Sustainability at City Cement

From Vision to Real Impact

City Cement
Sustainability Report 2024

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Introduction

About This Report

This document - City Cement Company's second annual sustainability report - serves to provide our stakeholders with a clear view of the company's operations, financial performance, and sustainability-related endeavors.

Throughout this report, "City Cement," "the company," and "We" are all used to refer to City Cement Company, a Saudi joint-stock integrated cement manufacturing company operating in the Kingdom of Saudi Arabia that has been registered in Riyadh since 2005 under Ministerial Resolution No. 804.

For Further Information:

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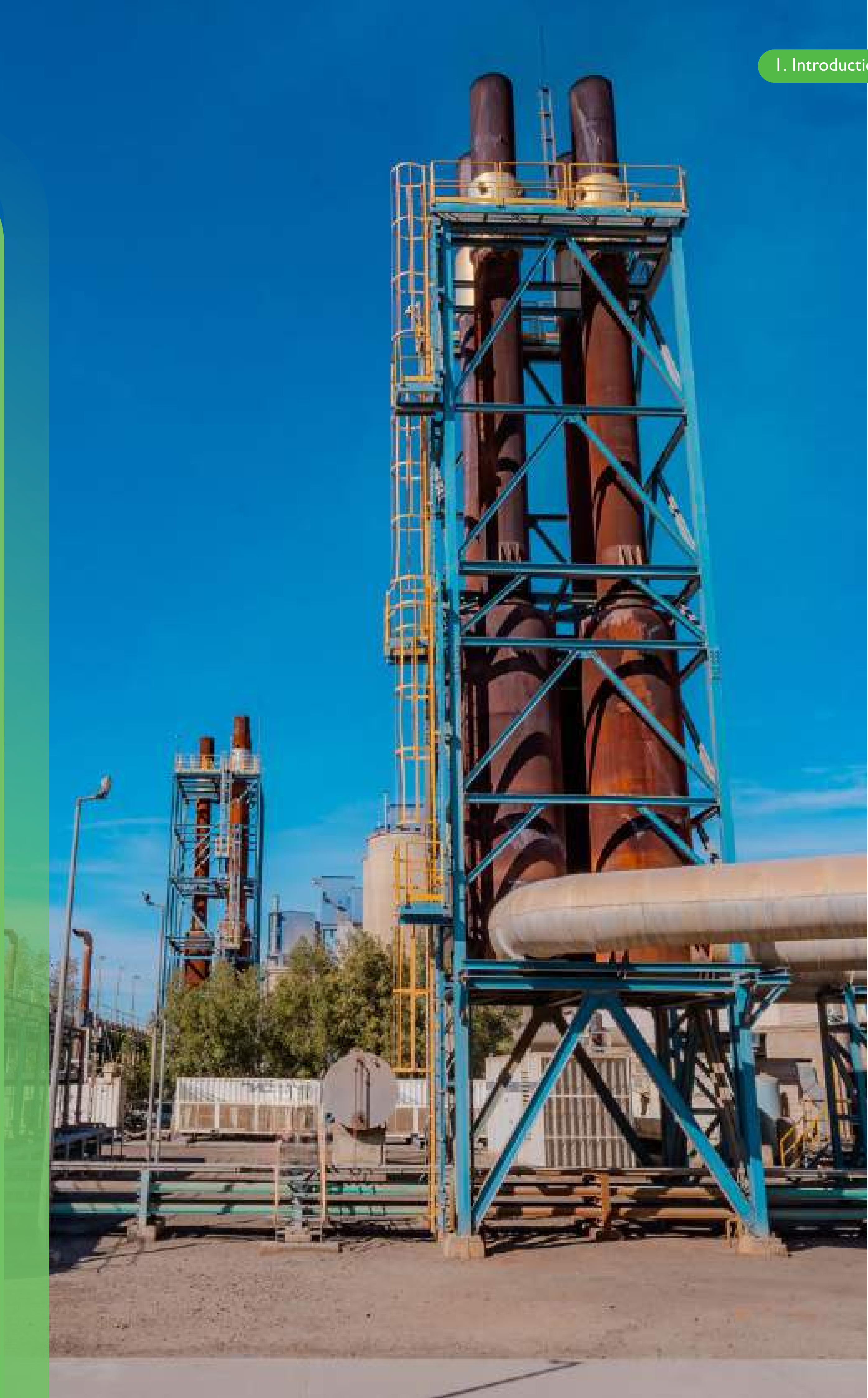

Reporting Period and Scope:

This report covers the calendar year from January 1, 2024, to December 31, 2024. Its scope encompasses all operational sites and activities under the purview of the City Cement Company.

Reporting Frameworks and Principles:

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards and the **International Integrated Reporting Council (IIRC) Framework**, in line with the United Nations Sustainable Development Goals (UN SDGs) and Saudi Vision 2030 themes.

Date of Previous Sustainability Report:

The first sustainability report, in accordance with the GRI Standards, covering the reporting period 2021-2023 was published in 2024.

Mistakes and Typographical Errors:

Any errors discovered following the publication of the report will be immediately corrected and presented on our website. This report, like all our reports, is to be published on our website in the form of a downloadable PDF file.

Third-Party Assurance:

City Cement is committed to ensuring the accuracy and reliability of its reported data. This sustainability report's assurance statement was provided by DCarbon Global.

Message from Chairman

Mr. Bader Bin Omar Al-Abdullatif

Chairman

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The year 2024 was a pivotal one for City Cement Company, marked by strong financial growth - net profit up 76% with revenues reaching SAR 521 million - alongside accelerated progress in sustainability and operational excellence.

Our strategy is firmly aligned with Saudi Vision 2030, anchored in diversification, innovation, and responsibility. Through subsidiaries such as Green Solutions and Nizak Mining, we expanded into waste management, renewable energy, and eco-friendly cementitious materials, strengthening our role in the circular economy and industrial resilience.

The Board continued to uphold the highest standards of governance, transparency, and risk oversight. At the same time, people remain at the heart of our journey: we achieved zero workplace injuries, expanded training, increased female participation, and advanced CSR programs in health, education, heritage, and community development.

Looking ahead, City Cement remains committed to balancing performance with responsibility, expanding leadership in sustainable construction, and creating long-term value for our shareholders, employees, and society.

Message from the CEO

Mr. Majed AlOsailan

CEO & Board Member

"The year 2024 was one of a continued year of transformation, resilience, and tangible progress.

Despite a challenging economic environment and intensifying competition in the cement sector, City Cement achieved record growth. Cement sales rose by 31.19% to reach 2.84 million tons, driven by stronger domestic demand, enhanced operational efficiency, and our steadfast commitment to customer trust.

Our strategy has focused on integrating across the value chain to build a robust and diversified portfolio. Through subsidiaries such as Green Solutions for Environmental Services and Nizak Mining Services, we expanded beyond cement into waste management, renewable energy, and mining services. These initiatives reduce costs, mitigate supply risks, and create new revenue streams—strengthening resilience against market volatility.

This diversification is fully aligned with the aspirations of Saudi Vision 2030, which promotes industrial integration, environmental stewardship, and advanced technologies. The establishment of Nizak Mining Services in partnership with global innovators reflects our commitment to producing next-generation cementitious materials that support the Kingdom's green transition and infrastructure growth.

Our sustainability agenda made significant strides in 2024. We reduced the clinker factor to 89.9%, cut dust emissions by 50%, and improved energy efficiency by 12.6% compared to 2022. Green Solutions produced over 23,000 tons of alternative fuels, advancing circular economy practices and reducing reliance on fossil fuels. At the same time, our waste heat recovery system generated over 16 MW of clean electricity, reinforcing cost efficiency and environmental responsibility.

Digital transformation remained central to our journey. With AI-enabled monitoring, Enterprise Resourcess Planning system integration, and real-time environmental data platforms, we enhanced efficiency, transparency, and ESG reporting. This maturity was recognized with a first-place national ranking in the Smart Industry Readiness Index (SIRI).

Above all, our people remain at the core of our success. In 2024, we provided more than 1,600 hours of training, reduced lost-time injuries by 41%, and recorded zero work-related fatalities—a testament to a culture built on care, safety, and empowerment.

Looking ahead, City Cement will continue to strengthen its role as a diversified, integrated, and resilient industrial leader—balancing financial strength with sustainability. By leveraging the opportunities of Vision 2030, we aim to create long-term value for our shareholders, deliver high-quality solutions to our customers, and contribute to the Kingdom's ambition of building a thriving, green, and globally competitive economy.

About City Cement

City Cement Company is a leading integrated cement manufacturer specializing in the production and distribution of various types of cement. Since its establishment in 2005, City Cement has operated with a clear philosophy of constant improvement, long-term value creation, growth, and sustainable development.

Our operations are anchored by an industrial complex in Marat housing two modern clinker production lines and three cement mills.

Since commencing operations in 2007 with an annual clinker production capacity of 2 million tons, we have significantly expanded our capabilities. Our addition of a second production line in 2015 boosted our clinker capacity to 4 million tons per year, and our annual cement grinding capacity now exceeds 5 million tons. This substantial production capacity has enabled us to establish a solid reputation for excellence, reliability, and innovation in the delivery of high-quality cement and building materials, securing our position as a leading manufacturer in the Kingdom of Saudi Arabia.

Today, our expansive distribution network reaches over 35 destinations across the Kingdom, reaching over 800 kilometers from our production facility. We serve a diverse portfolio of more than 260 direct customers across multiple applications, including ready-mix concrete, precast blocks and surface finishing. The company's far-reaching footprint bolsters its market presence, supporting its role as a stakeholder-centric organization that transforms challenges into strategic opportunities while maintaining a competitive advantage within the industry.

Beyond our cement operations, City Cement has made significant progress expanding into emerging industries with a focus on waste management, waste treatment, and mining services. This diversification effort—pursued primarily through Green Solutions for Environmental Services and Nizak Mining Services, our wholly owned subsidiaries—is aimed at enhancing our operational resilience, broadening our revenue base, and facilitating long-term sustainable growth.

Our Milestones:

Founded in 2005 under Ministerial Resolution No. 804, City Cement is a Saudi joint-stock company headquartered in Riyadh. City Cement's commitment to excellence and compliance paved the way toward a series of significant milestones that have shaped City Cement's growth and leadership in the industry.

2005
City Cement Company formally established

2007
Made its first production line operational with a capacity of 5,000 MT per day

2012
Launched IPO with 50% of company shares and more than 3 million subscribers

2013
Kickstarted initiatives aimed at boosting operational efficiency and fuel rationalization

2015
Made its second production line operational with a capacity of 5,500 MT per day

Launched commercial operations of a waste heat recovery (WHR) unit up to 14.25 MW

2016
Conducted a study on the use of solid, industrial, and agricultural waste as an alternative fuel source

Introduced tire-derived fuel (TDF) as an alternative fuel

2017
Launched commercial operations of a waste heat recovery (WHR) unit up to 14.25 MW

2018
Increased rate of alternative fuel substitution

Introduced new and improved eco-friendly products

2019
Launched new strategy and transformation roadmap with a focus on business sustainability, operational excellence, and both organic and inorganic growth

Began collaborating with state authorities on waste-management initiatives to process industrial waste in line with best environmental practices

2020
Launched the Kingdom's first refuse-derived fuel (RDF) integrated production facility

2021
Established Green Solutions for Environment Services, a subsidiary specializing in waste management, to assume a pivotal role in realizing the sustainability-related elements of Saudi Vision 2030

Implemented an enterprise resource planning (ERP) system to integrate the company's operations and progress in materializing its digital transformation

2022
Launched green finishing cement to accelerate the reduction of carbon emissions in the cement industry

2023
Alongside SIRC and Lechtenberg ME, Green Solutions for Environmental Services signed an agreement to establish Innovative Solutions for Environmental Services, which will build, own, and operate the biggest materials recovery facility in KSA

Received the advanced-level mark—ranked first in the Kingdom—in the Smart Industries Readiness Index (SIRI) in recognition of its progress in digitizing its operations

Published environmental product declarations for its three products, making it the first cement company in the Kingdom to transparently declare its environmental impacts

2024
Established Nizak Mining Services, a subsidiary specializing in mining services

Partnership agreement with the British company and obtaining the usufruct rights of the Danish patent for manufacturing cement alternatives.

Today, City Cement Company produces cement at its plant in Marat Governorate with an annual capacity in excess of 5 million metric tons; aims to expand into various promising fields, including waste management and mining, to diversify its investments and bolster its returns

Our Subsidiaries

City Cement Company
a public Saudi joint stock company whose shares are traded on the Saudi market (Tadawul) under the code 3003

Waste Management Business	Mining Business	Services Business	Cement Business
Green Solutions for Environmental Service (GSESCO) Single-Person Limited Liability Company	**Nizak Mining Company** (NMCO) Single-Person Limited Liability Company	**City Cement Contracting** Single-Person Limited Liability Company	**City Cement Company** (CCC) Public Joint Stock Company
Innovative Solutions for Environmental Services Limited Liability Company – GSESCO: 29.6% of the shares	**NG SCM KSA** Limited Liability Company – NMCO: 50% of the shares		**Potential Acquisition**

Green Solutions for Environmental Services:

Established in 2021, Green Solutions for Environmental Services stands at the forefront of innovative alternative energy solutions in the Kingdom of Saudi Arabia, particularly the conversion of waste materials into fuel. This approach significantly reduces dependence on conventional fossil fuels, reducing carbon emissions and directly contributing to international environmental objectives.

Green Solutions also collaborates with City Cement Company n the management and operation of alternative fuel feeding units and enhance energy efficiency, in line with international standards for reducing heavy industry's carbon footprint.

With an eye toward both domestic and international expansion, Green Solutions is also committed to offering comprehensive solutions in waste management and alternative energy. As such, it works with strategic partners to accelerate the deployment of advanced technologies in both waste management and energy conversion.

Fundamental to Green Solutions' operations is its commitment to abiding by the highest environmental and technical standards. Thus, it invests in modern practices to ensure long-term sustainability, aiming to be a leading force behind the push for sustainable development and corporate environmental responsibility across all industries.

Nizak Mining Services:

In 2024, City Cement solidified its commitment to sustainable practices and strategic growth with its establishment of Nizak Mining Services, a wholly owned limited-liability subsidiary specializing in mining services. The subsidiary will commence its operations in 2025.

Already, Nizak Mining Services has established a key partnership with Next Generation SCM focused on the use of patented CemGreen technology from Denmark. This agreement, the signing of which was witnessed firsthand by His Excellency Bandar bin Ibrahim Al-Khorayef, Minister of Industry and Mineral Resources, as well as Her Excellency Liselotte Plesner, Danish Ambassador, is set to establish a new company able to process natural raw materials into high-cementitious synthetic construction products. These products will be manufactured using low-emission, environmentally friendly technologies that significantly reduce carbon emissions.

Nizak Mining Services showcases City Cement's unwavering commitment to Saudi Vision 2030's sustainability and foreign-investment goals.

Our Vision:

Pioneering the transition toward distinguished, sustainable, and eco-friendly cement products that contribute to a greener future for our community.

Our Mission and Goals:

Building an integrated ecosystem that delivers high-performance, premium-quality products to our customers, ensures a profitable and well-governed business for our shareholders, empowers employees through ongoing professional development, and not only adheres to but also actively promotes environmentally and socially responsible frameworks.

Our Core Values:

Our values constitute the ethical compass guiding our journey. City Cement is committed to driving sustainable development through a diverse array of initiatives and stakeholder collaborations as part of a clear strategy aligned with Saudi Vision 2030.

Customer-Centric Approach:	We prioritize enhancing customer experience, delivering to strengthen relationships and foster exceptional value trust.
Environmental and Social Responsibility:	City Cement is dedicated to shaping a sustainable future—both today and for generations to come—by serving the community in everything that we do with a strong sense of responsibility in every possible way.
Our People, Our Strength:	We cultivate an empowering workplace that nurtures talent, unlocks potential, and provides maximum opportunities for all employees.
Innovation and Growth:	By embracing cutting-edge technologies and pioneering innovations, we always drive sustainable economic growth.
Integrity and Transparency:	We foster a work environment based on strong governance principles, ensuring strict adherence to ethics, transparency, and integrity at every level of the organization.

Membership and Association:

As part of its commitment to driving sustainability within the cement industry, City Cement is affiliated with multiple national and international organizations.

At the National Level:

City Cement is an active member of the Cement Companies National Committee.

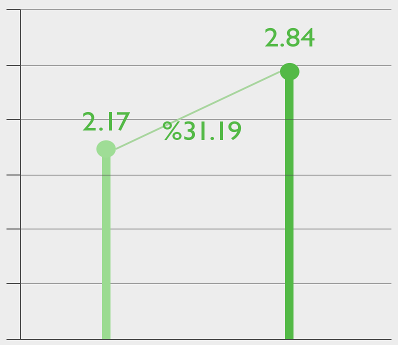
At the International Level:

City Cement is represented internationally through its memberships in the Arab Union for Cement and Building Materials and the Global Cement and Concrete Association.

Environmental, Social, and Governance (ESG) Highlights

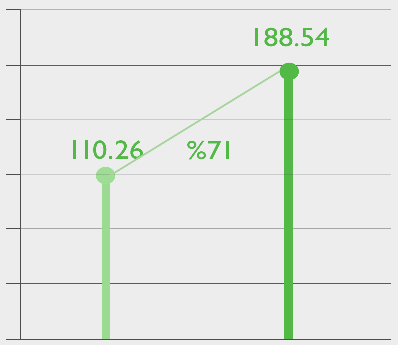
Economic Highlights:

Cement Sold (MTON)



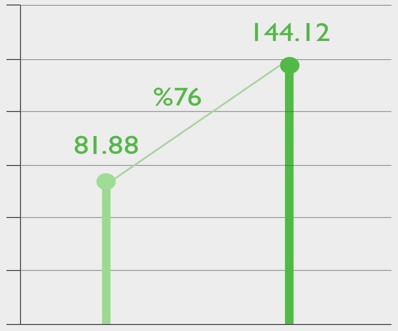
Quantity of cement sold:
2.84 MT in 2024; a 31.19% increase from 2023

Gross Profit (MSAR)



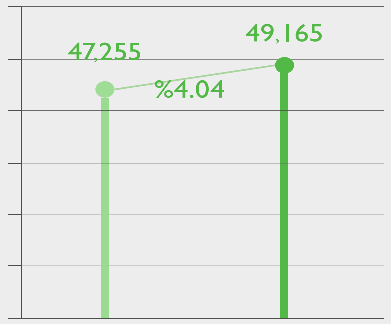
Gross profit:
188.54 million riyals in 2024; a 71% increase from 2023

Net Profit (MSAR)



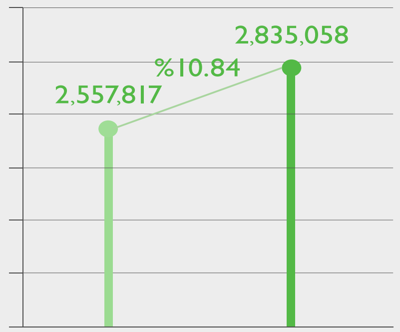
Net profit:
144.12 million riyals in 2024; a 76% increase from 2023

Domestic demand (MTON)



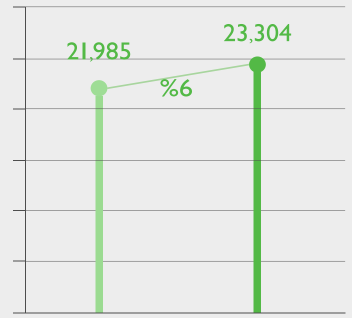
Domestic demand for cement:
49.165 MT in 2024; a 4.04% increase from 2023

Production (TON)



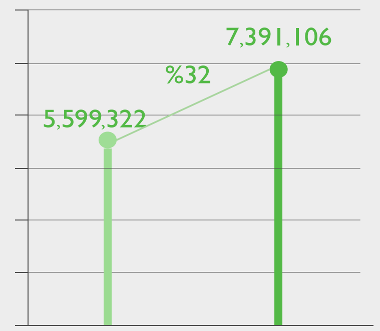
Production:
A 10.84% increase from 2023

Alternative fuel production (TON)



Alternative fuel production by Green Solutions for Environmental Services:
23,304 tons in 2024; a 6% increase from 2023

Alternative Fuel Sales (SAR)



Alternative fuel sales:
7,391,106 riyals in 2024; a 32% increase from 2023

Governance Highlights:

- Corporate social responsibility policy launched in 2024
- Zero cases of fraud, non-compliance, or corruption reported in 2024
- Zero monetary or non-monetary fines incurred in 2024

Social Highlights:

Zero work-related injuries reported in 2024

Total number of training hours: 1,629

Environmental Highlights:

Water recycling: **38.05%** in 2024; up from 37.25% in 2023.

Total thermal energy efficiency: in 2024, a **12.6%** increase from 2022.

Water recovery efficiency: 19.75% in 2024; a **1.75%** increase from 2023.

Waste treated through approved channels: **100%** in 2024. Zero waste to landfill in 2024.

Awards and Certifications

SASO Quality Marks Certifications:

The receipt of these certifications is proof of City Cement's strict commitment to the standards set by the Saudi Standards, Metrology, and Quality Organization.

Environmental Disclosure Certifications 2023:

These certifications of our products confirm our leading role in driving environmental excellence and transparency in the Kingdom of Saudi Arabia.

Saudi Energy Efficiency Center Award:

This award recognizes City Cement for its outstanding energy efficiency program, reflecting our strong commitment to sustainable energy practices as well as our efforts to reduce energy consumption and carbon emissions.

SIRI Ranking:

Ranked first place in the Kingdom in the SIRI for our implementation of automation projects as part of the Ministry of Industry and Mineral Resources' Future Factories Initiative.

Management Systems Accreditation

ISO 9001 certification demonstrates our commitment to high-quality management and customer satisfaction.

ISO 14001 certification reflects our dedication to pursuing effective environmental management, reducing our environmental footprint, and enhancing our environmental performance.

ISO 45001 certification signifies our proactive approach to ensuring occupational health and safety by minimizing risks to our employees and stakeholders.

ISO 50001 certification affirms our strategic focus on ensuring sound energy management, improving energy usage, and minimizing our environmental impact.

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Strategy and Value Creation

- Our Business Model
- Our Strategic Direction
- Our Value-Creation Model

Our Business Model:

Since its inception, City Cement has worked to foster an inclusive growth model that promotes economic resilience, environmental responsibility, and social well-being. These principles underpin our long-term business strategy, driving collective success for the company, its stakeholders, and the broader community.

City Cement operates under an integrated business model that merges economic performance with social responsibility and environmental sustainability, meaning that this model not only drives profitability but also works to contribute to national transformation and global sustainability. The company's core value proposition lies in its commitment to delivering high-quality cement products that are not only reliable but also environmentally friendly. This dedication is consistently demonstrated through the company's focus on sustainability, its constant pursuit of innovation in product development and operational processes, and its deep engagement with the communities that it serves. The model reflects a forward-looking industrial strategy that, guided by our core strategic pillars, generates shared value for the company, its stakeholders, and society at large.

Our Strategic Direction:

Under visionary leadership, City Cement has embarked on a comprehensive journey of transformation across all business functions to enhance its resilience and future-readiness amid rising global challenges, including climate change, economic volatility, digital disruption, and evolving regulatory frameworks. As part of this transformation, the Board of Directors and executive management laid out eight ambitious goals to guide the company forward trajectory and ensure its alignment with both national and global priorities:

1. Achieve top-tier financial returns in the cement market
2. Maximize revenues through diversified growth strategies
3. Reduce environmental footprint by utilizing alternative fuels and renewable energy
4. Boost overall productivity with an emphasis on digitization
5. Enhance human capital through upskilling and heightened efficiency
6. Increase the Saudization ratio to meet and exceed regulatory requirements
7. Improve client loyalty and brand advocacy
8. Achieve a best-in-class SIRI ranking

These strategic ambitions form the backbone of City Cement's forward-looking agenda. This agenda enables our ambitious strategic direction, which—alongside our ESG framework—is built around five key pillars that position the company at the forefront of sustainability leadership and generate value for stakeholders. Each pillar is rooted in defined objectives that mirror the UN Sustainable Development Goals and Saudi Vision 2030 themes; (a vibrant society; a thriving economy and ambitious nation); and to move us toward sustainable practices that sharpen the company's competitive edge.

Pillar 1: Accountability

Pillar 2: Growth and Development

Pillar 3: Human Capital

Pillar 4: Environmental Stewardship

Pillar 5: Social Responsibility and Community Support

In alignment with the three main pillars of Saudi Vision 2030, and the United Nations Sustainable Development Goals, sustainability is a fundamental pillar in City Cement's long-term strategic direction.

Pillar	SDG Alignment	Vision 2030 Alignment	Description
Pillar 1: Accountability	**SDG Alignment:**	**Vision 2030 Alignment:** An Ambitious Nation	At the core of City Cement's strategic direction is a firm commitment to accountability through ethical conduct, responsible behavior, and actions that develop trust with both customers and stakeholders. Such efforts include ensuring that every employee upholds the company's values while safeguarding the interests of customers, investors, suppliers, and the public at large.
Pillar 2: Growth and Development	**SDG Alignment:**	**Vision 2030 Alignment:** A Thriving Economy	Recognizing its role as a major industrial player, City Cement is committed to reinforcing economic stability, ensuring high product quality, and maintaining sustainable financial performance. The company strives to be among the fastest-growing firms in Saudi Arabia by earning customers' trust through innovative, environmentally friendly, and high-quality offerings. By embedding these principles within all of its operations, City Cement reaffirms its commitment to effecting positive change for both people and the planet.
Pillar 3: Human Capital	**SDG Alignment:**	**Vision 2030 Alignment:** A Vibrant Society	City Cement is committed to fostering strong interpersonal relationships among its employees as well as an overall collaborative working environment that embodies the principles of inclusivity, mutual respect, and the protection of workers' human rights. The company also prioritizes talent development and strives to be the most attractive employer for job-seekers—a goal driven by its transparency and sense of responsibility toward its employees and the wider community.
Pillar 4: Environmental Stewardship	**SDG Alignment:**	**Vision 2030 Alignment:** A Thriving Economy	City Cement recognizes that future growth must be balanced with environmental stewardship. The company is deeply committed to minimizing its environmental footprint through innovation and responsible resource management. It integrates sustainability into every aspect of its operations, reducing reliance on fossil fuels using alternative fuels and raw materials and adopting advanced technologies, clean energy solutions, and efficient production methods. The company also strives to optimize its use of electricity, water, and paper, both in its direct operations and in its dealings with suppliers.
Pillar 5: Social Responsibility and Community Support	**SDG Alignment:**	**Vision 2030 Alignment:** A Thriving Economy; A Vibrant Society	Finally, City Cement is committed to supporting local communities. Beyond producing environmentally friendly products, this means engaging in charitable initiatives, community development programs, and other efforts. The company understands that natural resources, when responsibly managed, not only create jobs and drive economic activity but also serve as a foundation upon which inclusive and sustainable development may be pursued. City Cement actively measures the social impact of every ton of cement that it produces, working in partnership with international organizations to quantify its consumption of natural resources, especially fossil fuels. Through this transparent and evidence-based approach, the company aims to be the first in Saudi Arabia to certify its products as locally approved green products, thereby setting a national benchmark in environmental performance.

Our Value-Creation Model

Inputs

Financial Capital

- Total assets: SAR 1,894,815 (in thousands)
- Total liabilities plus shareholder equity: SAR 1,894,815 (in thousands)
- Total liabilities: SAR 99,685 (in thousands)

Manufactured Capital

- Clinker production lines: 2
- Cement mills: 3
- Total production capacity: 10.84% growth rate

Human Capital

- Total workforce: 435
- Employee wages and benefits: SAR 57.1 million
- Training programs conducted: 6
- Total training hours: 1,141
- Total safety-training hours: 354

Natural Capital

- Total non-renewable energy consumption: 229,039 GJ
- Total renewable energy consumption: 82,935 GJ

Intellectual Capital

- Ongoing investment in decarbonization strategies and digital transformation

Social and Relationship Capital

- Community investment: SAR 1.3 million
- Zakat contributions: SAR 13,112 (in thousands)

Process

Strategic Goals or priorities

1. Achieve industry leading return rates in the cement sector.
2. Maximize revenue through diversified growth strategies.
3. Reduce carbon footprint by adopting alternative fuels & renewable energy.
4. Enhance overall productivity with a strong focus on Digitalization.
5. Strengthen workforce and capabilities.
6. Increase Saudization rates.
7. Improve customer loyalty & strengthen brand equity.

Core Values

Environmental and social responsibility
Integrity and transparency
Innovation and growth
Our people, our strength
Customer-centric approach

Vision

Pioneering the transition toward distinguished, sustainable, and eco-friendly cement products that contribute to a greener future for our community.

Mission

Building an integrated ecosystem that delivers high-performance, premium-quality products to our customers, ensures a profitable and well-governed business for our shareholders, empowers employees through ongoing professional development, and not only adheres to but also actively promotes environmentally and socially responsible frameworks.

Business Activities

Cement production: Manufacturing various types and grades of cement using advanced, energy-efficient technologies

Supply chain and logistics management: Managing inbound raw materials, such as limestone, and the outbound distribution of finished products

Research and development: Innovating sustainable cement solutions

Outputs

- Total revenue: SAR 521 million
- Net profit: SAR 144 million
- Clinker production: 2,444 tons
- Cement sales: 2.84 MT
- Lost time injury rate (LTIR) reduced by 41%
- Recordable accidents reduced by 20%
- Zero recorded work-related ill-health incidents
- Recycling rate increased by 40%
- Clinker factor fell to 89.9% in 2024
- Dust emissions reduced by 50%
- 85% of indoor lighting replaced with energy-efficient LED bulbs
- Community investment in 3 sectors (health, community development, and education) and 5 unique projects

Outcomes

Financial Capital

Financial resilience; revenue growth; cost optimization; long-term value creation

Manufactured Capital

Efficient, reliable production; readiness for expansion; high product standards

Human Capital

Increased employee engagement; strong health and safety measures; national workforce participation

Natural Capital

Lower carbon emissions; waste reduction; responsible resource use; contribution to Vision 2030

Intellectual Capital

Leadership in innovation; operational excellence (SIRI ranking); competitive advantage

Social and Relationship Capital

Broad community outreach; strong relationship with civil society

3

Our Governance

- Stakeholder Identification
- Materiality Assessment
- Corporate Governance
- Business Ethics and Compliance Framework
- Risk Management
- Legal Compliance and Oversight

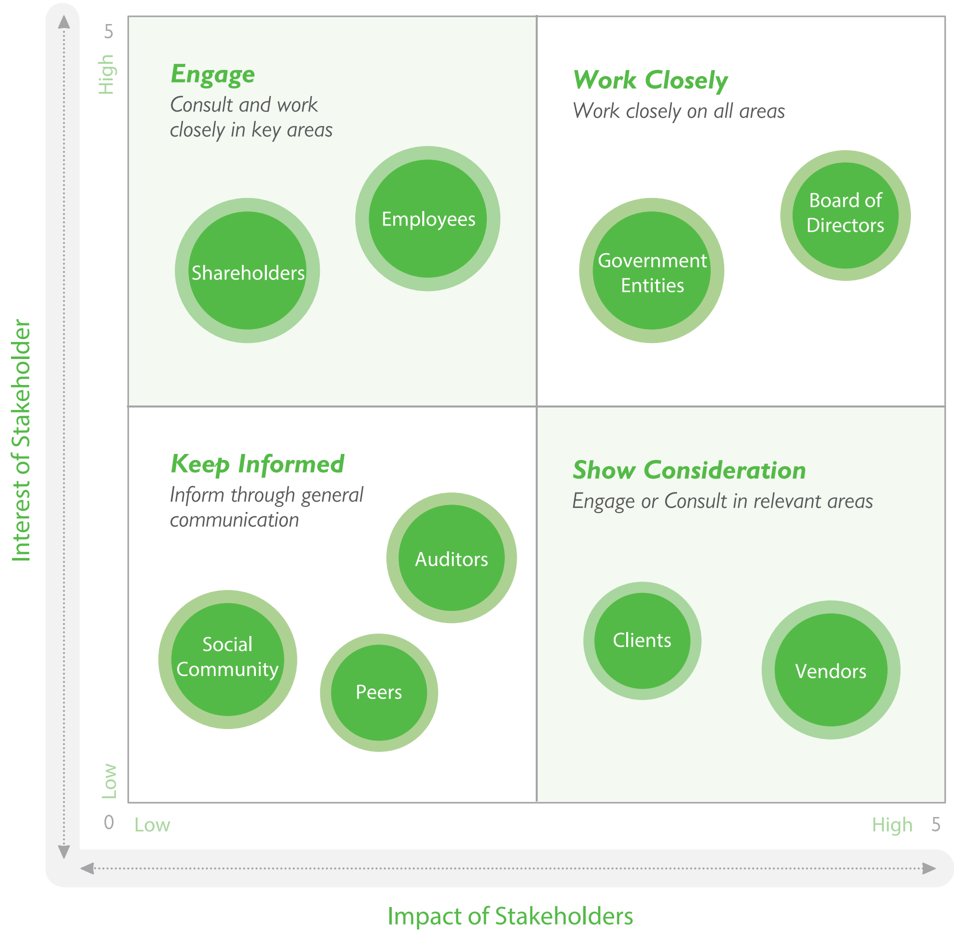
Stakeholder Identification

This report identifies City Cement's stakeholders following a thorough analysis of its internal and external ecosystems, organizing them into the following eight primary categories.

- Board of Directors
- Government Entities
- Employees
- Shareholders
- Peers and Industry Association
- Vendors
- Social Community
- Clients

Stakeholders' Impact/Interest Matrix:

The stakeholders are classified here using an **impact/interest matrix** based on their level of influence on the company and their level of interest in its activities. This framework aids City Cement in determining how to prioritize engagement strategies and align our responses with stakeholder expectations.



Stakeholder Management:

The following subsection outlines City Cement's key stakeholder groups alongside their primary concerns and City Cement's corresponding management approach.

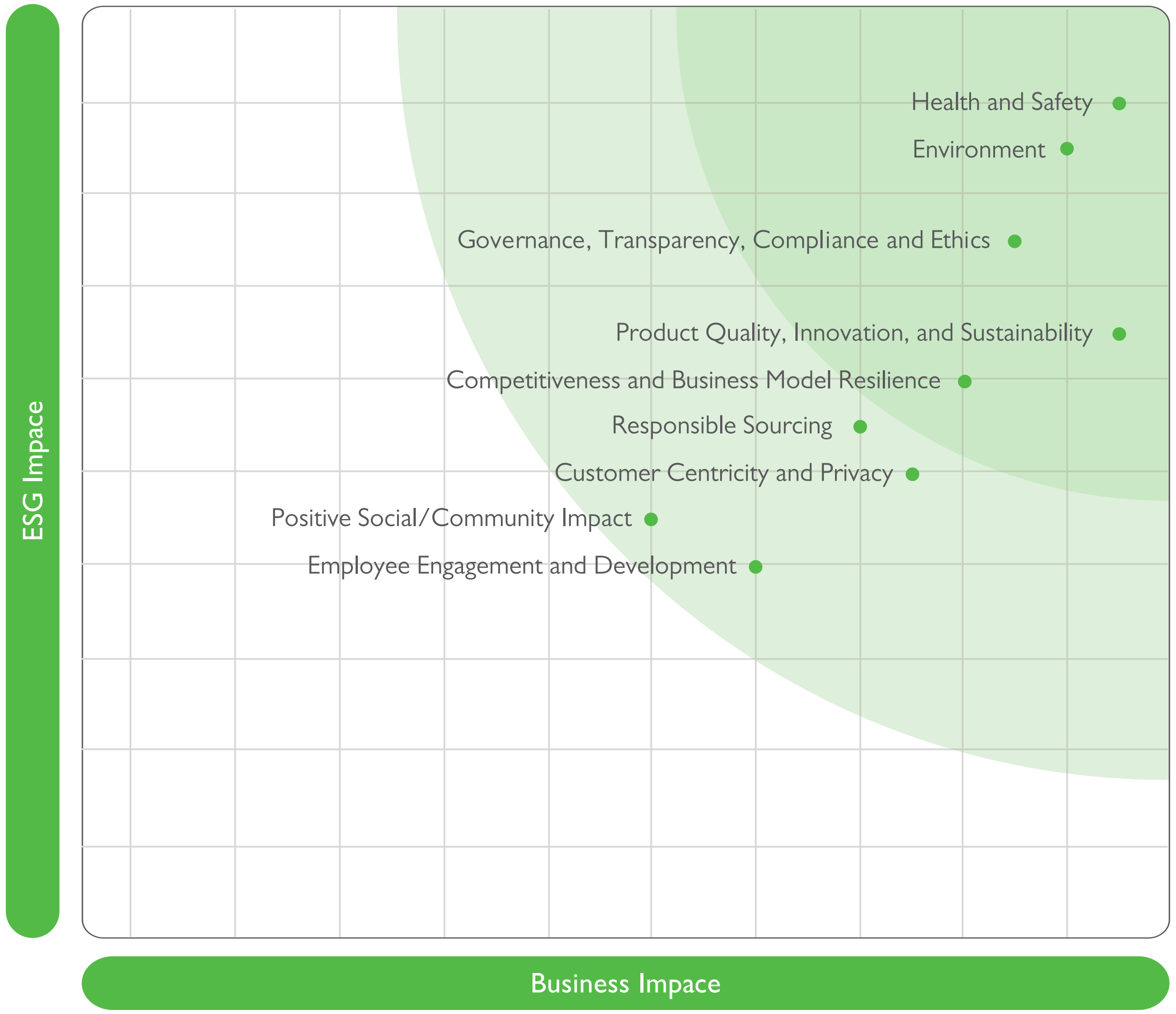
Stakeholders	Key Topics	Management Approach	Communication Channel
Government Entities	Compliance	Adherence to laws and regulations	Meetings, emails, official letters
	Creation of job opportunities	Local recruitment	
	National development	Economic and social contributions	
Board of Directors	Risk management	Robust management systems	Follow-up meetings
	Business growth and sustainability	Business expansion and integration	
	Efficient operations	Resource optimization	
Shareholders	Financial resilience and profitability	Integrated robust system that facilitates ongoing growth and incorporates risk-mitigation measures	Tadawul, forums, meetings, website, social media platforms
	Risk management		
Employees	Health and safety	Safety-management system	Meetings, workshops, awareness sessions, emails
	Career development	Internal policies that account for employees' well-being	
	Benefits		
Vendors	Compliance with regulations	Policies that ensure transparency and the implementation of anti-corruption measures	Emails, meetings, tenders
	Transparency		
	Occupational health and safety	Health- and safety-management system	
	Grievance mechanism	Grievance mechanism	
Clients	Product quality	R&D and innovation	Emails, letters, calls, meetings, social media platforms
	Competitive pricing	International quality standards	
	Grievance mechanism	Grievance mechanism	
Social Community	Infrastructure development	Engaging in local infrastructure projects	TV interviews, press releases, social media platforms, website
	Environmental and social impact	Community development projects	
	Employment opportunities	Environmental impact mitigation	
Peers and Industry Association	Fair competition	Policy of ethical practices	Market research, corporate events and conferences
	Ethical business conduct	Transparent practice and communication	

Materiality Assessment

This report is guided by the principle of **double materiality**, meaning that we assess City Cement's impact from two key perspectives: the financial impact that sustainability-related issues may have on our business, and the impact that our business operations may have on the environment, the economy, and society at large. This dual lens enables us to identify, evaluate, and prioritize the sustainability topics that are most relevant to our long-term performance and meet our stakeholders' expectations.

Our materiality assessment for this year's report was initiated through extensive stakeholder engagement. Material topics were first identified via stakeholders' proxies to ensure a broad and informed perspective. These topics were then reviewed, assessed, and prioritized by the Sustainability Committee according to their impact on City Cement's business.

Materiality Matrix



Corporate Governance

City Cement's Governance Framework:

City Cement firmly believes that strong corporate governance is both crucial and fundamental to the pursuit of its sustainability objectives. The company's robust governance framework is built on four fundamental pillars: **transparency, accountability, responsibility, and fairness**.

Transparency ensures that all stakeholders—including shareholders, employees, suppliers, the community, and regulators—are provided with timely and accurate information regarding the company's performance and decision-making processes. **Accountability** is upheld through a well-Structured Board of Directors and dedicated committees and processes that oversee the alignment of company operations with established strategic objectives and ethical standards.

Responsibility is reflected in the company's commitment to ethical conduct, regulatory compliance, and environmental sustainability, reinforcing its status as a socially responsible enterprise. Lastly, **fairness** guides the treatment of all stakeholders with impartiality and respect, ensuring equitable practices in employee relations, customer dealings, and community engagement. Together, these pillars promote City Cement's sustainable growth, sound risk management, and long-term value creation.

Board structure & Composition:

Mr. Bader Bin Omar Al-Abdullatif
Chairman of Board of Directors
Non-Executive

Mr. Saleh Ibrahim Muhammed AlShbnan
Vice-Chairman of Board of Directors
Non-Executive

Mr. Majed Bin Abdulrahman Al-Osailan
Chief Executive Officer and Board Member
Executive

Eng. Mohammed Bin Hikmat Al-Zaim
Member of the Board of Directors
Independent

Mr. Mohammed Hamdan Alsuraiyea
Member of the Board of Directors
Independent

Mr. Fahad Bin Omar Al Abdullatif
Member of the Board of Directors
Independent

Mr. Mohammed Bin Sulaiman Alrajhi
Member of the Board of Directors
Independent

Our Board of Directors (BoD) comprises an array of professionals who are highly diverse in their expertise, and this diversity plays a pivotal role in ensuring ethical and sustainable practices across our operations. The BoD oversees the organization's due diligence processes and other mechanisms that serve to identify and manage the company's potential ESG impacts in a manner informed by recommendations from the relevant company committees. In 2024, the BoD held six meetings with high frequency of attendance to ensure ongoing oversight. Through this consistent governance structure, we work proactively to minimize any environmental or social risks that may affect our operations.

In line with the Capital Market Authority's (CMA's) Corporate Governance Regulations, and the company's internal regulations and policies for the appointment and composition of its Board.

When forming the Board, City Cement carefully considers several key factors, including the number of members that would be most appropriate given the size and scope of the Company's operations. A majority of the Board members are appointed as non-executive directors, reinforcing the value of independent judgment in decision-making processes. Moreover, the company complies with regulatory requirements by ensuring that the number of independent directors is no less than two members or one-third of the total BoD, whichever is greater. The Board Chairman or Vice Chairman ensures that all Board members, especially non-executive directors, are kept fully informed of shareholders' proposals and feedback concerning the company and its performance.

With respect to BoD appointments, City Cement's bylaws stipulate that the Board shall consist of seven members, with three being the absolute minimum. Board members are elected by the General Assembly in accordance with the company's governance framework, and they serve for a defined term with eligibility for re-election unless otherwise specified. To uphold best practices in governance, Board members are not permitted to serve concurrently on the Boards of more than five listed joint-stock companies.

Board Training and Capacity Building:

In 2024, members of the Board of Directors participated in a series of specialized workshops on Environmental, Social, and Governance (ESG) issues, organized by local and international entities. These workshops focused on global regulatory trends, disclosure requirements, and the role of the Board of Director in leading sustainability strategies and enhancing long-term value.

These workshops contributed to raising the Board's awareness and building its capabilities regarding best practices in environmental and social governance.

Strategic Leadership Through Governance:

At City Cement Company, the Board of Directors plays a central role in setting the company's strategic goals through the Strategy and Transformation Council, which partners with the CEO and business unit leaders to shape and execute the company's overarching vision and strategy, ensuring alignment across operations and delivering strong performance and financial outcomes.

Each of City Cement's core divisions plays a **critical role in driving the successful implementation of its strategic goals** (see "Strategic Direction" section), ensuring cohesive performance across all business functions. These divisions work to promote sustainable growth, operational excellence, and resilience in the face of global challenges.

Industrial Division

Manages industrial operations by implementing stratgeic plans, driving continous improvement initiatives and applying industry best practices to achieve optimal operational performance and efficiency.

Commercial Division

Leads the company's sales and marketing efforts with the aim of maximizing revenue, expanding market share, and enhancing customer retention. It drives financial performance through diversified growth strategies, advances digitization to boost productivity, and enhances brand loyalty.

Suplychain Division

Oversees the end-to-end supply chain processes to ensure the efficient, timely, and uninterrupted supply of materials necessary for smooth operational flow.

Finance and IT

Enables sustainable financial performance by executing sound financial planning, budgeting, and reporting. It also enhances operational efficiency and liquidity while promoting digital transformation across the company through integrated IT solutions.

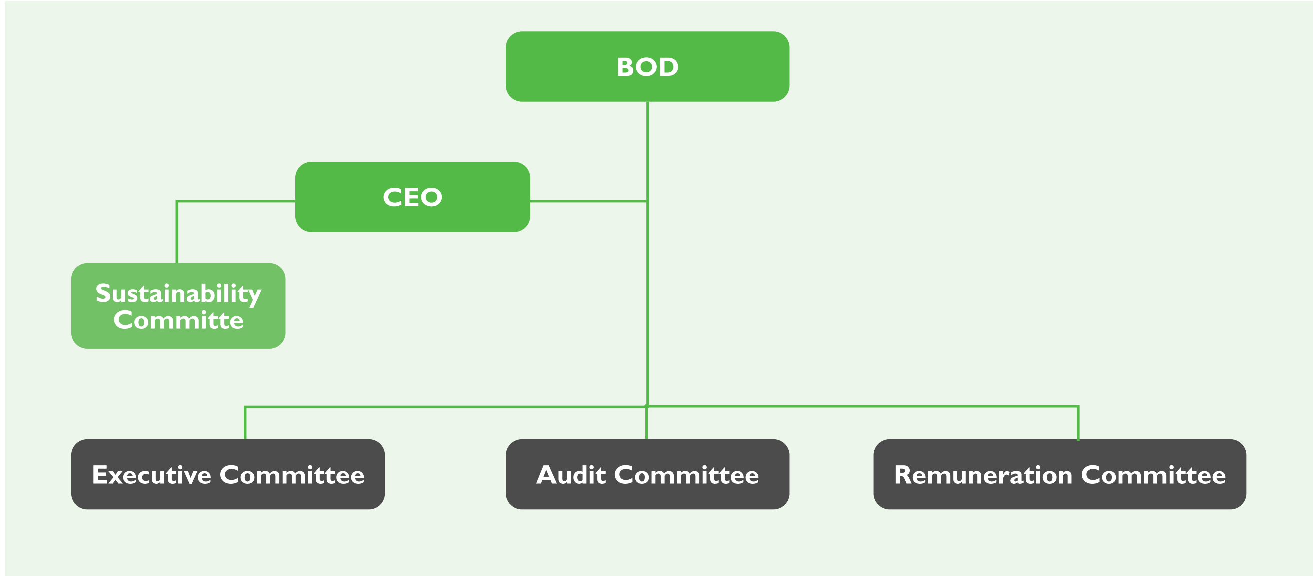
HR and Admin

Manages human capital development, legal affairs, public relations, and administrative functions to effectively support business continuity and growth. The division ensures regulatory compliance while aligning internal operations with the company's vision and culture.

This collaborative structure ensures that the company's strategic objectives are realistic but also comprehensive and uniform across all operations. Critically, these goals also align with City Cement's sustainability pillars, reflecting the company's commitment to responsible growth and long-term value creation.

The BoD actively oversees the implementation of the company's strategy, ensuring that performance monitoring is ongoing and that each division is accountable for its operations. Through this governance approach, the Board ensures that City Cement's strategic direction supports sustainable development, operational excellence, and value creation for stakeholders.

City Cement Board Committees:



As part of City Cement's commitment to sound corporate governance and alignment with the CMA regulations, the BoD has established specialized committees to boost the effectiveness of company decision-making processes and ensure accountability across all critical business areas. These committees operate under clearly defined Board-approved guidelines that specify their roles, term limits, and delegated authorities.

As established already, transparency stands as a foundational pillar of City Cement's governance framework. Thus, each committee is required to regularly report its decisions and findings to the BoD, ensuring ongoing oversight and clarity in decision-making processes. This transparent reporting process reinforces trust among stakeholders and promotes effective governance.

Key committees include the Audit Committee, the Nomination and Remuneration Committee, and the Executive Committee. Their responsibilities encompass the evaluation of related-party transactions, oversight of (financial and non-financial) reporting, nomination of BoD members, appointment of senior executives, and determination of remuneration structures. The committees' compositions are strategically designed with three to five members to ensure efficiency, with non-executive directors playing a particularly vital role in matters involving potential conflicts of interest.

Independence is a key consideration when it comes to forming the Nomination and Remuneration Committee, where the inclusion of independent directors is prioritized. Moreover, the Chairman of the Board and the CEO are prohibited from serving on the Audit Committee, although they may participate in other committees so long as they do not chair them.

The company must immediately notify regulatory authorities of any instances of committee formation or change. Each committee is empowered to assess matters within the scope of its mandate, seek external expertise when necessary, and make recommendations to the BoD, which is responsible for final decisions. Meetings are conducted in line with strict procedural rules; attendance is limited to only those invited, and decisions are made by majority vote. Meeting minutes—detailing discussions, votes, and outcomes—are accurately documented, signed, and securely archived.

Finally, the General Assembly, based on BoD recommendations, issues the regulations that govern the Audit Committee and the Nomination and Remuneration Committee. These regulations define the scope of the committee's work, the rules for member selection, nomination, tenure, and remuneration, and the procedures for temporary appointments in the event of vacancies. This dynamic further solidifies the transparency and accountability embedded within City Cement's corporate governance structure. This commitment to transparency is further evident in the fact that all City Cement's policy documents are communicated to all relevant stakeholders and are publicly available in Arabic and English on the website.

The Audit Committee:

In 2024, City Cement developed an internal manual for its Audit Committee. This manual has been prepared in accordance with Companies Law and the corporate governance regulations. This manual aims to define the committee's members, their terms of membership, duties, responsibilities, meetings, authorities, reporting mechanisms, and the remuneration and compensation of its members. Effectively, it lays out the rules and standards that govern the Audit Committee's governance, ensuring adherence to best practices.

The Audit Committee is responsible for overseeing financial risks and internal control systems across all company operations. Its key duties include thoroughly reviewing and discussing the company's quarterly and annual financial statements. Its internal audits are developed through a risk-based approach, meaning that they are focused on areas with the highest levels of risk exposure. This approach enables management to implement appropriate internal controls in support of strong operational performance. This method enhances our ability to detect potential vulnerabilities and address risks proactively.

The establishment of the Audit Committee itself is governed by a BoD resolution, and its members are selected from among shareholders or other qualified individuals—though executive directors are barred. It is mandatory for at least one independent director to serve on the committee, and the chairperson must also be an independent member. Furthermore, at least half of the committee must be made up of either independent directors or individuals who are not subject to any independence-related concerns, as defined in Article (19) of the CMA's Corporate Governance Regulations.

Audit Committee Members:

Mr. Mohammed Hamdan Alsuraiyea
Committee Chairman

Eng. Mohammed Bin Hikmat Al-Zaim
Committee Member

Mr. Mohammed Bin Sulaiman Alrajhi
Committee Member

Audit Committee's Responsibilities:

The Audit Committee plays a pivotal role in reinforcing the integrity, transparency, and accountability of City Cement's operations. It is primarily responsible for overseeing the effectiveness of the company's internal control systems, financial reporting processes, and compliance with relevant laws, regulations, and internal policies.

1 Oversight of Company Activities and Financial Monitoring:

The Audit Committee oversees the integrity and effectiveness of the company's activities by closely monitoring financial reports, quarterly and annual statements, and internal control systems. It ensures that the company's operations align with performance expectations and sound governance principles.

2 Supervision of Internal Audit Functions:

The Audit Committee plays a key role in overseeing internal audit functions. It reviews and analyzes audit reports, evaluates the performance of the internal auditor, and ensures the timely implementation of corrective actions. Moreover, it assesses the effectiveness of the company's risk-based audit plan, particularly its focus on high-risk areas of operation. As part of its responsibilities, the Audit Committee also reviews the effectiveness of the company's risk-management processes as they pertain to economic, environmental, and social matters.

3 Regulatory Compliance and Risk Control:

The Audit Committee ensures that the company is compliant with all applicable laws, regulations, internal policies, and regulatory directives. It reviews reports issued by supervisory authorities and confirms that appropriate measures are taken to maintain compliance and mitigate regulatory risks.

4 Review of Contracts and Related-Party Transactions:

The Audit Committee reviews proposed contracts and related party transactions to ensure that they are conducted in a transparent manner and in line with the company's best interests. It also evaluates the fairness, regulatory compliance, and potential impact of such transactions before making recommendations to the BoD.

For further details, read more on **Audit Committee Policy.**

The Nomination and Remuneration Committee:

In line with the CMA's Corporate Governance Regulations, City Cement Company established the **Nomination and Remuneration Committee** to enhance its governance practices and safeguard the rights and interests of its shareholders. Accordingly, the company developed the internal **Nomination and Remuneration Committee Manual** to ensure the effective implementation of best governance standards. This manual outlines the **scope of the Nomination and Remuneration Committee's work, its roles, responsibilities, execution mechanisms, organizational structure, operational procedures, and membership criteria.**

Process of the Committee Formulation:

Membership term

The term of Committee membership is tied to the Board's term.

In case of resignation or dismissal of a Committee member, the newly appointed member completes the remaining duration of the term.

Composition Requirement

The Committee must include at least one Independent Director.

Members may be selected from non-executive Board members or from outside the Board, whether shareholders or not.

Committee Approval

Nomination and Remuneration Committee Charter is drafted by the Board of Directors and must be formally approved by the General Assembly.

Chairperson selection

Regarding the selection of the chairperson, the board may either appoint the chairperson directly or delegate the Committee to elect its chairperson internally. In both cases, the Chairperson must be an independent member. The committee must include at least one independent member.

Restriction on Board chair

The Chairperson of the Board of Directors cannot serve as the Chairperson of the Committee, but may serve as a regular member.

Members Appointment

The Board of Directors is responsible for appointing the Chairperson and members of the Nomination and Remuneration Committee. The Board also has the authority to terminate their membership at any time.

Nomination and Remuneration Committee Members:

Mr. Fahad Bin Omar Al Abdullatif
Committee Chairman

Mr. Bader Bin Omar Al-Abdullatif
Member

Mr. Saleh Ibrahim Muhammed AlShbnan
Member

Nomination and Remuneration Committee Responsibilities:

The **Nomination and Remuneration Committee** is entrusted with broad responsibilities aimed at enhancing the structure and effectiveness of the BoD. Its duties include evaluating the Board's performance, recommending structural adjustments, identifying strengths and areas for improvement, and ensuring the continued independence of its members while addressing any potential conflicts of interest. The committee also proposes policies for BoD membership, reviews and recommends remuneration packages for Board committees, and oversees the compensation structure of the executive management team. Moreover, it monitors the company's progress toward its Saudization targets and plays a central role in assessing the overall remuneration policy. The committee is also responsible for establishing clear procedures to manage vacancies and succession planning within the organization.

To ensure the effective fulfillment of its responsibilities and the ongoing oversight of governance and organizational matters, the Nomination and Remuneration Committee meets regularly throughout the year. These meetings enable the committee to monitor developments, evaluate ongoing needs, and make timely decisions aligned with the company's strategic goals. In 2024, the committee held one meeting over the course of its sixth term with high frequency of attendance rate.

Remuneration Policy:

City Cement developed its remuneration policy in accordance with the CMA's Corporate Governance Regulations. These regulations require the Nomination and Remuneration Committee to formulate a clear policy governing the remuneration of BoD members, Board committees, and executive management and to present it to the BoD for review prior to its approval by the General Assembly.

Remuneration must align with the Company's business activities, strategic direction, and objectives, as well as the competencies required for effective management. It should also reflect the Company's risk profile.

Compensation levels should be benchmarked against industry standards and market practices, avoiding excessive or unjustified payouts.

Determination of Remuneration will consider the role's level,assigned duties,acaedmic qualifications,professional experience,relevant skills and individual performance.

Remuneration pacakages should be sufficient to attract,retain and motivate qualified and experienced talents.

Board Compensation should reflect each member's expertise, responsibilities, participation in meetings and other relevant factors.

Our approach to Board and executive management remuneration is designed to attract and retain qualified and experienced individuals who can provide strategic oversight and governance that align with our long-term objectives. We are committed to ensuring that all remuneration practices are transparent, fair, performance-linked, and in full compliance with both the Companies Law and CMA regulations.

For further details, read more on **Remuneration and Nomination Policy**

Executive Committee:

The main purpose behind establishing the Executive Committee was to support the BoD in fulfilling its responsibilities to shareholders as well as other stakeholders by overseeing the company's executive management, reviewing and monitoring the company's activities, and making recommendations to the Board as needed. Moreover, the committee is tasked with carrying out strategic studies to refine its recommendations.

Beyond its supervisory role, however, the Executive Committee serves as the overarching umbrella for City Cement, providing strategic oversight and direction across every facet of the company's operations. With this comprehensive role, it facilitates cross-functional coordination, ensures alignment between the company's long-term objectives and its day-to-day execution, and guides major initiatives in pursuit of sustainable growth and operational excellence. The Executive Committee holds frequent meetings to assess the progress of the company's strategic plans and to closely monitor the performance and effectiveness of its executive management. In 2024, the committee convened three times to carry out its responsibilities.

The members of City Cement's executive management are known for their diverse backgrounds, broad range of expertise, and extensive experience, all of which enable them to effectively implement the strategic direction laid out by the Executive Committee and the Board of Directors, driving the company's growth and long-term success.

For more details on City Cement's executive management, please see **Annual Report.**

Executive Committee Members:

Mr. Badr bin Omar Alabdullatif
Committee Chairman

Mr. Majid bin Abdurrahman Al-Osailan

Mr. Saleh Bin IbrahimAl Shabnan

Mr. Mohammed binHikmat Al-Zaiem

For further details, read more on **Executive Membership Policy.**

Sustainability Committee:

As part of its commitment to responsible corporate governance and sustainable development, City Cement has established the Sustainability Committee, a dedicated subcommittee under the authority of the BoD. The committee submits periodic updates on the status of the company's sustainability initiatives, risks, and performance metrics directly to the Board.

The committee's main role is to oversee the company's sustainability agenda and ensure the integration of ESG into its strategic planning and operations. It also ensures that the company's ESG initiatives and sustainability goals align with national and international initiatives, including Saudi Vision 2030 and the UN Sustainable Development Goals, respectively.

The Sustainability Committee meets at least twice a year and comprises members appointed by the BoD with relevant expertise in sustainability, corporate strategy, and governance. It may also invite internal or external stakeholders to participate, such as sustainability experts and consultants.

Sustainability Committee Members:

- **Mr. Majed AlOsailan** – Committee Chairman
- Member – Eng. Abdulrahman Ahmed
- Member – Mr. Turki Alabdullatif
- Member – Mr. Abdulwahed Alqarni
- Committee Secretary – Eng. Ahmed Samy
- Member – Eng. Mohamed Abdelfattah
- Member – Mr. Abdulaziz Alsuwaidan

Sustainability Committee's Roles and Responsibilities:

The Sustainability Committee's core responsibilities include embedding ESG principles within City Cement's operations and developing the company's comprehensive sustainability strategy. In this way, it lays out the strategic direction for all sustainability-related initiatives. It also plays a crucial oversight role, reviewing and approving the company's sustainability reports, ESG disclosures, and all non-financial performance data.

The Sustainability Committee also monitors the implementation of the company's sustainability initiatives and ensures measurable progress against established key performance indicators (KPIs). Furthermore, it is responsible for ensuring strict compliance with all relevant environmental and social laws, regulations, and standards while overseeing the seamless integration of ESG risks and opportunities, including climate risks—into the company's broader risk-management framework. Ultimately, the committee is dedicated to promoting a robust culture of sustainability across the entire enterprise and actively engaging with stakeholders to drive collective progress.

Business Ethics and Compliance Framework:

As a leading company in the Kingdom of Saudi Arabia, City Cement Company is committed to upholding the highest standards of integrity and ethical conduct. This commitment is reflected in our adoption of a comprehensive Code of Conduct applicable to all employees.

This Code of Conduct ensures that all City Cement's internal and external stakeholders, including employees, management, shareholders, customers, suppliers, regulators, and the wider community with whom the company interacts with; act fairly, honestly, and efficiently in pursuit of the company's objectives while embodying our core values and adhering to internal regulations and standards. It also represents a crucial step in reinforcing City Cement's values and ethical framework.

The company's adherence to and ongoing development of the Code of Conduct are primarily managed by the Ethics Committee, which comprises the CEO, the Strategic Business Development Council, the Compliance Manager, and the head of the HR Department. Notably, this committee actively welcomes suggestions from all employees to ensure its ongoing relevance and effectiveness. Moreover, all managers across City Cement are responsible for identifying any violations of the Code of Conduct, working to adjust and eliminate such incidents, and reporting them to the Ethics Committee.

Our Code of Conduct is underpinned by four fundamental principles:

1. Respect for all Stakeholders and the Environment
2. Responsible Work and Legal Compliance
3. Quality and Innovation
4. Focus on Compnay Performance and Results

The Code of Conduct, available in both Arabic and English, is communicated to all of City Cement's internal and external stakeholders, including employees, management, shareholders, customers, suppliers, regulators, and the wider community with whom the Company interacts.

Equal Treatment and Anti-Discrimination Policy:

At City Cement, every employee—regardless of their function, position, title, or salary—will always be treated with respect and consideration.

City Cement firmly believes that employee diversity is a cornerstone of its sustained success, stability, and growth. We are dedicated to recruiting and retaining competent, talented individuals and investing in their development as well as to ensuring equal job opportunities for everyone without discrimination based on race, gender, religion, belief, or nationality.

Hence, career advancement within the company is based solely on individual performance, talent, competencies, dedication, involvement, and commitment to company values. We maintain a zero-tolerance policy for discriminatory practices against employees or candidates.

Employee Learning and Development:

City Cement's formal policy is to actively promote the development of its employees, vocally appreciate their achievements, and cultivate a workplace that fosters creativity and individual accomplishments.

Anti-Harassment Policy:

City Cement has a zero-tolerance policy when it comes to sexual, verbal, and moral harassment. Similarly, any acts of intimidation, offense, or aggression by employees against their coworkers or any other individuals associated with the company (such as customers, suppliers, and regulatory authorities) will be rigorously addressed in line with local policies and legislation.

Child Labor Policy:

City Cement strictly prohibits the use of child labor in any of its operations or any link in its supply chain. Accordingly, it actively supports initiatives aimed at the responsible development of children within the communities in which it operates.

Occupational Health and Safety:

At City Cement, safety is a fundamental value. We engage in constant monitoring to ensure optimal occupational health and safety conditions and guarantee that all employees are exposed to the lowest possible risk while performing their duties.

Political and Partisan Activities:

City Cement maintains strict political neutrality. The company will not be held responsible for any employee's individual participation in or endorsement of political actions, and employees are expressly prohibited from involving the company's name or resources in political activities. Furthermore, no employee is authorized to request the company's participation in, support for, or financing of any political endeavor.

Environmental Responsibility:

City Cement is committed to conducting all business activities in strict compliance with environmental laws and regulations. We continue to strive toward the optimization of our use of natural resources and the preservation of nature and biodiversity.

Patents and Inventions:

Innovations developed by employees through their work, along with any resulting patents and property rights, are considered integral to the company's assets and belong to City Cement, even after an employee's termination.

Policy on Communication Devices:

The use of company equipment and communication devices—such as telephones, email addresses, and internet access—for personal communication is restricted to necessary instances. Furthermore, the Internet must not be used for the transmission or reception of offensive, aggressive, or pornographic content or for any information pertaining to employees' political, religious, or personal opinions.

Transparency:

City Cement acknowledges the public's right to information on matters of public interest, extending even to the private sector. We strive to provide relevant information and respond to media inquiries appropriately. Therefore, information about City Cement and its business operations may only be disclosed internally and externally through an authorized spokesperson.

Confidentiality:

Both City Cement and its employees are committed to maintaining the confidentiality of information received from customers, suppliers, and business partners, as trust is a fundamental pillar of these relationships. In fact, City Cement maintains strict policies regarding information disclosure and confidentiality to ensure integrity, compliance, and the protection of its assets and reputation.

Every employee is responsible for safeguarding company information in their possession and must notify their direct manager of any unusual facts or inconsistencies with company values. Furthermore, employees who possess information not yet made public are obligated to maintain confidentiality, even after their employment with the company ends. The unauthorized use of confidential information for personal gain or on behalf of third parties constitutes a serious offense; thus, any perpetrator will be subject to both professional and criminal penalties and prosecution. Moreover, all working papers, reports, emails, and other documents utilized by employees are the exclusive property of City Cement. These materials may not be taken or copied upon the termination of an employee's contractual relationship for any reason.

Consumer Rights and Competition:

We believe that fair competition and respect for consumer rights are crucial for sustainable market development. No customer may be coerced into accepting terms that violate these principles in order to acquire a product from our company.

Commitment to Excellence in Relationships with Business Partners:

Our relationships with suppliers and other business partners are consistently based on the pursuit of high quality, reasonable costs, and integrity in negotiations. We only offer products that fully conform to all relevant laws, regulations, and standards. We also uphold all commercial, social, and contractual rights and honor our contracts and agreements.

Conflicts of Interest:

City Cement Company maintains a clear and robust policy regarding potential conflicts of interest to uphold integrity, transparency, and accountability at all levels of the organization. The policy—which aims to prevent situations in which personal or financial interests' conflict with professional duties—applies to BoD members, senior executives, employees, and any individuals acting on behalf of the company.

Employees are prohibited from accepting a job or functioning at other companies or agencies, be they public or private, without first informing their direct manager and the HR Department and receiving approval. Similarly, if any company owned by an employee or a family member or friend of an employee qualifies or is engaged to provide services or products to City Cement, the employee is expected to inform their direct manager, who will then consult the Ethics and Compliance Committee.

While referring relatives and friends for job openings is customary and governed by local policies, responsible parties will make all decisions regarding selection and hiring. We emphasize the active avoidance of conflicts of interest. No pressure aimed at influencing the hiring, promotion, or dismissal of employees will be tolerated.

Furthermore, invitations to technical events and seminars that involve the company's interests should be reported to the Ethics and Conduct Committee, which will assess and offer an opinion on the matter. Invitations for events and seminars that don't meet these requirements should be rejected. Importantly, accepting gifts or any other form of bribery is prohibited.This framework reinforces ethical decision-making and strengthens stakeholders' confidence in the company's governance practices.

All employees are required to disclose any actual or potential conflicts, which are to be reviewed by the Audit Committee and, if necessary, escalated to the BoD. Failure to disclose or manage conflicts appropriately may result in disciplinary or legal action.

Anti-Corruption Policy:

Employees are strictly prohibited from engaging in transactions involving shares or bonds issued by City Cement and must safeguard the confidentiality of all undisclosed information related to the company's operational and financial situations. City Cement employees are also prohibited from providing advice on the purchase or sale of company shares or bonds based on insider or undisclosed information. The company maintains a zero-tolerance policy when it comes to the unauthorized disclosure of current or future market-sensitive information; any violations will result in the strict application of company regulations and relevant labor laws.

Additionally, any information that could affect the market price or performance of company shares or influence investment decisions is considered confidential. Its disclosure must strictly comply with the procedures set forth by regulatory bodies and the CMA, and it may not be used by employees for personal gain or on behalf of third parties.

Furthermore, City Cement is committed to ensuring that all relations with governmental authorities are founded on the highest standards of professional and personal behavior. The company unequivocally rejects any actions that could harm the public interest, believing that all professionals must conduct relationships with public bodies in a manner that adheres strictly to legality and morality.

City Cement maintains a zero-tolerance policy when it comes to practices that involve contract or tender fraud, improper advantages given to or received from a public agent, manipulation of the economic/financial equilibrium of contracts, or any impediment or obstruction of investigative or supervisory activities by public entities. Any City Cement employee with knowledge of such behaviors is required to report it to their direct manager and/or the Ethics and Conduct Committee. The company strictly complies with all laws and regulations implemented in the Kingdom of Saudi Arabia, and all City Cement employees are expected to uphold the same standard.

Anti-Money Laundering Policy:

City Cement strictly adheres to anti-money laundering (AML) practices by exclusively dealing with **well-known and reputable suppliers, customers, and trading partners**. No payments are made until the corresponding goods or services are received, and all transfers are conducted through official bank accounts. Each transaction is then verified through a bank confirmation letter endorsed by the Riyadh Chamber of Commerce. The company also rejects suspicious transactions and notifies the relevant authorities immediately. Any red flags raised by online banking systems are taken seriously, prompting an immediate halt to associated transactions and direct communication with the bank for verification.

Whistleblowing Policy:

Every employee at City Cement is expected to inform their direct manager, the HR Department, or the Ethics and Compliance Committee about any observed violations or misconduct. City Cement strictly adheres to a non-retaliation policy, whereby no person will be punished or subjected to reprisal for reporting, in good faith, suspicions of misconduct or any conduct contrary to the principles outlined in the company's Code of Conduct. Furthermore, any false statements made about coworkers, the company, or its partners, suppliers, and customers will be addressed rigorously in accordance with local policies and legislation.

Grievance Mechanism:

To ensure the clarity of and adherence to the Code of Conduct, City Cement has established a straightforward grievance mechanism. In situations where an employee is uncertain about the appropriate course of action to take, they should consult the Code of Conduct. If an employee remains uncertain after doing so, or if a potential conflict of interest arises, they are encouraged to consult their direct manager, the HR Department, or the Ethics and Compliance Committee. This mechanism ensures that employees have clear avenues through which to seek guidance and report concerns, fostering a transparent and ethical work environment.

Risk Management

Our Commitment and Approach to Risk Management

At City Cement, we believe that strong risk management represents a strategic enabler that promotes resilience, informed decision-making, and long-term value creation. Strong risk management entails remaining vigilant and working proactively to identify, assess, and address potential risks for our operations, stakeholders, and performance. This commitment is embedded at every level of the organization, from daily operations to executive oversight.

Through disciplined risk-governance and -response mechanisms, our Governance, Risk, and Compliance (GRC) Department plays a central role in evaluating emerging threats and guiding mitigation efforts in line with our strategic goals to safeguard our assets, build stakeholder trust, and ensure long-term sustainability.

Risk Identification and Categories:

1. Operational and Market Risks

City Cement faces manifold operational and market risks driven by intensifying local competition and elevated inventory levels in the domestic cement market, both factors with the potential to impact the company's market share and overall operational stability.

To mitigate these risks, City Cement employs a proactive approach that includes the ongoing monitoring of market conditions, competitive benchmarking, strategic sales planning, and disciplined inventory management to preserve its market position.

2. Economic Risks

City Cement is exposed to economic risks stemming from economic volatility at both the local and international levels. Various factors—including inconsistent sales performance, market liquidity, financing costs, inflation, volatility in currency exchange rates, volatility in fuel and input prices, technological disruption, and foreign competition—could significantly impact the company's operational performance and revenue. To mitigate these risks, City Cement employs a strategic approach featuring regular macroeconomic assessments, comprehensive scenario planning, stringent cost-control initiatives, efforts to diversify supply sources, and proactive strategic pricing adjustments to mitigate overall exposure.

3. Regulatory and Legal Risks

City Cement operates within a complex and dynamic framework of laws and regulations. Consequently, the company is exposed to regulatory and legal risks stemming from unpredictability with regard to potential changes, replacements, or new regulations introduced by governmental, regulatory, or judicial authorities. Such changes could adversely affect business continuity and revenue streams.

To mitigate these risks, City Cement engages in the ongoing monitoring of its own legal compliance, proactive regulatory engagement, efforts to ensure policy alignment with new laws, and the strategic involvement of legal counsel in key decision-making processes.

4. Health and Safety Risks

In our safety-focused industry, addressing high-stakes injury risks and preventing work-related ill health are both paramounts. City Cement prioritizes safety through regular risk assessments, thorough incident investigations, and comprehensive safety audits.

To mitigate these risks, City Cement employs rigorous control measures, including engineering controls, administrative controls, and the provision of personal protective equipment. Regular health assessments are conducted to identify and address ill-health hazards.

5. Customer Concentration Risks

While City Cement services a broad customer base through its robust distributor network, the company recognizes its exposure to potential operational and financial risks that could arise from the financial instability, non-compliance, or withdrawal of any significant customer or distributor.

To proactively account for such risks, City Cement abides by a comprehensive mitigation strategy that entails the systematic diversification of its customer base, extensive credit-risk assessments, an emphasis on robust contractual agreements, and comprehensive distributor-performance monitoring.

6. Geographical and Natural Disaster Risks

Since City Cement operations are concentrated in a single location, the company recognizes the risk posed by potential disruptions attributable to natural disasters (such as floods and earthquakes) or regulatory orders, which could halt site activity and impact business continuity.

To proactively address this, City Cement takes a strategic approach featuring robust continuity plans, comprehensive emergency-response protocols, adequate insurance coverage, and strategies for operational decentralization.

7. Mining Rights Risks

City Cement's operations are fundamentally dependent on mining rights granted by Saudi government authorities. This reliance introduces a significant regulatory risk, as any restriction, suspension, or revocation of these rights would directly impact our ability to operate the plant and, in turn, our financial position and operational results.

To mitigate this risk, City Cement employs a proactive strategy involving active engagement with regulatory bodies and consistent adherence to all legal requirements that govern mining operations. Maintaining open channels with relevant Saudi government authorities allows the company to stay informed of any potential changes to mining regulations. Moreover, contingency plans and the use or preparation of alternative sources for raw materials contribute to the company's preparedness for a wide array of mining-rights scenarios.

8. Energy Supply Risks

Cement production is an energy-intensive process, making it particularly vulnerable to fluctuations in energy costs and supplies. The substantial energy demand means that any upward variations in fuel prices pose a direct threat to City Cement's financial position and operational outcomes. Moreover, securing the necessary fuel for the second production line is crucial for sustained operations; a failure to do so would have a substantial and enduring negative impact on the company.

To mitigate these challenges, City Cement is committed to strategic initiatives that include investment in energy efficiency and the exploration of alternative fuel sources. As a key part of this strategy, the company has invested in alternative fuels by treating various types of waste and converting them into fuel; this investment lowers our dependence on fossil fuels, reducing carbon emissions and facilitating the production of environmentally friendly products. Furthermore, the company fosters close coordination with government bodies on fuel allocation to secure long-term energy supply agreements.

Legal Compliance and Oversight

At City Cement, we are committed to maintaining the highest standards of integrity, transparency, and accountability across all operations. The company has established comprehensive systems to monitor compliance, detect irregularities, and mitigate risks within a robust framework committed to legal and regulatory compliance.

Moreover, City Cement is deeply committed to full compliance with all national policies and regulatory frameworks relevant to our operations in the Kingdom of Saudi Arabia. We are constantly monitoring changes in the regulatory landscape to proactively adapt our operations, ensuring that we consistently meet and exceed all national expectations. This unwavering commitment to compliance serves as the foundation of our contributions to the Kingdom's vision while ensuring that the company abides by the highest possible standards of integrity.

Beyond formal audit observations, the Governance, Risk, and Compliance (GRC) Department regularly conducts compliance reviews to ensure adherence to company policies and relevant regulations. Additionally, City Cement enforces strict protocols for identifying and investigating any instances of fraud, corruption, or legal violation. If the Compliance Department determines that such an act has occurred, the matter is escalated to the company's legal counsel, which then initiates appropriate legal procedures.

Furthermore, City Cement places strong emphasis on protecting **customers' data, privacy, and rights**. The **Commercial Department** is responsible for handling customer complaints and coordinating with relevant departments to resolve issues quickly and effectively. In 2024, **there were no reported cases of customer data leaks, losses, or thefts and no external complaints or investigations initiated by regulatory bodies.**

2024 Compliance Highlights:

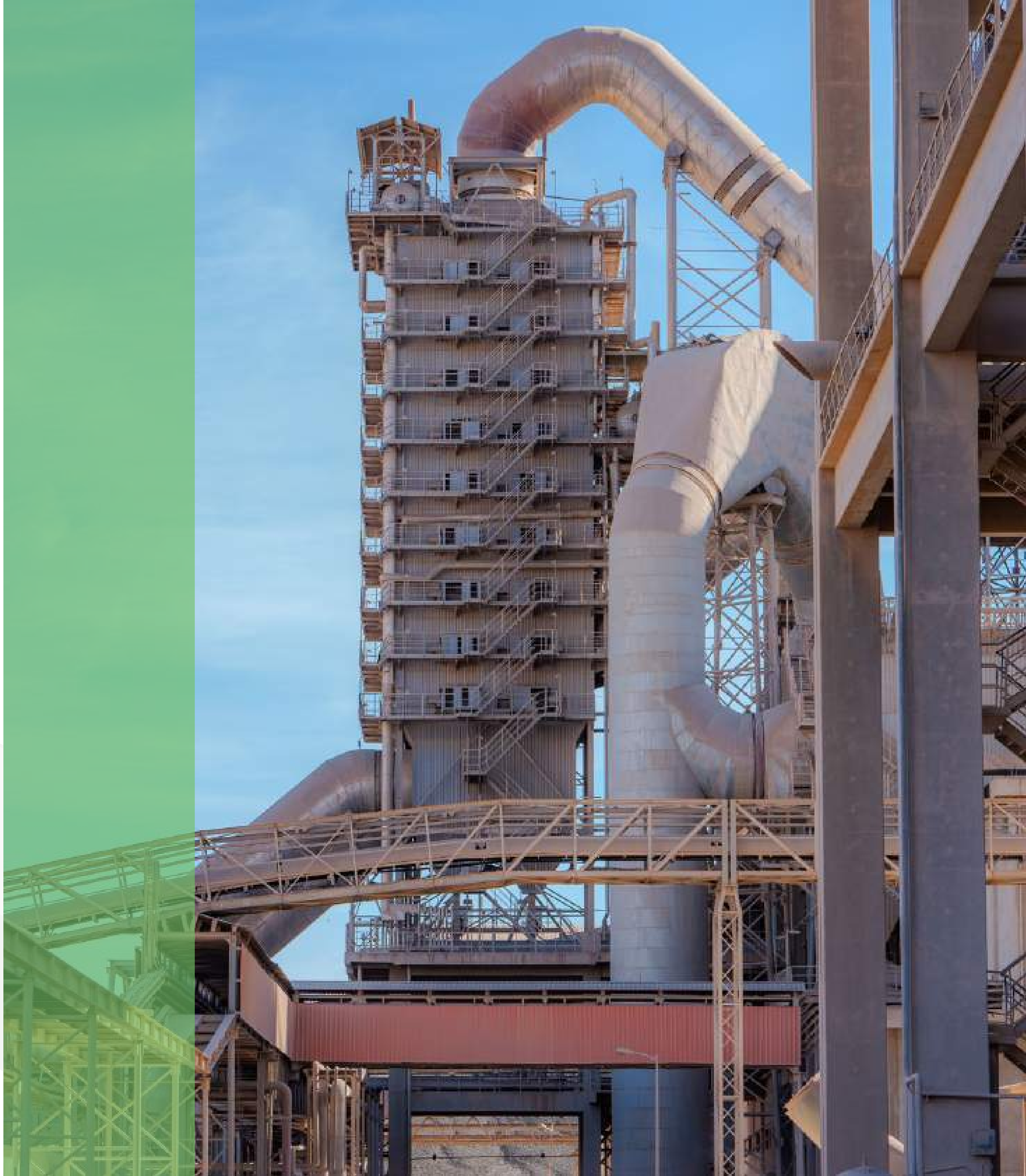
Zero confirmed incidents of corruption

Zero regulatory complaints or sanctions	Zero contract terminations with business partners over corruption-related issues	Zero employees dismissed or disciplined due to corruption	Zero legal cases involving corruption brought against the Company or its employees	Zero monetary or non-monetary fines for non-compliance	Zero customer privacy violations or complaints received

4

Manufactured Capital

- Range of Products
- Production Processes
- Maintenance Practices
- Quality Control and Assurance
- Supply Chain Management



Range of Products

City Cement boasts a distinguished history of contributing to the success of significant projects throughout the Kingdom of Saudi Arabia, including iconic developments like the King Khalid International Airport, Princess Noora University, Riyadh Metro, SABIC Housing Projects, Saudi Electricity Company's Hyundai Project, Ministry of Housing Projects, and major Ministry of Defense Projects.

Since its establishment, City Cement has been on a journey of continuous evolution. As one of the leading cement manufacturers, City Cement delivers downstream construction markets with top-notch-quality cement products suited for all construction applications.

City Cement is a leader in the development of tailored construction solutions. Supported by our extensive technical preparatory knowledge and robust manufacturing capacity, we design and produce high-quality cement compositions, offering them alongside our widely recognized expertise in adapting chemical technology.

Operating across more than 35 destinations and covering a radius of over 800 km from its plant, City Cement has established an extensive and robust distribution channel. We serve over 260 direct customers engaged in a diverse range of cement and concrete applications, including ready-mix concrete, prefabricated blocks, finishing, and blasting.

Our industrial team—a core component of City Cement's transformative journey and pursuit of operational excellence—is responsible for continually monitoring, auditing, and analyzing the manufacturing process to ensure high production standards across our integrated cement plant operations and identify opportunities for further improvement.

Our Range of Products

Ordinary Portland Cement

Our Ordinary Portland Cement is a high-quality product that meets SASO GSO 1914 (Type I) and ASTM C150 (Type I) standards. It is produced from a mixture of limestone, clay, and other raw materials. This mixture is heated to high temperatures in specialized rotary kilns to partially melt. This sintered mass is then cooled to form clinker, which is finely ground with mineral gypsum to give way to the final Ordinary Portland Cement.

This versatile product is ideal for a wide range of applications, including general construction, modern architecture, reinforced concrete structures, and all kinds of repairs, maintenance, and restoration projects.

Sulphate-Resistant Cement (SRC)

Our Sulphate-Resistant Cement meets SASO GSO 1914 Type V and ASTM C150 Type V standards. This specialized cement is characterized by its low C3A (tri-calcium aluminate) content, which allows it to chemically react effectively with sulfate ions present in challenging environments, such as soils, cement structures, and foundations, where sulfate exposure is a concern.

This product is the ideal choice for projects that require enhanced durability in sulphate-rich conditions.

Green Finishing Cement

As part of our commitment to environmental sustainability, City Cement proudly offers Green Finishing Cement, which is compliant with ASTM C595 IT standards.

This innovative product is produced by utilizing industrial cement byproducts, which significantly reduces the consumption of natural resources and leads to lower carbon emissions. Beyond its environmental benefits, Green Finishing Cement is characterized by a lighter color, exceptional resilience in aggressive conditions, and high workability.

This product represents the ideal choice for a variety of finishing applications.

Production Processes

City Cement's 2024 production process reflects its ongoing commitment to operational excellence, sustainable manufacturing, and innovation-driven performance. The year saw the enhanced integration of alternative fuels, digital tools, and real-time monitoring technology alongside a broad focus on resource optimization and emission reduction.

Raw Materials

In 2024, City Cement sourced and processed a diversified mix of natural and alternative materials:

Table 1. Raw Material Consumption

Material	Quantity (Tons)	Percentage from the total materials
Limestone	2,973,646	73.6%
Clay	294,711	7.3%
Sandstone	553,507	13.7%
Desert Sand	180,895	4.5%
Iron Ore	38,392	1.0%

Limestone, clay, sandstone, and desert sand are all sourced from Company quarries, while iron ore is sourced from external suppliers. These materials are mixed while being reduced in size.

Clinker Production

Clinker is produced via the thermal processing of the raw mix in rotary kilns. The process entails the careful monitoring of energy input, oxygen profiles, and combustion optimization. Secondary production at this stage includes bypass recycling in SRC. In 2024:

Clinker output was **2,443,619 tons.**

Recycled bypass dust stood at **21,000 tons** in SRC clinker production. 100% recycling with no wastage or landfilling

The rate of alternative fuel substitution was about **13%**, encompassing **9** alternative fuels and by-products.

Cement Grinding and Production

Clinker is then blended with gypsum and specific additives to yield our three primary cement products:

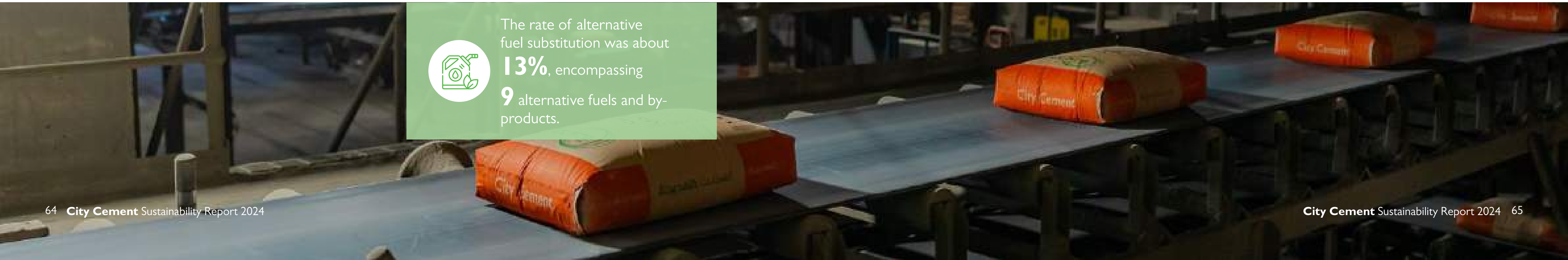
Table 2. Production Output

Cement Type	Production (Tons)	% of Total Sales
Ordinary Portland Cement	2,401,372/2,407,958	84.94%
Sulphate-Resistant Cement	236,654/235,429	8.30%
Green Finishing Cement	193,315/191,671	6.76%

Optimized cement mill operations, including better roller press feeding and process automation, contributed to a 12.72% drop in power consumption from 125 kWh/ton of cement to 112.8 kWh/ton.

Table 3. Overall Production Highlights

Performance Area	2024 Status	Δ vs. Baseline (2021)	Notes
Kiln Reliability	99.7%	7.95%	Achieved through proactive maintenance and AI monitoring
Clinker Heat Consumption	811.8 kcal/kg CK	-2.79%	Achieved despite lower burn quality of green fuels
Power Consumption	112.8 kW/t CM	-12.72%	Optimization in cement grinding and raw processing
Clinker Ratio (OPC)	88.5%	-2.86%	Reduced emissions through additive use
Daily Clinker Output	Slight decrease in design capacity	-2.22%	Offset by increased AFR use and gains in energy efficiency



Production maintained a focus on several strategic areas throughout 2024:

Alternative Fuel Roadmap

Targeting 40–45% TSR (Thermal Substitution Rate) through improved AFR combustion technology.

Digitalization and AI

Integrated digital twins, process optimization algorithms, and real-time feedback loops to improve operator decisions.

SIRI Recognition

City Cement was recognized in the Sustainability Index for industry 4.0 for its performance excellence and ESG leadership.

Table 4. Mining and Resource Optimization

	Base Year (2021)	Reporting Year	Growth Ratio
Sandstone Consumption	240,677	553,507	129.9%
Powder Factor (gm/Ton)	110.7	109.8	-0.81%
Limestone Crusher Productivity (Ton/h)	1,974.87	1,982.71	0.39%
Additive Crusher Productivity (Ton/h)	314.8	355.3	12.8%

Limestone quarry lifetime extended from 10 to 35.4 years by increasing drilling depth and integrating high-MgO limestone without compromising quality.

Table 5. Storage and Material Handling

Storage Type	Material	Area Type	Risk	Mitigation
Limestone	Limestone	Open	Quality deterioration	Increase reserves
Clay	Clay	Open	Quality deterioration	Increase reserves
Gypsum	Gypsum	Open	Availability and quality	Diversify supplier base
Raw Mix	Mixed Raw Meal	Closed	–	–
Clinker	Clinker	Closed	–	–
Cement Silos	Cement	Closed	–	–
Fuel Storage	HFO	Closed	–	–

Maintenance Practices

City Cement works to enhance its asset performance and reliability through a proactive, digitalized, and performance-driven approach to maintenance. In 2024, our efforts continued to transition from reactive maintenance to preventive and predictive maintenance, reflecting our long-term goal of achieving total productive maintenance.

The foundation of our maintenance transformation lies in improvements to our ERP system (SAP) and our efforts in maintenance master data enrichment, both of which promote system-wide automation and the seamless integration of equipment-level monitoring and control. These initiatives ensure the availability of clean, structured data for maintenance planning, material resource planning, performance analysis, KPI tracking, and contract/service management.

City Cement's maintenance plans were synchronized with those of its other departments (such as finance, supply chain, and operations), giving way to a more agile and connected maintenance cycle.

In 2024, we took concrete steps toward achieving total productive maintenance to reduce failure rates, extend asset lifetimes, and improve resource efficiency by:

- Establishing a centralized preventive maintenance team
- Launching condition-based monitoring programs to improve asset health
- Restructuring shifts to increase blue-collar utilization and reduce overtime
- Transitioning from spare-part replacement to refurbishment-cycle processes
- Improving contractor performance monitoring through monthly measurable KPIs

In line with our Saudization and digitalization strategies, City Cement:

- Restructured the maintenance department, introducing new functions and planning roles
- Built a comprehensive skills matrix and implemented a development plan for blue-collar workers
- Hired high-capability engineers in multiple key functions, including planning, methods, and condition-based monitoring
- Enhanced reverse-engineering methodologies, enabling greater localization of spare parts through in-house design, testing, and material analysis

In 2024, we integrated gap analysis and root cause analysis into our operations, using structured problem-solving tools such as "five whys" analysis and DMAIC (define, measure, analyze, improve, control). In doing so, we improved our responses to unplanned stoppages and established a framework for long-term performance improvement.

The table below highlights our maintenance metrics, such as overall equipment efficiency and average time between failures.

Table 6. Maintenance Metrics

	Base Year	2024 Performance	% Change	Target
OEE – Kiln Line 1	107%	85%	-20%	31%
OEE – Kiln Line 2	58%	106%	82%	20%
Mean Time Between Failures (MTBF) – Kiln Line 1	346 hours	82 hours	-76%	319%
MTBF – Kiln Line 2	47 hours	335 hours	612%	130%

The drop in Kiln Line 1 OEE and MTBF reflects short-term adjustments due to major overhauls and asset lifecycle shifts. Line 2's gains reflect successful TPM deployment and optimized planning cycles which improved reliability.

Success Highlights

ERP and SAP Preparedness

Completed the foundational work for SAP integration, enabling digital planning and execution of maintenance tasks

Saudization and Restructuring

Aligned maintenance org structure with the national employment agenda, including strategic hiring and internal development

Contractor Performance

Introduced monthly KPIs in all maintenance service contracts to ensure accountability and improve performance

Condition-Based Monitoring

Launched site-wide condition monitoring across critical assets

Blue-Collar Upskilling and Utilization

Achieved a 28% increase in blue-collar workforce skills and utilization

Quality Control and Assurance

City Cement remains committed to upholding the highest standards in product quality, customer satisfaction, and regulatory compliance. In 2024, the Quality-Control and Assurance Departments continued to drive performance excellence by executing inspections, advancing digitization efforts, and improving mechanisms for customer feedback.

In response to mounting sustainability expectations and resource constraints, City Cement has continued to mitigate its reliance on virgin raw materials by increasing its use of alternative inputs. This includes refining the raw mix design, improving sourcing logistics, and adopting circular economy principles across the supply chain. These measures enhanced the consistency and performance of our cement products while improving compressive strength control and optimizing cement formulations for each product type.

To ensure that each bag of cement meets our strict quality standards, City Cement is fully compliant with the requirements of the Saudi Standards, Metrology and Quality Organization (SASO). Our in-house quality labs monitor every stage of the production process, from raw material input to final product shipment, including in the form of physical testing, chemical analysis, and strength validation.

In 2024, our teams successfully passed both the SASO and Integrated Management System (IMS) surveillance audits, covering ISO 9001, 14001, 45001, and 50001 with zero major non-conformities.

City Cement received only 2 complaints in 2024, a 33% decrease from 2021 due to strengthened quality control checks during dispatch. We are targeting zero complaints for 2025.

We continue to optimize product compositions to reduce carbon intensity while meeting or exceeding all performance specifications. In 2024, we expanded the use of additives and lower-impact raw materials in our Green and SRC cement products, reducing the clinker factor across the board and improving both sustainability and strength consistency.

Our quality team collaborated closely with procurement and R&D to mitigate high-impact material use. We achieved further reductions in raw material volumes (particularly iron ore) while maintaining cement integrity. Our efforts offset energy and logistics costs, minimized waste, and elevated quality standards.

Table 7. Quality Assurance Highlights

Indicator	2023	2024	Change	Target (2025)
ISO 9001 Non-Conformities (External)	8 minor	6 minor	-25%	≤3 minor
Document Control Accuracy	92%	96%	+4.3%	100%
CAR Closure Rate (Pre-Audit)	80%	90%	+10%	95%
Customer Complaint-Resolution Time	10 days	8 days	-20%	≤7 days
Rate of Supplier Rejection	–	≤2%	–	≤2%

Our most important achievement in 2024 with regard to quality was the rate of unresolved customer complaints being 0%. A strengthened internal quality-control loop supported by automated checks, real-time dispatch testing, and immediate CAR issuance ensured that all concerns were addressed promptly and transparently.

Additionally, the Quality Department led Phase 1 of City Cement's Digital Quality Strategy, including the launch of digital lab recordkeeping and audit traceability, the LIMS (Laboratory Information Management System) integration, and the training of quality-control and quality-assurance staff on digital documentation platforms.

Initial results show a 25% reduction in manual documentation time, supporting smarter compliance and audit readiness.

Supply Chain Management

At City Cement, our supply chain and procurement systems play a critical role in maintaining the seamless flow of materials and services that is essential to our operations. In 2024, we pursued a strategic transformation of these systems via digitization, enhanced governance, and expanded local engagement.

Our supplier base spans local within Saudi Arabia but also global partners across China, Europe, the Middle East, India, and North America. In 2024:

- Local suppliers represented 76% of our total base.
- Foreign suppliers made up 34% (some are dual-registered) of our total base.
- Procurement from local suppliers exceeded SAR 150 million in total PO value.
- Zero contract terminations due to corruption or non-compliance were recorded.
- A contract clause remained in place mandating legal accountability in cases of violations.

In response to regulatory updates, gypsum supply was relocated from Al Qassim to Yanbu, with exploratory sourcing from Kharg and Ihssa under review. All suppliers must now present excavation licenses to comply with national rules.

Table 8. Supply Chain Performance Highlights

	2021	2024	% Change	Target (2025)
Warehouse Value (SAR)	140,204,909	85,033,975	-39.3%	80,750,000
Local Spend Ratio (% of PO)	73% (prev. level)	79%	6%	80%
Advanced Payment %	–	15% of all purchases	–	20% of all purchases

In 2024, City Cement implemented a series of initiatives to boost efficiency and reduce costs across the supply chain. One key achievement stemming from these initiatives was the optimization of warehouse operations through consolidating materials, linking scrap and weighbridge data to SAP, and rehabilitating the scrap yard to improve asset visibility and valuation. To streamline procurement, consignment contracts were introduced that enabled the grouping of materials under annual agreements and reduced the lead time between purchase requests and purchase orders. The management of supplier relationships was also strengthened through the launch of the “Process Enhancement with Spending Map” initiative, which leveraged the 80/20 principle to prioritize procurement efforts and maximize savings.

Moreover, the integration of the weighbridge system with SAP significantly improved the accuracy of real-time tracking for inbound and outbound goods, improving documentation, data integrity, and inventory control.

In 2024, City Cement also launched several initiatives in pursuit of a digital transformation:

Launched Projects

- Link Weighbridge to SAP for synchronized warehouse stock monitoring
- Initiated SAP 4HANA modules for MM and Procurement
- Improved MRP live records and tracking
- Completed Vendor Master Data digital cycle
- Data re-structuring and enrichment using codification best practices

Future Initiatives

- Consolidation and cleansing of 34,000+ material master entries
- Transfer and validation of 9,000 PACT records to SAP
- Introduction of strategic spare part classification
- Material tagging with QR codes for tracking
- Lifetime tracking for materials with expiration

Table 9. New Supply Chain KPIs for 2024

KPI	Objective
Order-Fulfillment Rate (Target: 100%)	Ensure uninterrupted operations and higher internal satisfaction
PR–PO Lead Time	Improve efficiency in the procurement cycle and reduce processing delays
Advance Payment Ratio from POS	Enhance efficiency in the cash-to-cash cycle
AP Days Ratio	Improve liquidity and operational flexibility
Newly Qualified Local Suppliers	Expand supplier base and strengthen local partnerships
Out-of-Stock Incidents	Prevent duplicate material requests and minimize material downtime

Responsible Procurement and Compliance

City Cement enforces a strict supplier contract clause that legally binds all partners to compliance with Saudi regulations, especially those pertaining to the sourcing of licensed raw materials. Violations trigger full legal responsibility and a potential termination of the relationship.

In 2024, no suppliers were screened using environmental or social criteria, and no suppliers were flagged for negative impacts. While screening was not implemented this year, plans are under review to embed ESG-related risk mapping into future sourcing assessments.

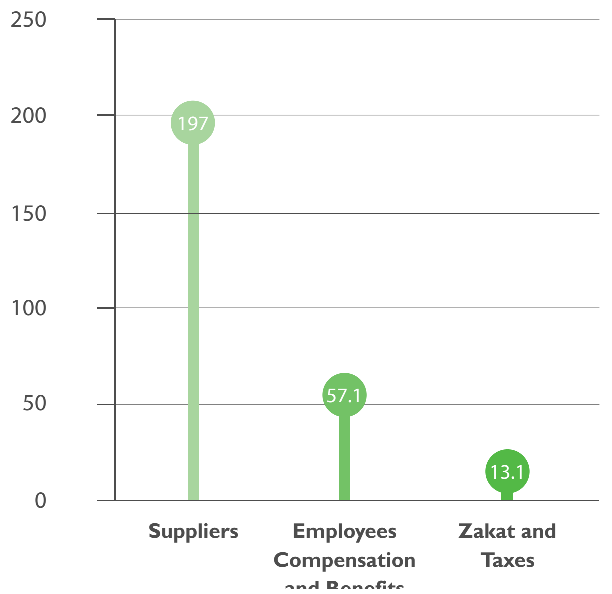
We continue to apply responsible procurement principles by favoring goods and services with life-cycle benefits—particularly in RDF and SPL materials, turning waste streams into fuel for our kilns and reducing environmental burdens.

To support end-to-end transparency and responsiveness, our procurement systems are undergoing an integration process aimed at reducing fulfillment time, increasing data accuracy, and supporting long-term collaboration between internal stakeholders and external vendors by:

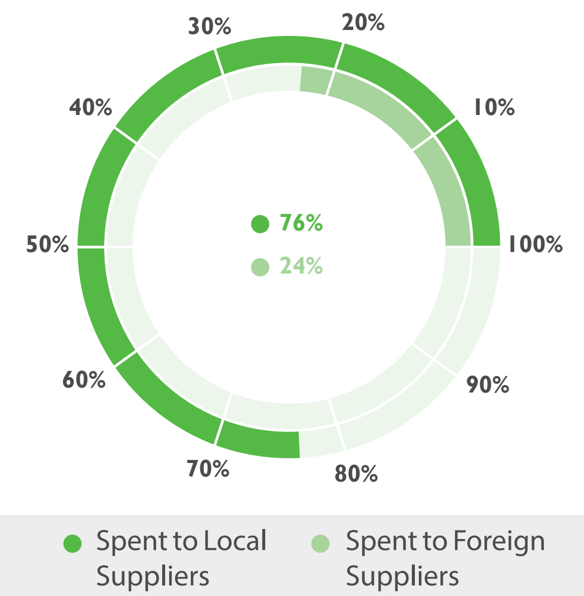
- Unifying inbound and outbound logistics under the umbrella of the ERP-integrated supply chain
- Ensuring smooth data handover during system transitions via a parallel run strategy
- Providing advanced SAP training to key users to help them overcome system resistance and implementation risks

Value Generated for Stakeholders

Values Generated to Stakeholders 2024 MSAR



% Spent to Local Suppliers Vs. Foreign Suppliers



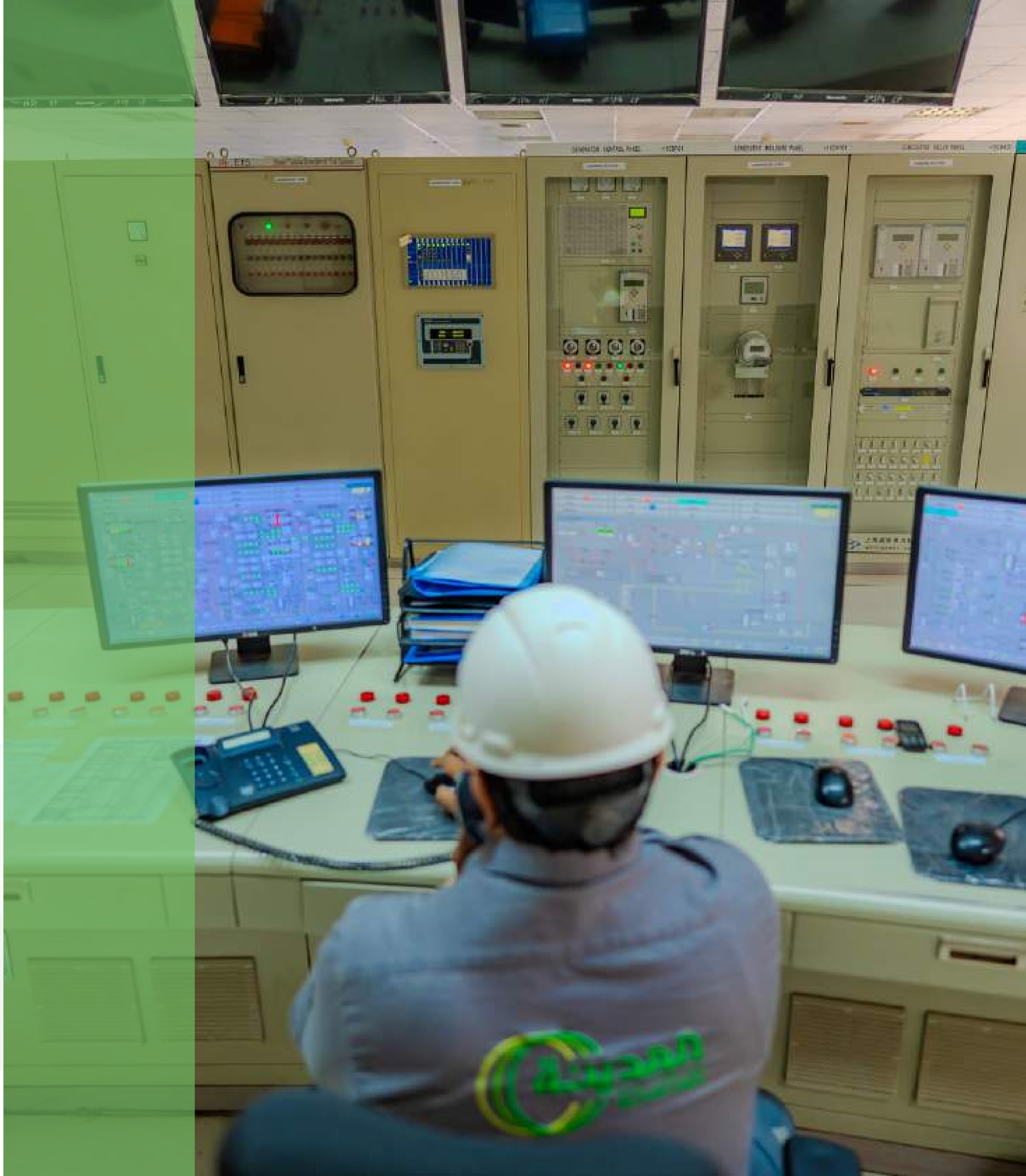
In 2024, City Cement generated value for its stakeholders through a wide range of economic contributions. The company disbursed SAR 197 million to suppliers with a strong emphasis on supporting the domestic economy, allocating 76% of procurement spending to local suppliers. Employees benefited directly from SAR 57.1 million in compensation and benefits, reflecting the company's commitment to developing its human capital.

Moreover, City Cement showcased its fiscal responsibility by contributing SAR 13.1 million in zakat and taxes to national revenues while also investing SAR 1.3 million into community development initiatives, underscoring its status as a socially responsible corporate citizen.

5

Intellectual Capital

- Transforming Our Business Model
- Digital Transformation



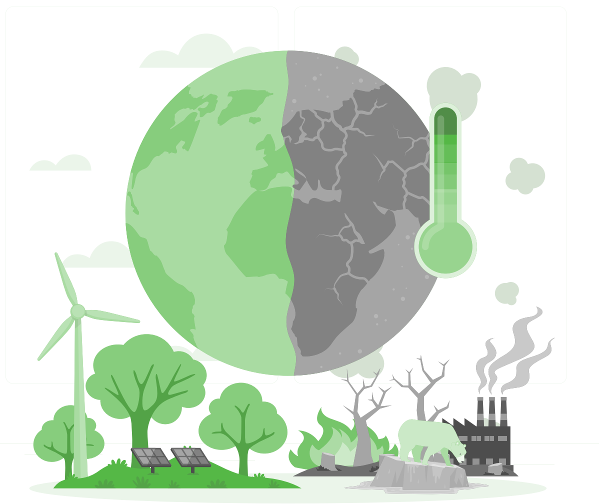
Transforming Our Business Model

As the cement industry faces mounting pressure to lower its carbon footprint, City Cement remains firmly committed to transforming its business model through operational efficiency, innovation, and the provision of more environmentally sustainable products.

In 2024, we continued to operate our Marat Governorate plant at an annual capacity in excess of 5 million tons while strategically laying the foundation for future growth through expansion into high-potential sectors, including waste management and mining. These efforts reflect our broad commitment to sustainable development and alignment with Saudi Vision 2030—especially its goals of lowering emissions and boosting industrial resilience.

Emissions Reduction: Advancing Low-Carbon Construction

Our decarbonization strategy has yielded measurable results. Total CO_2 emissions per ton of cement went from 681 kg/ton in 2021 to 676.9 kg/ton in 2024, while dust emissions were halved to 0.024 kg/ton in that same window. These improvements were supported by the optimization of the clinker factor, which fell to 89.9% in 2024, contributing to lower energy use and emissions. Complementing these initiatives, we continued to develop environmentally friendly products, namely Green Finishing Cement. With over 42% supplementary cementitious materials, this product emits just 579 kg of CO_2-equivalent per ton—34% less than traditional OPC—demonstrating the effectiveness of reducing clinker content and using industrial byproducts.



Key Progress Areas in Our Business Model:

Surpassing Targets Through Innovation

Clinker Factor

- Clinker factor reduced to 89.9% in 2024.
- Indicates reduced reliance on clinker in cement mix.

Dust Emissions

- Dust emissions were reduced by 50% from 2021 to 2024.
- This is achieved through process refinement and emissions management.

CO_2 Emissions

- Total CO_2 emissions were reduced from 681 kg/ ton in 2021 to 676.9 kg/ ton in 2024 (0.6%).
- Reflects progress in emission control and process optimization.

City Cement has significantly improved its energy performance, achieving a 12.6% reduction in energy consumption between 2022 and 2024—well beyond the 4.5% reduction target set for 2026. Through process enhancements like cement mill optimization, roller press feeding management, and the fine-tuning of equipment, we reduced electrical energy consumption by 12.72% down to 111.5 kWh/ton. On the thermal side, we successfully operated our clinker kiln with a 15% alternative-fuel substitution rate, including refuse-derived fuel and locally sourced waste, while maintaining kiln performance and improving heat consumption by 2.79%, bringing it to 822.1 kcal/kg clinker. Kiln reliability reached 97% in 2024, an increase of nearly 8% from 2021, supported by real-time monitoring and proactive maintenance.

Our subsidiary, Green Solutions for Environmental Services, increased alternative fuel production from 21,904 tons in 2023 to 23,304 tons in 2024, supporting our fuel-diversification efforts and reducing our dependence on fossil fuels. We also strengthened our renewable energy portfolio through a waste heat-recovery system that now generates over 16 megawatts of clean electricity. We have adopted various energy-efficient technologies, including waste heat-recovery systems and alternative fuel sources, to mitigate our dependence on fossil fuels, boost the cost-efficiency of our operations, and improve overall indicators of energy performance.

Enabling a Resilient Future

Our journey of digital transformation has played a central role in supporting our sustainability efforts. In 2024, we launched a digital environmental monitoring platform via our knowledge-management system, integrating real-time data from air emissions and energy sensors to improve responsiveness and ensure regulatory compliance. Looking forward, we plan to implement a digital energy-management system that leverages machine learning to optimize energy consumption and develop an automated ESG-reporting platform to promote both transparency and efficiency.

At the same time, our commitment to circularity has been reinforced through waste- and resource-management initiatives. We achieved a 40% increase in recycling rates by implementing recycling programs for lubricants and packaging materials alongside improved waste segregation. Alternative fuels like spent pot-lining and used tires have also been integrated into our production process, reducing emissions and improving waste disposal. Our infrastructure upgrades also included replacing 85% of our indoor lighting with energy-efficient LED bulbs and adopting inverter appliances, contributing to lower GHG emissions and operational costs.

Achieved a
12.6%
reduction in total energy consumption from 2022 to 2024—surpassing the 4.5% target set for 2026.

Realized a
2.79%
improvement in heat consumption, reaching 822.1 kcal/kg of clinker.

Reduced electrical energy usage by **12.72%**
bringing specific consumption to 111.5 kWh/ton of cement.

Our efforts to diversify and future-proof our operations ultimately gave way to the establishment of Nizak Mining Services, a wholly owned subsidiary launched in 2024. In partnership with Next Generation SCM and Denmark's CemGreen, Nizak will soon manufacture synthetic cementitious materials using low-emission technologies. This investment advances the Kingdom's national industrial strategies and represents a forward-looking shift toward environmentally friendly construction materials.

Together, these initiatives illustrate how City Cement is redefining its business model by integrating further sustainability, innovation, and digital capabilities in order to drive performance and resilience across all of its operations.

Key Initiatives

- In 2024, City Cement launched a digital platform to monitor emissions and energy performance in real time.
- Recycling rates increased by 40% through enhanced recycling programs and improved waste segregation.
- Alternative fuels, including spent pot lining and used tires, were integrated into production processes.
- 85% of indoor lighting was converted to LED technology, and energy-efficient appliances were adopted.
- Nizak Mining Services was established in 2024 to manufacture low-emission cementitious materials in collaboration with strategic partners.

Digital Transformation

At City Cement, we are looking to bring about a digital transformation of our operations to serve as a core enabler of operational excellence and sustainable growth. We recognize digitalization's vital role across all departments and remain committed to advancing our digital capabilities to meet evolving business and environmental demands. Our responsibility in this domain also extends to maintaining a robust IT infrastructure that facilitates seamless communication, efficient data flows, and secure information management.

Our systems are built with advanced safeguards to protect against fraud and cybersecurity threats, delivering a high level of operational integrity. We deploy software solutions and network-management tools to streamline internal workflows and drive efficiency. In parallel, we collaborate with external technology partners to gain expert insights and foster ongoing improvements across our digital ecosystem.

Digital Transformation Stratigic Vision:

City Cement's digital strategy focuses on delivering reliable, high-performance systems that are in line with the highest international standards. Our goal is to streamline operations, eliminate manual inefficiencies, and enhance collaboration across all business units. This is reflected in our successful implementation of the ERP system, which led to a measurable drop in support ticket volumes and significantly improved operational efficiency.

By embedding digital transformation into our organizational structure, we are driving long-term value creation, increased profitability, and a safer, more productive work environment.

Looking ahead, we plan to implement a digital energy management system to monitor and analyze consumption patterns, using machine learning algorithms to optimize energy use and identify further savings opportunities.

Additionally, we are preparing to launch digital platforms for sustainability reporting and ESG performance monitoring. These tools will automate data collection and reporting processes, ensuring faster, more accurate, and more consistent sustainability disclosures.

Our Journey of Digital Transformation

Our digital journey began in 2020 with a comprehensive overhaul of our IT infrastructure. We strengthened our cybersecurity framework by upgrading network firewalls, introducing robust company policies and procedures, and automating most approval workflows, significantly boosting its speed and reliability. A dedicated IT helpdesk system was also introduced, which improved user support and response times.

In 2021, we initiated an infrastructure-enhancement project aimed at expanding the capacity and resilience of our IT systems. After finalizing its scope and aligning its objectives with the company's strategic goals, we successfully integrated our Green Solutions for Environmental Services subsidiary into our IT network and implemented a robust backup and recovery system to protect against data losses and disruptions. That same year, we launched the Kingdom's first RDF-integrated production facility.

During the COVID-19 pandemic, our digital infrastructure proved to be critical in maintaining business continuity. Remote work capabilities, virtual collaboration platforms, and remote access to environmental monitoring systems allowed for operations to continue largely uninterrupted. Compliance with environmental regulations was upheld, and the integrity of our monitoring programs remained intact, demonstrating the resilience and adaptability of our digital systems.

Transforming Operations: ERP Implementation in 2022

In 2022, City Cement achieved a major milestone by going live with its ERP (enterprise resource planning) system, which now unifies the company's vital business functions (e.g., supply chain, plant maintenance, quality control, finance, human resources) into one platform. The ERP system facilitates the real-time tracking of raw materials, inventory levels, and production schedules, enabling us to proactively manage resources and mitigate disruptions.

It also supports regulatory compliance and provides analytics tools that allow management to monitor KPIs and continually improve operations. Our ERP rollout followed a rigorous process: In the pre-implementation phase, we applied thorough evaluation criteria with the help of a specialized external consultant. During implementation, we established a dedicated team to manage the transition and allocated resources accordingly. Post-implementation efforts included user training, regular audits, and system-performance reviews.

To mitigate risk, the new system was run alongside the legacy system during testing. Extended service agreements with the implementation consultants provided additional stability. Key users received advanced training and certifications to support internal knowledge-building and system mastery.

Recognition of Excellence: 2023 SIRI Ranking

In 2023, City Cement was certified by and ranked first on the Smart Industry Readiness Index (SIRI)—a testament to our progress and leadership in industrial digital transformation. The certification reflects our structured approach and readiness to adopt Industry 4.0 technologies, further positioning us as a forward-thinking manufacturer aligned with national digital ambitions.

Compliance, Monitoring, and Sustainability: 2024 Highlights

In 2024, City Cement successfully completed the ZATCA (Fatoora) integration project, a critical step in regulatory compliance. This project entailed linking our SAP system to the ZATCA platform to ensure tax verification prior to invoice issuance. Despite its technical complexity—involving the SAP CPI and S4HANA platforms—the integration was completed on schedule and without any issues, showcasing our capacity to effectively manage compliance-critical projects.

We also launched a digital environmental monitoring platform via our knowledge-management system. This platform integrates data from various sensors and devices to provide real-time insights into air quality, emissions, and energy consumption. By leveraging these insights, we can address environmental issues more proactively, meet regulatory requirements, and support a healthier, more sustainable environment.

Technology Integration Across Operations

City Cement's journey of digital transformation has touched every facet of our daily operations through technologies like mobile applications for guided non-conformance reporting as well as data analytics and cloud computing. Continuous emissions-monitoring systems (CEMSs) collect real-time environmental data, enabling pattern recognition and predictive decision-making. Cloud platforms ensure scalability and secure access to environmental data, facilitating remote monitoring and interdepartmental collaboration. These tools not only increase efficiency but also ensure accuracy and transparency in the management of our environmental performance.

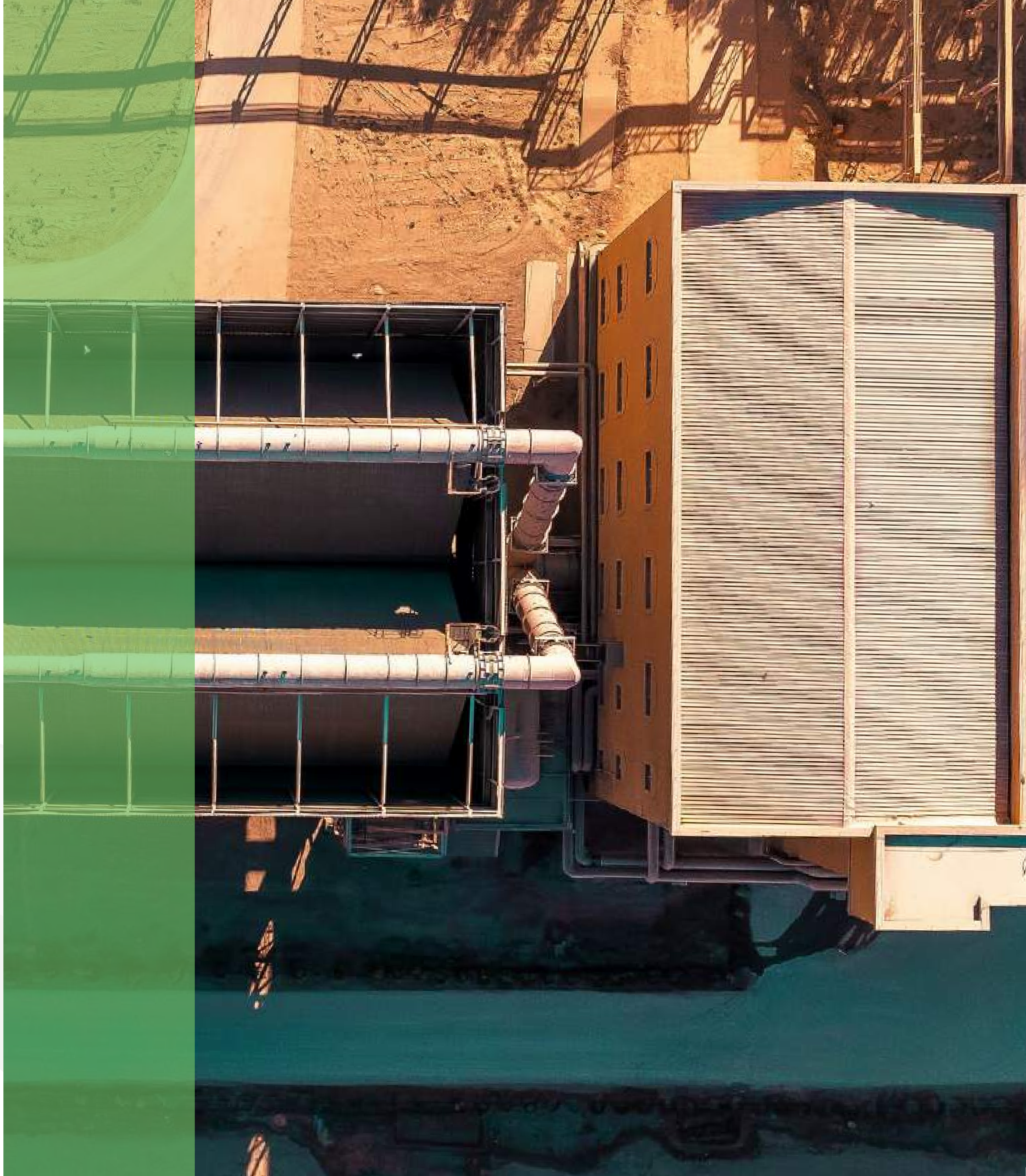
We continually assess the effectiveness of our digital transformation through an array of KPIs, including data availability, system efficiency, and manual effort. These KPIs help us to evaluate the impact of digital initiatives on decision-making and sustainability outcomes. Feedback from employees and stakeholders is actively gathered to identify improvement areas and ensure that our digital transformation remains aligned with our operational and environmental objectives.

Through these structured, data-driven efforts, City Cement is leading the way in industrial digital transformation, building a smarter, more efficient, and more sustainable future.

6

Natural Capital

- Water Stewardship
- Sustainable Energy Practices
- Waste Management
- GHG and Pollutant Management
- City Cement's Pursuit of a Circular Economy
- Environmental Product Declarations (EPDs)



Water Stewardship

City Cement acknowledges water as a critical natural resource that is fundamental to both our production operations and the well-being of the surrounding communities. Water management stands as a key material topic within our sustainability focus areas. The company's approach emphasizes conservation, compliance, and circularity, ensuring that water-related risks are addressed while meeting regulatory standards and supporting community resilience.

In line with our Integrated Management System (IMS), we continually monitor and manage all water-related impacts, from withdrawal and recycling to discharge and reuse. We apply strict minimum standards for effluent water discharge quality and always ensure full compliance with local regulations. Notably, our operations do not generate industrial wastewater thanks to our closed-loop cooling system, which minimizes discharge and maximizes reuse.

Total Water Withdrawal	Water Recycled
286,795 m^3 (borewell)	**108,994 m^3** (38.05%)

Water Discharged (Treated)	Industrial Wastewater
37,401 m^3	**None**

Our 2024 water recycling rate reached 38.05%, reflecting our commitment to reuse and efficiency in water resource management.

These figures represent a steady upward trajectory. Water recycling increased from 37.25% in 2023 to 38.05% in 2024, while water-recovery efficiency reached 19.75%, up 1.75% from 2023.

Sustainable Energy Practices

Energy management continues to be a strategic pillar underlying City Cement's environmental stewardship framework. In 2024, we reinforced our commitment to resource efficiency and emissions reduction by optimizing our consumption of thermal and electrical energy, integrating alternative fuels, and implementing a comprehensive energy performance-improvement strategy. These efforts have directly supported our decarbonization pathway and helped to reduce our dependence on fossil-based energy inputs.

City Cement's energy system draws from a diverse mix of conventional and alternative fuels. In 2024, our total energy inputs were as follows:

Table 11. 2024 Energy Mix

Energy Source	Quantity
Electricity	318,471,198 kWh
Heavy Fuel Oil (HFO)	223,927 kL
High-Speed Diesel (HSD)	5,113 kL
Used Oil	49,620 metric tons
Refuse-Derived Fuel (RDF) (Municipal Solid Waste)	22,299 metric tons
Tire-Derived Fuel (TDF)	1,516 metric tons
Spent Pot Liner used for Aluminum Production (SPL)	5,443 metric tons
Carbon Black	2,702 metric tons
Carbon Butt Shot Refuse used for Aluminum Production	855 metric tons
Anthracite Powder	500 metric tons

Total Non-Renewable Energy Consumption	Total Renewable Energy (RDF, TDF, SPL, Used Oil)	Energy Consumed Outside the Organization	Use of On-Site Solar or Wind Energy
229,039 GJ	**82,935** GJ	**None**	**Road Light-ing**

Compared to 2022, total thermal energy efficiency improved by 12.6% by 2024, placing us firmly on track toward our 2026 energy intensity reduction target of 4.5%.

In 2024, City Cement continued to promote the integration of alternative fuels across both production lines:

Table 12. Fuel and Heat Consumption per Production Line

Line	Total Heat Consumption	Fossil Fuels	Alternative Fuels	AF Substitution Rate
Line 1	815 MCal/ton clinker	725 MCal (89.01%)	90 MCal (10.99%)	10.99%
Line 2	816 MCal/ton clinker	722 MCal (88.55%)	94 MCal (11.45%)	11.45%

These results represent an average alternative fuel rate of 11% across both production lines, indicating that such fuels contributed significantly to emissions reduction.

Waste Management

In 2024, the total solid waste generated by City Cement—including both hazardous and non-hazardous materials—amounted to 104.92 metric tons, which may be broken down as follows:

Table 13. Waste Streams for 2024

Waste Stream	Quantity (MT)	End-of-Life Treatment
Metals	17.78	Disposal
Non-Metallic Waste	40.72	Disposal
Plastic	0.00	–
Textiles	31.78	Disposal

All non-hazardous waste was incinerated as per standard protocols, and no waste was sent to landfill or untreated disposal during the reporting period. The total amount of non-hazardous waste directed to disposal was 244.56 metric tons, including construction-related overhauls and maintenance activities.

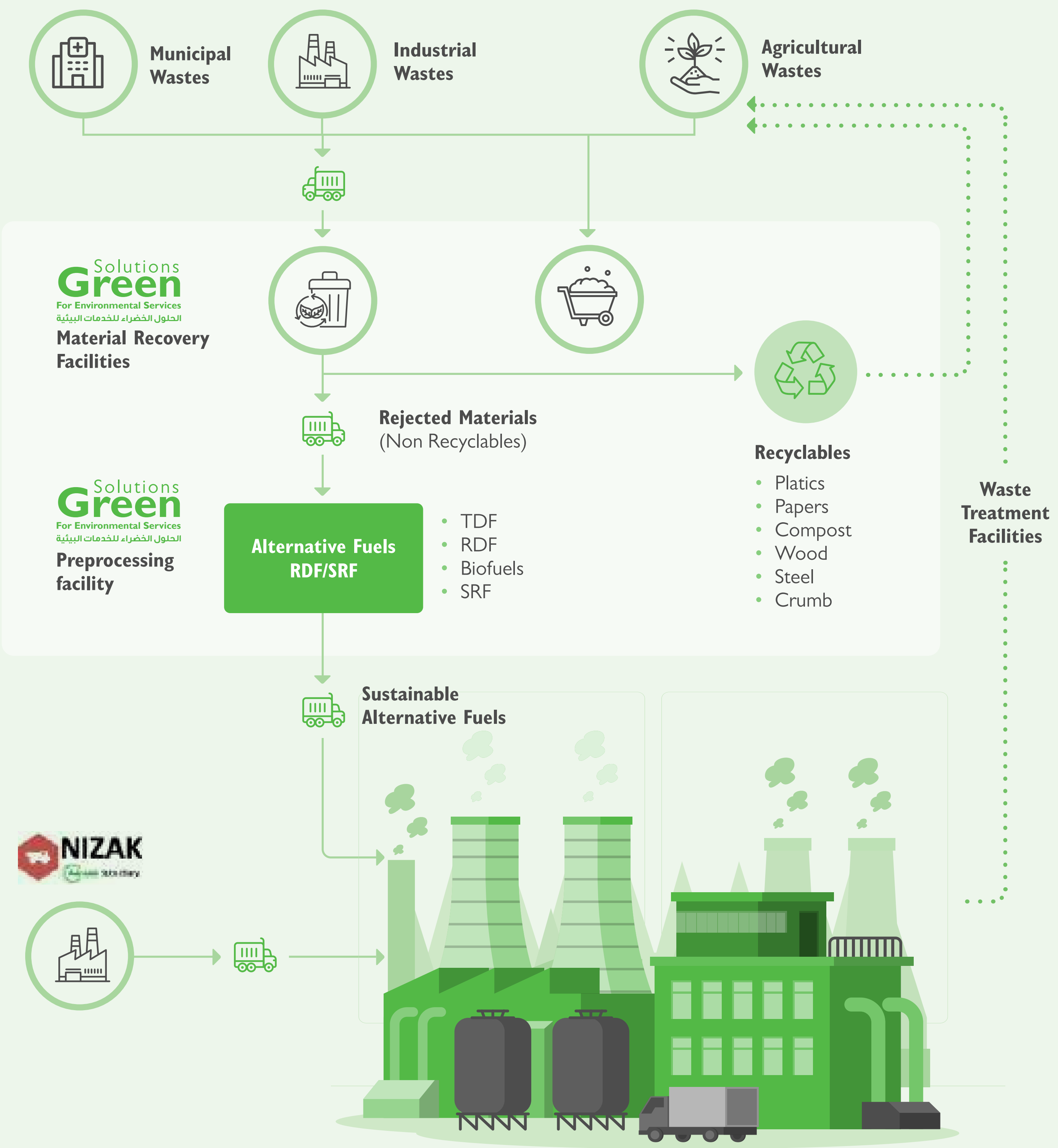
Hazardous Waste Disposal

In parallel, City Cement disposed of 14.62 metric tons of hazardous waste in 2024. All hazardous waste was handled in compliance with national environmental regulations and directed to licensed incineration facilities.

Table 14. Hazardous Waste

Waste Category	Quantity (MT)	Disposal Method
Hazardous Waste	14.62	Incinerated
Non-Hazardous Waste	899.69	
Total Directed to Disposal	914.31	

Waste-Recovery and -Reuse Efforts



Through our subsidiary Green Solutions for Environmental Services, an integrated waste treatment infrastructure that sources municipal, industrial, and agricultural waste has been established. These inputs are directed to material recovery facilities, where recyclables such as plastics, paper, wood, and metals are separated. Non-recyclable residuals are then transferred to a preprocessing facility that converts them into alternative fuels such as RDF, TDF, SRF, and biofuels. These sustainable fuels are utilized in City Cement's kilns as a substitute for fossil fuels, forming a circular system that reduces landfill dependency, cuts emissions, and supports the company's transition toward cleaner energy and zero-waste ambitions.

In parallel, our mining subsidiary Nizak Mining Company plays a critical role in supplying low emission raw materials for cement production, which supports vertical integration across the value chain and ensures secure, localized sourcing for our operations. A major ongoing circular economy initiative at City Cement entails the reutilization of bypass dust, a cement byproduct. In 2024, the company recovered approximately 120 tons of bypass dust per day, accounting for roughly 1.6% of total material flows, and reintegrated it into operational processes wherever technically feasible.

To move toward our zero-waste vision, City Cement continually evaluates sources of waste and their potential for recovery. Waste quantities—especially from overhaul activities—are variable by nature. However, efforts are ongoing to improve segregation, storage, and reuse capacity across different operational areas.

Despite variability in maintenance waste generation, City Cement maintained zero waste to landfill in 2024 and ensured that %100 of waste was treated through approved channels.

Table 15. Non-Hazardous Waste Disposal and Progress

Material Type	Quantity (MT)	End-of-Life Treatment	Progress
Metals	163.02	Sold to Recycling Facilities	Fluctuates due to maintenance schedules
Non-Metallic Waste	195.00		Stable with a focus on improved segregation
Plastic	34.28		Gradual reduction expected through procurement controls
Textiles	5.46		Reuse being explored
Waste to Landfill	0.00	–	Target maintained

GHG and Pollutant Management

In 2024, we measured and monitored both direct and indirect emissions in line with global GHG accounting standards:

Figure 4 Scope 1 Emissions

	2021	2022	2023	2024
Scope 1 Emissions (tCO2)	2,028,642	1,745,193	1,793,664	2,038,053
Combustion + Calcination- CO2 Generated in kg per ton clinker - (Scope 1 Specific)	812	811	813	834
Combustion + Calcination- CO2 Generated in kg per ton cement - (Scope 1 Specific)	745	725	715	723

Figure 5 Scope 2 Emissions

	2022	2023	2024
CO2 Emitted due to Power consumed - Scope 2 (tCO2e)	206,804	143,469	189,335
CO2 Emitted due to Power consumed - Scope 2 Specific (tCO2e/ton Cement)	0.0775	0.0666	0.0668
CO2 Emitted for total OPC (tCO2e)	1,802,866	1,455,335	1,932,993
CO2 Emitted for total SRC (tCO2e)	297,860	178,178	200,383
CO2 Emitted for total Green (tCO2e)	41,395	49,301	102,197

Table 16. Intensity of GHG Emissions

GHG Scope	Intensity of GHG Emissions	Unit
Scope 1	723.0 kg CO_2/ton of cement	Direct emissions (fuel use)
Scope 2	67 kg CO_2/ton of cement	Indirect emissions (electricity)
Scope 3	Not yet calculated (in progress)	Downstream and upstream

Total Scope 1 and 2 emissions per ton of cement: 845.1 kg CO_2

Air Pollutant Emissions

We also track and control key air pollutants—namely dust, NOx, and Sox—from our kiln stacks and process units. Emissions are monitored continuously using online sensors and periodically verified by third-party audits.

Table 17. Pollutant Load

	Emission Loads (kg)		
Air Pollutant	**2022**	**2023**	**2024**
CO	410,126	225,787	5,865
Dust	154,491	284,934	1,216,922
NO_x	363,038	13,232	140,508
SO_x	312,876	2,602	212,350

To meet air-quality targets and reduce our environmental footprint, City Cement has implemented the following technologies and process improvements:

Dust (PM)

Implemented high-efficiency Baghouse (BH) systems, periodic filter replacement, and real-time dust monitoring

NOx

Deployed low NOx burners, staged combustion, and improved kiln/raw mix tuning

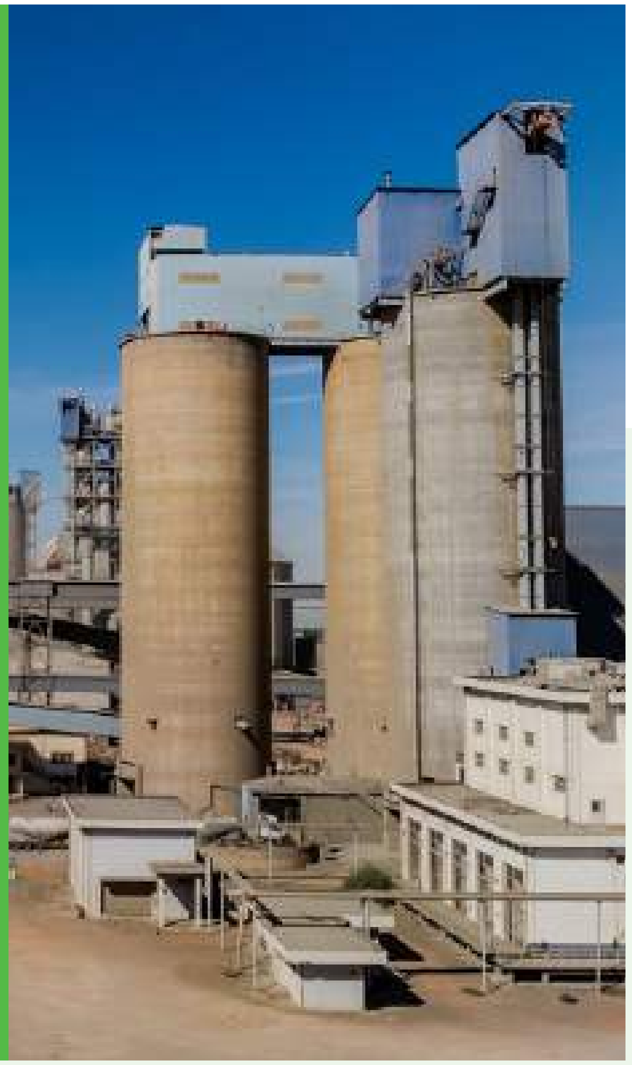
SOx

Monitored sulfur levels in fuel and raw materials, using bypass systems to minimize recirculation and peak spikes

City Cement's Pursuit of a Circular Economy

We at City Cement are deeply committed to building a more sustainable future, and this commitment is evident in our product innovation and operational strategies. A prime example is our Green Finishing Cement. By utilizing industrial cement byproducts in its production, we are significantly reducing our carbon emissions. Our approach not only gives way to a high-performing product but also reinforces our dedication to resource conservation and environmental stewardship.

Beyond our products, City Cement has made substantial investments in the conversion of waste materials into alternative fuels for our plants through our Green Solutions for Environmental Services subsidiary. This approach significantly reduces our dependence on traditional fossil fuels, lowering our environmental footprint while ensuring the continuity of our operations.



Environmental Product Declarations (EPDs)

In 2024, City Cement Company published Environmental Product Declarations (EPDs) for all three of its main cement products: OPC, SRC and GFC. These declarations were registered under the International EPD® System and verified in accordance with ISO 14025 and PCR 2019:14.

The EPDs provide transparent, third-party verified data on the environmental performance of our cement products across their full life cycle. This enables City Cement's customers and partners to comply with green procurement standards, earn credits toward LEED, BREEAM, and other Green Building Certifications, and make informed sustainability choices backed by verifiable data.

Each certificate is valid until 2028 and can be accessed via the International EPD System.

Sulphate Resistant Cement
(SRC)

إقرا المزيد

Ordinary portland Cement
(OPC)

إقرا المزيد

Green Finishing Cement
(GFC)

إقرا المزيد

7

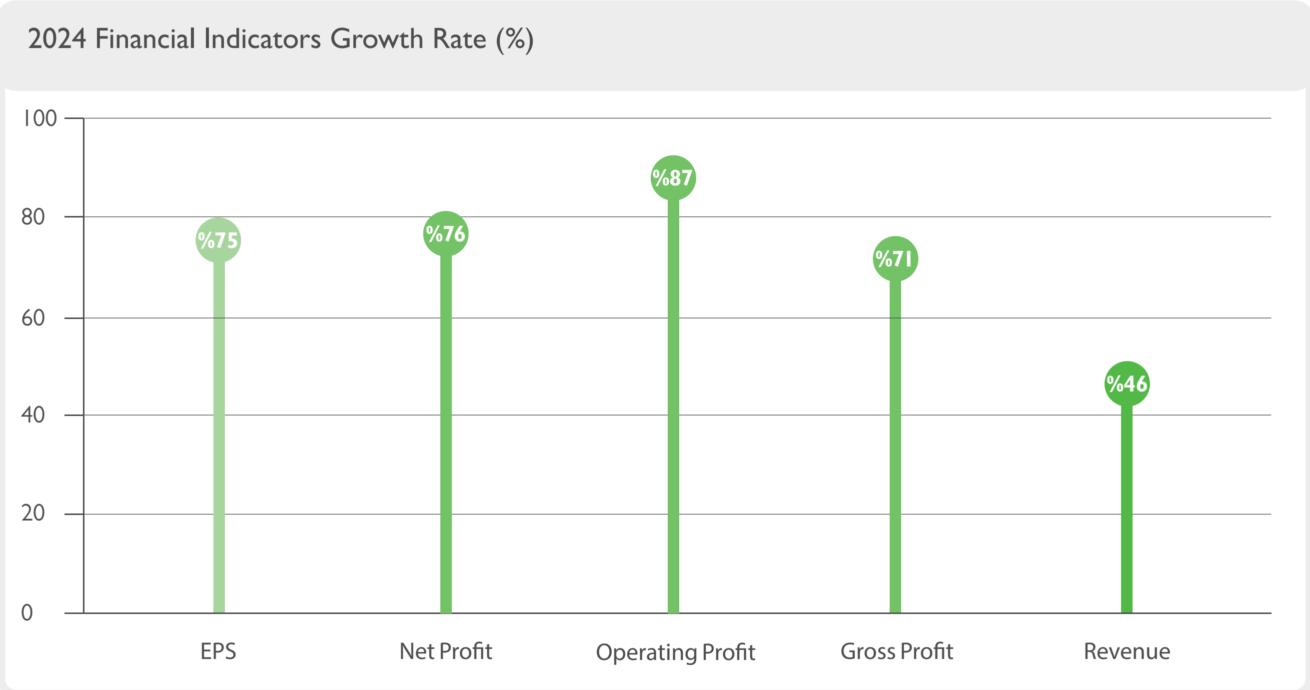
Financial Capital

Effective management of financial capital is critical to sustaining operational viability, funding strategic investments, and ensuring returns on investment. City Cement's approach to financial management focuses on fiscal discipline, climate-aware investments, and risk resilience, which collectively serve to boost shareholder value and stakeholder trust.

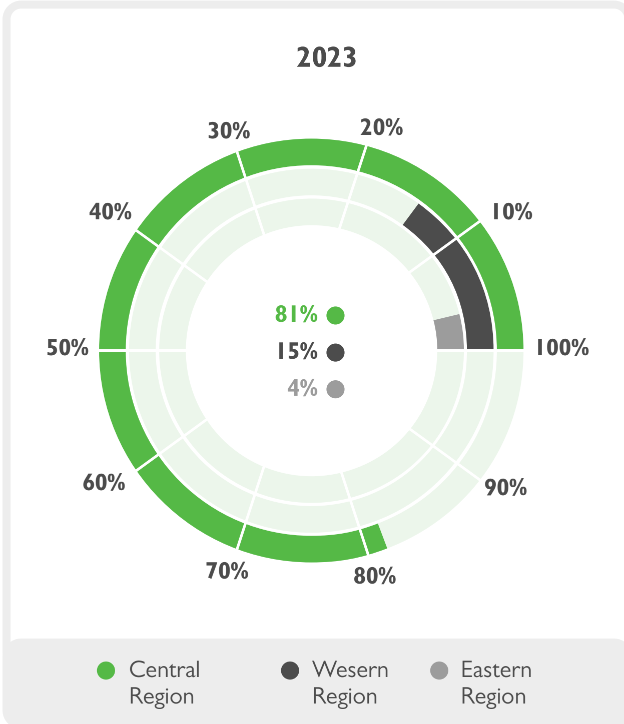
The company's financial performance and KPI oversight is governed at the level of the BoD, with a designated Sustainability Committee overseeing economic, social, and environmental risk disclosures, strategic integration, and alignment with evolving regulatory frameworks (such as IFRS S1/S2). The Audit Committee is regularly briefed to ensure that financial controls are aligned with non-financial risks. Moreover, City Cement operates a whistleblower-protection program and conducts annual ethics reviews to promote financial integrity and ethical compliance across its operations.

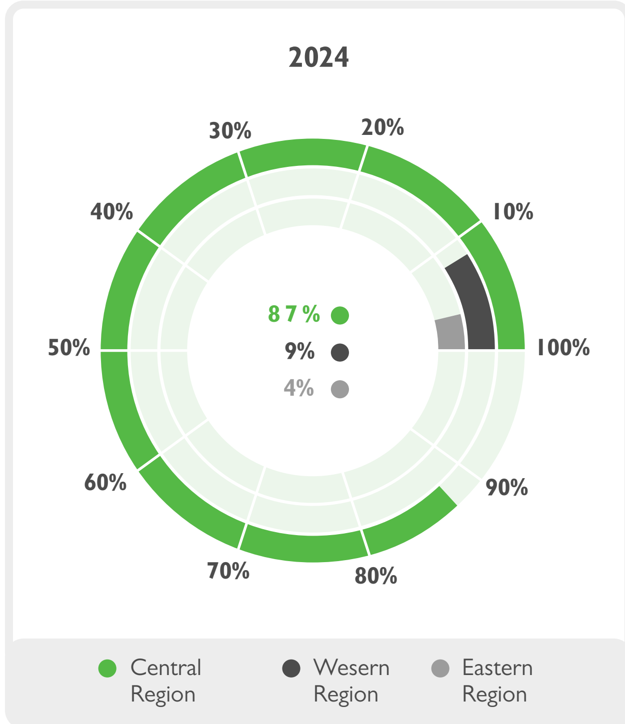
Acknowledging the interconnectivity between the various forms of capital on the one hand and stakeholder value on the other hand, City Cement's strategic financial decisions are influenced and impacted by developments in natural capital investment (e.g., energy-efficient infrastructure) as well as allocations toward human capital development, thereby boosting both performance and innovation capacity. Additionally, the integration of intellectual capital (e.g., digital systems, R&D) into operations enhances resilience and efficiency, while partnerships and financial disbursements foster social and relationship capital. This holistic understanding of financial capital's role underpins not only City Cement's profitability but also its purpose, resilience, and future readiness.

2024 Financial Performance



City Cement exhibited robust growth across the board in 2024, driven by higher sales volumes and improved average pricing. All of the company's financial indicators reflect financial stability and market resilience.

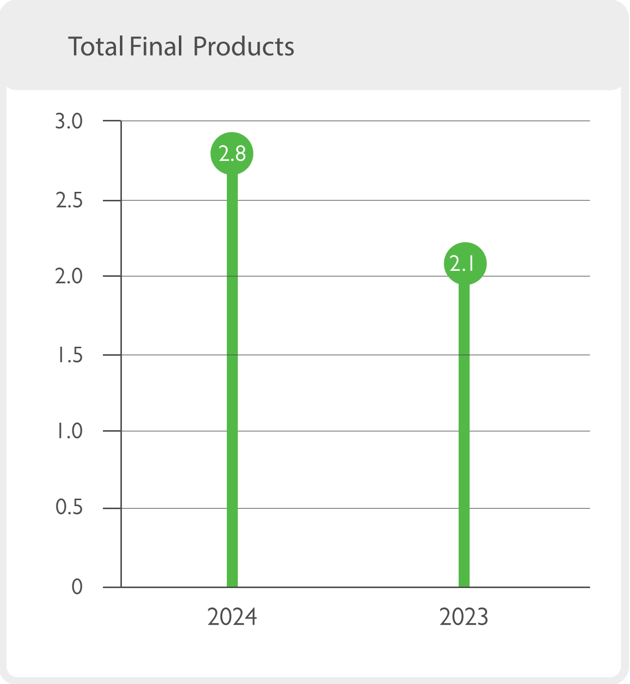




The company confirms that it has no outstanding loans from banks or any other entities as of December 31, 2024. However, it has an active but unused credit facility agreement (compliant with Islamic financing principles) with a total limit of SAR 90.625 million, secured by a promissory note. The company recorded a steady increase in total generated revenue between 2023 and 2024. This increase led to improved net profits and earnings per share.

Strategically, City Cement concentrated its sales in higher-margin products and geographical regions, namely the Central Region of Saudi Arabia. These operational decisions demonstrate agility in protecting its margins amid sector volatility.

(GRI 201-1; SASB IF0101-01; MSCI's criterion of risk-adjusted financial performance)



To ensure stability in its operations and maintain its strong market position, the company continuously monitors and accounts for all operational and market risks, taking appropriate actions in accordance with the company's comprehensive risk framework to mitigate their impact. To this end, the company is transitioning toward clean and renewable energy sources and digital factory solutions, including smart energy-management systems, as key levers to boost its operational efficiency and lower production costs. (Please refer to the annual Board of Directors Report for details.)

(GRI 302-4, SASB IF0101-05, IFRS S2-6/S2-13)

Risk Mitigation and ESG Controls

The Audit Committee, supported by recommendations from the Sustainability Committee, is the highest body of governance overseeing the implementation of financial risk-mitigation measures.

Financial and ESG-related risks are integrated into the company's risk-management system and regularly reviewed through heatmaps and key risk indicators to assess the potential financial implications of the climate transition, including carbon pricing, volatility in energy access, and emissions regulations. The findings of these reviews directly inform the company's capital allocation, insurance coverage, and strategic investments.

In 2024, key financial and operational risks included volatility in the price of cement, environmental compliance, and disruptions to fuel supplies. City Cement's response included a comprehensive hedging strategy, an HSE function with compliance assurance, and alternative energy sources. The company has implemented the use of alternative fuels like shredded tires and processed municipal waste at its Marat plant to reduce its dependency on fossil fuels and GHG emissions, aligning with Saudi Vision 2030's carbon-neutrality goals and UN SDGs 7, 12, and 13.

(GRI 302-1/302-4, SASB IF0101-04, IFRS-S2-1 to S2-14)

City Cement's internal audits and financial reports are aligned with national regulations, ensuring transparency and auditability. These governance practices reflect corporate ethics, reporting accuracy, and internal control maturity (complemented by independent reviews), reinforcing financial integrity and ESG transparency.

(GRI 2-22; IFRS S1-15).

8

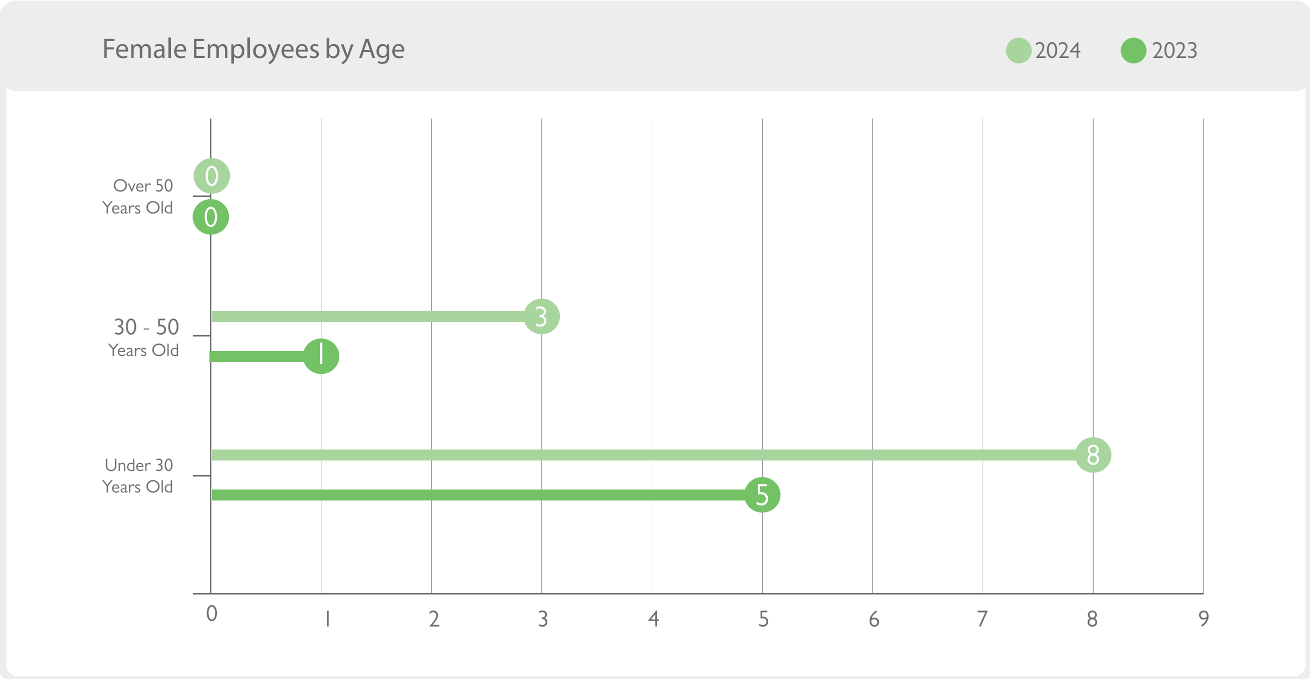
Human Capital Development

- Our Human Capital Dynamics
- New Hires and Turnover
- Employee Benefits and Well-Being
- Training and Development
- Employee Engagement, Feedback, and Retention
- Non-Discrimination Policy, Complaints, and Grievance Mechanism
- Occupational Health and Safety A Culture of Prevention and Protection
- Advancing Safety Through Digital Transformation

At City Cement, our human capital represents the core strength that powers our operations, innovation, and growth. In 2024, we continued to prioritize the development and well-being of our employees while ensuring inclusivity, equity, and safety throughout the organization.

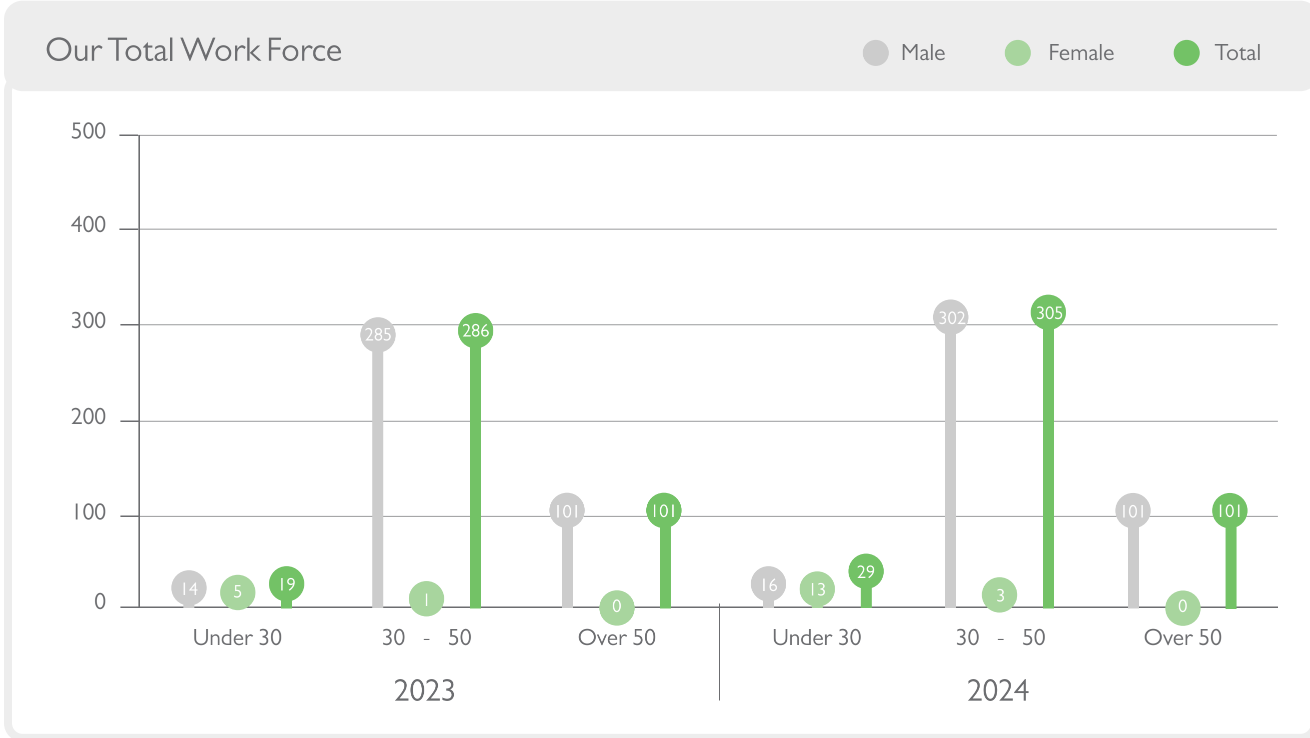
Our approach to human capital management is rooted in the pursuit of a resilient, capable, and future-ready workforce aligned with Saudi Vision 2030 and global ESG standards.

Our Human Capital Dynamics



In 2024, City Cement had 435 employees, 419 (96.5%) of whom were men and 16 of whom were women (3.5%). This reflects an increase in female participation compared to 2023, when women represented just 1.4% of the workforce. In 2024, the number of female employees under 30 years old increased by 160% from 2023, going from 5 to 13. Female employees aged 30 to 50 also saw a significant increase, growing by 200% from just 1 employee in 2023 to 3 in 2024. There was no change in the number of female employees over 50, which was zero in both years. This shift highlights a notable rise in female participation, particularly among younger age groups.

In 2024, 6.6% of employees were under 30 years old, 70.1% were aged 30–50, and 23.2% were over 50, reflecting a stable and experienced workforce with modest growth in younger talent. As already stated, the number of women under 30 increased in 2024, bringing their share of the total workforce up from 1.2% to 2.9%. This shift highlights progress toward more gender-inclusive hiring, particularly among younger employees.



In 2024, payroll increased by 0.32%, recovering slightly from the 8.6% decline in 2023, and reached SAR 34,418,194.

SAR 1,719,509 was contributed to government institutions on behalf of employees.

80% of senior management (manager level and above) are hired from the local community, supporting our localization goals and national talent development.

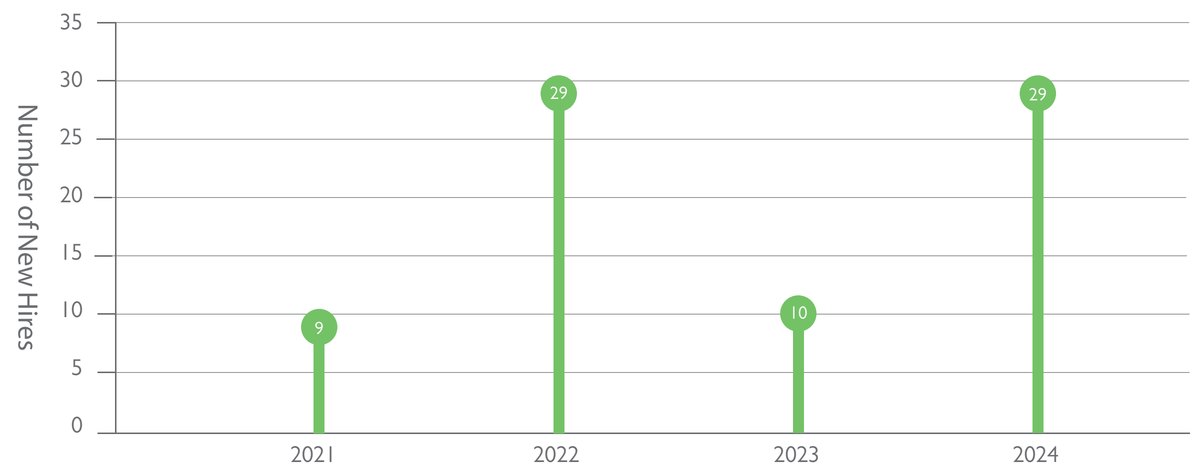
We provide both genders with the same entry-level wages, aligning with the established National Minimum Wages defined by local laws and regulations.

New Hires and Turnover

City Cement saw a significant increase in hiring during 2024 with 29 new employees joining the company, up from just 10 in 2023. This growth spanned both men and women and was concentrated in the under-30 and 30–50 age groups. The number of new female hires rose from 3 in 2023 to 7 in 2024, marking a 133% increase. The most notable growth in hires was among under-30 females, which tripled from 2 to 6 hires. There were no new hires in the over-50 age group in either years, reflecting an ongoing focus on younger talent.

Given that the company's industrial plant is located in a remote area approximately 160 km from Riyadh, limiting its appeal to many female professionals, efforts to ensure gender diversity have focused on raising the number of female employees at the head office, improving the gender balance.

New Hires



Employee turnover remained stable at 11.7%—marginally higher than the previous year's 11.6%. The highest level of turnover occurred among male employees aged 30–50, in line with historical trends.

Table 20. 2024 Employee Turnover by Age and Gender

Age Group	Male	Female	Total
Under 30	0	4	4
30–50	33	1	34
Over 50	9	0	9
Total	42	5	47

Putting Our HR Principles into Practice

City Cement's Human Resources Management Policy Manual serves as a detailed internal reference that outlines the policies, procedures, and controls related to HR operations.

It is designed to guide both management and employees, providing clear direction on how HR policies are applied in day-to-day activities. This manual ensures consistent understanding and implementation across the organization. Certification aligned with the Delegation Matrix is required for proper adoption and execution of its provisions.

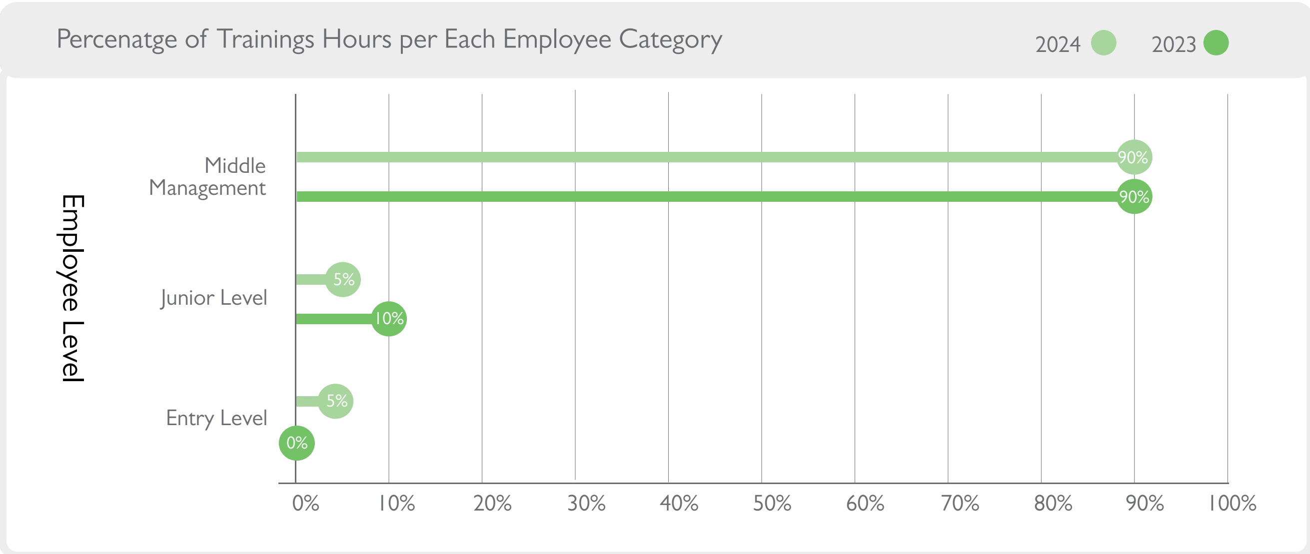
Employee Benefits and Well-Being

City Cement recognizes the importance of offering comprehensive benefits that boost employee satisfaction, foster a positive work environment, and ensure financial security. In line with this recognition, the company has developed a robust Compensation and Benefits Policy designed to go beyond legal requirements and meet the diverse needs of its workforce. Our benefits package includes healthcare coverage for employees and their dependents, housing and transportation allowances, company vehicles for work-related use, and educational grants for employees' children.

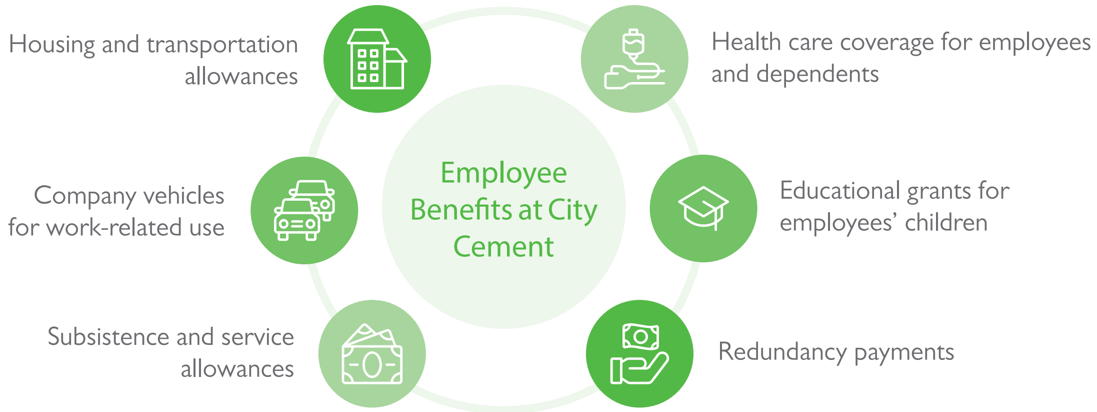
We also offer parental leave to support employees through key life transitions. In 2024, 381 male employees and 8 female employees were eligible for parental leave, with 1 male employee and 1 female employee utilizing and returning from it. Additional forms of offered support include redundancy payments, subsistence and service allowances, and festive engagement initiatives such as Eid celebrations, National Day events, and Ramadan gatherings.

Our policy emphasizes fairness and inclusivity, ensuring that both Saudi and non-Saudi employees receive equitable benefits. End-of-service gratuity is calculated in accordance with the Saudi Labor Law, reflecting our long-term commitment to providing a secure and rewarding work environment for all employees.

Training and Development



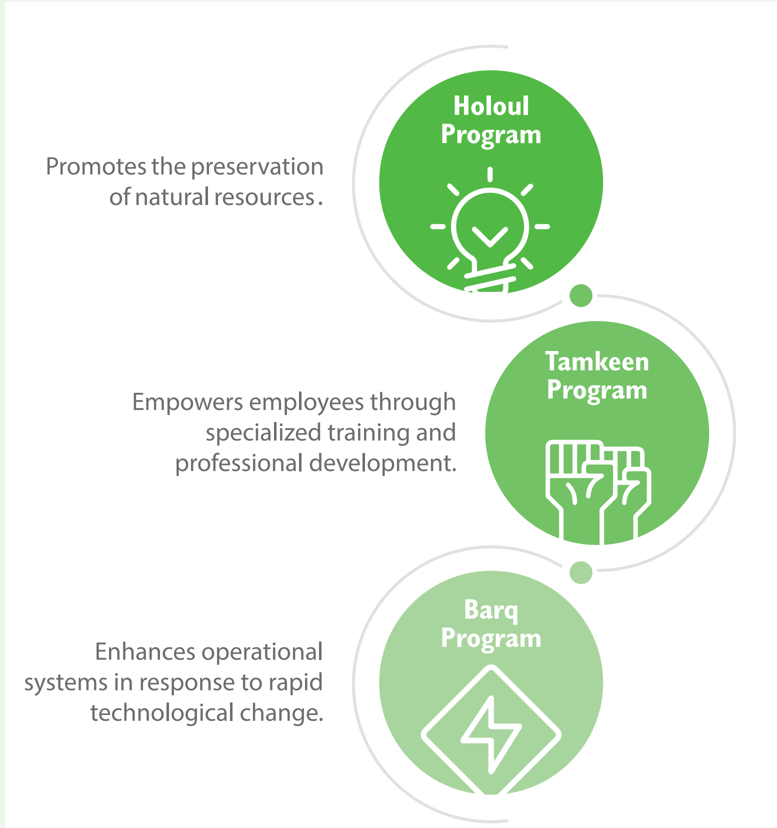
In line with our strategic focus on skills development, City Cement delivered robust training programs throughout the year. In 2023, a total of 43 employees (32 men and 11 women) completed 2,135 training hours. In 2024, 66 employees (55 men and 11 women) received a combined total of 1,629 hours of training. Despite a decrease in the number of training hours per employee, from 2,422 in 2023 to 1,246 in 2024, middle management remained the focus, accounting for 90% of all delivered training across both years.



Training topics were aligned with business priorities and included leadership development, onboarding, performance management, and digital systems training, such as SAP. Programs like Tamkeen and Barq played a critical role in developing both digital and behavioral competencies among City Cement employees.

The company remains firmly committed to the growth and development of its human capital, recognizing it as a strategic pillar of its long-term success. Through a wide range of structured development programs, City Cement equips its workforce with the skills needed to adapt to evolving business needs while fostering a supportive and engaging work environment.

Key initiatives include:



To support these goals, the company has implemented targeted approaches to employee selection, training, and career-path planning. This comprehensive strategy ensures that leadership positions are filled with qualified national talent, reinforcing City Cement's commitment to localization and sustainable workforce development. In 2024, the company persisted in its efforts to attract and retain top Saudi professionals across all of its departments while collaborating with local and international institutions to deliver technical, administrative, and marketing-focused training.

A blend of on-the-job learning, expert-led training, and corporate-level programs forms the foundation of the company's upskilling strategy. Internal workshops, in-house sessions, and scholarship opportunities—both local and international—further support employee development.

Training courses conducted in 2024:

- Situational Performance Ownership
- Situational Leadership Essentials
- Team Building
- Onboarding
- Situational Leadership

These initiatives are part of City Cement's comprehensive transformation journey aimed at boosting operational efficiency, driving digital innovation, and honoring ESG commitments—all while fostering a workplace that prioritizes employee well-being and long-term success.

Employee Engagement, Feedback, and Retention

City Cement is deeply committed to fostering a workplace culture centered on employee satisfaction, open communication, and ongoing improvement. To assess and enhance employees' experience, the company has established a structured feedback process that incorporates regular satisfaction surveys as well as comprehensive exit interviews, which enable employees—both current and departing—to share their honest feedback on HR policies, workplace conditions, and overall company culture.

The insights gathered from satisfaction surveys are used to refine internal practices and align them more closely with the evolving needs of the workforce, while, exit interviews offer an understanding of the reasons behind employee departures. Collected feedback is thoroughly analyzed by the HR Department and presented to top management alongside actionable recommendations to guide decision-making and improve retention moving forward.

To further support employee engagement, City Cement is currently developing a dedicated digital portal that will centralize satisfaction surveys, collect employee opinions, and serve as a platform to which employees can submit suggestions, complaints, and ideas. This initiative is aimed at creating a more accessible and responsive communication channel between employees and management.

Moreover, the company actively considers employee perspectives when making operational and strategic decisions. This inclusive approach strengthens trust and fosters a culture in which employees feel both heard and valued.

City Cement's retention strategy focuses on long-term career development, performance-based merit increases, and the provision of learning opportunities. These efforts ensure that employees are not only retained but also empowered to grow and contribute meaningfully to the company's success.

Non-Discrimination Policy, Complaints, and Grievance Mechanism

City Cement is firmly committed to maintaining a diverse, respectful, and inclusive work environment in which every employee is treated fairly and equitably. The company has a zero-tolerance policy for any form of discrimination, and this policy is strictly enforced at every level of employment. In 2024, no incidents of discrimination were reported, reflecting the strength of our policies and workplace culture.

Employment and promotion decisions are guided solely by merit, performance, and alignment with company values—regardless of race, gender, religion, or nationality. City Cement believes that the diversity of its workforce is a core driver of its success and resilience, and it continuously seeks to attract and retain top talent while investing in their professional growth.

Our non-discrimination and grievance policy ensures that all employees have equal access to opportunities and are protected from all forms of harassment and retaliation. Employees are encouraged to report grievances—including verbal, moral, and sexual harassment—within 5 to 15 working days of an incident through clearly defined and confidential channels, including supervisors, HR, and the Ethics Committee.

These reports are handled with strict confidentiality, in accordance with Saudi labor law, and without fear of retaliation. City Cement guarantees that no employee will face retaliation for raising a grievance in good faith. At the same time, the policy discourages the bad-faith use of grievance channels to advance personal agendas or deliberately disrupt the work environment.

The company also strictly prohibits harassment, intimidation, and any offensive behavior in the workplace. Violations are addressed promptly and in a serious manner in line with local laws and internal disciplinary measures. Maintaining workplace justice represents a shared responsibility among direct managers and the HR Department. All employee complaints are taken seriously and treated as opportunities to improve internal practices and boost employee satisfaction.

City Cement proudly reports ZERO incidents of discrimination during the reporting period.

City Cement prioritizes fairness, accountability, and transparency in addressing employee concerns through a structured complaints and grievance mechanism.

Occupational Health and Safety A Culture of Prevention and Protection

City Cement Company places the utmost importance on occupational health and safety (OHS)—a core pillar of its operational integrity and the well-being of its employees. Adhering to internationally recognized standards (including ISO 45001:2018, ISO 9001:2015, ISO 14001:2015, and ISO 50001:2018), the company has developed a robust and integrated safety-management system that serves to eliminate risks, ensure regulatory compliance, and cultivate a proactive safety culture across all of its departments and worksites.

In 2024, this proactive approach led to zero work-related injuries, illnesses, fatalities, or lost working days, underscoring the effectiveness of our control systems and continuous improvement initiatives.

Comprehensive Safety Management System

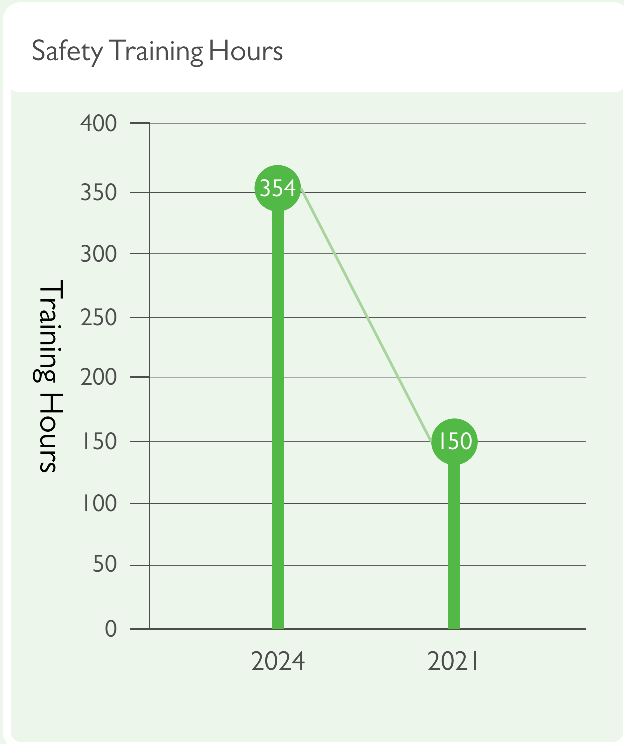
Our OHS framework spans general and industrial safety measures, covering all employees and job functions across operational activities. The system includes:

- Risk identification and assessment
- Safety training on high-risk topics such as fire, radiation, energy isolation, and machinery operation
- Incident reporting protocols with corrective action tracking
- Internal and external audits aligned with local and international standards
- Data-driven hazard tracking through a dedicated mobile application

Targeted Safety Training and Awareness

City Cement ensures that all of its employees receive relevant safety training, both generic and job-specific—to raise awareness and reinforce safe practices in the workplace. In 2024, employee training totaled 1,492 hours, reflecting a significant increase and, in turn, our commitment to employee competence.

A total of 354 hours were dedicated specifically to safety, representing a 236% increase from 2021. These sessions are reinforced with safety campaigns, visual awareness materials, and mock drills that keep safety at the top of employees' minds at all times.



Monitoring, Measurement, and Compliance

The Health, Safety, and Environment (HSE) department is responsible for monitoring compliance, supported by clear KPIs and structured procedures. These include:

- Emergency Preparedness Plans
- Regular workplace inspections
- Performance reviews (twice yearly)
- Safety permit systems for high-risk activities (e.g., confined spaces, hot work, electrical tasks)
- Accident reporting, investigation, and follow-up protocols
- Contractor performance evaluation

Key Hazard Areas and Preventive Measures

City Cement's risk assessments identify several critical hazards, including:

Physical risks:

High temperatures, emissions, dust, and noise

High-consequence risks:

Working at heights, energy isolation, and heavy equipment use

Process-specific risks:

Thermal burns in pyro-processing, fall hazards during bulk loading, and injuries from vehicle movement in logistics

To mitigate these risks, the company implements a hierarchy of controls through engineering measures, administrative controls, PPE enforcement, and work-specific procedures. As a result, in 2024, there were zero reported cases of ill health or high-consequence injuries.

Our performance monitoring system incorporates documentation standards, compliance with Saudi labor regulations, and collaboration with civil defense for fire safety oversight.

Employee Engagement and Safety Culture

City Cement fosters a shared responsibility for safety through:

- Safety committees and risk assessments involving employee representatives
- Surveys and feedback mechanisms for ongoing improvement
- Recognition programs and internal safety campaigns to reinforce behavioral safety
- Exit interviews to gather insights and enhance OHS strategies

This collaborative approach has led to:

41% reduction in lost-time injuries

20% drop in total recordable incidents, demonstrating the positive impact of a culture rooted in care, prevention, and accountability.

Visual safety materials, such as posters on PPE use and near-miss reporting, further enhance daily safety awareness.

City Cement's steadfast commitment to occupational health and safety not only ensures compliance with legal and international standards but also reflects a deeply held organizational belief: Protecting people is the foundation of sustainable growth and operational excellence.

Non-Occupational Healthcare Services:

All employees and their families are covered by medical insurance, which includes both occupational and non-occupational healthcare services. This reflects our commitment to promoting holistic employee well-being.

Advancing Safety Through Digital Transformation

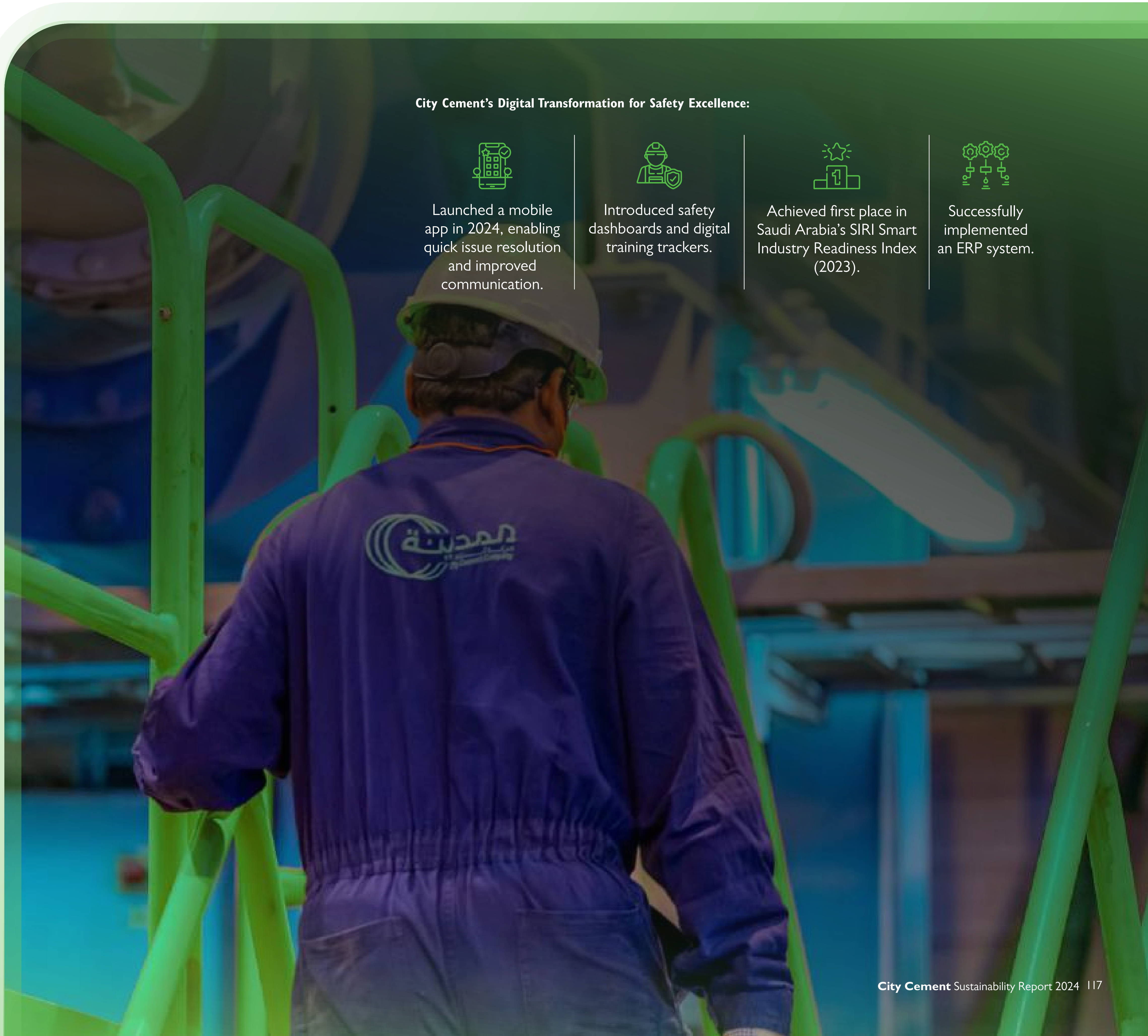
City Cement has made significant strides in digitally transforming its health and safety operations, showcasing how technology can be harnessed to drive excellence, efficiency, and a culture of proactive risk management. In 2024, the company implemented a suite of digital tools designed to enhance real-time visibility and responsiveness across multiple safety functions.

One of the most impactful developments was the launch of a mobile application that enabled employees to instantly report unsafe conditions or near-misses. This tool has improved the speed and effectiveness of incident resolution and has become a key enabler of real-time communication between workers and safety teams. Moreover, safety dashboards and digital training trackers were introduced to monitor compliance, gauge performance, and identify areas in need of further intervention or support.

These digital systems are part of a broader strategic vision to align with the best international practices and smart industry standards. City Cement proudly secured a first-place SIRI rank for 2023, recognized by the Ministry of Industry and Mineral Resources. This ranking affirms the company's leadership in digital transformation and its commitment to industrial excellence.

Through initiatives like the ERP (enterprise resource planning) system, City Cement has not only improved interdepartmental collaboration but also significantly reduced the burden of manual and time-consuming processes. These upgrades have led to a measurable reduction in support ticket volumes, highlighting the efficiency gains and streamlined operations achieved through digital integration.

By embracing this transformation, City Cement is bolstering its competitiveness, technological capabilities, and long-term sustainability—all while maintaining a sharp focus on creating a safe, intelligent, and responsive work environment for its employees.



City Cement's Digital Transformation for Safety Excellence:

- Launched a mobile app in 2024, enabling quick issue resolution and improved communication.
- Introduced safety dashboards and digital training trackers.
- Achieved first place in Saudi Arabia's SIRI Smart Industry Readiness Index (2023).
- Successfully implemented an ERP system.

9

Social and Relationship Capital

- Uplifting Our Communities

Uplifting Our Communities

Strategic Commitment to Community and Sustainability:

Beyond its core operations, City Cement actively works to have a positive and meaningful impact on the broader community. The company introduced a formal corporate social responsibility (CSR) policy in 2024, committing itself to best practices as well as the CMA's Corporate Governance Regulations.

City Cement cooperates with local development initiatives to improve the quality of life and effectively reduce social problems and inequality within local communities. To facilitate the pursuit of meaningful and lasting outcomes, City Cement's CSR policy is aligned not only with the company's strategic objectives but also with Saudi Vision 2030.

At City Cement, CSR is embraced as a form of both "corporate citizenship" and "self-regulation".

Volunteer Work and Social Responsibility:

Social activities are considered an integral part of our responsibility towards the community. Thus, the active participation of employees in community-related work is highly valued as an important contribution to societal improvement.

CSR Pillars:

The core pillars that guide City Cement's CSR initiatives are as follows:

These focus areas serve as the foundation upon which to build resilient communities, improve quality of life, and foster a sustainable future for all.

For further information, read more on Corporate Social Responsibility Policy.

Key CSR Initiatives and Programs:

City Cement's CSR initiatives are tailored to the specific environmental and social needs of the communities in which the company operates. They are regularly evaluated on their effectiveness and alignment with national goals. City Cement has dedicated an annual budget of SAR 1,000,000 to its community service initiatives.

2024	Number of Projects	Total Donations (in SAR)
Health	1	49,972.06 SAR
Community Development	5	477,615.90 SAR
Culture and Heritage	1	11,103.34 SAR

Biological Treatment Support for Children with Rheumatism – 2024

City Cement contributed to public health by funding the provision of biological treatment for children suffering from rheumatism. This initiative was implemented in partnership with the Rheumatism Patients Association, highlighting the company's dedication to improving the public's access to critical healthcare services.

Key Beneficiaries:

Children with rheumatism in need of specialized biological treatment

Strategic Alignment:

Saudi Vision 2030:

A Vibrant Society

UN SDGs:

Support for the Restoration of the Old Market in Marat

City Cement donated cement materials to support the restoration of the historic Old Market in Marat. This demonstrates the company's commitment to heritage preservation and support for local tourism and cultural pride.

Key Beneficiaries:

Local businesses, tourists, and heritage advocates

Strategic Alignment:

Saudi Vision 2030:

A Vibrant Society

UN SDGs:

Support for Local Sports Events and Youth Participation

Believing in the value of sports for health and social inclusion, City Cement sponsors local sports activities that engage youth and promote well-being.

Key Beneficiaries:

Youth and local sports clubs

Strategic Alignment:

Saudi Vision 2030:

A Vibrant Society

An Ambitious Nation

UN SDGs:

Support for Educational Initiatives and Awareness Programs

City Cement contributes to knowledge-building in local communities by supporting educational campaigns and awareness programs aimed at expanding learning opportunities.

Key Beneficiaries:

Local students and community members

Strategic Alignment:

Saudi Vision 2030:

A Thriving Economy

A Vibrant Society

UN SDGs:

Community Development

Sponsorship of Eid Al-Fitr, National Day and Winter Festival Celebrations – Marat Governorate (2024):

Project Duration: One year (with the potential for renewal), City Cement launched a series of community service initiatives in Marat Governorate to contribute meaningfully to the local population's quality of life. The project provided both financial and logistical support to several local programs and events in Marat Governorate, including Eid Al-Fitr Celebrations, National Day Celebrations, and Marat Winter Festival Celebrations, in an effort to reinforce cultural unity, promote domestic tourism, and reinforce national values. This initiative, implemented in partnership with the Marat Municipality and the Marat Development Association, reflects the company's belief in the importance of fostering social cohesion, preserving cultural heritage, and reinforcing national identity.

Key Beneficiaries:

Residents of Marat Governorate

Strategic Alignment:

Saudi Vision 2030:

A Vibrant Society

UN SDGs:

Community Development

Empowering Children with Disabilities – Marat Governorate (2024):

City Cement, in collaboration with the Disability Association of Marat, contributed to empowering children with disabilities by funding education and rehabilitation programs that benefited more than 3,000 children.

Key Beneficiaries:

Over 3,000 children with disabilities in Marat Governorate

Strategic Alignment:

Saudi Vision 2030:

A Vibrant Society

An Ambitious Nation

UN SDGs:

Partnerships and Associations:

Through its CSR initiatives, the company actively engages with key institutions to foster partnerships that expand its reach as well as its impact.

To successfully implement our initiatives, City Cement has strengthened its ties with the following organizations:

Marat Governorate	Rheumatism Patients Association	Marat Community Development Association	Association for Persons with Disabilities
Since 2008	Since 2020	Since 2008	Since 2024

These partnerships demonstrate the company's dedication to local development and grassroots engagement.

10

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"304-2 Significant impacts of activities, products and services on biodiversity"	Not Applicable	None
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304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Not Applicable	None
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403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Human Capital Development	Pages 112 - 115
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MSCI

Pillar	Theme	Indicator	Section
Environment	Climate Change	Carbon Emissions	Natural Capital
		Climate Change Vulnerability	Natural Capital
		Financing Environmental Impact	N/A
		Product Carbon Footprint	Natural Capital
	Natural Capital	Biodiversity & Land Use	N/A
		Raw Material Sourcing	Manufacturing Capital
		Water Stress	Natural Capital - Work in progress
	Pollution & Waste	Electronic Waste	N/A
		Packaging Material & Waste	Natural Capital - Data on Waste Management is covered
		Toxic Emissions & Waste	Natural Capital
	Environmental Opportunities	Opportunities in Clean Tech	N/A
		Opportunities in Green Building	N/A
		Opportunities in Renewable Energy	Natural Capital

Pillar	Theme	Indicator	Section
Social	Human Capital	Health & Safety	Human Capital Development - In this section, occupational health and safety measures at City Cement Company is covered
		Human Capital Development	Human Capital Development - In this section, employees' training and development, workforce dynamics and employee benefits are all covered
		Labor Management	Human Capital Development - In this section, employees' training and development, workforce dynamics and employee benefits are all covered
		Supply Chain Labor Standards	Responsible Procurement
	Product Liability	Chemical Safety	N/A
		Consumer Financial Protection	N/A
		Privacy & Data Security	
		Product Safety & Quality	Manufactured Capital
		Responsible Investment	N/A
	Stakeholder Opposition	Community Relations	Social and Relationship Capital: Uplifting Our Communities
		Controversial Sourcing	N/A
	Social Opportunities	Access to Finance	N/A
		Access to Health Care	Human Capital Development - In this section, employees' training and development, workforce dynamics and employee benefits are all covered
		Opportunities in Nutrition & Health	N/A
Governance	Corporate Governance	Board	Our Governance: Corporate Governance - In this sub-section, the board composition, duties and responsibilities, and board committees are covered
		Pay	N/A
		Ownership & Control	About City Cement
		Accounting	N/A
	Corporate Behavior	Business Ethics	Our Governance: Business Ethics and Compliance Framework - In this sub-section, the code of ethics and policies in City Cement are covered in details
		Tax Transparency	N/A

List of Abbreviations

ASTM	**American Society for Testing and Materials**
CCC	City Cement Company
CMA	Capital Market Authority
CIEP	Certified Industrial Energy Professional
CEO	Chief Executive Officer
CKK	Clinker-to-Cement Ratio
DMAIC	Defining, Measuring, Analyzing, Improving, and Controlling
DGs	Diesel Generators
ERP	Enterprise Risk Management
EPDs	Environmental Product Declarations
ESG	Environmental, Social, and Governance
GRC	Governance, Risk, and Compliance
GRI	Global Reporting Initiative
GHG	Greenhouse Gases
GSO	Gulf Standards Organization
HSE	Health, Safety, and Environment
HFO	Heavy Fuel Oil
HR	Human Resources
IFRS	International Financial Reporting Standards
IT	Information Technology
IPO	Initial Public Oering
IMS	Integrated Management System
ISO	International Standardization Organization
ITCC	International Trading and Contracting Co. Ltd
KPIs	Key Performance Indicators
Km	Kilometer
kWhr	Kilowatt-hour
LED	Light-emitting diode
LHV	Lower Heating Value
MRP	Materials Resource Planning
MT	Metric Ton
MW	Mega Watt
MBTU	Million British Thermal Units
OPC	Ordinary Portland Cement
OEE	Overall Equipment E ciency

ASTM	American Society for Testing and Materials
PR	Public Relations
PO	Purchase Order
PR	Purchase Requisition
QC	Quality Control
RDF	Refuse Derived Fuel
R&D	Research and Development
RCA	Root Cause Analysis
SASO	Saudi Standards, Metrology, and Quality Organization
SEEC	Saudi Energy E ciency Center
SIRC	Saudi Investment Recycling Company
SIRI	Smart Industries Readiness Index
SRC	Sulfur Resistant Cement
SDGs	Sustainable Development Goals
TDF	Tire Derived Fuel
TPM	Total Productive Maintenance
WHR	Waste Heat Recovery Unit
ERP	Enterprise Resources Planning

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Limited Assurance Statement

DCARBON

To the Board of Directors

City Cement

DCarbon is a sustainability and environmental consultancy firm registered under Egyptian law no. 159 for the year 1981 and its executive regulation. DCarbon is certified by the Global Reporting Initiative (GRI) as a global training partner and a GRI Gold Community member. Our primary focus is to assist public and private organizations in understanding and mitigating their economic, environmental, and social impacts.

City Cement's Board of Directors engaged DCarbon to perform a Limited Assurance review of its 2024 Sustainability Reporting process ('the Report').

Scope, Boundary, and Limitations

The scope of assurance has included data and information for operations in Saudi Arabia from 01 January 2024 to 31 December 2024, in accordance with the Global Reporting Initiative's (GRI) Standards for 2021.

The report's boundary comprises data and information captured across its operational and business functions. The boundary includes the Company's Head Office support functions, Corporate Governance, business lines, and stakeholders' engagements as part of this assurance and as indicated in the report.

The Assurance scope excludes:

- Data and information in the Report outside this reporting period indicating historical data to establish context for the reporting period disclosures or forward-looking statements by City Cement.
- Verification statements indicating testimonials, opinions, success stories, and/or aspirations.
- Verification of claims (limited to data and information presented)

Responsibilities of the Company's Management

Management was responsible for preparing and fairly presenting the selected information included in this report in accordance with the GRI Standards. It was responsible for asserting that the internal controls enabled the preparation of information free from material misstatement. Through our prolonged engagement with City Cement, we have observed that the leadership and management that governed the release of this report have actively proven their periodical oversight of the process, as well as the departmental focal persons involved in the process.

Responsibilities of the Assurance Provider

The Assurance Provider was responsible for aligning the reported data in accordance with the GRI Standards 2021. It was also responsible for assessing the materiality and stakeholders' engagement process, as well as the Sustainability Governance structure.

Assurance Methodology

The assurance methodology included procedures to obtain evidence about the reliability of disclosures in terms of:

- Evidence of internal policies, procedures and strategy documents provided by the Company.
- Processes to determine material topics, and stakeholders' engagement framework deployed at the Company.
- Assessment of the systems used for data collection and reporting on the standard.
- Alignment with GRI Standards for 2021.
- Review of the report to ensure that there is no misrepresentation of disclosures as per the scope of assurance and our findings.

Limited Assurance

Limited Assurance was obtained for disclosures on stakeholder engagement, materiality assessment, and governance. We advise stakeholders to review the annual report for assurance of financial performance and other standards of practice.

Conclusion

We have reviewed City Cement's 2024 Sustainability Report. Based on the activities performed and evidence received, the Sustainability Report has been compiled, in all material's respect, in accordance with the GRI Standards 2021.

DR. Ehab Shalaby

Ehab Shalaby, Ph.D.
Chairman & CEO

DCarbon Global Statement Assured · 2030 Vision of Egypt · Sustainable Development Goals · GRI Training Partner 2025

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