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03/26/2022

Audit Committee Report

Respected Shareholders of United International Transportation Company

Greetings,

The Audit Committee of the United International Transportation Company (where referred to in this report as the group or company) - a public joint stock company - is pleased to present its annual report for the fiscal year ending on December 31, 2021 on the adequacy, efficiency, and thus the reliability of the internal control systems in managing and reducing the impact of various risks on achieving the planned goals, protecting the company's assets from fraud and misuse, and achieving efficiency in managing resources.

The Audit Committee has a charter that complies with the Companies Law and the Corporate Governance Regulations issued by the Capital Market Authority and approved by the General Assembly.

➤ Audit Committee Structure:

The current Audit Committee consists of (5) members, a non-executive member, an independent member, and three Independent Member -Not a Board Member. The chairman and members of the committee were appointed by the company's general assembly for a period of three years. The committee's duties, responsibilities, and remuneration were determined by the company's general assembly in accordance with the relevant statutory requirements. The committee held (7) meetings during the fiscal year 2021. The table below depicts the members of the Audit Committee for the period that started on 21 June 2021.:

Name	Nature of Membership
Mr. Muhammad bin Abdulaziz bin Fahd Al-Ghannam- Non-Executive Board Member.	Chairman of the Committee
Eng. Khalid bin Abdullah Al-Dabal- Independent Member.	Committee member
Mr. Khalid bin Ahmed Refaat- Independent Member - Independent Member -Not a Board Member.	Committee member
Mr. Adeeb bin Muhammad bin Abdulaziz Abanmi- Independent Member -Not a Board Member	Committee member
Mr. Muhammad bin Qaadan bin Marzouq Al-Otaibi - Independent Member -Not a Board Member	Committee member

Overview of the Committee's responsibilities

The Committee has the following main responsibilities:

- Overseeing the financial reporting and disclosure process.



- Overseeing the performance of the internal audit function and monitoring the effectiveness of the group's internal control systems.
- Overseeing the appointment, performance, and independence of the external auditors.
- Implementing necessarily steps to comply with applicable laws, regulations, and policies.

The Committee performs its duties and responsibilities through the following main activities:

- Reviewing the effectiveness of the group's financial reporting, internal control policies, and procedures for identifying, assessing, and reporting risks. then submitting their recommendation to the Board of Directors for approval.
- Overseeing the financial reporting and disclosure process.
- Monitoring choice of accounting policies and principles.
- Overseeing the performance of the internal audit function.
- Overseeing the appointment, performance, and independence of the external auditors.
- Enforcing compliance with regulatory requirements, ethics, and whistleblower policy.
- Monitoring the internal control process.
- Reviewing and approving the annual internal audit plan.
- Making recommendations to the Board of Directors on the auditor's nomination.
- Approving the scope of the auditor's work.
- Evaluating the audit process's effectiveness.
- Ensuring the existence of appropriate policies, procedures, and controls through which employees can submit any violation in the company's internal regulations, including those relating to the preparation of financial statements.
- Ensuring that the group has taken appropriate measures to during the pandemic crisis on the effects of (Covid-19) on financial statement preparation and implementing the necessary professional care in dealing with the instability caused by the (Covid-19) and making necessary disclosures when needed.
- Monitoring the group's compliance with applicable laws, regulations, policies, and instructions.

Communication with the Board of directors

The Chairman of the Committee reports to the Board of Directors on developments and important topics discussed in the Committee. During the year, no conflict was discovered between the Committee and the Board of Directors.



Main activities during the year ended on December 31, 2021

During the fiscal year, the Committee carried out the following duties and responsibilities in accordance with its charter:

1. Financial reports:

The Committee used the following procedures to ensure the financial statements' fairness, integrity, and transparency:

- Examining the group's interim and annual financial statements, as well as all financial performance announcements, before presenting them to the Board of Directors with views and recommendations.
- Auditing the accounting estimates of the financial statements.
- Examining the company's accounting policies.

2. Internal audit:

In the light of the importance of evaluating the effectiveness of internal control systems and verifying the integrity of the company's financial reports and statements, as well as supervising internal auditors and other auditors and verifying the company's compliance with applicable laws, regulations, and policies, the General Assembly appointed the Audit Committee and approved its charter following the Companies Law and the Corporate Governance Regulations issued by the Capital Market Authority.

The internal audit plays a vital role in evaluating the effectiveness of the internal control system through the audit program, which carries out a continuous assessment of risks in the company. Throughout the year, The Committee supervised the work of the internal audit team and ensured the continued independence of the internal auditors. Based on the Internal Audit Department's reports and recommendations, The Audit Committee advised the Executive Management to take the necessary steps to improve internal control systems in accordance with business needs and best practices.

3. External auditor:

- Every quarter, the Audit Committee reviews the external auditor's reports and the draft financial statements issued by the auditor. The management and the assigned external audit team head discuss the items requiring clarification besides reviewing the notes to ensure they are addressed and then recommending their adoption.
- The Committee evaluates the auditor's independence and reviews the scope of their work and the terms of their contract.



- Ensuring the auditor's independence, fairness, and effectiveness of audit work, taking the applicable rules and standards into account.
- Reviewing the group auditor activities and work plan.

4. Commitment:

- The committee trusts that the company follows the regulatory and supervisory authorities' regulations and applicable laws, policies, and instructions, as well as updates.
- Reviewing the results of the reports of the supervisory and regulatory authorities and ensuring that the necessary measures are taken.
- Reviewing the transactions proposed by the company with related parties.

5. Attending meetings:

The Audit Committee holds its meetings at the invitation of its chairman, and they meet at least (4) times a year and may meet more frequently if necessary. For example, in 2021, the Committee held (7) meetings.

Annual financial statements for the year ended on December 31, 2021:

Following the review of the annual financial statements, the Committee advised that the financial statements for the fiscal year ending on December 31, 2021, comply with all applicable regulations in all substantive aspects. As a result, the Committee recommended that the Board of Directors approve the annual financial statements for the fiscal year ending on December 31, 2021.

The audit committee's opinion on the adequacy of the company's internal and financial control system and risk management:

Based on the annual review of the internal control procedures in 2021 and what was submitted by the company's management, the internal audit department, and the external auditor, the committee found no fundamental weakness in the company's internal control, financial or risk management systems. As a result, the audit reviews conducted over the period provided sufficient assurances about the effectiveness and adequacy of the company's internal control system, the operations, the preparation and fair presentation of financial reports, and compliance with laws and regulations. The Audit Committee advised the Executive Management to continue taking the necessary steps to improve internal control systems in accordance with business needs and best practices while



keeping in mind that internal controls system, no matter how stable its design or how effective its implementation, cannot provide absolute assurance.

Signed by:

- **Mr. Muhammad bin Abdulaziz bin Fahd Al-Ghannam**
- **Date: 03/26/2022**