

Results of Annual Internal Audit Procedures

Internal Control System

The Board shall approve an internal control system for the Company in order to assess the policies and procedures relating to risk management, implementation of the provisions of the Company's governance rules approved by the Company and compliance with the relevant laws and regulations. Such a system shall ensure compliance with clear accountability standards at all executive levels in the Company, and that related party transactions are implemented in accordance with the relevant provisions and controls.

Establishing Independent Departments within the Company

For purposes of implementing the approved internal control system, the Company has established departments for the assessment and management of risks and for internal auditing. The Company may utilize external entities to perform the duties and competencies of the units or departments of risk assessment and management and internal control without prejudice to the Company's responsibility for those duties and competencies.

Duties of the Internal Audit Department

The Internal Audit department shall assess and monitor the implementation of the internal control system and verify that the Company and its employees comply with the applicable laws, regulations and instructions and the Company's policies and procedures. The Internal Audit department shall be composed of an internal Audit Manager whose appointment is recommended by the Audit Committee. Such internal auditor shall be responsible before the Audit Committee and a number of competent employees. The formation and operation of the Internal Audit department shall take into consideration the following:

- Employees of such department shall be competent, independent and adequately trained, and shall not be entrusted with any functions other than internal audit duties and internal control systems.
- The Internal Audit department shall report to the Audit Committee, and shall be subordinate and accountable to it.

- The remuneration of the Manager of the Internal Audit department shall be determined by a recommendation of the Audit Committee, as per Company policies.
- The department shall be given access to information and documents, and shall be able to obtain the same without any restrictions.

Internal Audit Plan

The Internal Audit department shall operate pursuant to a comprehensive audit plan approved by the Audit Committee. The plan shall be updated annually. Key activities and operations, including the activities of the Risk Management and Compliance departments, shall be reviewed at least annually.

Maintaining Internal Audit Reports

The Company shall keep records of the audit reports and business documents, which shall clarify its accomplishments, findings and recommendations, and all actions taken in this regard.

Internal Audit Report

- The Internal Audit department shall prepare and submit, at least quarterly, a written report on its activities to the Board and the Audit Committee. Such report shall include an assessment of the Company's internal control system and the final opinion and recommendations of the department. Such report shall also specify the procedures taken by each department for addressing the findings and recommendations from the previous audit, and any remarks thereon, particularly failures to promptly address such findings and recommendations and the reasons for such failure.
- The Internal Audit department shall prepare a general written report to be submitted to the Board and the Audit Committee on the audit activities it carried out during the financial year, compared to the approved plan. Such report shall explain the reasons for any deviation from the plan, if any, during the quarter following the end of the relevant financial year.

- The Board shall specify the scope of the report of the Internal Audit department, based on recommendations from the Audit Committee and the Internal Audit department. The report shall include the following in particular:
 - Procedures for monitoring and overseeing the financial affairs, investments and risk management.
 - Assessing the development of risk factors threatening the Company and the existing systems, in order to confront radical or unexpected changes on Tadawul.
 - An assessment of the performance of the Board and the Senior Management with respect to the implementation of internal control systems, including specifying the number of times the Board has been informed of control issues (including risk management) and a description of the method followed to address such issues.
 - Failures or weaknesses in the implementation of internal control, or emergency situations that have affected or may affect the Company's financial performance, and the measures taken by the Company to address such failures (particularly the issues disclosed in the Company's Annual Reports and its Financial Statements).
 - The extent to which the Company has complied with the internal controls when determining and managing risks.
 - Information describing the Company's risk management operations.

The Audit Committee directly supervises Internal Audit, while Internal Audit continuously examines the efficiency and effectiveness of Almarai's internal control systems. Accordingly, the Board of Directors, based on the reports and recommendations of the Audit Committee, and in line with its business plan, confirms the following in respect of 2022:

- That no matters were brought to the Board's attention that would lead the Board to believe that there was a fundamental lack of integrity in financial and accounting systems such that it would require disclosure.
- That the control systems are effectively functioning and facilitating the mitigation of potential risks that Almarai and its subsidiaries may face and that no matters relating to the functioning of internal controls were brought to the Board's attention that were material and would require disclosure.
- That all necessary arrangements and corrective actions have been taken on all concerns and recommendations raised by Internal Audit to the Audit Committee.