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الشركة السعودية لإنتاج الأنابيب الفخارية  
Saudi Vitrified Clay Pipe Co.



## Saudi Vitrified Clay Pipes Co. Audit Committee Report For the Year Ended 31/12/2025

The Audit Committee of the Saudi Vitrified Clay Pipes Company is pleased to present to the Company's esteemed shareholders its annual report for the fiscal year ended 31 December 2025. The report includes details of the Committee's performance of its duties and responsibilities as stipulated in the Companies Law and its implementing regulations, as well as its opinion on the adequacy of the Company's internal control systems, financial controls, and risk management. It also outlines the activities and tasks undertaken by the Committee within the scope of its mandate, in compliance with the provisions of the Companies Law and the relevant regulatory requirements.

### Audit Committee Members:

Committee Member Name	Organic status
Mr. Sulaiman Nasser Al-Hatlan (Independent)	Board Member – Chairman of the Audit Committee
Dr. Muayyad Issa Al-Qartas (Non-Executive)	Board Member – Audit Committee Member
Mr. Saleh Badr Al-Sanea (Independent)	External Member of the Audit Committee (Non-Board Member)

### Duties of the Audit Committee and Its Key Activities during 2025:

During 2025, the Audit Committee carried out a number of activities through holding five meetings. Below is a summary of its key activities:

### Financial Statements:

The Audit Committee reviewed the Company's quarterly and annual financial statements of the Saudi Vitrified Clay Pipes Company. Key matters were discussed with the finance management and the external auditors, including analytical comparisons, verification of the reasons for significant variances, the adequacy of disclosures, and the extent of compliance with accounting policies and standards. The Committee also examined all relevant aspects and obtained confirmation from the external auditors regarding the Company management's cooperation in providing all required documents and responding to their inquiries. Following these discussions, and based on the external auditors' confirmation that there were no material observations affecting the fairness of the financial statements, the Committee presented its opinion and recommendations to the Board of Directors accordingly.

### **External Auditors:**

The Committee recommended to the Board of Directors and the General Assembly the nomination of the external auditors for the Saudi Vitriified Clay Pipes Company, following its review of the proposals submitted. The Board subsequently recommended the approval of appointing (Al-Zoman, Al-Fahad & Al-Hajjal) as the Company's external auditors to examine, review, and audit the financial statements for the second and third quarters and the annual financial statements for the fiscal year 2025, as well as the first quarter of 2026, and to determine their fees. The Company's General Assembly, held on 20/05/2025G (corresponding to 22/11/1446H), approved the appointment of (Al-Zoman, Al-Fahad & Al-Hajjal) as the Company's external auditors. The Audit Committee also approved the audit plan submitted by the external auditors for reviewing the Company's 2025 financial statements.

### **Internal Audit:**

The Committee monitored and reviewed the periodic reports issued by the Company's Internal Audit Department, assessed the implementation of the approved plans, examined key observations, and provided the necessary guidance to address areas of deficiency. The Committee also discussed with the Internal Auditor matters related to compliance and reviewed the adequacy of efforts made to enhance compliance, particularly with respect to key observations, regulatory inspection reports, and cases of non-compliance with laws and regulations, and issued appropriate recommendations in this regard. In this context, the Committee discussed with the Internal Auditor the update of the Internal Audit Charter in line with the new International Internal Auditing Standards. It also reviewed and approved the risk-based Internal Audit Plan for 2026.

### **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 function, met with the external auditor, and examined the reports issued by them. The Committee also regularly followed up on the efforts of executive management to ensure that the observations raised were addressed and that appropriate controls were implemented to mitigate their impact on the internal control system. Based on the above, no material observations were identified regarding the internal control system, financial controls, and risk management that would affect the integrity and fairness of the financial statements. It should be noted that any internal control system cannot provide absolute assurance, but rather reasonable assurance regarding the effectiveness and soundness of internal controls. Furthermore, there were no conflicts between the recommendations and decisions of the Audit Committee and those of the Board of Directors.

### **Chairman of the Audit Committee**



**Mr. Sulaiman Nasser Al-Hatlan**