



الشركة السعودية للطباعة والتغليف
Saudi Printing & Packaging Co

شركة مساهمة - رأس المال 600 مليون ريال سعودي - س.ت. 1010219709 - عضوية رقم 17517

Audit Committee by Law
Saudi Printing and Packaging Company

before the amendment	after the amendment
<p>Introduction:</p> <p>The Audit Committee is considered one of the important committees in the listed public joint-stock companies because of its essential and effective role in the internal and external audit activities, the internal control process, the development of systems and plans related to these activities, and the follow-up of their implementation, the company's commitment and compliance with the regulations and standards recognized in the Kingdom of Saudi Arabia. The regulations of the Saudi Capital Market Authority and the Saudi Companies Law have given special importance to the audit committee through its formation by the general assembly of shareholders following the provisions of Article (101) of the Companies Law and strengthening its framework and powers.</p> <p>This bylaw has been developed in light of the Saudi Companies Law and the Capital Market Authority's regulations, and on top of its list are the Corporate Governance Regulations and other relevant draft regulations.</p> <p>The following are the main objectives of the committee:</p>	<p>Introduction:</p> <p>The Audit Committee is considered one of the important committees in the listed public joint-stock companies because of its essential and effective role in the internal and external audit activities, the internal control process, the development of systems and plans related to these activities, and the follow-up of their implementation, the company's commitment and compliance with the regulations and standards recognized in the Kingdom of Saudi Arabia. The regulations of the Saudi Capital Market Authority and the Saudi Companies Law have given special importance to the audit committee through its formation by the general assembly of shareholders following the provisions of Article (101) of the Companies Law and strengthening its framework and powers.</p> <p>This bylaw has been developed in light of the Saudi Companies Law and the Capital Market Authority's regulations, and on top of its list are the Corporate Governance Regulations and other relevant draft regulations.</p> <p>The following are the main objectives of the committee:</p>
<p>Committee's objectives:</p> <ol style="list-style-type: none">1. Verifying the completeness and adequacy of the internal audit scope of work through reviewing the effectiveness, completeness and adequacy of the internal audit arrangements.2. Verifying the full response from the company's management to the issues that are identified and monitored through the activity and work of the committee, especially the internal and external auditing work, and verifying its independence.3. Verifying the company's acceptance and understanding of the role and value of the internal audit through the various available mechanisms such as the annual report of the internal audit.4. Verifying compliance with the regulations, laws, standards, and policies related to the scope of its work, its tasks, and responsibilities.5. Verifying that the company's management has established, applied, and developed appropriate systems and procedures to manage the risks to which the company is exposed, in line with the strategies, policies, type, and limits of hazards approved by the board of directors.	<p>Committee's objectives:</p> <ol style="list-style-type: none">1. Verifying the completeness and adequacy of the internal audit scope of work through reviewing the effectiveness, completeness and adequacy of the internal audit arrangements.2. Verifying the full response from the company's management to the issues that are identified and monitored through the activity and work of the committee, especially the internal and external auditing work, and verifying its independence.3. Verifying the company's acceptance and understanding of the role and value of the internal audit through the various available mechanisms such as the annual report of the internal audit.4. Verifying compliance with the regulations, laws, standards, and policies related to the scope of its work, its tasks, and responsibilities.5. Verifying that the company's management has established, applied, and developed appropriate systems and procedures to manage the risks to which the company is exposed, in line with the strategies, policies, type, and limits of hazards approved by the board of directors.



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First item: Committee Membership Regulations

The audit committee shall be formed in the Saudi Printing and Packaging Company (the company) according to the following rules:

- A. Formation of the audit committee (the committee) by a decision of the company ordinary general assembly, based on a proposal from the board of directors, following the provisions of Article (101) of the Companies Law
- B. The number of members in the audit committee should not be less than three members and not more than five, while among them shall be a specialist in financial and accounting affairs.
- C. That the committee members should be from independent, non-executive board members, shareholders, or others, provided that at least one of them is an independent member and that the committee does not include any of the executive board members or any of the company's senior executives
- D. It is not permissible for a person who has been working for the company's auditor during the past two years to be a member of the audit committee. Also, it is not permissible that the chairman of the company's board of directors to be a member of the audit committee.
- E. The duration of membership of the committee is three years, starting with the beginning of the board of directors' session and ending with the end of the company's board session. The board may also nominate them to the general assembly of shareholders for another similar period/s.
- F. Committee members shall choose from among them a chairman for the committee, provided he should be an independent member.
- G. The committee shall appoint a secretary for it, whether from among its members or whoever it deems appropriate from the company's management team. The secretary should prepare for the committee's meetings, work, prepare its minutes, document them, and pursuit the application of the recommendations, directives, and decisions without having the right to vote on recommendations, directives, and decisions.

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Second Item: Meeting and Regulation of the Committee's Work Procedures

- a. The Audit Committee meets periodically at least (four times a year) and whenever needed. Minutes of its meetings should be prepared to contain a summary of its discussions, recommendations, directives, and decisions.
- b. The Audit Committee meets periodically with the company's auditor and with the company's internal auditor.
- c. The internal auditor and the auditor may request a meeting with the committee whenever the need arises.
- d. The committee may hold extraordinary meetings, as necessary. The chairman of the committee or the majority of its members shall be entitled to call for a special meeting as necessary. The legal quorum for the meetings of the committee is met when the majority of its members attend.
- e. Invitation to attend committee meetings shall be sent in writing by the committee chairman, whomever he delegates from among the committee members, or its secretary seven days before the meeting. Also, the members of the committee will be provided with the meeting agenda, presentations, and necessary documents before the meeting date.
- f. If the chairman of the committee is not present, he might delegate one of its members to preside over the specified session.
- g. If the member unable to attend the committee meeting in person, a sufficient effort shall be made to enable him to attend using modern means of communication, for example, but not limited to (Conference Call), in which case the member's attendance is equivalent to being present.
- h. **Representation:** If the member is unable to attend himself, the member may deputize another member of the committee on his behalf, and the committee member (originally present) may not represent more than one member in attending the same meeting.
- i. **I) Voting:** Each member of the committee shall have an equal vote. The committee's decisions shall be made by the majority opinions of the members presented and represented at the meeting. If the number of polls is equal, the decision, which the chairman has voted for, shall prevail.
- j. The committee secretary prepares a draft of the committee's meeting minutes and sends it to the committee's members to review it and make any comments on it within seven days from the committee's meeting via e-mail. If no notes are received, this is considered an acknowledgment of approval. The minutes of the committee's meetings are confirmed in writing in a special register signed by the committee's chairman, members, and

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<p>secretary, and those minutes are preserved amongst the significant documents of the company.</p> <p>k. The board of directors monitors the committee's work and performance through its chairman and the periodic reports submitted to the board of directors.</p> <p>l. Any member of the board of directors or the executive management who is not a member of the committee is not entitled to attend its meetings unless the committee requests to hear his opinion or obtain his advice.</p>	<p>secretary, and those minutes are preserved amongst the significant documents of the company.</p> <p>k. The board of directors monitors the committee's work and performance through its chairman and the periodic reports submitted to the board of directors.</p> <p>l. Any member of the board of directors or the executive management who is not a member of the committee is not entitled to attend its meetings unless the committee requests to hear his opinion or obtain his advice.</p>
<p>Third item: Research, Studies and External Consultants</p> <p>The committee may conduct investigations or studies on issues falling within the scope of its responsibilities or authorize someone to do so. It may, at the expense of the company, seeks the assistance of a specialized external consultant to carry out such independent consultations whenever it sees that. The committee also has the exclusive authority to appoint or dispense with any consultant who helps fulfill its responsibilities. It also has the exclusive authority to approve the consultant's wages and other conditions for his fees, provided that the company bears these expenses.</p>	<p>Third item: Research, Studies and External Consultants</p> <p>The committee may conduct investigations or studies on issues falling within the scope of its responsibilities or authorize someone to do so. It may, at the expense of the company, seeks the assistance of a specialized external consultant to carry out such independent consultations whenever it sees that. The committee also has the exclusive authority to appoint or dispense with any consultant who helps fulfill its responsibilities. It also has the exclusive authority to approve the consultant's wages and other conditions for his fees, provided that the company bears these expenses.</p>
<p>Fourth item: Powers of the Audit Committee</p> <p>A. The committee may conduct investigations or studies on issues falling within the scope of its responsibilities or authorize someone to do so. Also, it is entitled to grant the working group emanating from it some of its powers and leverage when it is suitable, provided that the number of members of any working group emanating from this committee is not less than two members.</p> <p>B. Investigate any activity that falls within its powers or any matter requested by the board of directors, the shareholders association, or specifically the external auditors.</p> <p>C. Seek legal and technical advice from any external or advisory party, whenever necessary, to assist the committee in performing its duties, provided that the company bears all those expenses.</p> <p>D. The audit committee is responsible for monitoring the company's business, and in order to perform its duties:</p> <ol style="list-style-type: none">1. It has the right to access the company's records and documents.2. Request any clarification or statement from members of the board of directors or the executive management.3. To ask the board of directors to invite the company's general assembly to convene if it impedes its work or if the company suffers heavy damage or losses.4. Interview the external auditors and the company's employees, including the internal auditor, to inquire from them about the audit work and make any observations in the scope of its activities.	<p>Fourth item: Powers of the Audit Committee</p> <p>A. The committee may conduct investigations or studies on issues falling within the scope of its responsibilities or authorize someone to do so. Also, it is entitled to grant the working group emanating from it some of its powers and leverage when it is suitable, provided that the number of members of any working group emanating from this committee is not less than two members.</p> <p>B. Investigate any activity that falls within its powers or any matter requested by the board of directors, the shareholders association, or specifically the external auditors.</p> <p>C. Seek legal and technical advice from any external or advisory party, whenever necessary, to assist the committee in performing its duties, provided that the company bears all those expenses.</p> <p>D. The audit committee is responsible for monitoring the company's business, and in order to perform its duties:</p> <ol style="list-style-type: none">1. It has the right to access the company's records and documents.2. Request any clarification or statement from members of the board of directors or the executive management.3. To ask the board of directors to invite the company's general assembly to convene if it impedes its work or if the company suffers heavy damage or losses.4. Interview the external auditors and the company's employees, including the internal auditor, to inquire from them about the audit work and make any observations in the scope of its activities.



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Fifth item: Duties and Responsibilities of the Audit Committee

- 1- Study the internal audit reports and follow up on the implementation of corrective measures of the observations contained therein.
- 2- Supervision and monitoring (within the scope of its duties and powers) over the effectiveness of the governance mechanisms that regulate the relationship between the company and its subsidiary, in a manner that does not conflict with the tasks and powers of any other committee that supervises the application of the company's governance mechanisms.
- 3- Review and re-evaluate the adequacy of the tasks, rules, and controls contained in this bylaw from time to time and recommend any proposed changes to the board of directors, which studies and advises them to the General Assembly of shareholders.
- 4- Monitoring the company's business and verifying the fairness and integrity of its reports, financial statements, and internal control systems. The committee's duties include, in particular, the following:

4-1) Financial Reports:

- A. Consider the preliminary quarterly and annual financial statements before submitting them to the Board directors and giving opinions and recommendations regarding them to verify their integrity, fairness, and transparency, in addition to any other requirements required by regulations, laws, and professional norms in this regard.
- B. Provide a technical opinion upon the request of the board directors on whether the annual report of the Board directors and the financial statements of the company are fair, balanced, understandable, and include information that allows shareholders and investors to evaluate the financial status, position of the company, its performance, business model, and strategy.
- C. Examine any substantial or unusual issues included in the financial reports and accounts.
- D. Search accurately any issues raised by the company's financial manager, whoever assumes his duties, the company's compliance officer, or the auditor.
- E. **Review the company's annual budget and make any remarks, if any, to the Board of directors.**
- F. Study the accounting policies followed in the company and express opinions and recommendations to the Board of directors in this regard.

4-2) Internal Audit:

- A. Study and review the company's internal, financial, and risk management systems.

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- C. Examine any substantial or unusual issues included in the financial reports and accounts.
- D. Search accurately any issues raised by the company's financial manager, whoever assumes his duties, the company's compliance officer, or the auditor.
- E. **Deleted**
- F. Study the accounting policies followed in the company and express opinions and recommendations to the Board of directors in this regard.

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- A. Study and review the company's internal, financial, and risk management systems.



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- B. Study the internal audit reports and follow up on the implementation of corrective measures for the observations contained therein.
- C. 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 resources and their effectiveness in performing the work and tasks assigned to it.
- D. Recommend to the Board of directors to appoint a unit manager, the Internal Audit management, or the internal auditor, and suggest his remuneration.

4-3) Auditor:

- A. Recommend to the Board of directors to appoint and dismiss auditors, determine their fees, and evaluate their performances after ensuring their independence and reviewing the scope of their work and the terms of contracting with them.
- B. Investigate the auditor's independence, objectivity, fairness, and effectiveness of audit work, considering the relevant rules and standards.
- C. Reviewing the company's auditor's plan and activities, verifying that he has not submitted technical or administrative works outside the scope of the audit work, and expressing its views on that.
- D. Respond to the company's auditor's inquiries.
- E. Examine the auditor's report and remarks on the financial statements and express his views on them, if any, and follow up on what has been taken in their regard.

4-4) Commitment Guarantee:

- A. Review the reports' results of the regulatory authorities and verify that the company has taken the necessary actions in this regard.
- B. Verify the company's compliance with the laws, regulations, policies, and instructions related to the scope of its work.
- C. Review the contracts and the proposed dealings to be conducted by the company with related parties and potential conflict of interest cases, if any, and submit what it deems necessary in their regard to the Board of directors.
- D. Review and monitor the company's management to evaluate the risks to which the company is exposed, the risk management strategy, and restraints related to it.
- E. Escalate to the Board of directors, within the scope of its work, the issues it deems necessary to act on and recommend the steps that need to be taken.

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<p>Sixth item: The Audit Committee Report</p> <p>The committee issues an annual report that includes a comprehensive summary of its work, performance, its most prominent achievements, and how to perform its competencies and tasks considering regulations and laws of the requirements, standards, and determinants. That is required for the content of this report, its demands, and within a professional custom and a good practice to present it to the General Assembly of shareholders following the method specified by the Saudi Companies Law Or any regulations issued by the competent legislators and best practices in this regard.</p>	<p>Sixth item: The Audit Committee Report</p> <p>The committee issues an annual report that includes a comprehensive summary of its work, performance, its most prominent achievements, and how to perform its competencies and tasks considering regulations and laws of the requirements, standards, and determinants. That is required for the content of this report, its demands, and within a professional custom and a good practice to present it to the General Assembly of shareholders following the method specified by the Saudi Companies Law Or any regulations issued by the competent legislators and best practices in this regard.</p>
<p>Seventh item: Submitting Remarks Arrangements</p> <p>The audit committee should review the arrangements that allow the company's employees to provide their observations on any infringement of financial or other reports in confidence. The committee must investigate the implementation of these arrangements by conducting an independent investigation commensurate with the magnitude of the error or excess and adopt appropriate follow-up procedures. Also, the committee provides opportunities for employees and stakeholders to report violations and corruption cases through an organized mechanism in this regard.</p>	<p>Seventh item: Submitting Remarks Arrangements</p> <p>The audit committee should review the arrangements that allow the company's employees to provide their observations on any infringement of financial or other reports in confidence. The committee must investigate the implementation of these arrangements by conducting an independent investigation commensurate with the magnitude of the error or excess and adopt appropriate follow-up procedures. Also, the committee provides opportunities for employees and stakeholders to report violations and corruption cases through an organized mechanism in this regard.</p>
<p>Eighth item: The Audit Committee Remuneration Policy</p> <p>The remuneration for membership in the company's audit committee consists of the following:</p> <ol style="list-style-type: none">Each member is paid an annual remuneration, and it will be paid quarterly at the end of each quarter according to the financial year that the company follows.Each member will receive an attendance allowance for each committee meeting.The above compensation/bonus value is determined by following the remuneration and compensation policy for members of the Board of directors and the committees emanating from it, approved by the General Assembly.	<p>Eighth item: The Audit Committee Remuneration Policy</p> <p>The remuneration for membership in the company's audit committee consists of the following:</p> <ol style="list-style-type: none">Each member is paid an annual remuneration, and it will be paid quarterly at the end of each quarter according to the financial year that the company follows.Each member will receive an attendance allowance for each committee meeting.The above compensation/bonus value is determined by following the remuneration and compensation policy for members of the Board of directors and the committees emanating from it, approved by the General Assembly.
<p>Ninth Item: Final Regulation (Publication, execution, and Amendment)</p> <p>The provisions of this regulation shall be enforced and adhered by the company as of the date of its approval by the General Assembly of shareholders. These regulations should be published on the company's website to enable shareholders, the public, and stakeholders to view and amend the contents of these regulations - as needed- based on the recommendations of the Board of directors. Considering that any proposed amendment must be submitted to the General Assembly of shareholders at its nearest meeting for approval.</p>	<p>Ninth Item: Final Regulation (Publication, execution, and Amendment)</p> <p>The provisions of this regulation shall be enforced and adhered by the company as of the date of its approval by the General Assembly of shareholders. These regulations should be published on the company's website to enable shareholders, the public, and stakeholders to view and amend the contents of these regulations - as needed- based on the recommendations of the Board of directors. Considering that any proposed amendment must be submitted to the General Assembly of shareholders at its nearest meeting for approval.</p>