



Report of the audit committee to the general assembly of shareholders of the Northern Region Cement Company on the internal control system as on 12/31/2023

Gentlemen, shareholders of the Northern Region Cement Company

Within the framework of the committee's competencies according to the rules and regulations that include

1. Study the initial and annual financial statements of the company before submitting them to the Board of Directors, expressing opinions about them, and recommending them.
2. Providing a technical opinion - upon the request of the Board of Directors - on whether the report of the Board of Directors and the financial statements of the company are fair, balanced and understandable, and include information that allows the shareholders and investors to evaluate the financial position of the company, its performance, business model and strategy.
3. Examine any important or unfamiliar issues included in the financial reports.
4. Carefully researching any issues raised by the company's financial manager, whoever assumes his duties, the company's compliance officer, or the auditor.
5. Verify the accounting estimates in the fundamental issues mentioned in the financial reports.
6. Study the accounting policies and principles followed in the company and its subsidiary companies according to the nature of its work, and express opinion and recommendation to the Board of Directors regarding it.
7. Control and supervise the performance and activities of the internal auditor and the internal audit department in the company, in order to verify the availability of the necessary resources and their effectiveness in carrying out the work and tasks assigned to it.
8. Study the internal audit reports and follow up the implementation of corrective measures for the observations contained therein.
9. Study and review the company's internal, financial and risk management systems.
10. Recommending to the Board of Directors to appoint a director of an internal audit unit or department or the internal auditor and suggesting his remuneration.
11. Recommending to the Board of Directors to nominate and dismiss auditors, determine their fees, and evaluate their performance. After confirming their independence and reviewing the scope of their work and the terms of contracting with them.
12. Verifying the auditor's independence, objectivity and fairness, and the effectiveness of the audit work, taking into account the relevant rules and standards.
13. Reviewing the company's auditor's plan and his work, and verifying that he has not submitted technical or administrative works that are outside the scope of the audit work, and expressing its views on that.
14. Answer the inquiries of the company's auditor.
15. Study the auditor's report and his notes on the financial statements and follow up on what has been taken in their regard.
16. Review the results of the reports of the regulatory authorities and verify that the company has taken the necessary actions in this regard.





17. Verify the company's compliance with the relevant laws, regulations, policies and instructions.
18. Review the contracts and the proposed transactions that the company conduct with related parties, and submit their views on this to the Board of Directors.
19. Ensure the efficiency of the internal audit in the investee companies by reviewing the annual evaluation of the quality of the internal audit of these companies and in accordance with what the partners' agreements allow, and submitting to the Board of Directors what it deems appropriate in this regard.
20. Ensure the effectiveness of procedures for forming and performing audit committees in subsidiary (controlled) companies, and submitting to the Board of Directors what it deems appropriate in this regard.
21. Ensuring the competence of the external auditor and the procedures for appointing him in the subsidiary companies (Controlled by them) and submitting to the Board of Directors what it deems appropriate in this regard.
22. Executing special tasks related to the investee companies when requested by the Board of Directors.
23. Raise the issues it deems necessary to take action in their regard to the Board of Directors, and make recommendations on the measures to be taken.
24. The committee should set up a mechanism that allows the employees of the company to submit their observations regarding any infringement of financial or other reports in confidence. The committee must verify the application of this mechanism by conducting an independent investigation commensurate with the size of the error or omission, and adopting appropriate follow-up procedures.

Conclusion:

We inform you that during the year 2023 AD the committee held a number (4) meeting devoted to examining the audited financial statements for the year 2023 AD, reviewing the periodic reports submitted by the internal audit, supervising the work of the chartered accountant and managing risks, as well as following up the implementation of tasks according to best practices in the field of audit committees.

The Audit Committee submits its report to you on the results of the financial year ending on 12/31/2023 AD, and we inform you that we have reviewed all the company's quarterly and annual financial statements and the reports of the external auditor of the accounts and the accompanying explanations, and we inform you that the committee does not have any substantive notes in this regard.

The committee also reviewed the company's internal control systems and their sufficiency.

Finally, the committee extends thanks to the management of the company for its cooperation in performing and facilitating the committee's work.

Kindly accept our sincere regards

Committee member

Committee member

Chairman of the Committee

Khalid Abdul Aziz Alarif

Eyad Tarek Alyehya

Dr. Faisal Hamad Alsugir

