



AUDIT COMMITTEE REPORT 2020

Audit Committee met for five times during the year 2020. The committee's primary role was to assist the Board of Directors (Board) in fulfilling its oversight responsibilities related to the internal and financial control systems and risk management systems in the company to ensure its adequate and effective implementation. Also, the committee has the main following responsibilities:

- Assists the Board in fulfilling its responsibilities by recommending the approval of the company's quarterly and annual financial statements after discussing them with the company's management.
- Met the external auditor to obtain their independent opinion related to their assessments of the Group's internal control systems and other matters related to the audit process.

Additionally, The Committee performed the following:

- Overseeing the company's Internal Audit function and verifying its effectiveness by reviewing the submitted Internal Audit reports and Following-up on the corrective action included in these reports.
Analyzing the submitted external audit proposals, submit recommendations to the Board of Directors and the General Assembly regarding the appointment of the company's external auditors for next year based on the applicable standards.
- Review and approve the annual Internal Audit plan.
- Review the external audit plan and makes necessary comments (if any).
Discussing and follow up on the observations included in the company's external auditor management report.
- Overseeing the Company's whistleblowing program and investigations (if any).
- Recommend to the Board the approval of related party transactions.

In addition to the responsibilities mentioned above, the Audit Committee carries out any other tasks assigned to them by the Board of Directors.

Governance Performance and Internal Audit Results

The Company follows a comprehensive approach towards governance programs and internal control to ensure maximum transparency and disclosure. The Internal Audit functions designs audit programs to timely detect internal control weaknesses and monitor follow up mechanisms to take the corrective measures in reasonable time. The Audit Committee highlighted that during 2020, the Company's Internal Audit function followed up on all the high-priority findings which dealt with and closed by Company's management.

The Audit Committee confirms that nothing came to its attention to cause it to believe that there are significant deficiencies in the internal and financial control systems and risk management systems established by the Company and its subsidiaries. The Audit Committee's efforts are continuously focused to developing and improving the effectiveness and efficiency of the internal and financial control systems and risk management systems.

Audit Committees have been established in all SISCO subsidiaries and affiliates, these committees are carrying out their responsibilities in assisting their Boards in overseeing the governance and internal control Systems. In addition, SISCO Audit Committee has not been informed of any significant deficiencies in the internal control System in SISCO subsidiaries and affiliates.

Waleed A. Kayyal
Audit Committee Chairman