

# **Saudi Steel Pipe Company**

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**Report of the Audit Committee to the Shareholders  
for the year Ended 31 December 2025**

## 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, one independent board member and two being non-board members.

Name	Membership	Position
Salman Ahmed	Independent Board Member	Audit Committee Chairman
Maged Al-Dakheel	Non-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 2025:

AC Member	1	2	3	4	5	6	7	8	9	10	11	Total
	Feb 4	Feb 13	Feb 16	Apr 22	Apr 28	Jun 12	Jul 16	Jul 29	Sep 8	Oct 28	Dec 16	
Salman Ahmed	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11
Maged Al-Dakheel	✓	✓	✓	-	✓	✓	✓	✓	✓	✓	✓	10
Ruggero Signorelli	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11

### 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 2025

During 2025, 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 2024, the 2025 quarterly consolidated financial statements through discussions with Management and the external auditor, and submitting its recommendations to the Board of Directors.
- Examining the accounting policies followed by the Company and providing its opinion and recommendations to the Board thereon.
- 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 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.

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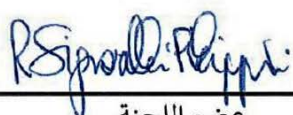
- Discussing and/or reviewing reports on compliance with legal and regulatory requirements and following up on implementation of the recommendations.
- Discussing and/or suggesting improvements in Risk Management including Risk Register structure and framework.
- Reviewing and recommending to the Board of Directors the updated whistleblowing system.

## 5. Opinion

Management is responsible for establishing and maintaining a system of internal controls that is 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.


Systems of internal controls 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.

Based on its periodic meetings with Management 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 risk management system and the system of internal and financial controls that may affect the fairness of the Company's financial statements or that require drawing the attention of the shareholders of the Company.



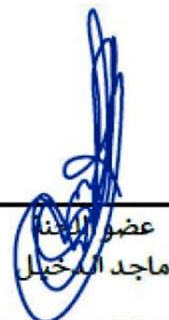
عضو اللجنة  
روجيرو سينيورييلي

Committee Member  
Ruggero Signorelli



رئيس اللجنة  
سلمان أكبر

Committee Chairman  
Salman Akbar



عضو اللجنة  
ماجد الداخيل

Committee Member  
Maged Al-Dakheel