

**Summary of Board Audit Committee's Report to the General  
Assembly of Power and Water Utility Company for Jubail and Yanbu  
(Marafiq) for the year fiscal 2023**

## **Summary of 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, 2023**

Board Audit Committee ("BAC") 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 December 31, 2023, 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 control system to achieve the Company's objectives and protect the interests of shareholders effectively and 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, its charter which was approved by the Board of Directors and in accordance with the statutory requirements. BAC's duties and responsibilities include supervising the performance of the Internal Audit Department and verifying its independence and effectiveness in carrying out its roles and responsibilities, reviewing and approving its annual audit plan, reviewing its reports and following up on the execution of actions, and ensuring the soundness and effectiveness of the internal control system. BAC also reviews the quarterly and annual financial statements to ensure its correctness accuracy and compatibility with the established accounting standards, financial reporting procedures and applicable laws and regulations.

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

During 2023, BAC held five 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 integrity, fairness and transparency 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 risk matrix. BAC's meetings also witnessed the presentation of detailed reports and discussions on the financial statements, including analysis 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 internal control systems by the executive management. 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.

As of December 31, 2023, and based on the discussions, views, presentations and reports submitted to BAC members by the Executive Management, the Internal Auditor, the External Auditor and in light of the Company's governance management report, which indicates the Company's compliance with professional and ethical values and rules, as well as the report of the Executive and Risk Committee regarding the existence of a comprehensive risk management program in the Company, and the committee's confirmation of the existence of a policy, structure, systems, resources and mechanisms for risk management in the Company, and that there is no material weakness in the Company's risk management and within the limits of the tasks and responsibilities included in the approved internal audit plan, BAC did not identify any material observations on the internal control system that affect the integrity and fairness of the financial statements. BAC is satisfied that the Company's internal and financial control systems are effective, knowing that no internal control system can provide absolute assurances about its soundness and effectiveness.