



# Kingdom Holding Company

## Audit Committee's Annual Report

The annual Report of the Audit Committee for the year ending on 31/12/2025 A.D

### Standards and Procedures for the Audit Committee Membership

1. The Nomination and Remuneration Committee of the Board of Directors proposes the names of a number of candidates for the Audit Committee membership and attaches the following information therewith:
  - (A) The Candidate's full name and date of birth.
  - (B) The Candidate's curriculum vitae, academic qualifications, the date of each certificate, the Concerned Conferring Entity and professional experience.
2. The Board of Directors shall select at least three of the candidates by the Nomination and Remuneration Committee and present them for voting by the General Assembly.
3. When nominating for the Audit Committee membership, the following terms, conditions and criteria must be applied:
  - (A) The nominated member must have sufficient knowledge of financial matters and must have knowledge of accounting standards and the rights and duties of the Audit Committee.
  - (B) It is preferable that the nominated member has previously worked as a member of the Board of Directors or member of an Audit Committee in Joint Stock Companies.
  - (C) The candidate must agree to a personal interview by the Nomination and Remuneration Committee, if requested to do so.
  - (D) Any person previously convicted of an offense related to honor and integrity may not be nominated.



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### Attend Meetings

1. Committee Members can actually attend the meetings at the site scheduled for each meeting, or participate by phone, video or similar communication equipment that all persons participating in the meeting can hear and communicate with each other. This participation constitutes a personal existence.
2. Committee Members may invite any of the Executive Directors or other parties, with the approval of the Committee Chairman, to attend the Audit Committee, if necessary.

The number of Committee Meetings during the year reached (4) Meetings. The Committee includes the following members:

| Name of Member                          | Membership Type | Date of Meeting |              |              |             |             |
|---|-----------------|-----------------|--------------|--------------|-------------|-------------|
|   |                 | 16<br>Mar 25    | 24<br>Apr 25 | 12<br>May 25 | 6<br>Aug 25 | 5<br>Nov 25 |
| Dr. Khaled Abdullah AlSuhaim "Chairman" | Independent     | √               | √            | √            | √           | √           |
| Reem Mohammed Assad                     | Independent     | √               | √            | √            | √           | √           |
| Faisal Mohammed Al-Anzi                 | Independent     | √               | √            | √            | √           | √           |

### Committee's Decisions

All Committee's Decisions are taken by consensus. Regarding the issues where consensus cannot be reached, decisions are taken by majority. In the event of equal votes, the chairman of the committee records the final decision and reservations made by any member.

### Shareholders General Assembly

The Chairman of the Audit Committee (or his representative from the Committee Members) must attend the General Assembly of shareholders to answer the questions raised by the shareholders about the Committee's activities.

### **Tasks and Duties**

The Audit Committee shall perform the following tasks:



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### **1- Financial Reports**

- (A) Studying the initial and annual financial statements of the company before submitting them to the Board of Directors and expressing its opinion and recommendation regarding them, in order to ensure their integrity, fairness and transparency.
- (B) Expressing a technical opinion – based on the request of the Board of Directors – on whether the report of the Board of Directors and the financial statements of the company are fair, balanced and understandable, and include information that allows shareholders and investors to evaluate the financial position, performance, business model and strategy of the company.
- (C) Examining any important or unusual matters included in the financial reports.
- (D) Carefully researching any issues raised by the Company's Financial Director, whoever assumes his duties, or the Compliance Officials in the company or the auditor.
- (E) Verifying the accounting estimates in material matters included in the financial reports.
- (F) Examining the accounting policies followed in the company and expressing opinions and recommendations to the Board of Directors in this regard.

### **2- Internal Audit**

- (A) Examining and reviewing the company's internal and financial control systems and risk management system in the company.
- (B) Examining the internal audit reports and following up on the implementation of corrective measures for the observations and notes contained therein.
- (C) Controlling and supervising the performance and activities of the internal auditor in the company, if any, for verifying the availability of the necessary resources and their effectiveness in performing the work and tasks assigned thereto. If the company does not have internal auditor, the Committee shall make recommendation to the Board regarding the need for appointing internal auditor.



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(D) Recommending to the Board of Directors to appoint a Director of an Internal Audit Unit or Department or the Internal Auditor and proposing his remuneration.

### 3- Auditor

(A) Recommending to the Board of Directors to nominate and dismiss auditors, determine their fees, evaluate their performance after verifying their independence and review the scope of their work and the terms and conditions of contracting with them.

(B) Reviewing the plan and business of the company's auditor, verifying that he has not submitted technical or administrative works that do not fall within the scope of the audit work, and expressing the views thereof regarding that.

(C) Verifying the auditor's independence, objectivity and fairness, and the effectiveness of the audit work, taking into account the relevant rules and standards.

(D) Replying to the inquiries of the company's auditor.

(E) Examining the auditor's report and notes on the financial statements and following up on what has been taken in their regard. This includes for example but not limited to the following:

- Any significant problems identified during the audit.
- The level of errors identified during the audit.
- Effectiveness of the audit.



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### 4- Compliance Assurance

- (A) Reviewing the results of the reports of the Regulatory and Control Authorities and verifying that the company has taken the necessary measures in this regard.
- (B) Monitoring and reviewing the effectiveness of the company's compliance control system with respect to the company's compliance with the financial reporting obligations thereof in accordance with laws, regulations and regulatory requirements.
- (C) Reviewing management investigations and procedures regarding any acts of non-compliance.
- (D) Obtaining updates from management as appropriate and necessary and the company's legal counsel regarding compliance matters that may have a material impact on the compliance policies of the financial statements.
- (E) Obtaining assurances from the external auditors that all regulatory compliance issues related to the Company's business have been taken into account in preparing the financial statements.
- (F) Reviewing the contracts and transactions proposed to be conducted by the company with related parties and presenting its opinions on such matter to the Board of Directors.
- (G) Reporting whatever issues which may be deemed necessary to take action in their regard to the Board of Directors and making recommendations on the measures to be taken.

### 5- Reporting Responsibilities

- (A) The Committee Chairman shall submit a formal report to the Board of Directors on his procedures after each meeting regarding all issues that fall within his duties and responsibilities.
- (B) The Committee shall make recommendations to the Board that it deems appropriate in any area of its competence where action or improvement is required.
- (C) The company must keep audit reports and business documents clearly including what has been concluded in terms of results, findings and recommendations, and the action that has been taken in such regard.



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### Powers and Other Issues

- (A) The committee has the right to review the company's records and documents and request clarification or a statement from the members of the Board of Directors or the Executive Management.
- (B) The committee has the right to request the Board of Directors to call the General Assembly of the company to convene if the Board of Directors impedes its work or the company suffers heavy damage or losses.
- (C) The Audit Committee shall pay the necessary attention to the Laws, Regulations, Corporate Governance Provisions and Regulations, the requirements of the registration rules issued by the Capital Market Authority, the Capital Market Law and any other relevant rules and regulations.
- (D) The Audit Committee arranges periodic audit and review of its own performance and at least annually reviews its regulations to ensure that it is operating effectively and recommends any changes that it deem necessary for the Board of Directors to be approved.

### Audit Committee Report

- (A) The Audit Committee Report must include details of its performance of its competencies and tasks stipulated in the Companies Law and the executive regulations thereof, provided that it must include its recommendations and opinion on the adequacy of the company's internal and financial control and risk management systems.
- (B) The Board of Directors must deposit sufficient copies of the Audit Committee's report in the company's head office and publish it on the company's website and the Market's website upon publishing the invitation for convening the General Assembly, to enable whoever wishes among the shareholders to obtain a copy thereof. Summary of the report shall be read during the convention of the General Assembly.



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### Conflict of Interests between the Audit Committee and the Board of Directors

If there is a conflict between the recommendations of the Audit Committee and the decisions of the Board of Directors, or if the Board refuses to take the Committee's recommendation regarding the appointment and dismissal of the company's auditor, determining his fees, assessing his performance or appointing the internal auditor, the Board's report must include the Committee's recommendation and justifications, and the reasons for not taking it into account.

Based on the recommendations of the committee, Ms. Hussah AlTariki were appointed as the head of the internal audit department of the company.

### Audit Committee's Opinion:

The Audit Committee did not find any fundamental errors or serious violations that require drawing attention to them. Accordingly, the Audit Committee believes that the internal and financial control and risk management systems are efficient and reasonably effective in general. However, the Committee recommends completing the work of developing and improving the company's internal control system to keep pace with the size and nature of the company's business and its future strategic plans through implementing the recommendations of the internal audit, the external auditor and agreed upon corrective measures.

Signed

Dr. Khaled Al-Suhaim

Chairman of the Audit Committee

A handwritten signature in blue ink, appearing to be 'Dr. Khaled Al-Suhaim', written over the printed name.