



Voting on the appointment of the company's auditor from the candidates on the recommendation of the Audit Committee; This is to examine, review and audit the financial statements of the second, third and annual quarters of fiscal year 2022, the first quarter of fiscal year 2023, and determine his fees.

Report of the Audit Committee of the General Assembly For the year ended 31/12/2021

Dear shareholders of Abdul Latif Industrial Investment Company

Peace be upon you and the mercy and blessings of God

The Audit Committee of Abdul Latif Industrial Investment Company is pleased to submit to the Company's shareholders its annual report for the financial year ended 31 December 2021, as this report was prepared pursuant to the provisions of Article (104) of the Companies Law, which stipulates that the Audit Committee shall prepare a report on its opinion on the adequacy of the internal control system of the company and the work it has carried out within the scope of its competence, and paragraph (a) of Article (91) of the Corporate Governance Regulations issued by the Capital Market Authority, which stipulates that the report of the Audit Committee must include details of its performance, its competencies, and functions stipulated in the Companies Law and its executive regulations. It includes its recommendations and opinion on the adequacy of the Company's internal control, financial and risk management systems.

❖ Composition

The Audit Committee was appointed by the General Assembly of the Company held on: (23/1/2019)

From the following members:

- 1-Mr. Majid Abdul Rahman Nasser Al-Osailan – Chairman of the Committee
- 2-Mr. Saleh Hassan Saleh Al-Sheikh Member of the Committee
- 3-Mr. Abdul-Aziz Abdul Latif bin Ali Al-Dulaijan Member of the Committee

❖ Meetings of the Committee

The first meeting was held on	24/03/2021AD
Second meeting held on	11/04/2021AD
The third meeting was held on	18/05/2021AD
The fourth meeting was held on	12/08/2021AD
The fifth meeting was held on	08/11/2021AD
The Sixth Meeting was held on	28/12/2021AD

❖ Scope of Works:

The main objectives of the Committee are to monitor and review the efficiency of:

- The internal control system of the company through the work carried out by the internal and external auditor of the company and the review of the quarterly and annual financial statements.
- The performance of the external auditor of the company and ensuring his independence.

- The performance of the internal auditor of the company and ensuring his independence.
- The company's commitment to applying the laws and regulations issued by the legislative authorities.
- Recommend the selection of the external auditor to audit the company's accounts and its quarterly and annual financial statements and determine his fees.
- Its role as a link between the Board of Directors, the internal auditor, and the external auditor.

❖ Tasks and terms of reference exercised by the Committee:

- Study and express an opinion on the company's financial statements and statements before presenting them to the Board of Directors, to ensure their integrity, fairness, and transparency.
- Discuss issues raised by the company's CFO.
- Examination of accounting estimates in material matters contained in financial reports.
- Study and review the effectiveness of internal and financial control systems in the company through:
 - Examine significant changes to these systems, if any, and discuss internal audit management reports, recommendations, and management responses.
 - Follow-up on action taken on recommendations.
 - Examine and discuss the auditor's reports, recommendations, and management responses on internal and financial control matters.
 - Discuss important changes in the company's business and work environment and the impact on internal control systems.
- Study the accounting policies followed in the company by studying the significant changes and the requirements of the new amendments to the International Financial Reporting Standards adopted in the Kingdom of Saudi Arabia and express an opinion and recommendation to the Board of Directors thereon.
- Adopting the internal audit plan, studying the internal audit reports, and following up their implementation.
- Reviewing the results of the reports of the supervisory authorities and verifying that the company has taken the necessary actions.
- Verifying the company's compliance with the relevant laws, regulations, policies, and instructions through the reports of the supervisory authority, the reports of the Internal Audit Department and the auditor and verifying that the company has taken the necessary actions in this regard.
- Reviewing the contracts and transactions proposed to be conducted by the company with the parties concerned and submitting what it deems appropriate to the Board of Directors.
- Recommending to the Board of Directors to appoint the auditor, determine his fees, evaluate his performance, verify his independence, review his work plan, and discuss it to ensure that he is able to perform in a currency and not withhold information from him.
- To recommend to the Board of Directors such action as it deems necessary in matters within its competence.
- Supervising the work of the external auditor of the company and ensuring the continuity of his independence and ensuring that there are no obstacles that affect the progress of their work and evaluating the level of efficiency and effectiveness of their performance.
- Study the observations received from the internal auditor and the external auditor

of the company and follow up their completion in accordance with the timetable agreed upon with the management of the company.

The Committee's opinion on the adequacy of the internal and financial control system and risk management:

The Committee's opinion is that the work in relation to the financial year 2021 provided reasonable assurance about the adequacy of the company's internal and financial control system to achieve the objectives for which it was designed.

Saudi Joint Stock Co.
C.R. 1010073685
P.O. Box 859 Riyadh 11421
Kingdom of Saudi Arabia
Tel. (+966 11) 2658888
Fax. (+966 11) 2659999



شركة العبد اللطيف للاستثمار الصناعي
Al Abdullatif Industrial Investment Co.

شركة مساهمة سعودية
س.ت: ١٠١٠٧٣٦٨٥
ص.ب ٨٥٩ الرياض ١١٤٢١
المملكة العربية السعودية
هاتف: ٢٦٥٨٨٨٨ (+٩٦٦١١)
فاكس: ٢٦٥٩٩٩٩ (+٩٦٦١١)

Subject: The audit committee's recommendation to appoint an external auditor from among the offers submitted to the company to audit the company's quarterly and annual accounts (second, third and annual quarters for the year 2022 and the first quarter of the year 2023)

Based on the submission of the Audit Committee and its nomination of two audit companies registered with the Authority to review and audit the company's quarterly and annual accounts (second, third and annual quarters for the year 2022 and the first quarter of the year 2023), the Audit Committee recommends the General Assembly to approve selecting one of the nominated offices according to the following statement:

Sr.	Name of audit firm	Status of registration in the Authority
1	Talal Abu Ghazla & Partners Co.	Registered.
2	Mr. Al Ayouti & Partners Co.	Registered.

The audit committee's recommendation was made to the two companies for the following reasons:

1. Talal Abu-Ghazaleh & Partners Co. :

- Talal Abu Ezzala is one of the largest international companies and professional services companies working in the fields of accounting, external and internal audit, corporate governance, taxes, educational consultancy, and economic and strategic studies, as it was established in 1972. Talal Abu Ghazala works through its offices which consist of more than 100 offices and 150 executive offices around the world.
- Al-Abdullatif previous dealings with Talal Abu Ezzala's office.
- Workforce size and compliance of the office with the deadlines set by the Capital Market Authority for the submission of annual and quarterly reports.
- The company's commitment to international standards.
- The company is registered with the Capital Market Authority.

2. Mr. Al Ayouti & Partners Company :

- Number of years of experience : The company was established in 1954 in the Kingdom of Saudi Arabia.
- International membership: Mr. Al Ayuti & Partners is a member of the Moore Group, which is based in London, United Kingdom.

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- Qualification of the office team: The office structure is consisting of an accredited partner in Saudi Arabia and America, and several its main managers are accredited as chartered accountants and have Fellowships with the Saudi Organisation for Accountants, beside a team of qualified auditors with various experiences.
- The company has audited the accounts of numerous of Listed companies, banks, contracting, insurance and real estate investment companies, and a number of governmental and semi-governmental institutions, tourist companies, hotels and hospitals.
- Al-Abdullatif's previous dealings with Mr. Al Ayuti & Partners.
- The company undertakes evaluating the internal control environment and accounting policies and procedures in our company, review our information technology, review our financial risks, provide the company with updates and developments on the statutory regulations and accounting standards, as well as the company's commitment to review the meetings of the board of directors and committees and follow up on adherence to the regularity of our board of directors structure.
- Acceptable audit cost.
- The company is registered with the Capital Market Authority.

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Abdulaziz Mohammed Al-Swaidan

Member of the Audit Committee

Saleh Hassan Al-Sheikh

Member of the Audit committee

Saad Mohammed Al-Qarni

Secretary of the Audit Committee

Mohammad Hamdan Al-Soraya'a

Member of the Audit Committee

Majed Abdul Rahman Al-Osailan

Audit committee chairman