



**Annex**

**Audit Committee Report for Fiscal Year 2020**

### **Audit Committee Report**

This report has been prepared in accordance with the provisions of article (104) of the companies law, which stipulates that the audit committee should prepare a report of its opinion about the adequacy of the company's internal control system and the work performed falling within its duties, and paragraph (a) of article 91 of the corporate governance regulations issued by the CMA, which states that the audit committee's report must include details of its performance of its roles and duties stated in the companies law and its implementing regulations, and must include its recommendations and opinion about the adequacy of the company's internal and financial control systems, and risk management.

#### **Composition of the audit committee:**

The audit committee was formed in accordance with the resolution of the General Assembly held 19/01/2017, composed of the following members:

1) Abdul Salam bin Abdurrahman Al-Agil	Chairman
2) Fahad bin Abdullah Al Kasim	Member
3) Medhat Farid Abbas Tawfiq	Member

#### **Committee meetings:**

In relation to the fiscal year ended December 31, 2020, the Committee held meetings on the following dates:

- The first meeting was held on June 09, 2020.
- The second meeting was held on August 09, 2020.
- The third meeting was held on November 2, 2020.
- The fourth meeting was held on March 15, 2021.

#### **The tasks and duties performed by the Committee:**

- Analyzing the Company's financial statements before presenting them to the Board and providing its opinion thereon to ensure integrity, fairness and transparency.
- Discussing the issues raised by the company's CFO.
- Examining the accounting estimates and the significant issues related to the financial reports.
- Examining and reviewing the effectiveness of internal and financial control and risk management systems in the company through:
  - o Reviewing significant changes in these systems, if any, discussing internal audit reports, its recommendations and management responses, and following up actions taken towards recommendations.
  - o Reviewing and discussing the external auditor's reports, its recommendations and management responses on matters related to internal and financial control, and risk management.
  - o Discussing significant changes in the company's business and work environment and its impact on internal control and risk management systems.
- Examining the accounting policies of the company by examining the important changes and the requirements of the new amendments to the international financial reporting standards adopted in Saudi Arabia, and providing an opinion and recommendation to the Board on them.

- Approving the internal audit plan and reviewing internal audit reports and following up their implementation.
- Reviewing the findings of regulatory reports and ensuring that the company has taken the necessary actions.
- Reviewing the company's compliance with the relevant regulations, regulations, policies and instructions through the reports of regulators, internal audit and external auditors, and verifying that the company has taken the necessary actions.
- Reviewing contracts and proposed transactions with related parties, and providing its views to the Board.
- Providing its recommendations to the Board to appoint the external auditor, determine his fee, assess his performance and independence and reviewing and discussing the scope of his work to ensure that he is able to perform his work effectively and has unrestricted access to information.
- Providing recommendation to the Board on the actions it deems necessary to be taken in relation to the matters that fall within its powers.

**The Audit Committee's opinion on the adequacy of the internal and financial control system and risk management:**

- The Committee deems that the work it performed in relation to fiscal year 2020 provides a reasonable assurance of the adequacy of the company's internal and financial control system, and risk management to achieve the objectives for which they were designed.