



Ordinary General Assembly
First Meeting
(By Means of Modern Technology)

26th Dhul Qa'adah 1444
15th June 2023



Audit Committee Report





SISCO AUDIT COMMITTEE REPORT FOR YEAR 2022

Audit Committee met five times during the year 2022. The committee's primary role was to support the Board in its duty to oversee 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 following main responsibilities:

- Assists the Board in fulfilling its oversight responsibilities by recommending the approval of the company's quarterly and annual financial statements after discussing it with the company's management.
- Met the external auditor to obtain their feedback about their evaluation 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, and submitting 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 requirements.
- Review and approve the annual internal audit plan.
- Review external audit plan and makes necessary comments (if any).
- Discussing and following up on the observations included in the company's external auditor management report.
- Overseeing the whistleblowing program and handling the investigations (if any).
- Recommending to the Board of Directors to approve the related party transactions for 2022, after obtaining a list of all transactions and ensuring their accuracy and the adequacy of their disclosure in the financial statements.

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

SISCO follows a comprehensive approach towards corporate governance to ensure maximum transparency and disclosure. The internal audit function designs audit programs to detect internal control deficiency in a timely manner and monitor follow-up mechanisms to take the



corrective measures in reasonable time. SISCO follows the three lines of defense approach adopted by the International Institute of Internal Auditors (IIA), as the first line of defense lies with the business and process owners, whereby operational management is responsible for maintaining effective internal controls on a day-to-day basis. The second line are support functions such as risk management and others who put in place mechanisms to monitor the first line-of-defense controls and analyzing their compliance and non-compliance and reporting it to the executive management of the Company. The last of the three lines of defense is the Internal Audit with its high level of organizational independence and objectivity.

The Audit Committee highlighted that during 2022, the company's Internal Audit function followed up on all the high-priority findings which dealt with and closed by SISCO'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 control systems, internal control over financial reporting, and risk management systems established by SISCO and its subsidiaries. The Audit Committee's efforts are continuously focused on SISCO developing and improving the effectiveness and efficiency of the internal control systems, internal control over financial reporting and risk management systems.

Continuing in its role in strengthening the governance and internal controls of the Company, the Committee worked with an independent advisory firm to audit SISCO's information systems to increase their efficiency and effectiveness and coordinated with all the audit committees of the subsidiary companies to perform similar audits for their systems, who are now addressing the related findings.

The Committee has coordinated with all audit committees in subsidiary companies to ensure they support their respective internal audit functions with the required expertise and resources to ensure the full execution of their audit plans and succession plans for internal auditors taking into account the dynamic nature of the local market and employee turnover.

The Audit Committee has been established in all SISCO subsidiaries and affiliates, these committees are carrying out their responsibilities in assisting their boards in overseeing the corporate governance and internal control systems.

Audit Committee Chairman – Mr. Walid Kayal