

Audit Committee Report for the Fiscal Year Ended in 31/12/2020

The committee consists of four members; three are independent, and the committee Chairman is an independent board member. During the year 2020, the audit committee held (6) meetings to independently evaluate the effectiveness of the internal control system and ensure confidence in the financial statements, noting that among the responsibilities of the audit committee are the following:

- Study the preliminary and annual financial statements prepared by the company's management.
- Study the external auditor's reports and the management letter that includes any notes on the internal control systems.
- Recommending to the Board of Directors to appoint the external auditor and review his plan and work.
- Supervising the internal audit activity and approving the risk-based annual audit plan.
- Review the periodic reports of the internal audit, including the most important observations and follow-up of corrective actions, in order to enhance the internal control environment in the company, noting that the management is responsible for designing and implementing the internal controls and the internal control system in the company and conducts continuous analyzes to improve the efficiency and effectiveness of the internal control system.

• **Audit Committee Opinion on the Effectiveness of the Company's Internal Audit:**

Upon accessing the periodic reports of the internal audit, including the most important notes, and following up on the corrective measures, to enhance the internal control environment within the company; noted that the management is responsible for designing and implementing the internal principles and the internal control system within the company and conducting an ongoing analysis to improve the efficiency and effectiveness of the internal control system;

In light of the results of the planned and additional audit tasks carried out by the internal audit and after discussion with the external auditor and the executive management on the preliminary and annual financial statements for 2020 G, the Audit Committee did not find a critical error in the internal control, where it is not possible to confirm the effectiveness of any system of internal control with a degree of complete reliability.

Accordingly, the Audit Committee recommends that the management shall continue to strengthen the internal control system by improving the control environment, supporting and developing the information technology systems applied in the company, using (COSO) framework in implementing and evaluating the internal control system, enhancing the independence of the supervisory departments and supporting them with human and technological resources that help them to improve their performance, as well as exerting more efforts to implement the recommendations and notes, and implement the corrective action plans undertaken by the management without any delay.

Audit Committee Chairman

Khaled Al Rowais