

A Report by the Audit Committee to Arabian Cement Company Shareholders on the Internal Control System. The Ordinary General Assembly Meeting No. 66 on April 17, 2022G

Messrs.: Honorable Shareholders of Arabian Cement Company
Greetings,

The Audit Committee is pleased to present to the company's shareholders its annual report for the financial year (FY) ending a December 31, 2021, including its opinion on the adequacy of the internal control system in the company, and actions made by the Committee within its scope of competence, in accordance with the Companies Law issued by the Ministry of Commerce and the Corporate Governance Regulations issued by the Capital Market Authority.

The Committee exercised its approved authorities according to the Governance Regulations, and the Board of Directors approved all its recommendations. The Committee held 4 meetings during the year 2021 AD, attended by all members of the Committee, and with the partial presence of the External Auditor, the Internal Auditor and the Zakat Advisor in some meetings. The Audit Committee periodically submits its reports to the Board of Directors and the Assembly general shareholders.

The functions and responsibilities of the Primary Audit Committee are as follows:

I: Financial Statements:

Policies, accounting procedures and the quarterly and annual financial reports reviewed, with the focus on the adequacy of the disclosures in the financial statements,

Study the recommendations of the auditors in relation to the audit findings, in a manner that provides for the report of the Board of Directors and the company's financial statements to be fair and understandable and includes information that allows shareholders and investors to evaluate the financial position of the company, taking into account all stakeholders interest.

II: Internal Audit:

Supervising and approving internal audit works, such as the charter, plans, activities, employment, and organizational structure, and ensuring that there are no restrictions or limits for its work and asserting its independence. Assessing the efficiency and effectiveness of the internal control system shall be incorporated within the scope of the internal audit work. Further, the reports that include weaknesses (if any) in the internal control system and the corrective measures shall be submitted to and followed up by the Executive Management and the Audit Committee. The committee shall ensure that the Internal Audit and the Executive Management are in cooperation. The committee also followed up on the internal audit reports that was carried out through external technical offices for the plant operations and information technology.

III: External Auditor:

Following up and considering the independency and objectivity of the external auditor, discussing the financial statements and management letter to address the observations, and conducting individual and periodic meeting with the external auditor, to assure their access to all information has been facilitated without exception, and that there are no improvement explanations that they see as needed to be add to the financial statements.

The details of the management letter regarding information technology were also discussed, as it was found not have an impact on the integrity of the financial statements, but rather it is an improvement in the control environment of the system used.

IV: Compliance:

Reviewing the efficiency of the system of monitoring compliance with the relevant laws and regulations such as accounting standards and instructions of the Capital Market Authority and other regulations that the company operates accordingly. Moreover, the committee also reviews the independent limited confirmation report and the Chairman of the Board of Directors report submitted to the General Assembly about Board members with interests who have contracts and transactions with the company (Transactions with related parties). Periodically reviewed the letters of the company's legal advisors.

Opinion on the Adequacy of Internal Control Systems:

Within the limits of its functions, the committee study the reports prepared by the Internal Audit Department , and review the results of the external auditors reports to assess the control environment of the company represented in the (organizational structure, Examination of risks, policies and procedures, the authority matrix, segregation of duties, protection of information systems, code of conducts). The committee shall monitor the recommendations by the Internal Audit Department, the external auditor and other regulators to address the observations and follow up on their correction. In addition, the Executive Management sign the letter of representation periodically, which confirms its responsibility to comply with the regulations, laws, approved policies and control procedures. Nonetheless, it shall take into account that any internal control system, regardless of its efficiency degree and effectiveness, cannot provide absolute assurance about the effectiveness of the applicable internal control systems., Accordingly, the committee has not found any fundamental weakness in the company's internal control systems.

(Signed)

On behalf of the Audit Committee, Eng. Mutaz Kusai Al-Azzawi , April 17, 2022

