

Audit Committee Report for the Year Ended 31/12 2020

Dear Respected Shareholders of Sahara International Petrochemical Company (Sipchem)

Internal Audit department verifying efficiency of Internal Control System and its effectiveness in mitigating major risks facing the company, that includes financial, operational and legal risks. Audit Committee monitoring on a continuous basis activity of Internal Audit Department. On a regular basis Audit Committee reviewing reports issued by Internal Audit Department, following on actions taken by company management to implement Internal Audit Recommendations and remediating deficiencies identified to ensure effectiveness and efficiency of Internal Control System.

Audit Committee report to the Board of Directors all material findings (if any) to take proper actions. The scope of the Internal Audit Department includes the following:

- 1- Developing the Annual Audit Plan.*
- 2- Executing the Annual Audit Plan, communicating and discussing audit results and findings with concerned/responsible departments.*
- 3- Provide advisory services as directed by the Audit Committee.*
- 4- Evaluate and assess action plans developed by management to remediate identified deficiencies.*
- 5- Prepare and submit to the Audit Committee Audit Reports and conduct follow-up activities to ensure full implementation of audit recommendations.*
- 6- Assist in improving internal control system and increase employee awareness about importance of Internal Audit and its role as well as management role in improving its performance.*

In addition to the above the appointed External Auditor as part of approved scope of work Auditing the Annual Financial Statement, perform a full assessment of internal control system including IT system to ensure proper segregation of duties and that controls are in place and working effectively.

During 2020 Internal Audit Department executed the approved annual audit plan to verify effectiveness and efficiency of internal control system. No material findings nor material weakness in internal control system been identified during 2020.

Chairman of Audit Committee

Ayidh Bin Mohammed AL Qarni