

Saudi Vitrified Clay Pipes Co. Audit Committee Report for the fiscal year at 31/12/2023

1. Preface:

The Audit Committee of the Saudi Vitrified Clay Pipes Co. is pleased to submit to the company's shareholders its annual report for the fiscal year ending 31 December 2023, which includes details of its performance of its competencies and tasks stipulated in the Companies Law and the Executive Regulations, and its opinion on the adequacy of internal and financial control systems and risks in the company and the work and tasks carried out by the Committee within the scope of its competence is in line with the provisions included in the Companies Law and based on the relevant regulatory requirements.

2. Competence of the Audit Committee:

The Audit Committee is responsible for monitoring the company's finances, and for this purpose it has the right to review its records and documents and request any clarification or statement from the members of the Board of Directors or the executive management, and the Committee performs its approved tasks, including supervising the financial reports and internal audit of the company by examining the efficiency and effectiveness of the internal control system and ensuring its application by the various departments and auditors and ensuring compliance. The Committee also submits its recommendations to the administration and announces the results of its activities during the year.

In accordance with the tasks and responsibilities entrusted to it in accordance with the regulations and rules of its work, the Audit Committee plays a fundamental and important role in assisting the Board of Directors to fulfill its duties with regard to the integrity of the company's financial statements, the qualifications and independence of the company's auditors, the performance of the company's disclosure controls and procedures, and the effectiveness of the audit group. Internal and external auditors, evaluating and examining the adequacy of the company's internal accounting systems and financial controls, and the company's commitment to ethical policies.

The Audit Committee of the Saudi Vittrified Clay Pipes Co. consists of a chairman chosen from the members of the Board of Directors (independent) and at least two members with experience and knowledge, and the Committee holds at least four meetings per year, and the meetings of the Audit Committee are attended by the internal auditor and the Chief Financial Officer, as well as the CEO and senior executives when needed.

3. Members of the Audit Committee:

The members of the Audit Committee were formed for the Board session from October 18, 2023, to October 17, 2026, and the Committee includes in its membership the following:

Organic status	Name of Committee Member
Board Member - Chairman of the Audit Committee	Mr. Sulaiman Nasser Al Hattlan (Independent)
Board Member - Member of the Audit Committee	Dr. Moayad Issa Al-Qurtas (Non-Executive)
Member of the Audit Committee from outside the Board	Mr. Saleh Bader Al-Sanea (Independent)

4. Audit Committee Meetings:

Meeting (6) On the date of 9 December 2023	Meeting (5) On the date of 26 Oct2023	Meeting (4) On the date of 25 June2023	Meeting (3) On the date of 21 May2023	Meeting (2) On the date of 11 May2023	Meeting (1) On the date of 27 Feb2023	Committee Name of Member
√	√	√	√	√	√	Sulaiman Naser Alhatlan (Independent)
√	√	√	√	√	√	Dr. Moayyed Issa Alqurtas (Non-Executive)
		√	√	√	√	Hisham Ali AlAkil (Independent)
√	√					Saleh Bader Alsanie (Independent)

5. Tasks of the Audit Committee and its most prominent activities during the year 2023:

During the year 2023, the Audit Committee carried out many activities, and the following is a summary of the most important works:

Financial Statements:

The Audit Committee studied the quarterly and annual financial statements of the Saudi Vitriified Clay Pipes Co., where important issues were discussed with the financial department and external auditors, reviewing comparisons, verifying the reasons for the influential changes, the adequacy of disclosures, the extent of application of accounting policies and standards, examining all relevant aspects, and obtaining the statement of the external auditors regarding the cooperation of the company's management in terms of submitting all the required documents, answering their inquiries, after discussions, and confirming the external auditors that there are no observations. material affecting the fairness of the financial statements, the Committee expressed its opinion and recommendations to the Board of Directors and thereon.

External Reviewers:

The Committee recommended to the Board of Directors and the General Assembly the nomination of auditors for the Saudi Vitriified Clay Pipes Co., after studying the submitted offers, as the General Assembly of the Company, which was held on 11/04/2023 corresponding to 20/09/1444 AH, approved the appointment of (RSM) (Allied Accountants Professional Services) as an auditor of the company's accounts in order to examine, review and audit the financial statements for the second, third and annual quarters of the fiscal year 2023 AD and the first quarter of 2024 AD and determine the fees.

The Audit Committee approved the plan submitted by the External Auditor to review the financial strength of 2023 for the Saudi Vitriified Clay Pipes Co.

Internal Auditor:

The Committee adopted the annual internal audit work plan and the comprehensive strategic plan for the coming year. The committee also followed up and reviewed the periodic reports issued by the company's internal audit department, followed up on the implementation of the approved plans, considered the most prominent observations and gave the necessary guidance to address the deficiencies.

Compliance Review:

The Committee discussed with the internal auditor regarding compliance, followed up on the adequacy of efforts to raise the level of compliance, considered the most prominent observations, reports of regulatory examinations, cases of non-compliance with regulations and instructions, and made recommendations.

6. Audit Committee's opinion on the adequacy of the internal control system:

During its meetings, the Committee reviewed the periodic reports of the internal audit, met with the external auditor, reviewed the reports issued by him, and periodically followed up the efforts of the executive management to ensure that the observations received are addressed and that controls are put in place to limit their impact on the internal control system. Based on this, no material observations were found on the system of internal control, finance, and risk management. This affects the integrity and fairness of the financial statements, noting that no internal control system can provide absolute assurances, but rather reasonable assurances about the soundness and effectiveness of the internal control system, and there is no conflict between the recommendations and decisions of the Audit Committee with the Board of Directors.

Chairman of the Audit Committee



Mr. Sulaiman Nasser Al Hattlan