

# **Saudi Steel Pipe Company**

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**Report of the Audit Committee to the Shareholders  
for the year Ended 31 December 2024**

## 1. Introduction

The system of internal controls at Saudi Steel Pipe Company (the Company) is designed principally to provide reasonable assurance on the achievement, in all material respects, of the Company's objectives that include issuance of reliable financial reports, compliance with applicable laws, regulations and policies, as well as management of risks within tolerable levels. The system of internal controls is also important in safeguarding the Company's assets, as well as preventing fraud.

The system of internal controls is established based on guidelines provided and policies approved by the Company's Board of Directors in compliance with the prevailing regulations. Management of the Company (Management) is responsible for establishing and maintaining the system of internal controls.

The Board of Directors is responsible for overseeing these and other activities of the Management of the Company. The Audit Committee (the Committee) assists the Board of Directors, inter alia, in carrying out its responsibilities of monitoring the Company's system of internal controls and financial reporting in particular.

In this process, the Committee reviews and approves the risk-based audit plans of the Internal Audit Department (IAD), as well as its reports on the results of its tests on the evaluation of the effectiveness of the Company's system of internal controls. The Committee also reviews, inter alia, through discussions with Management, internal and external auditors, the appropriateness and application of accounting policies, the Company's interim and annual financial statements, and the Company's compliance with legal and regulatory requirements. The work carried out by the Committee is governed by the Charter of the Committee approved by the Company's shareholders.

## 2. Members and Meetings

The Committee consists of three members, two independent board members and one being non-board member.

Name	Membership	Position
Salman Ahmed	Independent Board Member	Audit Committee Chairman
Maged Al-Dakheel	Independent Board Member	Audit Committee Member
Ruggero Signorelli	Non-Board Member	Audit Committee Member

The members of the Committee collectively have significant technical and industry experience in finance and accounting, as well as audit in the Kingdom of Saudi Arabia and overseas.

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The following meetings of the Committee were held during 2024:

AC Member	1	2	3	4	5	6	7	8	Total
	Jan 29, 2024	Feb 16, 2024	Apr 24, 2024	Jul 30, 2024	Sep 16, 2024	Oct 22, 2024	Nov 04, 2024	Dec 17, 2024	
Salman Ahmed	✓	✓	✓	✓	✓	✓	✓	✓	8
Maged Al-Dakheel	✓	✓	✓	✓	✓	✓	✓	✓	8
Ruggero Signorelli	✓	✓	✓	✓	✓	✓	✓	✓	8

### 3. The Committee's Duties and Responsibilities

The duties of the Committee, as stated in the Charter approved by the General Assembly, include reviewing financial reports, overseeing internal and external auditors' work as well as compliance with laws and regulations. The Committee reports to the Board of Directors on a periodic basis with respect to its findings on these matters.

### 4. Principal Activities During 2024

During 2024, the Committee carried out the activities set forth in the Charter approved by the General Assembly. These activities are documented in the minutes of the meetings held and include the following:

- Reviewing the annual consolidated financial statements for the year ended 31 December 2023, the 2024 quarterly consolidated financial statements through discussions with Management and the external auditor, and submitting its recommendations to the Board of Directors.
- Reviewing cybersecurity matters.
- Reviewing with Management matters relating to Zakat Tax and Customs Authority (ZATCA) assessments for prior years.
- Reviewing external auditors' proposals, recommending their appointment to the shareholders, inquiring about their independence, meeting them periodically, and discussing their reports and findings.
- Reviewing and approving risk-based Internal Audit plans, overseeing IAD, meetings with them periodically, through the Head of IAD and monitoring the execution of the approved Internal Audit plans.
- Reviewing reports issued by the IAD and supervising the implementation of the actions plans.
- Reviewing IAD structure and resources, nominations of Head of IAD and recommendation of remuneration.
- Reviewing the Head of IAD's objectives and performance.

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- Reviewing policies, charters, and updates and providing recommendations to the Board of Directors.
- Reviewing and discussing with Management related party transactions and making recommendations to the Board of Directors.
- Discussing and/or reviewing reports on compliance with legal and regulatory requirements and following up on implementation of the recommendations.

## 5. Opinion

Management is responsible for establishing and maintaining internal and financial control systems and risk management systems that are effective, comprehensive, and at a reasonable cost, and that contributes to achieving its objectives, and ensures the accuracy and integrity of financial reports and compliance with applicable laws and regulations, and for determining, monitoring, managing the risks that threaten the Company.

Internal and financial control systems and risk management systems in organizations of the size and nature of the Company, regardless of efficiency and effectiveness, cannot provide absolute assurance, inter alia, as to the complete absence of errors and omissions, accuracy of financial reporting, and full compliance with applicable laws, regulations, contracts, policies, and procedures, or the absolute elimination of risk management limitations.

Based on its periodic meetings with and the reports submitted by Management as well as the external auditor and IAD, the Committee's attention was not drawn to any fundamental weaknesses in the Company's internal and financial control systems and risk management systems that may affect the fairness of the Company's financial statements and the achievement of its objectives, or that require drawing the attention of the shareholders of the Company.