benefit accruing to him.

6- If a member of the committee fails to disclose his participation in any work that would compete with the company or compete with it in any branch of activity practiced by the company, the company has the right to demand compensation from him before the competent judicial authority.

7- A member of the committee may not exploit or benefit - directly or indirectly - from any of the company's assets or information or benefit from the investment opportunities being studied - even if he decides not to pursue the company for investment opportunities. He may not benefit from these investment opportunities even after the end of his membership.

8- If it is proven that a committee member has benefited from investment opportunities, the company or any interested party may file a lawsuit before the competent judicial authority to invalidate any work, profit, or benefit achieved from that investment opportunity. The company may also seek appropriate compensation.

Article 8: Submitting observations and reporting violations Mechanism.

1- The audit committee must propose a list of policies and procedures and establish a mechanism that allows the company's employees and stakeholders to report any practices or violations and express their observations regarding any violations in the financial reports or other violations in complete confidentiality, providing them with protection.

2- Procedures for error or transgression shall be indicated, and the committee must verify the implementation of this mechanism by conducting an independent investigation commensurate with the amount of error or transgression and determining appropriate follow-up procedures.
3- The committee must inform the Board of Directors of any actions or practices that may be issued by the executive management that violate the applicable laws, regulations, and rules, or raise suspicion in the financial statements, internal control systems, or others, and conduct the necessary investigation in this regard.
4- The committee must assign a specialized person to receive complaints or reports from stakeholders and deal with them and allocate a telephone number and Email to receive complaints.

Article 9: Conflict between the Audit Committee and the Board of Directors

If there is a conflict between the recommendations of the Audit Committee and the decisions of the Board of Directors, or if the Board of Directors refuses to take into account the committee's recommendations regarding the appointment and dismissal of the company's auditor, determining his fees, evaluating his work performance or appointing the internal auditor, the Board of Directors' report must include the committee's recommendation, its justifications, and the reasons for not Take it.

Article 10: General Provisions

1- The Board of Directors follows the work of this committee regularly to verify that it is carrying out the work entrusted to it.

2- These regulations shall be effective from the date of approval by the General Assembly and may not be amended except with the approval of the amendments by the General Assembly.
3- These regulations are complementary to the company's bylaws, the company's governance system, and the policies approved by the company, which The Board of Directors and the committees emanating from it are deducted.

4- Everything that is not stated in the text of these regulations is subject to the relevant rules and regulations issued by the competent authorities.

5- This regulation supersedes and replaces all procedures, decisions, and internal regulations of the Company that conflict with it.

6- These regulations may not be amended except upon the recommendation of the Board of Directors and submitting them to the General Assembly for approval.

7- The Board of Directors shall supervise the implementation of what is stated in these regulations, and the Chairman and members of the Audit Committee shall implement what is stated therein. The Board and Management have the right to interpret or clarify the provisions contained in these regulations.

8- The Company may publish this regulation or a summary thereof on its website or through any other means.

9- Any shareholder has the right to view these regulations at the company's offices in prior coordination with the company's management if they have not been published on the company's website.

10- The Board of Directors may review this regulation, when necessary, with the aim of continuous development and improvement and keeping pace with any amendments that may occur to the system to reach the best professional practices.