

## Audit Committee Report to the General Assembly - FY 2022

**To the Shareholders of BinDawood Holding Company,**

### First: Introduction

The Audit Committee (“The Committee”) of BinDawood Holding Company (“The Company”) has prepared this report to confirm its commitment to Audit Committee Charter and Corporate Governance Regulations Issued by the Board of the Capital Market Authority.

The Committee has carried out its responsibilities mentioned in this report in accordance with its powers stipulated in its charter that was approved by the Company's General Assembly and also by holding four meetings during the fiscal year 2022G, in which the matters pertaining to the internal audit department and the external auditor and in regards to the Company’s internal control systems.

### Second: Committee Formation:

The formation of the Audit Committee and the definition of its duties, work regulations and remuneration of its members for the new term, starting from 08th of May, 2022G, until the end of the term on 07th of May 2025G was approved by the Company's General Assembly held on April 25th, 2022G, the Committee consists of the following members whose names are mentioned below during the year 2022G:

Name	Position	Type of Membership
Dr. Abdulrahman Muhammed Albarrak	Chairman of the Committee and a Board Member	Independent
Mr. Abdulaziz Mohammed Almulhim	Member of the Committee	Independent
Mr. Amer Abbas Shaker	Member of the Committee	Independent

### Audit Committee Meeting Attendance for 2022G

Name	29 March	19 May	22 Aug	7 Nov
Dr. Abdulrahman Mohammed Albarrak	✓	✓	✓	✓
Mr. Walid Michel Majdalani (**)	✓	NA	NA	NA
Mr. Thamer Saeed Althubaiti (**)	✓	NA	NA	NA
Mr. Abdulaziz Mohammed Almulhim (*)	NA	✓	✓	✓
Mr. Amer Abbas Shaker (*)	NA	✓	✓	✓

(\*) Their membership started on 08/05/2022.

(\*\*) Their membership ended on 07/05/2022.

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### **Third: Committee work:**

The most important work of the Committee that it carried out during the fiscal year 2022G, according to its responsibilities entrusted to its charter regarding to external auditing, financial reports, Internal Audit, Risk Management and Compliance, as specified below:

#### **a- External Audit and Financial Reports:**

- Evaluating the performance of the predecessor external auditor (KPMG), as the Committee recommended to the Board of Directors to re-appointing them to examine, review and audit the financial statements for the second and third quarters and annual for the fiscal year 2022, and the first quarter of the fiscal year 2023 and to determine their remuneration after reviewing their scope of work and the terms of their contracts and verifying their independence, objectivity, and fairness, and the effectiveness of the audit work and not providing any technical or management services out of the audit scope of work, The Board of Directors raise the recommendation to the Ordinary General Assembly which approved the auditor appointment .
- Reviewing the results of the Company's operations and its financial position as it appeared in the interim and annual financial statements and reports for the fiscal year 2022G, and its recommendations in this regard have been submitted to the Board of Directors.
- Discussing the Management Letter (ML), which contains the external auditor's findings resulting from their review of the interim and annual financial statements for the fiscal year 2022G.
- Ensuring that there are no difficulties encountered by the external auditor during the audit. The Committee also made sure of the cooperation of the Management with the external auditor.
- Reviewing all the related parties transactions and referred its recommendations to the Board of Directors in this regards.
- Reviewing external auditor's plan for the year 2022G submitted by the external auditor (KPMG), and requested the Finance Department and the external auditor (KPMG) to complete the audit work for the fiscal year ending on December 31<sup>st</sup>, 2022G, in the agreed timing and not exceeding the deadline.

#### **b- Internal Audit, Risk Management and Compliance:**

- The Audit Committee approved Internal Audit Action Plan which was prepared based on the main risks that the company might face.
- The Committee reviewed the results of the internal audit and requested the executive management to follow up on the implementation of these recommendations.
- The Committee approved the Risk Management Plan and Compliance Plan for 2022G and following up its implementation.
- The Committee approves the Compliance Policy on 5<sup>th</sup> September 2022G.

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### **Fourth: Audit Committee Opinion on the efficiency of the Internal Control systems in the Company:**

- Based on the scope of work mentioned above, and based on the audit reports submitted regularly by the internal audit department in the Company, external auditor, executive management and the discussions performed with all the related parties to the control system of the Company, The Audit Committee did not observe material findings which can affect the internal control system require to disclose for the fiscal year ending 31 December 2022G, noting that any internal control system cannot provide absolute assurance of the efficiency, adequacy, solidity and effectiveness of the internal control system.

**On behalf of the Audit Committee Dr. Abdulrahman Albarrak Chairman of the Audit Committee and Board Member**

Date: 21/05/2023G

**Gentlemen/ Chairman and Board members of BinDawood Holding**

**Subject/ Recommendation of the Audit Committee to appoint the company's auditor**

With reference to the need to appoint an external auditor in order to examine, review and audit the financial statements for the (second and third) quarters and annual for the fiscal year 2023G, and the first quarter of the fiscal year 2024G, and based on the audit committee's Charter, which stipulated that one of the roles and responsibilities of the audit committee, to recommend to the Board of Directors the nomination, dismissal and remuneration of the auditors, and therefore the audit committee assign the related persons to request quotations to carry out the examination and review work referred to, the offers that was received will be mentioned as follows:

#	Company Name	The value of the final offer in Saudi Riyals
1	KPMG Al Fozan & Partners (KPMG)	SAR 1,480,000
2	BDO Dr. Mohamed Al- Amri & Co. (BDO)	SAR 1,330,000
3	Talal Abu-Ghazaleh & Co. International	SAR 1,325,000

The audit committee therefore submits its recommendations to your esteemed board for selecting (KPMG), due to the company's desire to continue with them considering their experience with the company's operations, as they reviewed the financial statements of BinDawood Holding in the last year 2022G and considered as one of the Big Four companies internationally.

The Audit committee also recommends that BDO Dr. Mohamed Al- Amri & Co. (BDO) shall be considered as a second candidate based on their offer.

For your kind guidance .

Chairman of the Audit Committee

Dr. Abdulrahman Albarrak

رابط الاطلاع على تقرير مجلس الإدارة باللغة الانجليزية:

**Link to the Board of Directors' Report in English:**

[https://www.saudiexchange.sa/Resources/fsPdf/1821\\_0\\_2023-03-29\\_14-38-12\\_En.pdf](https://www.saudiexchange.sa/Resources/fsPdf/1821_0_2023-03-29_14-38-12_En.pdf)