



Board Audit Committee Charter 2019



APPROVAL BY THE BOARD

Description	Name	Signature	Date
Approved	Abdulslam Al Saleh Chairman of the Board		

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1 Purpose

"The purpose of the Audit Committee shall be to assist the Board of Directors of Boubyan Capital Investment Company K.S.C.C. (Boubyan Capital) and its subsidiaries in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control, the audit process, the company's process for monitoring compliance with applicable laws and regulations and the code of conduct.. "

Specifically, the Audit Committee will assist the Board of Directors in:

- Fulfilling their oversight responsibility to the shareholders, potential shareholders, and the investment community;
- Ensuring the integrity of the company's and its subsidiaries financial statements;
- Reviewing and reporting on the company's and its subsidiaries compliance with legal and regulatory requirements;
- Ensuring the independent auditor's qualifications and independence; and
- Examining the performance of the independent auditors and the company's internal audit function, which the company's management has established.

2 Authority

The Audit Committee has the authority to conduct or authorize investigations into any matters within its scope of responsibility. Specifically, it is empowered to:

- Oversee the work of Internal Audit function including review and approval of Internal Audit manual, Internal Audit Charter, Audit Plan etc.
- Recommend the appointment, compensation, and oversee the work of an independent, registered and approved by CMA public accounting firm to conduct the external audit service of the company & its subsidiaries by the organization;
- Resolve any disagreements between management and the auditor(s) regarding financial reporting; and,
- Retain independent counsel, accountants, or others to advise the Committee or assist in the conduct of an investigation.

3 Organization and Composition

- The Audit committee shall be appointed by the Board, and shall consist of at least three members.
- At least one independent director (as defined below) will be a member of the Audit Committee, or as determined by the Board of Directors.
- At least one member of the Committee shall have a background in financial reporting, accounting or auditing.
- The Chairman of the Board of directors shall not be a member in this committee.
- All members shall be non-executive board members

An Independent Director is defined as one whom the Board of Directors determines has no material relationship with Boubyan Capital. For the purpose of such determination, an Independent Director is a Director who:

- Holds less than 5% of the company's Shares.
- Does not have first degree relation with any of the Board members or the executives of the company or any other affiliate in its Group or its main related parties.
- Is not a Board Member in any affiliate of the company's Group.
- Is not an employee in the company or any affiliate in its Group or for any of its Stakeholders.
- Is not an employee for the legal entities who own Control share in the company.

4 Audit Committee Meeting Planner

- The Audit Committee shall meet at least once every quarter; and the members have the authority to convene additional meetings; as circumstances require.
- All committee members are required to attend each meeting.
- The Head of Internal Audit shall normally attend meetings. CEO as well as any other officer of the company may be invited to participate in discussions relating to audit and procedural issues
- The Internal Sharia Auditor shall attend the meeting on semiannual basis provided they have issues to be brought to the attention of members of BAC, if not the members of BAC shall be informed by way of an email stating no significant findings for the audit conducted by them.
- The meeting shall convene if the meeting is attended by at least two of the members.
- The Internal Auditor shall act as the co-ordinator for carrying out the annual Internal Control review by the external auditor as mandated by the Authority. The findings if any, resulting from the report shall be brought to the attention of the members of BAC by the Internal Auditor.
- Regular meetings shall be held periodically with external Auditors, compliance officer and four times at least with the internal Auditor. In addition, the internal Auditor and external Auditor shall be entitled to request meeting with the committee if the work so requires without the presence of the executive management.
- The Audit Committee may invite any individual from within the Company to avail of his opinion when discussing a certain matter.
- The Audit Committee's secretary shall circulate the meeting agenda to all members and take the minutes of meetings.
- The minutes, along with the minutes of the Board of Directors meetings, shall be part of the Boubyan Capital's records.
- The Audit Committee may consult, at the company expense, with an independent consulting entity.

5 Responsibilities

The Audit Committee shall carry out its role under the Board's oversight, and shall provide the Board of Directors semiannually with its report that includes the Committee's activities and recommendations based on its findings in the exercise of its functions, this report shall be part of the Annual General Assembly Agenda.

With regards to each of the following areas, the Audit Committee will carry out the following responsibilities:

A. Financial Reporting:

- Review applied accounting policies and give opinion and recommendation to the Board of directors in this regards.
- Reviewing Boubyan Capital's financial statements before their submission to the Board, to ensure that the instructions of the Capital Markets Authority (CMA) have been adhered to.

B. External Auditors:

- Invite the external auditors to attend the Audit Committee meeting four times in a year and present the quarterly and year-end financial statements of the company & its subsidiaries to the Committee.
- Recommend to the Board of directors reappointing external Auditors, change them, and specify the remunerations thereof. Upon recommendation of appointment, it is considered to verify independence of such external Auditors and review letters of their appointment.
- Follow up work of external auditors and verify that they don't provide the company with services rather than such services required by auditing profession.
- Consider remarks of external auditors on the company's financial statements and follow up actions taken to clear them.
- Discuss the nature and scope of the audit process with the external auditors before the start of the audit.

C. Internal Sharia Auditor:

- Overseeing the work of Internal Sharia Auditor and to invite them to attend the Audit Committee meeting for presenting their periodical reports if any.
- Consider the remarks of Internal Sharia Auditors on the Company's and its subsidiaries compliance with Sharia standards.

D. Internal Auditor, Internal Controls and Compliance:

- Evaluate the extent of sufficiency of internal control systems applied within the company and prepare a report including opinion and recommendation of the committee in this regard to be submitted to the Board.
- Oversee the internal audit function in the company functionally, in order to verify the effectiveness thereof concerning implementation of works and assignments identified by the Board of Directors.
- Recommend the appointment and termination of the Head of Internal Audit, evaluate his performance, and evaluate performance of the internal auditing department.
- Review and approve the Internal Audit Charter.
- Review and approve the audit plans proposed by the Head of Internal Audit and provide remarks on such plans.
- Review the results of the internal auditing reports and verify that remedial actions are taken concerning the findings set out in such reports.
- Review the results of reports of Internal Control Review and verify that remedial actions are taken concerning the findings set out in such reports.
- Review results of reports of the regulatory bodies and verify that necessary actions are taken concerning them.
- Verify the company compliance with related Laws, policies, systems, and instructions.

- To review and approve the internal audit manual. Any updates to the manual to be approved by Board Audit Committee.
- Ensure the independency and objectivity of the internal audit function.
- Informing the Board on the performance of Audit Committee.
- To consider other topics, as defined by the Board.

6 Review and amendment of Board Audit Committee Charter

The Board Audit Committee Charter shall be reviewed annually to reflect the current activities, roles and responsibilities of the Committee. Any amendment will require Board Approval.