



KPMG Professional Services

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Kingdom of Saudi Arabia
Commercial Registration No 2051062328

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية

الطابق ١٦، برج البرغش
٦١٨٩ طريق الأمير تركي، الكورنيش
ص.ب ٤٨٠٣
الخبير ٣٤٤١٢ - ٣١٤٦
المملكة العربية السعودية
سجل تجاري رقم ٢٠٥١٠٦٢٣٢٨

المركز الرئيسي في الرياض

Independent Limited Assurance Report to Saudi Cement Company on the Chairman's Declaration on the Requirements of Article 71

To the Shareholders of Saudi Cement Company

We were engaged by the management of Saudi Cement Company (the "Company") to report on the the Chairman's declaration prepared by the Management in accordance with the requirements of Article 71 of the Companies Law issued by Royal Decree No. (M/132) and dated 01/12/1443H, which comprises the transactions carried out by the Company during the year ended 31 December 2022 in which any of the members of Board of Directors of the Company had direct or indirect personal interest as detailed below ("Subject Matter") and the accompanying management's statement thereon as set out in Appendix 1, in the form of an independent limited assurance conclusion that based on our work performed and evidence obtained, nothing has come to our attention that causes us to believe that the Subject Matter is not properly prepared, in all material respects, based on the applicable criteria ("Applicable Criteria") below.

Subject Matter

The Subject Matter for our limited assurance engagement is related to the Chairman's declaration enclosed in the attached Appendix 1 (the "Declaration") prepared by the Management in accordance with the requirements of Article 71 of the Companies Law issued by Royal Decree No. (M/132) and dated 01/12/1443H, presented by the Chairman of Saudi Cement Company (the "Company"), which comprises the transactions carried out by the Company during the year ended 31 December 2022 in which any of the members of Board of Directors of the Company had direct or indirect personal interest.

Applicable Criteria

We have used the following as the Applicable Criteria:

1. Article 71 of the Companies Law issued by Royal Decree No. (M/132) and dated 01/12/1443H.

Saudi Cement Company's Responsibility

The management of the Company is responsible for preparing the Subject Matter information that is free from material misstatement in accordance with the Applicable Criteria and for the information contained therein. The management the Company is also responsible for preparing the Subject Matter information (i.e. Appendix 1).

This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and presentation of the Subject Matter that information is free from material misstatement, whether due to fraud or error. It also includes selecting the Applicable Criteria and ensuring that the Company complies with the Companies Law issued by Royal Decree No. (M/132) and dated 01/12/1443H; designing, implementing and effectively operating controls to achieve the stated control objectives; selecting and applying policies; making judgments and estimates that are reasonable in the circumstances; and maintaining adequate records in relation to the Subject Matter information.

The management of the Company is also responsible for preventing and detecting fraud and for identifying and ensuring that the Company complies with laws and regulations applicable to its activities. The management of the Company is responsible for ensuring that staff involved with the preparation of the Subject Matter information are properly trained, systems are properly updated and that any changes in reporting encompass all significant business units.



Independent Limited Assurance Report to Saudi Cement Company on the Chairman's Declaration on the Requirements of Article 71

To the Shareholders of Saudi Cement Company (continued)

Our Responsibility

Our responsibility is to examine the Subject Matter information prepared by the Company and to report thereon in the form of an independent limited assurance conclusion based on the evidence obtained. We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised), "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" endorsed in the Kingdom of Saudi Arabia and the terms and conditions for this engagement as agreed with the Company's management. That standard requires that we plan and perform our procedures to obtain a meaningful level of assurance about whether the Subject Matter information is properly prepared, in all material respects, as the basis for our limited assurance conclusion.

The firm applies International Standard on Quality Management 1 which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) that is endorsed in the Kingdom of Saudi Arabia, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The procedures selected depend on our understanding of the Subject Matter and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise.

In obtaining an understanding of the Subject Matter and other engagement circumstances, we have considered the process used to prepare the Subject Matter information in order to design assurance procedures that are appropriate in the circumstances, but not for the purposes of expressing a conclusion as to the effectiveness of the Company's process or internal control over the preparation and presentation of the Subject Matter information.

Our engagement also included: assessing the appropriateness of the Subject Matter, the suitability of the criteria used by the Company in preparing the Subject Matter information in the circumstances of the engagement, evaluating the appropriateness of the procedures used in the preparation of the Subject Matter information and the reasonableness of estimates made by the Company.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. We did not perform procedures to identify additional procedures that would have been performed if this were a reasonable assurance engagement.

As part of this engagement, we have not performed any procedures by way of audit, review or verification of the Subject Matter information nor of the underlying records or other sources from which the Subject Matter information was extracted.



Independent Limited Assurance Report to Saudi Cement Company on the Chairman's Declaration on the Requirements of Article 71

To the Shareholders of Saudi Cement Company (continued)

Procedures Performed

Our procedures performed are as follows:

- Obtained the declaration that includes the transactions and/or contracts performed in which any of the BOD members of the Company has either direct or indirect interest during the year ended 2022;
- Reviewed the minutes of meetings of the BoD that indicate notifications to the BoD by certain director(s) of actual or potential conflicts of direct or indirect interest in relation to transactions and/or contracts involving the BoD member;
- Checked that the minutes of meetings of the BOD that the relevant director(s) who notified the BoD of actual or potential conflicts of direct or indirect interest did not vote on the resolution to recommend the related transaction(s) and/or contract(s);
- On a sample basis, obtained the required approvals along with supporting documents in respect of the transactions and/or contracts included in the declaration; and
- Checked the transaction amounts included in the Declaration agree, where applicable, to the transaction amounts disclosed in note 27 to the audited consolidated financial statements of the Company for the year ended 31 December 2022.

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Subject Matter information is not prepared, in all material respects, in accordance with the Applicable Criteria.

Restriction of Use of Our report

Our report in both Arabic and English language- is designed to meet the agreed requirements of Companies Law as determined by the Company's needs at the time. Our report should not therefore be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the Company and regulatory authorities such as Capital Market Authority- CMA-, Saudi Exchange (TADAWUL) and Securities Depository Center Company ("Edda"), for any purpose or in any context. Any party other than the Company and regulatory authorities such as Capital Market Authority- CMA-, Saudi Exchange (TADAWUL) and Securities Depository Center Company ("Edda"), who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party than the Company and regulatory authorities such as Capital Market Authority- CMA-, Saudi Exchange (TADAWUL) and Securities Depository Center Company ("Edda"), for our work, for this independent limited assurance report, or for the conclusions we have reached.

Independent Limited Assurance Report to Saudi Cement Company on the Chairman's Declaration on the Requirements of Article 71

To the Shareholders of Saudi Cement Company (continued)

Restriction of Use of Our report (continued)

Our report will be presented to the shareholders in their ordinary General Assembly Meeting in accordance with the requirements of Article (71) of the Companies Law issued by Royal Decree No. (M/132) and dated 01/12/1443H. It will be released to the Company for the purpose of using for the General Assembly Meeting as per the requirement of regulatory authorities such as Capital Market Authority- CMA-, Saudi Exchange (TADAWUL) and Securities Depository Center Company ("Edda"). Other than these requirements, our report shall not be copied, referred to or disclosed, in whole (save for the Company's own internal purposes) or in part, without our prior written consent.

KPMG Professional Services

Nasser Ahmed Al Shutairy
License No: 454



Al Khobar, 20 March 2023G
Corresponding to: 28 Shaban 1444H



Ref. : L30-10\10 - 2023

Date: 10 Rajab1444 (01 February 2023)

M/S.: Honorable Shareholders of Saudi Cement Company
General Assembly of Saudi Cement Company

Greetings,

With reference to clause (1) of Article (27) of the Companies Law issued by Royal Decree No. (M/132) and dated 01/12/1443H and to clause (15) of Article (21) of the Corporate Governance Regulations, which stipulates the following: “Notifying the Ordinary General Assembly when convened of the businesses and contracts in which any Board member has a direct or indirect interest ...”.

Accordingly, we would like to inform you about the related Board members (Parties with indirect interest) who have transactions or contracts with the Company in 2022 according to the table below:

Member name	Company-related entity	Type of relationship in the entity	Type of relationship between the Company and entity	Contract Term	Transaction value in 2022	Remarks
Mohammed Ali AlGarni	Cement Product Industry Ltd. Company (CPI)	Board member	Purchase of empty cement bags	One year	46,036,317 SAR	There are no privileged conditions for this type of contract.
Amin Mousa AlAfifi	Wataniya Insurance Company	Board member	Insurance coverage for the Company property, except for medical insurance	One year	7,572,107 SAR	There are no privileged conditions for this type of contract.

For your information,
Allah is the Arbiter of Success.

05/02/2023 12:33 PM

Mr. Khalid Abdulrahman AlRajhi
Chairman

Governance Regulation

Chapter 3

Terms of reference of the Chairman and members of the Board of Directors

Article twenty-five: The powers and duties of the Chairman of the Board of Directors

Without prejudice to the terms of reference of the Board of Directors, the Chairman of the Board of Directors should lead the Board, supervise its workflow, and perform its functions effectively. In particular, the duties and competences of the Chairman of the Board shall include the following:

- 1- Ensure that the members of the Board of Directors receive complete, clear, correct, and non- misleading information in a timely manner.
- 2- Ensure that the Board of Directors discusses all major issues effectively and in a timely manner.
- 3- Representing the company before third parties in accordance with the provisions of the Companies Law, its executive regulations, and the company's bylaws.
- 4- Encourage the members of the Board of Directors to exercise their duties effectively and in the interest of the company.
- 5- Ensure the existence of channels for effective communication with shareholders and communicating their opinions to the Board of Directors.
- 6- Encourage constructive relations and effective participation between each of the Board of Directors and the executive management and between executive, non-executive and independent members, and create a culture that encourages constructive criticism.
- 7- Preparing the agenda of the Board of Directors meetings, considering any issue raised by any member of the Board of Directors or raised by the auditor, and consulting with the members of the Board and the CEO when preparing the agenda of the Board.
- 8- Holding meetings periodically with non- executive board members without the presence of any executive in the company.
- 9- Inform the Ordinary General Assembly, when it convenes, of the business and contracts in which a member of the Board of Directors has a direct or indirect interest, provided that this notification includes the information provided by the member of the Board of Directors in accordance with clause (14, 15) of Article 28 of this regulation, and that this notification is accompanied by a special report from the company's external auditor.