



AUDIT COMMITTEE CHARTER

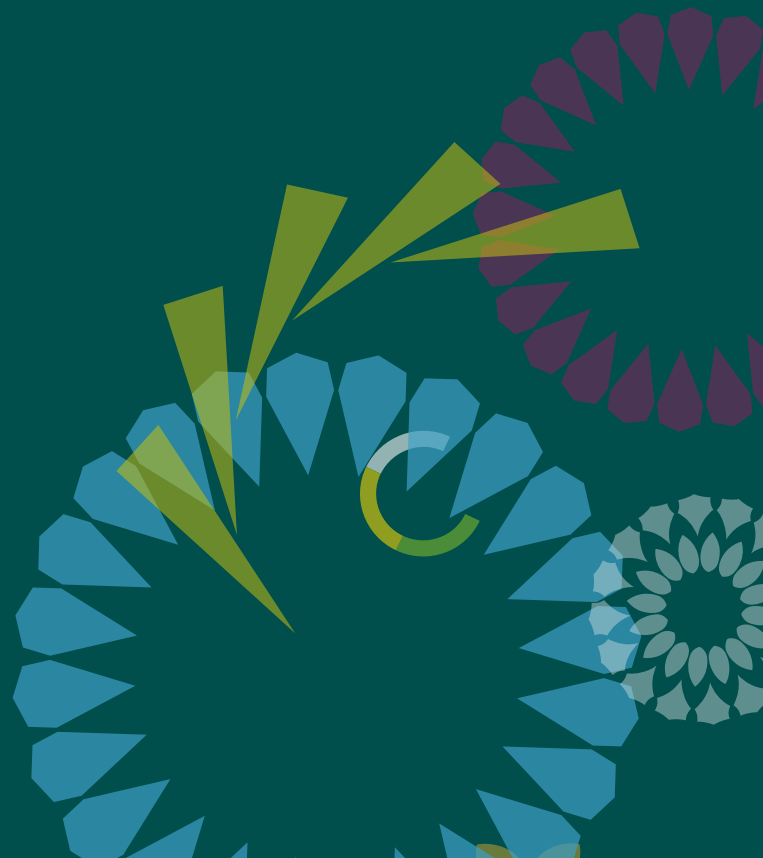
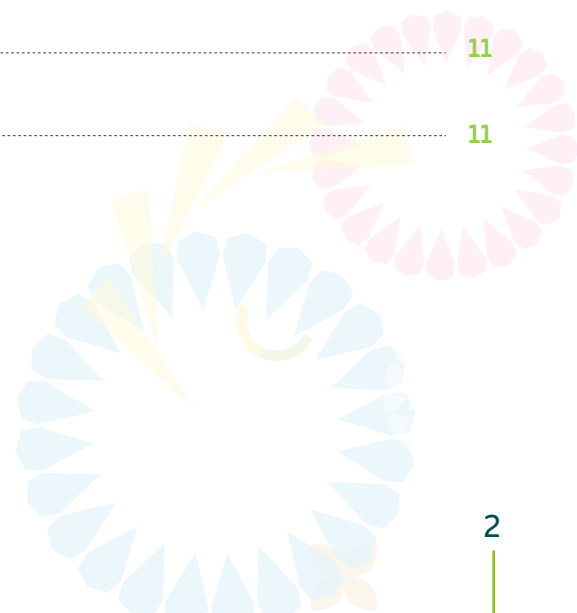


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Purpose

Audit Committee Charter aims to govern audit committee work and determine Committee duties, powers, working procedure, and its members' selection, how to nominate them, the duration of their membership and their remuneration, in corresponding to Company's Bylaw, relevant laws, regulations, guidelines or legislation that issued by the Relevant Regulatory Authorities.

Article (1) Audit Committee Formation

Audit committee shall be formed by a resolution of the Board of Directors, for a similar period of the Board term. it shall be from the shareholders or not who meets all Audit Committee membership requirements considering below provisions:

- 1- Audit Committee members number shall not be less than three or more than five.
- 2- Audit Committee shall Include one member specialized in Finance and Accounting.
- 3- Audit Committee shall Include one independent member at least.
- 4- Chairman of the Audit Committee consider to be an independent member ¹.
- 5- Chairman of the Board shall not be a member of the Audit Committee.
- 6- Any person who works or has worked in the Company's Finance Department, the Executive Management or for the Company's external auditor during the preceding two years may not be a member of the Audit Committee.
- 7- A member of the audit committee shall not be a member of the audit committees of more than five listed joint stock companies at the same time or simultaneously serve on the Audit Committee of a competitor of Zain KSA.
- 8- In case a seat in the Audit committee becomes vacant the Board of Directors has the right to appoint a member who meets all Audit Committee membership requirements and the member newly appointed shall complete the terms of his predecessor.
- 9- Half of the audit committee's members may consider to be an Independent Directors or from those on whom the issues affecting independence that stated on the Corporate Governance regulation of the Capital Market Authority ².

¹ Guideline Article unless the Regulatory Authorities stated otherwise.

² Guideline Article unless the Regulatory Authorities stated otherwise.

- 10- The members of the Audit Committee shall not include any of the executive members from the Board of Directors.

Article (2) Competencies, and Responsibilities of the Audit Committee

The audit committee shall be competent in monitoring the Company's activities and ensuring the integrity and effectiveness of the reports, financial statements and internal control systems Committee may seek assistance from any experts or specialists, whether internal or external, within the scope of its powers. This shall be included in the minutes of the committee meeting; the minutes states the name of the expert and his relation to the Company or its Executive Management, the duties of the audit committee shall particularly include the following:

A. Financial Reports:

- 1- Analyzing the Company's interim and annual financial statements before presenting them to the Board and providing its opinion and recommendations thereon to ensure their integrity, fairness and transparency
- 2- Providing its technical opinion, at the request of the Board, regarding whether the Board's report and the Company's financial statements are fair, balanced, understandable, and contain information that allows shareholders and investors to assess the Company's financial position, performance, business model, and strategy
- 3- Analyzing any important or non-familiar issues contained in the financial reports.
- 4- Accurately investigating any issues raised by the Company's chief financial officer or any person assuming his/her duties or the Company's compliance officer or external auditor.
- 5- Examining the accounting estimates in respect of significant matters that are contained in the financial reports.
- 6- Examining the accounting policies followed by the Company and providing its opinion and recommendations to the Board thereon.

B- Internal Audit:

- 1- Examining and reviewing the Company's internal and financial control systems and risk management system.

- 2- Analyzing the internal audit reports and following up the implementation of the corrective measures in respect of the remarks made in such reports.
- 3- Monitoring and overseeing the performance and activities of the internal auditor and internal audit department of the Company to ensure the availability of the necessary resources and their effectiveness in performing the assigned activities and duties.
- 4- Providing a recommendation to the Board on appointing the manager of the internal audit unit or department, or the internal auditor and suggest its remunerations.
- 5- Approve the internal audit department annual plan.

C.External Auditor:

- 1- Providing recommendations to the Board to nominate external auditors, dismiss them, determine their remunerations, and assess their performance after verifying their independence and reviewing the scope of their work and the terms of their contracts.
- 2- Verifying the independence of the external auditor, its objectivity, fairness, and effectiveness of the audit activities, considering the relevant rules and standards.
- 3- Reviewing the plan of the Company's external auditor and its activities, and ensuring that it does not provide any technical, administrative or consulting works that are beyond its scope of work and provides its opinion thereon.
- 4- Responding to queries of the Company's external auditor
- 5- Reviewing the external auditor's reports and its comments on the financial statements and following up the procedures taken in connection therewith.

D.Ensuring Compliance:

- 1- Reviewing the findings of the reports of supervisory authorities and ensuring that the Company has taken the necessary actions in connection therewith.
- 2- Ensuring the Company's compliance with the relevant laws, regulations, policies and instructions
- 3- Reviewing the contracts and proposed Related Party transactions and providing its recommendations to the Board.
- 4- Reporting to the Board any issues in connection with what it deems necessary to take action on, and providing recommendations as to the steps that should be taken.

Article (3) Powers of the Audit Committee

In order to perform its duties, the audit committee may review the Company's records and documents, and request any clarification or statement from the Board members or the Executive Management and request that the Board calls for a General Assembly Meeting if its activities have been impeded by the Board or if the Company has suffered significant losses and damages.

The committees may seek assistance from any experts or specialists, whether internal or external, within the scope of its powers. This shall be included in the minutes of the committee meeting; the minutes states the name of the expert and his relation to the Company or its Executive Management.

Article (4) Conflict between the Audit Committee and the Board

If a conflict arises between the recommendations of the audit committee and the Board resolutions, or if the Board refuses to put the committee's recommendations into action as to appointing or dismissal the company's external auditor or determining its remuneration, assessing its performance or appointing the internal auditor, the Board's report shall include the committee's recommendations and justifications, and the reasons for not following such recommendations.

Article (5) Audit Committee Meetings

Audit Committee Meetings General Provisions:

The audit committee shall convene periodically, provided that at least (4) meetings are held during the Company's Financial year. The Audit Committee shall convene periodically with the Company's External Auditor and Internal Auditor, and the internal auditor and the external auditor may call for a meeting with the audit committee at any time as may be necessary.

Meeting Invitation :

The Committee shall meet at the invitation of its Chairman or or at the request of more than one member of the Committee. The Secretary of the Committee shall send invitations to the meeting (5) working days in advance at least. The invitation shall be accompanied by the agenda and documents to be discussed, determine the meeting location whether it is at the headquarters or through modern technical and specifying meeting location and date.

Retaining and Documentation:

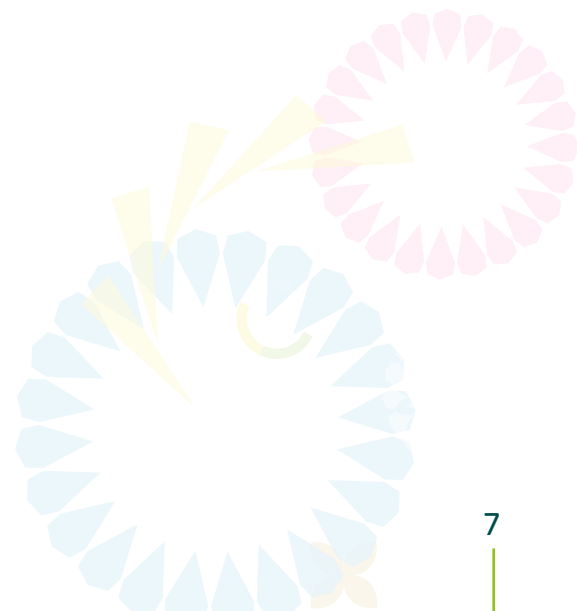
Prepare minutes of committee meeting after each meeting included committee members recommendation, discussions deliberations, and member's signature on it in addition to a list of attending members and voting results.

Quorum:

Audit committee meeting attended by the Committee members, and Committee Secretary, the committee may request any party to hear its opinion or to take its advice; and the meeting will be valid only if it is attended by majority of its members. Audit Committee decisions shall be passed by a majority vote of attending members. In case of a tie, the chairman of the meeting shall have the casting vote. In case of emergencies or situations beyond the Committee's control and where the Audit Committee cannot be convened, the Audit Committee can take its decisions via circulation.

Article (6) Arrangements for Providing Remarks

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



Article (7): Competencies of the Audit Committee members

Committee Chairman

Committee members chose among them committee chairman, where he is managing and presenting the committee, and its committee duties include:

- 1- Managing Committee Meeting and approve its agenda considering the topics that members wish to add. Ensuring that the topics presented to the Committee are accompanied by sufficient documents and information to enable decision-making.
- 2- Manage decisions-making or recommendations process and its voting process and announce the voting results. Submit committee recommendations and work activity to the Board of Directors.
- 3- Represent the committee the Board of Directors or any other required entity and attend General Assembly meeting or whom is delegate on his/ her behalf.

Committee Member

Audit Committee members duties include:

- 1- Participating affectively on the Committee meetings by studying information related to the matters looked into by the committee agenda before expressing an opinion.
- 2- Allocating sufficient time to fulfill its role within the committee and inform the committee chairman in case of absence.
- 3- Raise its knowledge, and awareness about any related topics of company activities and work.
- 4- Complying with the principles of truthfulness, honesty, loyalty, and any matter it may affect the committee in general or particular about and add priorities company interests over its personal interests.

Committee Secretary

The Committee shall appoint a secretary, among its members or others, who will assistance and advice to the Audit Committee members in the committee' matters and competencies if required and its duties shall include the below;

Prior the Meeting

Send an invitation to the committee members after obtaining Chairman approval, which must include the below:

- 1- Meeting agenda after incorporating with the committee chairman and members.
- 2- Send meeting required documents to all committee members and related parties.

During the Meeting

Committee Secretary shall draft and save Minutes of Meetings which must be include Discussions and deliberations carried during Committee meeting, in addition to its recommendations, decisions, and implementing entity, documenting all committee recommendations and voting results on the Committee Agenda, Committee member reservations on any of the decisions and recommendations.

After the Meeting

- 1- Preparing the minutes of committee within (5) working days of the meeting and send the copy to the Audit Committee members for review and provide any comments within (5) working days.
- 2- Retaining committee documents in a special and organized register and ensure all minutes shall be signed by all attending members.
- 3- According to the Audit Committee members recommendations and guidelines, prepare the minutes of the committee meeting and submit it to them for signature.

Article (8): The Audit Committee's Membership Termination and its Provisions

Audit Committee's Membership end according to the following cases:

- 1- End of Board's term
- 2- Resignation, a member of the Committee has the right to resign from the Committee's membership on the right time.

3- Isolation, a board of Directors have the right to isolate a member of the committee according to the one of the following cases:

- Breaching its responsibilities to the extent that results in damage to the company interest.
- The absence from three consecutive meetings within one year without legitimate excuse.
- Other reasons as may determine by the Board of Directors without prejudice to the right of the dismissed member to claim compensation if the dismissal occurs for unacceptable reason or at an inappropriate time.
- Involving moral turpitude or dishonesty.

4- Death.

5- In case of mental illness, total or partial disability, or any disease affecting his decision-making or urbanization ability.

Article (9): The Audit Committee's Report

The Audit Committee issues an annual report include details of its performance of its competencies and duties stated in these Regulations, provided that the report contains its recommendations and opinion on the adequacy of the internal and financial control systems and risk management systems in the Company and the Board shall make available sufficient copies of the audit committees' report at the Company's head office and publish them on the Company's and the Exchange's websites when publishing the invitation to convene the General Assembly, to enable shareholders to get a copy thereof. Summary of the report shall be read at the General Assembly.

Article (10): Remuneration of the Committee Members

Member of the Committee shall be entitled to an Annual Remuneration and Reimbursement of expenses in accordance with the Remunerations Policy for the Board members and its committees and the Executive Management that been approved by the General Assembly.

Article (11): Discloser

Members of the committee required to disclose all personal interests (including shares' ownership in the Company) and their nature or engaging in business that may compete with the Company or any of its activities or having direct or indirect interest in the contracts and businesses entered into for the benefit of the Company or any personal relation with the Board of Directors and the Chief Officers. Company shall provide the Capital Market Authority with the names of the members and the types of their memberships within five (5) days of their appointment and shall notify the Authority of any changes thereto within five (5) days of the date of such changes.

Article (12): Review

Audit Committee Charter is subject to regular review for enhancement and amendment aligned with Company's Bylaw, relevant laws, regulations, guidelines, or legislation that issued by the Relevant Regulatory Authorities. and according to Company Board of Directors recommendation and shall be presented to the General Assembly for approval.

Article (13): Publication and Entry into Force

Audit Committee Charter shall be affective as per General Assembly Resolution approval and shall publish on the Zain KSA official website in order to be reviewed by the Shareholders, and Stakeholders. Whatever is not explicitly stated in this document should follow the Company's Bylaw, relevant laws, regulations, guidelines, or legislation that issued by the Relevant Regulatory Authorities.

