



## Audit Committee Report

**Audit Committee Report  
For the Fiscal Year 2024**

• **Introduction:**

In 2024, the Board Audit Committee (“BAC”) of Saudia Dairy & Foodstuff Co. (the “Company”) is continuously overseeing the efficiency and effectiveness of the internal control environment in coordination with Senior Executives, Chief Audit Executive (“CAE”), and the External Auditor. The BAC reviews the recommended actions provided by the Internal Audit Department (“IAD”) and assesses the effectiveness of the actions taken by Senior Executives in implementing these recommended actions based on reports issued by the IAD.

This report outlines the roles and responsibilities of the BAC, its composition, the meetings held, the internal audit coverage, the BAC's opinion on the internal control system, and the BAC recommendation regarding the appointment of external auditor.

• **BAC Composition and Meetings:**

- **BAC Membership:**

The BAC consists of the following five (5) members appointed by the Board of Directors for a period of four (4) years effective from 01<sup>st</sup> April 2024 and ending 31<sup>st</sup> March 2028.

Name	Title
<b>HH Sheikh Sabah M. Al-Sabah</b>	Chairman
<b>Mr. Ihab I. Osman</b>	Independent Member
<b>Mr. Mohammed Ahmed Sobh</b>	Non-Board Member
<b>Mr. Mickey Zacharia</b>	Non-Board Member
<b>Mr. Moustapha Chami</b>	Non-Board Member

- **Audit Committee Meetings:**

The BAC held six meetings during the year 2024 as follows:

Name	Title	07-Feb-2024	05-May-2024	30-July-2024	11-Sep-2024	10-Oct-2024	30-Oct-2024
<b>Sheikh Sabah M. Al-Sabah</b>	Chairman		✓	✓	✓	✓	✓
<b>Mr. Ihab I. Osman</b>	Member		✓	✓	✓	✓	x
<b>Mr. Mohammed A. Sobh</b>	Member	NA	✓	✓	✓	✓	✓
<b>Mr. Mickey Zacharia</b>	Member		✓	✓	✓	✓	✓
<b>Mr. Moustapha Chami</b>	Member		✓	✓	✓	✓	✓

• **BAC Roles and Responsibilities:**

Below is a summary of the duties and responsibilities of the BAC for the fiscal year 2024, conducted in accordance with its approved charter:

First: External Audit and Financial Reports

1. Oversight of external auditors, including: i) recommending the appointment or dismissal of the external auditor and determining their fee after assessing their performance, independence, scope of work and terms of engagement; ii) verifying the independence of the external auditor; iii) answering external auditor's queries and providing requisite support for conducting the external auditing; and iv) reviewing reports prepared by the external auditor.
2. Oversight of financial reporting, including i) reviewing the consolidated financial statements of the Company; ii) providing technical opinions regarding the financial statements to ensure compliance with the International Financial Reporting Standards (IFRS); iii) -if any- examining unusual transactions in the financial statements; iv) verifying accounting estimates; and (v) reviewing financial and accounting policies.
3. The completeness of the above-mentioned reports was confirmed by ensuring they contain all significant financial information, including transactions with related parties.

Second: Internal Audit

1. Oversight of Internal Audit, including: i) supervising the IAD and verifying its effectiveness in carrying out its role and responsibilities, noting that the Board appointed a new CAE ; ii) reviewing and approving the annual audit risk-based plan and ensuring its implementation according to the timetable specified for it; iii) reviewing reports prepared by IAD and following up on the implementation of recommended actions; iv) ensuring independence of IAD and the adequacy of the resources and capabilities necessary for them to carry out their duties fully and in a manner that serves the interests of the Company, including reviewing the Internal Audit Charter to reaffirms the IAD has unrestricted access to all records relevant to its work ; and v) evaluating performance of IAD and CAE.
2. The IAD, through the performance of its regular duties, reviewed the Company's internal control, compliance and risk management systems to ensure their adequacy, efficiency and effectiveness, and their implementation and compliance therewith by the Company's employees, which is achieved through the execution of the approved annual audit plan mentioned above.

Third: Internal Controls and Risk Management

1. Oversight of internal control systems, including, reviewing internal and financial control and risk management systems and ensuring their effectiveness through regular reports from the IAD (or External and Regulatory Auditors).
2. Overseeing the execution of any recommended actions issued by the IAD, ensuring that:
  - The appropriate internal controls are being effectively implemented.
  - The remediation efforts are progressing in a timely and structured manner.
  - Risk mitigation strategies are aligned with industry's best practices and comply with regulatory requirements.
  - Management remains accountable for addressing the identified weaknesses and improving control effectiveness.

3. Reviewing the results of the risk management process to ensure its effectiveness and the achievement of its objectives through the identification of events that may negatively affect the achievement of company's objectives and thus take the appropriate measures and precautions to manage the effects of such events.

- **BAC Opinion:**

Based on the work of the internal and external auditors and the conclusions contained in their audit reports issued during the fiscal year 2024, and Senior Management's representation with respect to the effectiveness of the company's internal and financial control systems, no major control issues that require disclosure have been noted and thus the Board believes that these systems are effective.

- **BAC Recommendation on External Auditor Appointment:**

The BAC selected four audit firms-licensed to operate in the Kingdom of Saudi Arabia, and they were addressed to submit their offers to audit the Company's accounts in accordance with International Financial Reporting Standards (IFRS), and upon the review performed by BAC members for the submitted offers, and after verifying the expertise of the nominated offices in the field of auditing, the BAC decided in its resolution by circulation on Thursday 17/04/2025 to nominate:

Offer Received	Audit Fee (SAR)
KPMG Al-Fawzan and Al-Sadhan	917,000
Dr. Mohammed Al-Amri & Co. (BDO)	660,000
RSM Allied Accountants – Saudi Arabia	718,000
PricewaterhouseCoopers (Pwc) Public Accountants	875,000

Provided that, one auditor shall be selected by the General Assembly Meeting of Shareholders when it is held after obtaining the necessary approval from the competent authorities, to review and audit the Company's quarterly and annual financial statements for the second, third and annual periods of financial year ended 31-12-2025. In addition, the first quarter of financial year ended 31-12-2026.

The Committee based its nomination of these auditors on that they possess the sufficient cadres to audit the Company's accounts prepared in accordance with the IFRS. In addition, each of them is among the well-known, experienced and reputable audit firms in this field.

**On behalf of Audit Committee**



**Sheikh Sabah Mohammed A. Al-Sabah**  
**Chairman of Audit Committee**