

In the name of Allah the Compassionate, the Merciful

"The Audit Committee Report to the General Assembly for the Financial Year 2020"

To the Shareholders of Bindawood Holding Company

Peace be upon you and Allah mercy and blessings.

First: Introduction

This report was prepared by the Audit Committee at Bindawood Holding to confirm its compliance to Companies Law and specifically the content of Article (104) of the same Law, which states that "... the Audit Committee shall also prepare a report of its opinion concerning the efficiency of internal control within the company, and about any other activities falling within its powers... ". As well as what was stated in the Corporate Governance Regulation issued by the Capital Market Authority.

Accordingly, the committee has carried out its responsibilities mentioned in this report in accordance with the authorities stipulated in the Company Governance Manual approved by the Company's General Assembly and also by holding six meetings during the year 2020, in which the representatives of the internal audit department (PwC) and the company's management, as well as the external auditor (Ernst & Young's office) discussed all matters related to the Company's internal control system.

1. Formation of the Committee

The formation of the audit committee as a committee emanating from the board of directors was approved by the company's general assembly held on 21/04/2020.

Currently, the committee consists of the following members:

Name	Position	Membership Type
Dr. Abdulrahman Mohamed Al-Barrak	Chairman of the Committee and member of the Board of Directors	Independent
Mr. Walid Michel Majdalani	Member of the Committee and member of the Board of Directors	Non-Executive
Mr. Thamer Saeed Al Thubaiti	Member of the Committee	Independent

Second : The Committee work

The most important work carried out by the committee during the year 2020, in accordance with its responsibilities entrusted to it under the governance manual in relation to External Auditing, financial reports, internal auditing and risk and compliance management, as follows:

a) External Audit and financial reports

- Evaluating the performance of the Auditor (Ernst & Young), where the Committee recommended to the Board of Directors to reappoint the auditor for the financial year ending 2020, and to determine the auditor's remuneration after reviewing its scope of work, contract terms, verifying its independency, objectivity, and the effectiveness of the audit activities and not providing technical or administrative work outside the scope of the audit work.
- Review the results of the company's operations and financial position as reflected in the interim and annual financial statements and reports for the financial year 2020 and what has been done towards it, and have submitted its recommendations to the Board of Directors.

- Discussing the management letter that contains the external auditor's notes resulting from its review of the 2020 Financial year's interim and annual Financial statements.
- Discuss several topics with the external auditor regarding the listing in the capital market and other related topics.
- Ensure that there were no difficulties encountered by the external auditor during the audit, and the Committee has also make sure of the management's cooperation with the external auditor.
- Conduct a meeting with the Board of Directors regarding the interactions with related parties and submit their recommendations to the Board in this regard.
- Reviewing all interactions with related parties and recommending its approval before disbursement.
- Recommend conducting training and introductory sessions on governance practices and the Capital Market Authority's instructions, to members of the Board, its committees and members of executive management.
- The committee discussed the plan of the external auditor submitted by (Ernst & Young) for the year 2020, and requested the Finance Department and the external auditor (Ernst & Young) to complete the audit work for the financial year ending on December 31, 2020 in mid-March 2021, and not later than the deadline of the Capital Market Authority.

b) Internal Audit

- The Audit Committee has outsourced (PwC) to initiate the internal audit work.
- The committee has reviewed the initial risk assessment and approved the internal audit plan.
- The committee reviewed the results of the internal audit and requested the executive management to follow up on the implementation of these recommendations.

- The audit committee conducted several interviews to select an internal audit official, a candidate was chosen to begin work at the beginning of 2021.

C) risk management and compliance

- The Audit Committee has created a position to manage risks and implement compliance with the laws and regulations and to prepare compliance reports and submit it directly to the Audit Committee.

Fourth: The Audit Committee's opinion on the adequacy of the company's internal control systems:

- In light of the scope of work mentioned above, and based on the periodic audit reports submitted by the company's internal audit department, the external auditor, the executive management of the company, and the management's assurances about the integrity of the company's control system, and accordingly, the audit committee did not discover any substantial observations of significant impact on the internal control systems that requires disclosure for the financial year ending on December 31, 2020, noting that any internal control system cannot provide absolute confirmation of the solidity and effectiveness of the internal control systems.

On behalf of the Audit Committee, Dr. Abdulrahman Al-Barrak, Chairman of the Audit Committee and a member of the Board of Directors