

MARBLE DESIGN
ماربل دیزاین

**Annual Report of the Audit
committee
2023**



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Annual Report of the Audit Committee for Marble Design

Dear Shareholders of Marble Design Factory Company,
Greetings and best regards

First: A brief summary of the audit committee:

The Audit Committee is an independent committee formed by a decision of the Company's Board of Directors in accordance with the provisions of Article (47) of the Corporate Governance Regulations issued by the Capital Market Authority, and the Audit Committee is responsible for monitoring the company's business and verifying the integrity and integrity of reports, financial statements and internal control systems therein, as well as accounting policies and supervising the work of internal audit and external auditors, and the committee was appointed on 20/02/2023 AD corresponding to 19/07/1443 AH.

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The Audit Committee consists of three members:

- | | |
|---|----------|
| 1. Mr. Abdullah Ibrahim Sulaiman Al-Angari | Chairman |
| 2. Mr. Fahad Abdulmohsen Abdullah Al-Mulhim | Member |
| 3. Mr. Abdullah Fahad Abdulaziz Al-Fares | Member |

Secondly, Performance of the Audit Committee for the Fiscal Year 2023:

During the year 2023, the Audit Committee held four meetings specifically for monitoring the adequacy of the internal control system. Below is a summary of the activities monitored by the Audit Committee during 2023.

Thirdly , Summary of the tasks monitored by the Audit Committee:

- 1 - Approval and monitoring of the implementation of the internal audit plan for the fiscal year ending on December 31, 2023.
- 2 - Study and discussion of the legal due diligence report to ensure the absence of any material legal risks.
- 3 - Study and discussion of the financial due diligence report to ensure the absence of any material financial risks.
- 4 - Monitoring and supervision of obtaining ISO 9001:2015 certification.
- 5 - Monitoring and supervision of obtaining SIRI (Smart Industries Readiness Index) certification.
- 6 - Evaluation of the performance and strength of the financial system during the year 2023.
- 7 - Study of internal audit reports and monitoring the implementation of important recommendations outlined in these reports.
- 8 - Assessment of the effectiveness of identifying and evaluating significant risks related to the company's activities, preparation of reports on such risks, the company's risk management approach, and making appropriate recommendations to the Board of Directors.

- 9 - Review of preliminary and annual financial statements for the fiscal year 2023 and recommendation for approval by the Board of Directors.
- 10 - Study and approval of the external auditor's report for the fiscal year ending in 2023, presented by the auditors, and making recommendations.
- 11 - Review of the IT audit report on the necessary ERP system provided to the management to enhance the control environment.
- 12 - Review of proposals submitted by audit firms, selecting three firms for the semi-annual and annual financial statements audit for the fiscal year 2024: RSM, Baker Tilly, and Al-Kharashi & Partners.
- 13 - Review of significant accounting policies and practices, including their annual stability.
- 14 - In addition to the aforementioned responsibilities, the Audit Committee undertakes any other tasks assigned by the Board of Directors and provides regular reports on its audit activities and recommendations. Annual Board of Directors Report 2023 39 Internal and financial control and risk management system:

Forthly : Internal and financial control and risk management system

1. Control procedures and their effectiveness are of utmost importance and play a pivotal role in achieving the company's objectives. The company's management is responsible for preparing a comprehensive and effective internal control system.
2. The internal control system is based on the vision and assessment of the company's management to develop a control system that is commensurate with the relative importance of financial and other risks inherent in the company's activities, at a reasonable cost and benefit to activate limited control measures.
3. The internal control system is designed for managing the risks of not achieving objectives rather than avoiding them, and therefore, it is designed to provide reasonable assurances to avoid material errors and associated losses.
4. The Audit Committee periodically reviews reports prepared by internal and external auditors, including assessments of the adequacy and effectiveness of internal control. Audit Committee opinion: Internal Audit of the Company: Third: Based on the reports presented to the committee in the year 2023 by both the internal audit man agreement and the external auditors, the Audit Committee believes in the integrity and effectiveness of the financial and operational controls. It finds no regulatory gaps or material weaknesses in the company's operations during the fiscal year 2023 that would impact the integrity and fairness of the company's financial statements.

Fifthly , Audit Committee opinion:

Based on the reports presented to the committee in the year 2023 by both the internal audit man agreement and the external auditors, the Audit Committee believes in the integrity and effectiveness of the financial and operational controls. It finds no regulatory gaps or material weaknesses in the company's operations during the fiscal year 2023 that would impact the integrity and fairness of the company's financial statements.

Sixthly, Conclusion:

The Audit Committee supports the annual affirmations and statements made by the executive management and internal audit management regarding the absence of any deficiencies that may affect the financial reports for the year ended December 31, 2023. The committee confirms that the company has a sound and reasonably effective internal control system in terms of design and implementation. There is no significant doubt regarding the company's ability to continue its operations. Throughout the year, there were no significant observations regarding the effectiveness of the company's internal control system and procedures, including its subsidiary (Miskan Road Real Estate Development Company). It is worth noting that any internal control system, regardless of its design integrity and effectiveness of implementation, cannot provide absolute assurance.

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May God guide us all,

**Chairman of the Audit Committee:
Abdullah Ibrahim Sulaiman Al-Angari**



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