

**Board Audit Committee's Report to the General
Assembly of Power and Water Utility Company
for Jubail and Yanbu for the year fiscal
December 31, 2022**

Board Audit Committee's ("BAC") Report to the General Assembly of Power and Water Utility Company for Jubail and Yanbu ("Marafiq") For the year fiscal December 31, 2022

The Audit Committee of Power and Water Utility Company for Jubail and Yanbu (Marafiq) is pleased to present to the Company's shareholders its annual report for the financial year ended 31 December 2022, which includes details of the BAC's performance and opinion on the adequacy of the internal control system of the Company, which is one of the main responsibilities entrusted to the Board of Directors. The objectives of BAC are to assist the Board of Directors in fulfilling these responsibilities and to make any recommendations to the Board of Directors for the purpose of enhancing and developing the internal system to achieve the Company's purposes and protect the interests of shareholders efficiently.

BAC carries out its duties and responsibilities in accordance to and based on its Bylaws which was approved by the Company's General Assembly and in accordance with the statutory requirements, which include supervising the performance of the Internal Audit Department, studying its reports, approving its work plan, and ensuring the safety and effectiveness of the internal control system. BAC also studies the quarterly and annual financial statements to ensure its correctness, accuracy and compatibility with the approved accounting standards, financial reporting procedures and applicable laws and regulations.

BAC also handles the responsibilities entrusted to the BAC by the Board. BAC submits its recommendations to the Board of Directors in all matters that it deems necessary. BAC receives continuous support from the Board of Directors to enable the later to improve the performance of its work and tasks.

During 2022, the BAC held four meetings in which members of the management, the internal auditor and the external auditor of the Company participated in order to assist BAC in carrying out its tasks and achieving its objectives. During these meetings, they presented their views to BAC on, among other things, the correctness of the Company's financial reports and statements, the effectiveness and integrity of the Company's internal control systems and the management of financial risks.

During the past year, BAC reviewed the internal audit plan, methodology and procedures followed in the preparation of this plan and ensured that it was compatible with the Company's main risks. BAC's meetings also witnessed the presentation of detailed reports and extensive discussions on the financial statements, including analyses of the Company's financial performance and changes in the financial position.

Based on what was presented in these analyses, reports and discussions, BAC ascertained the appropriateness and fairness of the estimates and opinions used by the Executive Management in substantiating the financial results. The reports of the External Auditor, the External Audit Plan and the performance and independence of the External Auditor were also discussed, and it was not clear to the Committee that there was any defect in this regard.

BAC receives reports from the internal and external auditor related to the implementation of the executive management of the internal control systems. The external and internal auditor also express their opinion on the effectiveness of the internal control system, its validity and accuracy of the Company's reports and financial statements. BAC also follows up the necessary corrective action taken by the Executive Management with regard to the observations contained in these reports.

BAC is of the opinion that, as at 31 December 2022, and based on the discussions, views, presentations and reports submitted to its members by the Executive Management, the Internal Auditor and the External Auditor, and within the limits of the tasks and responsibilities included in the approved internal audit plan, and accordingly, BAC did not figure out any material observations on the internal control system that affect the integrity and fairness of the financial statements, and BAC is satisfied that the Company's internal and financial control systems are efficient, knowing that no internal control system can provide absolute assurances about its soundness and effectiveness.