



الشركة السعودية لصناعة الورق  
SAUDI PAPER MANUFACTURING CO.

# **Audit Committee Annual Report For 2022**

## **Gentlemen shareholders of the Saudi Paper Manufacturing Company**

This report deals with the work carried out by the Audit Committee for the fiscal year 2022 according to the tasks entrusted to it and stipulated in the Audit Committee Regulations of the Saudi Paper Manufacturing Group, as they were prepared in accordance with the requirements of the Companies Law issued by the Ministry of Commerce and the Corporate Governance Regulations issued by the Capital Market Authority.

### **First: Terms of reference and meetings of the Audit Committee:**

The Audit Committee is responsible for monitoring the company's business and verifying the integrity and integrity of its reports, financial statements and internal control systems, and the committee's tasks include studying the interim and annual financial statements, reviewing important issues that may affect the preparation of financial reports, ensuring the application of the approved accounting policies, studying those policies, expressing an opinion and recommending them, and its tasks include studying and applying internal control and risk management systems, supervising internal audit activities, studying their reports and following up on corrective actions. Notes, nominating auditors and verifying their independence, reviewing the auditor's plan and work, the auditor's report and observations on the financial statements and the necessary procedures thereon, verifying the company's compliance with the relevant laws and regulations and ensuring the importance of having complaints procedures related to internal control procedures and financial reporting.

The Committee held (7) meetings during the year 2022

### **Second: Conflicts of the Audit Committee:**

We would like to note at the outset that there is no conflict during the period between the recommendations of the Audit Committee and the decisions of the Board of Directors.

### **Third: Audit Committee Activities:**

The Committee performs the tasks and responsibilities entrusted to it to help obtain the necessary assurances regarding the safety and efficiency of the internal control systems in the company, taking into account the annual risk-based audit plan that aims to objectively evaluate the internal control system and internal control, through the Internal Audit Department submitting periodic reports to the Committee on the operational, administrative and financial audits carried out on an ongoing basis, which aim to verify to a reasonable degree that the company's objectives are achieved, which are represented in: Protecting its assets and the accuracy

and completeness of accounting records, and adhering to the regulations and policies adopted by the management to achieve the company's objectives and is constantly monitored by the Committee.

The Committee also discussed and submitted recommendations and decisions related to the development and support of the management and functions of the Audit Committee in accordance with the best standards, principles, and practices of the Audit Committee's work. **The main work and recommendations made by the Committee are as follows:**

- Study the quarterly financial statements for the first, second and third quarters of the company to ensure their approval and conformity with the accounting principles recognized in the Kingdom and submit a recommendation to the Board of Directors for approval.
- Study the company's annual financial statements to ensure their approval and conformity with the accounting principles recognized in the Kingdom and submit a recommendation to the Board of Directors for approval.
- Review the proposals submitted by the audit offices to review and evaluate the financial statements and accounts of the company and recommend candidates in the General Assembly after verifying the independence of the proposals submitted and the scope of work.
- Study and discuss the internal audit plan, the scope of its work and the independence of management in the performance of its work.

The Committee also periodically reviews the reports prepared by the external auditor in accordance with the approved plan, and these reports include an assessment of the adequacy and effectiveness of internal control. In the fiscal year 2022, work was done on together the observations committee that appeared on the internal audit in order to improve the system of the internal audit and to deal with all the necessary observations and corrective plans and to put the light Ducks areenough not to repeatit in the future,

#### **Fourth: The results of the annual process of the effectiveness of the internal control procedures and the opinion of the audit committee on the adequacy of the internal control system:**

Control procedures and their effectiveness are very important and play a pivotal role in achieving the



company's objectives, and the company's management is responsible for designing and preparing And the application of a comprehensive and effective system of internal control, where the internal control system is based on the vision and appreciation of the company's management to develop a control system commensurate with the relative importance of financial, operational and other risks inherent in the company's activities, and the system of control is prepared for a sound cell, In order to achieve continuous evaluation of the cell's control system and the extension of its effectiveness.

**Accordingly, based on the statements of the executive management and the assurances of the external auditor , the Committee confirms that it has not found a fundamental deficiency in the internal control systems in the company's business, and the Committee also stresses the importance of continuing management's efforts in developing and enhancing the effectiveness and efficiency of internal control systems, and updating policies and procedures. Any system may not provide absolute assurance as to the soundness, effectiveness and efficiency of the design and implementation of internal control systems.**

#### **Executive Management Declarations:**

- a) The records of accounts have been properly prepared.
- b) The internal control system has been properly developed and effectively implemented.
- c) There is no significant doubt about the Company's ability to continue its activity.

**Please accept my sincere greetings and appreciation,**