

6. Audit Committee Charter

6.1 Purpose

- 6.1.1 The Board of Directors being the governing body of the Company has to ensure that the Company's management maintains adequate policies and internal controls for:
- a. Safeguarding the Company's assets;
 - b. Properly recording the transactions and events as they take place;
 - c. Preparing reliable financial information;
 - d. Oversee and monitor the enterprise-wide risks for managing the Company's operations
- 6.1.2 The above aspects must be independently and periodically viewed by the Company's external as well as Internal Auditors.
- 6.1.3 To further strengthen this function and to ensure its objectivity and independence, the Board will establish an Audit Committee (the "Audit"). The primary purpose of Audit Committee is to monitor the following Company's affairs on behalf of the Board:
- a. Adequacy and soundness of internal control systems, financial accounting and reporting policies and practices, and effectiveness of internal and external audit functions.
 - b. Adherence to applicable legal and regulatory requirements and Company's approved policies and procedures.
 - c. Adequacy and soundness of policies and procedures in respect of the safety and security of the Company's assets, resources and integrity of the Company's financial statements.
 - d. Performance of the Company's internal and external audit function and their independence.
 - e. Establish and oversee a framework for the identification, management and review of risks, including agreeing risk capacity and tolerance. Also the identification of the principal risks of the Company's business and ensuring implementation of appropriate systems to manage those risks.
 - f. Contribute to the review and evaluation of strategic risks and receive regular reports on these and emerging risks.
 - g. Ensure that a positive culture of managing opportunities, threats and uncertainties is embedded throughout the Company.
 - h. Audit Committee is also responsible for preparing and publishing an annual committee report and such other reports to the extent required under the applicable laws, rules and regulations.

6.1.4 It should be emphasized that Audit Committee duty is to assist the Board in its monitoring role and that this in no way mitigates the Board's ultimate responsibilities towards shareholders.

6.2 Audit Committee Responsibilities

The Audit Committee will be undertaking the following responsibilities:

6.2.1 Internal Control and Accounting Policies:

- a. Review with the Company's management and internal & external auditors the Company's general policies and procedures to reasonably assure the adequacy of accounting principles and financial practices applied by the Company.
- b. Consider the effectiveness of the Company's internal control system, including information technology security and control.
- c. Understand the scope of internal and external auditors' review of internal control over financial reporting, and review reports on significant findings and recommendations, together with management's responses.
- d. Review and comment on significant new or changes to existing policies and procedures adopted by the management.

6.2.2 External Audit and Financial Statements:

- a. On annual basis the Audit Committee shall recommend to the Board names of one or more external auditors.
- b. Review and confirm the independence of the external auditors by obtaining statements from the auditors on relationships between the auditors and the Company, including non-audit services, and discussing the relationships with the auditors.
- c. Review external audit reports; work with and support the external auditors where practicable and to provide an alternative communication link between the external auditors and the Board as and when needed.
- d. Oversee the arrangements for the completion of the year end audited financial statements. Review together with the external auditor the audit plan (proposed audit scope and approach), including coordination of the audit effort with the Internal Audit function.
- e. Review with the external auditor the audited financial statements covering the audit approach, accounting adjustments, recommendations for improving the internal controls and any other significant audit findings.
- f. Examination of the adopted accounting policies, providing, opinion and recommendations to the Board.
- g. Annually review and evaluate the external auditor's qualifications, performance and independence, including a review and evaluation of the

lead partner, taking into account the opinions of the Company's management and Internal Auditors, and present its conclusions to the Board. Audit Committee shall assure the regular rotation of the lead audit partner as required under applicable laws and shall consider the regular rotation of the external audit firm itself to assure continuing auditor independence.

- h. Review the terms of reference and remuneration for any special audit / consultancy assignment to be performed by the external auditors.
- i. On a regular basis, meet with the external auditors to discuss any matters that Audit Committee or auditors believe that it should be discussed privately.
- j. Review the external auditor's comments on the financial statements and follow up the actions taken about them.
- k. Review the interim and annual financial statements prior to presentation to the Board of Directors; and to give an opinion and recommendations with respect thereto.
- l. Review with management and the independent external auditor the effect of regulatory and accounting initiatives on the Company's financial statements.
- m. Regularly report to the Board any issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance and independence of the Company's external auditor.

6.2.3 Internal Audit:

- a. Ensure that the Company maintains an Internal Audit function to provide management and the Audit Committee with ongoing assessments of the Company's risk management processes and system of internal controls.
- b. Approve the annual compensation, performance appraisal and salary adjustment of Head of Internal Audit in line with the Company's compensation and benefits policy.
- c. Recommend to the Chairman of the Board the appointment and dismissal of the Internal Auditor.
- d. Oversee the Internal Audit function and review its charter, scope, efficiency, independence, objectivity, performance and work plan. Review with the Internal Auditor the results of the Internal Audit efforts on a quarterly basis, or as deemed necessary, and peruse periodical and annual Internal Audit reports.
- e. Review the summary of all Internal Audit reports, including management replies and the exceptions noted and pursue the implementation of the corrective measures in respect of the comments included in the Internal Audit report.

- f. Supervise the Company's Internal Audit function to ensure its effectiveness in executing the activities and duties specified by the Board of Directors.
- g. Have the final authority to review and approve the annual audit plan and all major changes to the plan.
- h. Ensure there are no unjustified restrictions or limitations, and review and concur in the appointment, replacement, or dismissal of the Internal Auditor.
- i. At least once per year, review the performance of the Internal Auditor and concur with the annual compensation and salary adjustment, if required.
- j. Review the effectiveness of the Internal Audit function, including compliance with The Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing.
- k. On a regular basis, meet separately with the Internal Auditor to discuss any matters that Audit Committee or Internal Audit believes should be discussed privately.

6.2.4 Compliance:

- a. Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including any disciplinary action) of any instances of noncompliance.
- b. Review the findings of any examinations by regulatory agencies, and any auditor observations.
- c. Review the process for communicating the code of conduct to Company personnel, and for monitoring compliance therewith.
- d. Obtain regular updates from management and the Company's legal counsel regarding compliance matters.
- e. Duty of Audit Committee is to periodically report to the Board.

6.2.5 Risk Management

- a. Oversee and enhance the Company's risk management framework.
- b. Identify and monitor the Company's key risks and evaluating their management and align the Risk Management activities with the overall corporate objectives and policies.
- c. Ensure that risks are taken within prudent boundaries, taking into account the business objectives, size of the Company, work load, ratios and its perspective short / long term.
- d. Ensure that written policies and procedures are developed and maintained for the identification, measurement, monitoring and control of all key risks associated with Company's operations and objectives.
- e. Approve risk management policies and procedures that establish the appropriate approval levels for decisions and other checks, balances, limits

to manage risk and define risk reporting requirements from a management perspective.

- f. Receiving results of the annual review of the implementation of risk management policies and procedures in the Company from the Internal Auditor, and making recommendations for change where there appear to be issues with inadequate management or problems with the risk measurement methodologies.
- g. Provide management oversight of all prudential reviews and to follow up on any required management actions by relevant business areas. Ensuring a forum for "big-picture" analysis of future risks is included considering trends.
- h. Assessing critically, the Company's business strategies and plans from a risk perspective.
- i. Discuss policies with respect to risk assessment and risk management, including the Company's major financial risk exposure and the steps taken by the Company's management to monitor and control such exposure.
- j. Review key risk assessment activities on a periodic basis.
- k. Review of any legal claims on the Company.
- l. Review of the Company's Business Continuity Plan (BCP).

6.2.6 Information Technology Systems Controls

The Committee shall consider and review with management, the External Auditors and the Internal Auditor:

- a. The effectiveness of, or weaknesses in, the Company's computerized information system controls and security.
- b. Any related significant findings and recommendations of the External Auditors and Internal Audit together with management's responses thereto, including the timetable for implementation of recommendations to correct weaknesses in systems controls, including any significant risks related thereto and major controls over such activities.
- c. The status and adequacy of management information systems and other information technology.
- d. The Committee shall review with the Internal Auditor and the External Auditors the coordination of the audit effort to ensure complete coverage of key system controls and risk areas related to IT controls.

6.2.7 Reporting Responsibilities:

- a. Report regularly to the Board about Audit Committee activities, issues and related recommendations.
- b. Provide an open avenue of communication between Internal Auditor, the external auditors, and the Board.

- c. Report annually to the Board, describing the Committee's composition, responsibilities and how they were discharged, and any other information required by rule, including approval of non-audit services.
- d. Review any other reports the Company issues that relate to committee responsibilities.

6.2.8 Other Responsibilities:

- a. Perform other activities related to this activity as requested by the Board.
- b. Follow up on allegations of material, financial, ethical or legal irregularities; look into serious violations of the Company's policies, alleged breach of legal provisions or contravention of code of ethics, which are highlighted by the Internal Auditor or any other staff member.
- c. Institute, oversee and direct any special investigations, as needed, concerning matters relating to the Company's financial statements, internal controls, compliance with the laws or business ethics.
- d. Review all significant issues within the scope of the Committee charter, including any changes in accounting principles, with the management and the external auditors, prior to any decision being reached on reporting practices to be followed by the Company, and report thereon to the Board.
- e. Review and assess the adequacy of Audit Committee charter annually, requesting Board approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation.
- f. Review with the management the status of Zakat/tax returns and tax issues.
- g. Review the Company's quarterly and annual financial statements, including the impact of any unusual items.
- h. Confirm annually that all responsibilities outlined in this charter have been carried out.
- i. Evaluate Audit Committee's and individual members' performance on a regular basis.
- j. Audit Committee shall have the authority to engage independent counsel and other advisors, as it deems necessary to carry out its duties.
- k. Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, including procedures for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- l. The Audit Committee shall be available at all times to receive suggestions, questions or recommendations from the external auditors, Internal Auditor and the Executive management.

6.3 The Audit Committee Structure

- 6.3.1 The Audit Committee shall be comprised of not less than three (3) Non-Executive members of the Board to be appointed by the Board. The committee must also include a finance and accounting specialist.
- 6.3.2 Members of the Audit Committee shall be appointed by the Board upon the recommendation of the Nomination & Remuneration Committee and may be removed by the Board at its discretion.
- 6.3.3 Shareholders' General Assembly shall, upon a recommendation of the Board of Directors, issue rules for appointing the chairman and the members of the Audit Committee and define the term of their office and the procedure to be followed by the Committee.
- 6.3.4 The Audit Committee term of office shall be for a period not to exceed the office of the Board. The membership of a Audit Committee member, if he/she is a Director, shall come to an end at the expiry of his membership of the Board or by his/her voluntary resignation from the Audit Committee membership. Non-Director's membership will cease by way of his/her resignation or at the end of the Committee's term. The Board may remove Audit Committee member from the membership by a majority vote.
- 6.3.5 One of the members shall serve as the Chairperson of the Committee. The Chairperson of the Audit Committee shall be designated by the Board or, if no such designation is made, shall be selected by the affirmative vote of the majority of the Committee.
- 6.3.6 A member should not undertake any technical or administrative work in the Company even by way of consultancy.
- 6.3.7 A member shall not have any interest, direct or indirect at work or contracts for the Company.
- 6.3.8 The Audit Committee shall appoint a Secretary to keep records of its proceedings and resolutions. The Secretary can be one of the Committee's members or a non-Committee member and he can be from outside the Board of Directors. If the secretary is not a Committee member, he will attend the Committee meetings without having any voting rights.
- 6.3.9 The secretary is responsible for the following:
 - a. keeping complete records of the Committee's meetings for the purpose of issuing reports about the performance of the Committee to the Board of Directors
 - b. circulating the Committee resolutions to the concerned parties
 - c. coordinating with concerned departments regarding Committee resolution that necessitate legal compliance and regulatory procedures

- d. establishing a mechanism for tracking and following-up the Committee resolutions
- e. executes any other tasks or responsibilities assigned to him by the Committee's Chairman or any of its members.

6.4 Responsibilities of the Audit Committee Members

- 6.4.1 The Members shall make every effort to attend all Committee meetings and to effectively participate in discussions. The members shall inform the Chairman in writing in case of their absence.
- 6.4.2 The members shall maintain the Company's secrets gained through performing their duties and shall not publicize confidential information to shareholders out of the General Assembly or to any other party. In such cases, the member shall be dismissed from the Committee and can be held responsible for the financial damages caused.
- 6.4.3 The members of the Audit Committee shall not execute any executive job in the Company even by way of consultancy.
- 6.4.4 The members shall carry on good performance in executing their duties and responsibilities, and shall be updated in their domain in the interests of the Company.
- 6.4.5 The members shall be honest, truthful, objective and independent in performing their work.
- 6.4.6 The members shall not participate in any occupations that can violate the Code of Conduct of the Company or its principles.
- 6.4.7 The members shall not accept any occupations that are liable to give rise to conflicts of interest with the Company, and those which may prevent them from executing their duties objectively.
- 6.4.8 The members are required to disclose all personal operations and their nature that are executed with the Company, and any personal relation with the Board of Directors and the Executive Management.

6.5 Audit Committee Operations

- 6.5.1 The Committee will approve its yearly meeting schedule at the first meeting of each year. At the end of each meeting, the attendees appoint the time for next meeting. The presence of the majority of members of the Committee shall constitute a quorum. Each member of the Audit Committee shall have one vote. The Chairman of the Committee shall have a casting vote in case of an equality of votes.
- 6.5.2 The Audit Committee shall meet at least four (4) times in every financial year and may meet more frequently from time to time as it considers necessary or

as may be required by the Board. Unless otherwise directed by the Board, the Audit Committee shall meet at the Company's Registered Office.

- 6.5.3 No one other than the Audit Committee members shall be entitled to be present at a meeting of the Committee, but others may attend at the invitation of the Committee.
- 6.5.4 The agenda of each meeting shall be prepared by the Chairman of the Committee and whenever reasonably possible, circulated to each member prior to the meeting date.
- 6.5.5 The Chairperson shall preside, when present, at all meetings of the Committee. The decisions and recommendations of the Audit Committee shall be recorded in a separate minute book maintained for this purpose and signed by the Committee's Chairman and the Secretary of the meeting.
- 6.5.6 Attendance at the Audit Committee meetings shall be in person and no proxies shall be acceptable.
- 6.5.7 The Audit Committee shall meet at such times as shall be determined by its Chairperson, or upon the request of any two of its members.
- 6.5.8 The Audit Committee resolutions shall be taken by majority of votes.
- 6.5.9 The Audit Committee shall submit a summary report to the Board containing its significant observations and recommendations on the matters considered in the Audit Committee meetings.
- 6.5.10 The Audit Committee shall meet at the invitation of its Chairman or any three members. Such an invitation to be accompanied by the agenda for the meeting and shall be hand delivered or sent to the members electronically or in any other manner at least four (4) days before the date of the meeting, unless waived by mutual consent of all the members. In absence of the Chairman, the Committee will mutually elect the Chairman to preside that specific meeting.
- 6.5.11 Any Director of the Company, not Audit Committee member, may attend, as an observer, any of the Committee's session unless the Audit Committee happens to be in Executive/Private session.
- 6.5.12 The management's representatives may be invited to attend any or all the Audit Committee meetings. Invitations to such Executives shall be coordinated by the Audit Committee Secretary under the directions of the Committee's Chairman.
- 6.5.13 In case of emergencies or situation beyond the Committee's control and where the Audit Committee cannot be convened, the Audit Committee can take its decisions via circulation.

6.5.14 The Audit Committee shall keep a record of its meetings and report on them to the Board.

6.5.15 In discharging its oversight role, the Audit Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Company and the power to retain outside counsel, auditors or consultants, or incur other expenses for this purpose, which expenses the Company, shall pay. The Audit Committee may require any Executive officer or employee of the Company or any of its subsidiaries, the Company's outside legal counsel, and the Company's external auditors to meet with the Audit Committee or any member of the Committee.

6.5.16 The Audit Committee shall self-evaluate its performance annually and shall report its findings to the Board. The Audit Committee evaluation shall include an assessment of the performance and commitment of each member to the activities of the Committee.

6.5.17 The Committee's meetings will be documented as follows:

- a. The minutes shall specify the date and the place of meeting, the name of attendees and absentees, summary of discussions held in the meeting and their related decisions and recommendations shall be recorded.
- b. The draft minutes shall be prepared by the Committee's Secretary within seven (7) business days after each meeting and shall be sent to all Committee members for review. Any comments on the minutes from any of the Committee members shall be provided during a week from the draft's receipt date.
- c. The Committee's Secretary amends the draft minutes based on the members' comments and sends it attached with these comments to the Chairman.
- d. The Secretary of the Committee prepares the final minutes according to the Chairman's recommendations and sends it to the Committee members duly signed by the Chairman and himself.
- e. The signed copy of the minutes shall be kept attached with its related documents and correspondence in a special file.

6.6 Remuneration of the Committee

- 6.6.1 Each member of the Committee is entitled to the below compensation:
- a. An attendance payment for each meeting attended by the Committee member and
 - b. Annual compensation
- 6.6.2 Committee members who are resident outside the Company's Registered Office location are entitled to all out of pocket expenses incurred by them to attend the meeting. Such out of pocket expenses will include reasonable, customary and acceptable expenses as per the business norms for items such travel, meal, accommodations and other expenses specifically incurred for business purposes.
- 6.6.3 Board of Directors reports presented to the General Assembly will disclose the remunerations and other payments made to the Committee members.

6.7 Authority

- 6.7.1 The Audit Committee's role shall be to review and advise but not to make any business decisions. The Audit Committee shall demonstrate a constructive, supportive and advisory approach.
- 6.7.2 To achieve its objectives the Audit Committee is authorized to:
- a. Perform the specific duties and functions enumerated in this Charter and upon the directions and approval of the Board, to investigate any of the Company's activities.
 - b. Call on the External Auditors and seek information and clarifications regarding the audit affairs of the Company. It has unrestricted access to the Company's management and staff at all levels and authority to seek reports or information about the Company's financial affairs, as it deems necessary to fulfill its responsibilities.
 - c. Communicate its findings and recommendations for any corrective actions to the Board and shall not issue any directives to the Company's management in this regard. The Board shall either accept and implement the recommendations of the Audit Committee or advise the Audit Committee of the reasons for any deviations from the proposal of the Audit Committee.