

The audit committee's report to the general assembly on the results of the annual review of the effectiveness of the company's internal control procedures and the adequacy of the company's internal control and risk management system for the fiscal year ending 31-12-2021.

Introduction:

Article (104) of Chapter Four: The Audit Committee, of the Companies Law provision “.... and it should (intending the audit committee) prepare a report on its opinion regarding the adequacy of the internal control system in the company and what it has done of other work that is included in The scope of its competence, and the board of directors must deposit sufficient copies of this report in the company's headquarters at least (twenty-one) days before the date of the general assembly meeting, ...”.

Also the Clause (d) of Paragraph (2) of Article Twenty-Two: Basic Functions of the Board of Directors of the Corporate Governance Regulations provision stipulates the “annual review of the effectiveness of internal control procedures in the company.” Also Paragraph (10) of Article 90: The Board of Directors’ Report of the Corporate Governance Regulations provision stipulates, “The results of the annual review of the effectiveness of the company's internal control procedures, in addition to the audit committee’s opinion on the adequacy of the company's internal control system.”

First: The performance of the audit committee for the fiscal year 2021

A. Report Scope:

This report contains a summary of the audit committee's activities that took place in the committee's meetings during the year 2021.

B. Committee meetings during the year 2021:

During the year 2021, the committee held four meetings in accordance with the approved committee's plan that is consistent with the Corporate Governance Regulations, as follows:

1. The Eighty-Eight audit committee meeting (88) held in Riyadh at 10:00AM on Monday 27-01-2021 corresponding to 14-06-1442 (H).
2. The Eighty-Nine audit committee meeting (89), which was held remotely due to precautionary measures for the Coronavirus pandemic, at 21:30 on Sunday 25-04-2021 corresponding to 13-09-1442 (H).
3. The Ninety audit Committee meeting (90), held remotely at 13:00 on Tuesday 10-08-2021 corresponding to 02-01-1443 (H).
4. The Ninety-One audit committee meeting (91), which was devoted to the study of risk, held remotely at 13:00 on Wednesday 03-11-2021 corresponding to 28-03-1443 (H).
5. The Ninety-Two audit Committee meeting (92), held remotely at 13:00 on Sunday 07-11-2021 corresponding to 02-04-1443 (H).
6. The Ninety-Three audit committee meeting (93), which was devoted to the study of risk, held remotely at 12:00 on Tuesday 07-12-2021 corresponding to 03-05-1443 (H).

C. Activities of Audit committee done during the year 2021:

The following are the topics that were presented to the Audit Committee during the year 2021 and which the Committee studied and made its decisions regarding it:

1. Follow-up to what happened in previous committee meetings (presented at each committee meeting to follow-up on the previous committee's decisions and to know the position of their implementation).

2. The periodic reports from the internal audit section, numbers 4/2020, 1/2021, 1/2021 and 3/2021, (which are reports presenting the position of implementation of the approved internal audit plan and the most important observations that appeared in the internal audit reports).
3. Study the financial statements for the first, second and third quarter of the fiscal year 2021 in the presence of the company's external auditor.
4. Study the company's closing accounts for the fiscal year ended on 31-12-2021.
5. Discussing the management letter submitted by the external auditors for the fiscal year 2020.
6. Study the draft report on the dealings with the related parties and approve the dealing contracts for the period until the end of 2020.
7. Review the draft annual report for the fiscal year 2020.
8. The committee met separately with the external auditor during the meeting for the fiscal year 2020.
9. The committee's recommendation to the board regarding the nominated external auditor and the committee's report to the General Assembly for the fiscal year ended on 31-12-2021 and the first quarter of 2022.
10. The audit committee's report to the Board of Directors on the results of the annual review of the effectiveness of the company's internal control procedures, in addition to the audit committee's opinion on the adequacy of the company's internal control and risk management system for the fiscal year ending 31-12-2020.
11. At each meeting, a report on the notification of observations regarding any infringement of financial reports or others is presented in accordance with the requirements of governance.
12. Study the audit plan with the external auditor for the year 2021 and make its observations on it, and the committee ensures the independence of the external auditor.
13. Nominating the external auditor for the fiscal year ending on 31-12-2022 and the first quarter of 2023.
14. Study the General accounting court report for the fiscal year 2020 and the company's management response to it.
15. The position of the consultancy contract with Protivity to update the company's risk register, review the implementation of the internal audit work, the adequacy of its procedures, its working methods, and the teamwork.
16. Study the policies and procedures for working in legal affairs.
17. Discussing the procedures for closing the final accounts and establishing the provisions for the fiscal year ending 31-12-2021.
18. Report on the follow-up of the comprehensive internal audit recommendations implementation plans for the year 2022.
19. The risk-based internal audit plan for the year 2021.

C. Activities of Audit committee done during the year 2021: (continue)

20. Plan the audit committee's meeting schedule for 2022.
21. Risk Follow-up Report for the year 2020.
22. Form to confirm the implementation of the tasks of the audit committee for the year 2020.
23. The competition regulation of the board member to the company's business
24. Two special meeting to review and discuss the result of consultancy study of Protivity, in the presence of the consultant Protivity.

The committee discussed the audit report in the meeting (94) which was held on Riyadh at 16:00 on Wednesday 02/02/2021 corresponding to 01/07/1443 (H), and recommended it to the board to approve it.

Best Regards,