

Date: 3 Mar 2024

The Audit Committee Report to General Assembly of SIIG for Fiscal Year 2023

Dear/ Saudi Industrial Investment Group shareholders

First: The Committee's Formation

The Audit Committee consists of three members, all of whom have practical and professional experience that qualifies them to participate effectively in the work of the Audit Committee.

Member name	Membership type	Membership status
Saad Saleh AlRwita	Board member Independent	chairman
Abdulrahman Sulaiman Alrajhi	Board member Non- Executive	member
Khaled Abdullah AlKhowaiter	Not Board member – Independent	member

Second: The Committee's Duties and Responsibilities

The Committee's Duties and Responsibilities shall be as follows:

2.1 Financial Reports

- Consider the Company's initial and annual financial statements before submitting them to the Board of Directors and expressing an opinion and recommendation in their regard; To ensure its integrity, fairness, and transparency.
- Express a technical opinion - at the request of the Board of Directors - as to whether the Board of Directors' report and the Company's financial statements are fair, balanced, and understandable and include information that allows shareholders and investors to evaluate the Company's financial position, performance, business model and strategy.
- Consider any important or unusual issues contained in the financial reports.



- (D) Examine carefully any issues raised by the Company's Financial Director or whoever assumes his duties or the Compliance Officer in the Company or the Auditor.
- (E) Verify the accounting estimates in material matters contained in the financial reports.
- (F) Consider the accounting policies followed in the Company and express an opinion and recommendation to the Board of Directors in this regard.

2.2 Internal Audit

- (A) Consider and review the Company's internal and financial control and risk management systems.
- (B) Consider the internal audit reports and follow up the implementation of the corrective measures for the notes contained therein.
- (C) Monitor and supervise the performance and activities of the Internal Auditor and the Internal Audit Department in the Company, to verify the availability of the necessary resources and their effectiveness in performing the works and tasks entrusted to them.
- (D) Recommend to the Board of Directors the appointment of a Director for the Internal Audit Unit or Department, or Internal Auditor, and suggest his remuneration if necessary.
- (E) The Committee shall consider the accounting policies adopted by the Company prior to their approval and any change in these policies, it shall also submit whatever proposals the Committee deems appropriate in this regard, taking into consideration the extent to which the accounting policies are appropriate to the nature of the Company's business, and its impact on the Company's financial position, and the results of its operations.
- (F) The Committee shall verify the adequacy of the Company's control activities design, and the effectiveness of their design in an appropriate manner that enables the reduction and limitation of fraud and errors, and detects them immediately upon their occurrence, and the effectiveness of the implementation of control activities in a manner that enables verification of the quality of implementation of control activities and consistency in their implementation, and it also supervises the investigations related to fraud or errors that occur in the Company or any other matters that the Committee deems important to investigate. The Committee shall also evaluate the effectiveness of the Company's assessment of the important risks that it may be exposed to and the steps taken by the Company's Management to monitor and confront these risks.
- (G) The Committee shall perform and carry out the following works with regard to an internal audit:
 1. Supervise the Company's internal audit in order to verify its effectiveness in carrying out the works and tasks assigned to it by the Board of Directors.
 2. Approve the Company's internal audit procedures.
 3. Review and approve the annual internal audit plan.
 4. Evaluate the performance of the internal audit.
 5. Verify the independence of the internal auditors.
 6. Consider the reports of the internal audit, and prepare a written report on its opinions and recommendations in this regard.
 7. Develop corrective measures for the notes contained in the internal audit reports.



8. Consider and evaluate the candidates for the Company's internal audit and their fees, nominate the most suitable one, with a statement of the reasons, consider the termination of the Internal Auditor's work in the event that he did not perform his work as required, and submit the recommendations concluded in this regard to the Board of Directors.
 9. Hold regular meetings with the Internal Auditor, and discuss issues that the Committee deems necessary to discuss with him privately.
- (H) The Committee shall be the link between the Board of Directors and the Internal Auditors.

2.3 The Auditor shall

- (A) Recommend to the Board of Directors the nomination and dismissal of auditors, determine their fees, and evaluate their performance, after verifying their independence and reviewing the scope of their work and the terms of the contract with them.
- (B) Verify the Auditor's independence, objectivity, fairness, and effectiveness of the audit work, taking into account the relevant rules and standards.
- (C) Review the Company's Auditor's plan and work, verify that he has not performed technical, administrative, or advisory work outside the scope of the audit work, and express its opinion in this regard.
- (D) Answer Auditor's inquiries and observations on the financial statements and the measures that have been taken in their regard.
- (E) Consider Auditor's report and his observations on the financial statements and follow up on the measures that have been taken in their regard.

2.4 Commitment

- (A) Review the results of the Regulatory Authorities' reports and verify that the Company has taken the necessary measures in this regard.
- (B) Verify the Company's compliance with relevant laws, regulations, policies, and instructions.
- (C) Review the contracts and transactions proposed to be conducted by the Company with the related parties, and submit its opinions on this matter to the Board of Directors.
- (D) Submit to the Board of Directors the matters and issues it deems necessary to take action thereon and make its recommendations regarding the actions to be taken.

Third: Audit Committee achievement during 2023:

- Reviewing the interim financial statements, annual financial statements before approving and publishing them.
- Reviewing the external auditor observations and following upon them.
- Ensuring that, internal controls and related policies of the company are effective and have been applied, and that the company is in compliance with the related rules and regulations.



- Ensuring the independence of the internal auditor and reviewing the audit's plans.
- Reviewing the outcomes and results of the internal and external auditors.

Fourth: Audit Committee attendees during 2023:

The committee held five meetings during the year 2023, and the attendance of committee members was as follows:

No	Member name	Membership status	31 January	28 February	9 May	1 August	1 November
1	Saad Saleh AlRwita	chairman	✓	✓	✓	✓	✓
2	Abdulrahman Sulaiman Alrajhi	member	✓	✓	✓	✓	✓
3	Khaled Abdullah AlKhowaiter	member	✓	✓	✓	✓	✓

Fifth: The Audit Committee's Opinion on the Adequacy of the Company's internal control system.

The audit committee has not been aware of any major issue, in the design and implementation of the internal control system and the risk management systems, and there were no restrictions nor limitations that may affect the company's ability to prepare its financial statements under IFRS standards, which are accredited in the Kingdom of Saudi Arabia, therefore Saudi Industrial Investment Group has issued its financial statements for the year ended 31st December 2023.

Committee Chairman
Saad Alrwita

Committee Member
Khalid Alkhowaiter

Committee Member
Abdulrahman Alrajhi