



## **Audit Committee's Report To the Shareholders Saudi Cable Company (Financial year 2020)**

### **Introduction:**

The existence of an effective internal control system is one of the main responsibilities of the Board of Directors "the Board". The main objectives of the Audit Committee "the Committee" is to assist the Board in fulfilling its responsibilities regarding the existence and adequacy of the internal control system and its effective implementation, and making recommendations to the Board that would enhance the system and develop it in a way that achieves the objectives of the Group and protects Shareholders' interests with high efficiency and reasonable cost.

### **Members and Meetings:**

The Audit Committee consisted of (4) members throughout the year 2020 and held (5) meetings during the same year during which the periodical and annual financial reports, and the reports submitted by the external auditors, internal auditor on the light of the financial statements and information submitted by the executive Management were reviewed. The reviews resulted in the following actions:

#### **(1) Preliminary and annual financial statements:**

- Studying the periodical and annual financial statements of the Group before submitting them to the Board of Directors and expressing opinions and recommending about them to ensure their integrity, fairness and transparency.
- Express a technical opinion on whether the report of the Board of Directors and the financial statements of the Group are fair, balanced and understandable, and include information made available to Shareholders and Investors will evaluate the Group's financial position, performance, business model and strategy.
- Study any important or unfamiliar issues included in the financial reports.
- Carefully researching any issues raised by the Group financial manager, whoever assumes his duties, the Group compliance officer, or the Auditor.
- Study the accounting estimates in the essential issues mentioned in the financial reports.
- Study the accounting policies applied to it according to the nature of its work and express opinion and recommendation to the Board of Directors regarding it.

#### **(2) Internal Audit:**

- Control and supervise the performance and activities of the Group's internal audit department, in order to verify the availability of the necessary resources and their effectiveness in carrying out the work and the tasks assigned to it.
- Study and review the internal audit reports, follow up on the implementation of corrective measures for the observations contained therein, and inform the Board of Directors of the essential observations.
- Study and review of the Group's internal and financial control system.
- Activating the reporting policy mechanism for the Group's employees with the aim of submitting their comments regarding any breach in financial or other reports in secrecy.
- Reviewing and approving the annual plan for internal audit.
- Verifying the independence of the internal audit department, and the effectiveness of the audit work, in line with the relevant standards.

**(3) External Auditors:**

- Reviewing the work plan of the external auditor and his works, ensuring that he does not present technical or administrative works outside the scope of the audit work, and expressing its views on that.
- Verifying the independence, objectivity and fairness of the external auditor, and the effectiveness of the audit work, taking into account the relevant rules and standards.
- Answer the inquiries of the Group's external auditor.
- Study the external auditor's report and his notes on the financial statements and follow up on what has been taken in their regard.

**(4) Reviewing the Related Parties' Transactions:**

- Reviewing the contracts and dealings proposed to be conducted by the Group with related parties, and submitting its opinions on this to the Board of Directors.
- Verify Group's compliance with the relevant laws, regulations, policies and instructions.
- Raise the issues it deems necessary to take action in their regard to the Board of Directors, and make recommendations on the actions to be taken.
- Review the results of the reports of the supervisory authorities and verify that the Group has taken the necessary actions in this regard.

**Opinion of the Audit Committee:**

The Audit Committee within its meetings has reviewed the periodic reports prepared by the internal auditor as well as the external auditors' reports. Whilst, based on the annual assurances and disclosures submitted by the Executive management, the Audit Committee, views that the Internal control system is adequately effective with the need to improve some of the aspects of the system effectiveness as in the year ending on 2020, including the need to support the Internal Audit Department with competent personnel to assist in the performance of the role assigned to it. It is to be noted that any internal control system cannot provide absolute assurances but rather provide reasonable assurances about the toxicity and effectiveness of the internal control system.

Chairman of the Audit Committee