Creating Value through Operational Excellence and Innovation

City Cement

Sustainability Report 2025

Table of Contents

A Message from the Chairman

The 2025 Sustainability Report reflects City Cement Company's commitment to adopting an integrated strategic approach that balances economic growth with environmental and social responsibility, within a strong corporate governance framework that supports long-term sustainability.

The Board of Directors continues to fulfill its role in overseeing the Company's strategic direction, with a focus on ensuring business sustainability and enhancing the Company's ability to adapt to rapidly evolving economic and environmental changes. This role stems from the Board's responsibility to protect shareholders' interests and enhance value for all stakeholders through the implementation of best practices in governance and transparency.

During 2025, the Board continued to support initiatives that enhance operational efficiency and reinforce a culture of sustainability across the Company's various activities. These efforts included the development of risk management frameworks, strengthening integration between operational and strategic aspects, and supporting initiatives aimed at improving resource utilization and reducing environmental impact.

The Board of Directors also places special emphasis on monitoring the Company's performance in environmental, social, and governance (ESG) areas, considering them fundamental elements in achieving corporate sustainability. These aspects are integrated into decision-making mechanisms to ensure a balance between financial performance and social and environmental responsibility.

The Board further emphasizes the importance of integration between its supervisory role and the role of executive management. While the Board focuses on setting general directions and defining strategic priorities, executive management is responsible for implementing these directions efficiently and effectively to achieve the desired objectives.

These efforts are aligned with the objectives of Saudi Vision 2030, which serves as a national framework for promoting sustainable development and economic diversification. The Company seeks to contribute effectively to achieving this vision through the continuous development of its operations and enhancement of its competitiveness.

In line with its responsibilities, the Board of Directors will continue strengthening the governance framework, monitoring performance, and assessing risks and opportunities in a manner that supports business sustainability and enhances the confidence of investors and stakeholders.

In conclusion, the Board of Directors highly values the efforts exerted by the executive management and all Company employees and expresses its appreciation for the continuous support of our partners and stakeholders, which represents a fundamental pillar for sustaining success and advancing the Company's sustainability journey.

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Mr. Badr bin Omar Al-Abdullatif

Chairman

A Message from the CEO

The year 2025 marked an important milestone in the journey of City Cement Company, as we continued to achieve progress despite economic challenges and increasing competition within the cement sector. By the grace of Allah, we successfully delivered strong sales performance reaching 2.92 million tons, driven by growing demand in the local market, improved operational efficiency, and the trust our customers continue to place in our products and services.

Throughout the year, our strategy focused on strengthening integration across the value chain and building a diversified business ecosystem that supports sustainable growth. Through our subsidiaries, such as Green Solutions for Environmental Services and Nizak for Mining Services, the Company expanded into waste management, renewable energy, and mining services. These initiatives contributed to improving operational efficiency, reducing production costs, strengthening supply security, and creating new revenue streams. These efforts are also aligned with the objectives of Saudi Vision 2030, which promotes industrial integration, environmental sustainability, and the adoption of advanced technologies. The launch of Nizak for Mining Services in partnership with international entities reflects our commitment to developing innovative cementitious materials that support the Kingdom's green transition and contribute to its major development projects.

On the sustainability front, we continued to make tangible progress in enhancing our environmental performance. We successfully reduced the clinker factor to 85.84%, lowered dust emissions by 50%, and improved energy efficiency by 6.75% compared to 2024. In addition, Green Solutions produced more than 23 thousand tons of alternative fuel, reinforcing circular economy principles and reducing dependence on conventional fuels. Furthermore, the Waste Heat Recovery system contributed to generating more than 17.4% of the total electrical energy consumed, supporting operational efficiency and reflecting our commitment to environmental responsibility.

As part of our commitment to environmental sustainability, the Company continued implementing impactful initiatives to reduce the carbon footprint of its products through an integrated mix of clean energy sources, including alternative fuels, waste heat recovery from kilns, and expanded use of renewable energy. The Company also issued Environmental Product Declarations (EPDs), enabling the local market to utilize low-carbon building materials and supporting project owners in obtaining green building certifications such as LEED. In this context, we are proud to be the first local cement company to issue a sustainability report in line with international best practices.

The Company also placed increasing emphasis on natural resource preservation programs and enhancing vegetation cover around its operations, stemming from its environmental responsibility and commitment to improving quality of life. During 2025, the Company continued implementing initiatives to rationalize water consumption and improve water-use efficiency in operational processes, alongside supporting afforestation efforts and increasing green areas within and outside Company facilities through participation in the Saudi Green Initiative. These efforts contribute to improving the local environment, reducing environmental impacts, and reinforcing sustainability principles over the long term.

The Company also adopted a digital and technological transformation approach at an early stage, investing in automation, data analytics, and smart manufacturing to improve operational efficiency, enhance quality, and build a sustainable competitive advantage. The deployment of artificial intelligence technologies, enterprise resource management systems, and real-time data platforms contributed to improving operational efficiency and enhancing governance and transparency. These efforts were previously recognized by the Company achieving first place in the Kingdom in the Smart Industry Readiness Index (SIRI).

We are also proud of our collaboration with several global companies to participate in tenders for supplying environmentally friendly, low-carbon products to data center projects in the Kingdom, in alignment awith the requirements of digital transformation and the expansion of sustainable digital infrastructure. In this regard, we affirm that City Cement Company, as a leading national company, is now capable of supplying most internationally certified low-carbon cement products, in addition to replacing a significant number of imported supplementary products with local alternatives. This supports local content, positively impacts the trade balance, and contributes to the national economy.

We are equally pleased to share the outcomes of this direction through the Company's recent achievement of the Microsoft Intelligent Manufacturing Award – Sustainability Category for the Middle East in 2025. The Company also received the Governance Standard Award under the King Khalid Sustainability Award 2025, an achievement that reflects our strong commitment to implementing best practices in corporate governance, enhancing transparency and accountability, and embedding sustainability principles across all our operations and strategic decisions.

Our people remain the cornerstone of our success. In 2025, we delivered more than 8,046 training hours to develop the capabilities of our workforce. We also achieved a 41% reduction in lost-time injuries while recording zero work-related fatalities, reflecting the Company's culture of safety, empowerment, and capability development.

As we look toward the future, we will continue strengthening City Cement's position as an integrated and diversified industrial company capable of achieving sustainable growth by leveraging the opportunities offered by Saudi Vision 2030. We remain committed to creating long-term value for our shareholders, delivering high-quality products and solutions to our customers, and contributing to a prosperous, more sustainable, and globally competitive national economy.

Mr. Majed Bin Abdulrahman Al-Osailan

CEO and Board Member

About This Report

This report is City Cement Company's 3rd annual Sustainability Report, providing a comprehensive overview of the company's operations, financial performance, and ESG performance and its strategic journey towards a sustainable industrial future.

In this report, "City Cement," "the company," "CCC," and "We" are 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.

Reporting Scope and Boundary:

This report covers one calendar year from January 1, 2025, to December 31, 2025. The reporting boundary is limited to the operations and activities of City Cement Company. Unless otherwise stated, all data and performance metrics pertain to this specific entity and period.

The Company's financial statements for the year 2025 were issued in March 2026 and are available on the website in both Arabic and English.

Reporting Frameworks and Standards:

To ensure the highest level of accountability and comparability, this report is prepared in accordance with the Global Reporting Initiative (GRI) standards 2021 and in alignment with the International Integrated Reporting (<IR>) Framework. This report also aligns with IWA 48:2024, ISO 53002 Guidelines for contributing to the United Nations Sustainable Development Goals, Sustainability Accounting Standards Board (SASB) standards for the Construction Materials, Saudi Arabia Vision 2030, the UN Sustainable Development Goals (UN SDGs), and Tadawul Environmental, Social, and Governance (ESG) Disclosure Guidelines

Date of Previous Sustainability Report:

The Company's second sustainability report for the 2024 reporting period was released in 2025.

Mistakes and Typographical Errors:

Any errors discovered following publication of the report will be corrected and displayed on our website. Our reports are published bilingually, in both Arabic and English, on our website in a downloadable PDF file format.

Restatement of Information:

Certain environmental performance data reported in City Cement Company's 2021–2023 Sustainability Report have been restated following the adoption of an enhanced methodology for calculating environmental indicators, effective from 2024.

Third-Party Assurance:

City Cement Company is committed to the accuracy and reliability of its reported data. The Assurance Statement for this Sustainability Report was provided by DCarbon Global.

For Further Information:

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1 2025: A Year of Sustained Momentum

- Key ESG Highlights

Key ESG Highlights

Governance Performance

57%

57% of Board of Directors are between 30-50 years old

99.5%

99.5% Data Backup Success Rate

96%

96% Documentation Accuracy Rate

70%

70% improvement in Predicted Risk Severity

Zero confirmed incidents of corruption or non-compliance

Social Performance

1703 Hazards were reported, with a

97%

hazard closure rate

30-50

71.8% of Total Employees are between 30-50 years old

<30

18.18% of New Hires are below the age of 30

Average Training Hours per Male Employee is **20 Hours**

67.7% of Total Employees received HSE training

Average Training Hours per Female Employee is **22.4 Hours**

1 Recordable work-related **injury** in 2025

Zero fatalities resulting from work-related **incidents**

10.9% growth in CSR spending in 2025 compared to 2024

Economic Performance

Overall Equipment Efficiency Rate:
Kiln 1 =
110%

Overall Equipment Efficiency Rate:
Kiln 2 =
100%

Governmental financial support:
SAR 3,408,518

Net sales =
SAR
519,638
thousand

Gross profit =
SAR
163,922
thousand

Net profit:
SAR
128,925
thousand

Total Clinker Production:
2,136,512 tons

Total Cement Production:
2,924,204 tons

77%
of Procurement Budget allocated for local suppliers

Environmental Performance

Clinker Factor Reduction by

6.42%

in 2025 compared to the Base Year (2021)

Specific Electrical Consumption reduced by

18.42%

In 2025 compared to the Base Year (2021)

17.6%

reduction in energy consumption intensity in 2025 compared to the Base Year (2021)

Recycled Input Materials (Bypass Reuse):

50,438 tons

Green Cement Production:

206,244 tons

18%

improvement in water recovery efficiency

Total Waste Generated:

90.28 MT

40%

increase in recycling rate

Alternative Fuel Substitution

11.71%

GHG Scope 1 Emissions:

1,863,072,77 tCO_2

Awards and Recognitions

- SASO Quality Mark: Awarded in 2023 and successfully renewed, ensuring CCC products continue to meet national regulatory standard and remain approved for the Saudi market.
- King Khalid Sustainability Award, receiving the highest evaluation in the Governance criteria
- Microsoft Intelligent Manufacturing Award (MIMA) - Sustainability Category
- Saudi Energy Efficiency Center (SEEC) Recognition

Membership and Association

The first Saudi company

to become a member of the Global Cement and Concrete Association (GCCA).

مبادرة مستقبل الأسمنت

Member of the Future Cement Initiative (FCI)

2 Our Business & Strategy: The Path to Value-Creation

- Who We Are: Our Legacy & Operations

Who We Are: Our Legacy & Operations

Company Profile

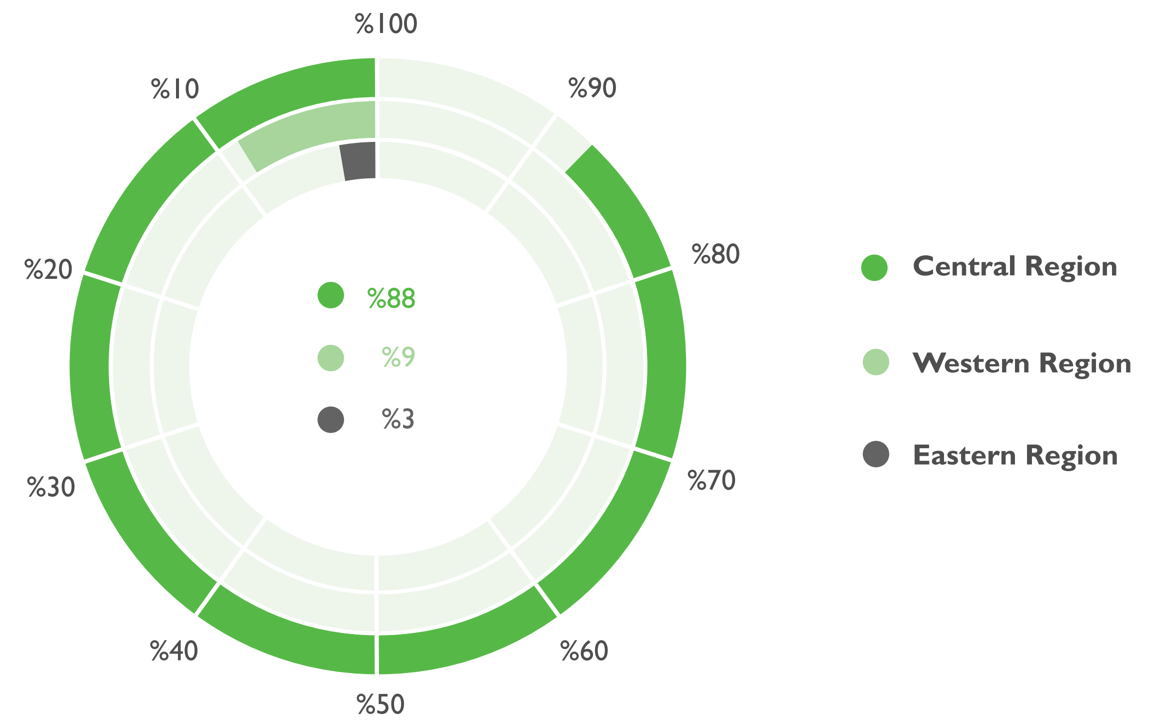
Founded in 2005 under Ministerial Resolution No. 804, City Cement Company is a leading Saudi joint-stock company headquartered in Riyadh. Since its inception, the Company has evolved into a fully integrated cement manufacturer, specializing in the production and distribution of a wide range of cement products. Today, City Cement stands as a pioneer in the Saudi cement industry, driven by a philosophy of continuous improvement, long-term value creation, and a strong commitment to supporting the Kingdom's industrial development and economic diversification agenda.

City Cement's operations are anchored by an integrated industrial complex located in Marat. Through disciplined investment in advanced technology and infrastructure, the Company has built a robust and reliable production platform, comprising two modern clinker production lines and three cement mills. Since its establishment, clinker production capacity has more than doubled from 2 million tons in 2005 to over 4 million tons today, with total cement product output amounting to 2,924,204 tons in 2025.

Our Market Presence

City Cement holds a 5.36 % market share in the Saudi Cement Industry, with a strong position in the Riyadh region, where it holds 44.1% of the acquired market share.

Figure 1: Geographical Breakdown of Sales (2025)



In 2025, City Cement has contributed to the success of significant projects in Saudi Arabia, delivering our products to the Qiddiya, Diriyah, and King Salman Park projects, either directly or indirectly through our distributers.

City Cement also maintains an extensive and well-established distribution network, serving more than 35 destinations across the Kingdom and covering a geographic span exceeding 800 kilometers from its production facility. The Company caters to a diverse customer base of over 260 direct clients across key segments of its production capabilities, including ready-mix concrete, precast manufacturing and surface finishing. This broad market reach enhances resilience and reflects a stakeholder-centric approach that prioritizes customer satisfaction, supply chain efficiency, and long-term partnerships.

Our Milestones

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
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

Established Nizak Mining Services, a subsidiary specializing in mining services

Signing a partnership agreement with the British company and obtaining the licensing rights to the Danish patent for the production of cement alternatives.

2025
Commencement of Operations and Production at Nizak Mining Company

Recipient of the Microsoft Intelligent Manufacturing Award – Sustainability Category.

Our Business Model and Value Chain Overview

City Cement and its subsidiaries operate a fully integrated business model that spans the entire cement value chain, from raw material extraction to production and distribution. This vertically integrated structure enables the Company to maintain high levels of operational control, cost efficiency, and product quality, while supporting scalability and long-term resilience.

In 2025, our business model is marked by a diversification Strategy that integrates advanced cement production with strategic raw material extraction, ensuring that our growth is both self-sustaining and aligned with the high-performance requirements of the Saudi construction sector.

Our business model is further strengthened through digital integration (see Digital Transformation: Powering Our Future), strategic subsidiaries, and circular economy initiatives (see Our Subsidiaries and Environmental Stewardship: Our Planet, Our Priority), enabling the Company to optimize resource utilization and reduce environmental impact across its operations.

Production Model Transformation

Between 2021 and 2025, the Company reduced its clinker production by 6.42%, while maintaining cement production with only a 1.63% marginal decline.

This achievement reflects a fundamental transformation in the production model, successfully decoupling cement output from clinker intensity. This is a critical milestone in reducing carbon emissions while preserving operational performance. This achievement is combined with our successful expansion of the use of alternative fuels, with Refuse-Derived Fuel (RDF) increasing amounting 17,494 tons in 2025 compared with 21,342 tons in 2024, reflecting a strategic shift toward a more resilient and sustainable operating model.

A major contributor to this transition has been the successful scaling-up of Green Cement (GFC), which increased from zero tons in 2021 to 206,244 tons in 2025, with a clinker factor of approximately 55%, positioning Green Cement as a strategic third pillar alongside traditional product lines. The total production of Green Cement in 2025 witnessed a 7.66% increase in its total sales.

RDF in 2025:
17,494 tons

Green Cement Production in 2025:
206,244 tons

Our Products

City Cement offers a specialized range of products designed to balance industrial strength with environmental sustainability.

1	2	3
Ordinary Portland Cement (Type I) A versatile cement for general construction and reinforced concrete.	**Sulphate Resistance Cement (Type V)** A Low Tri-Calcium Aluminate (C3A) cement designed to resist sulphate attack in harsh environments.	**Green Finishing Cement (Type IT)** An eco-friendly cement for durable finishing applications.

Our Subsidiaries

As part of its long-term growth strategy, City Cement has prioritized strategic diversification beyond

traditional cement manufacturing, positioning itself as an integrated industrial platform that supports:

This strategic direction is operationalized through its wholly owned subsidiaries, Green Solutions Environmental Services and Nizak Mining Services, both of which play a critical role in transforming waste streams and raw materials into high-value, low-carbon inputs for the construction sector.

Through these subsidiaries, City Cement is actively redefining its business model to transition from a traditional cement producer to a circular, integrated industrial player, reinforcing City Cement's position as a sustainability-driven industry leader, in alignment with the Kingdom's circular economy and industrial transformation priorities.

Green Solutions for Environmental Services: Enabling Waste-to-Energy Transformation:

Established in 2021, this subsidiary is at the forefront of City Cement's circular economy model, delivering innovative alternative energy solutions through the production of alternative fuels derived from waste. By converting waste into usable energy, the subsidiary directly reduces our reliance on conventional fossil fuels while contributing to lower carbon emissions and enhanced environmental performance.

The subsidiary manages alternative fuel feeding units at City Cement's Marat plant, facilitating integrated "Green" manufacturing and ensuring seamless alignment between fuel production and industrial consumption.

This integration enhances energy efficiency, supports stable kiln operations, and reduces the environmental footprint of cement production in line with international decarbonization standards.

In 2025, the subsidiary produced 20,158 tons of alternative fuel, with total sales revenue reaching approximately SAR 7.13 million, playing a critical strategic role in enabling fuel diversification, supporting operational resilience, and advancing City Cement's circular economy objectives.

Nizak Mining Services: Advancing Low-Carbon Materials Innovation:

Established in 2024, Nizak Mining Company represents a forward-looking expansion into mining services and advanced materials, reinforcing City Cement's commitment to innovation and sustainability.

In 2024, Nizak entered a strategic partnership with Next Generation SCM, a company holding usufruct rights to patented technology developed by Danish firm CemGreen. This partnership aims to establish a specialized platform for processing natural raw materials into synthetic products with superior cementitious properties, using low-emission and environmentally advanced technologies. This collaboration underscores City Cement's role in advancing industrial innovation and attracting foreign investment, in alignment with Saudi Arabia's Vision 2030.

Nizak commenced operations in 2025, generating total sales revenue of approximately SAR 17.36 million. The Company expects this venture to deliver increasing strategic and financial value over the coming years, particularly as demand for low-carbon construction materials continues to grow.

Our Value-Chain Overview

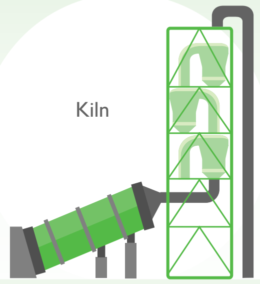
DIGITAL ENABLERS

ERP INTEGRATION (SAP) | PREDICTIVE MAINTENANCE | REAL-TIME MONITORING | CUSTOMER PLATFORMS

WASTE-TO-FUEL CONVERSION

ALTERNATIVE RAW MATERIALS

RESOURCE EFFICIENCY



Circular Economy

Resource Efficiency

Raw Material Sourcing & Mining

- Specialized mining services
- Consistent quality & supply securityl

Clinker Production

- Core energy-intensive stage
- Efficiency & process stability
- Emissions management
- Alternative fuels integration

Cement Grinding & Blending

- Product differentiation
- Clinker factor reduction
- Cement grinding

Distribution & Logistics

- 35+ Destinations
- 260+ Direct customers
- Timely delivery & market responsiveness
- Digital tracking systems

Sales & Customer Engagement

- Ready-mix, precast, infrastructure
- Real-time ordering & communication
- Service quality & partnerships

Strategic Diversification: Business Model Extension

Green Solutions

GREEN SOLUTIONS ENVIRONMENTAL SERVICES

(Converts waste to alternative fuel, supports waste energy diversification)

- Waste solution
- Fuel production

NIZAK

Subsidiary

NIZAK MINING SERVICES

(Develops alternative raw materials and low-carbon inputs for construction)

- Mineral processing
- High-tech materials

Our Vision, Mission, and Core Values

Our Vision

To lead the transition toward premium, sustainable, and environmentally responsible cement products that serve and empower our community.

Our Mission and Objectives

To establish an integrated business ecosystem that delivers high-performance, differentiated products to our customers; ensures profitable and well-governed operations for our shareholders; fosters continuous professional development for our employees; and upholds environmentally and socially responsible operational frameworks.

Our Core Values

Our values serve as the ethical compass guiding our journey. At City Cement, we are committed to:

- **Customer-Centricity**
- **Environmental and Social Responsibility**
- **Empowering Our People**
- **Innovation & Growth**
- **Integrity & Transparency**

Our Strategic Priorities

Guided by visionary and forward-looking leadership, City Cement has embarked on a comprehensive transformation journey improving all our core business functions, reflected in its business and production model.

This strategic transformation reflects a fundamental shift in both the strategic and operational dimensions of the business, supported by enhanced governance, advanced digital capabilities, and a strong focus on sustainability. It positions the Company to effectively respond to market dynamics effectively while maintaining long-term value creation for stakeholders.

As part of this transformation, the Board of Directors and executive management have defined eight strategic priorities to guide the Company's forward trajectory and ensure alignment with national priorities and global sustainability trends:

- Achieve top-tier financial returns within the cement sector
- Maximize revenues through diversified growth strategies
- Reduce environmental footprint by using alternative fuels and renewable energy
- Enhance productivity through advanced digitalization
- Strengthening human capital through upskilling and efficiency improvements
- Increase Saudization levels in line with regulatory and national objectives
- Improve customer loyalty and strengthen brand positioning
- Attain best-in-class operational excellence

These ambitions provide a clear and measurable roadmap for performance, linking financial success with operational excellence, digital transformation, and sustainability progress.

To operationalize these ambitions, City Cement has established a structured strategic framework built around five core pillars. This integrated framework serves as the foundation for the Company's ESG approach, enabling the systematic embedding of sustainability across all operations and decision-making processes.

Pillar 1: Accountability

Accountability forms the cornerstone of City Cement's strategic direction, reflecting a firm commitment to ethical conduct, transparency, and responsible business practices, reinforcing our governance structures; strengthening internal controls; and enhancing stakeholder trust.

Our commitment to accountability is reflected in our robust governance structure (see Governance & Institutional Integrity: The Foundation of Long-Term Value Creation), as well as the integration of the SAP ERP system across our core business functions for enhancing data integrity; traceability and auditability (see Digital Transformation: Powering Our Future)

Pillar 2: Growth and Development

City Cement is committed to achieving sustainable growth by strengthening its market position, maintaining high product quality, and ensuring consistent financial performance, by delivering innovative, environmentally responsible products and expanding its market reach. This pillar reflects a balanced approach to economic performance and sustainability.

Our commitment is evident in our stable revenues in 2025, amounting SAR 519.6 million (see Our Financial Performance); the scale-up of Green Cement, with a 2025 production amounting to 206,244 tons (see Innovation in Low-Carbon Products); and our expansion in new sectors through our subsidiaries (see Our Subsidiaries).

Pillar 3:
Human Capital

Recognizing that people are central to long-term success, City Cement prioritizes the development, wellbeing, and engagement of its workforce. The Company fosters an inclusive and collaborative working environment, promotes talent development, and ensures respect for human rights.

This is evident in the workforce transition programs supporting digital upskilling and internal mobility, the introduction of digital tools and mobile applications tracking and mitigating health and safety potential risks (see Digital Transformation: Powering Our Future), and our emphasis on Saudization and talent development initiatives (see Empowering Our People: The Human Capital Catalyst).

Pillar 4:
Environmental Stewardship

Environmental responsibility is embedded at the core of City Cement's operational strategy. The Company is committed to minimizing its environmental footprint through the adoption of advanced technologies, alternative fuels, and efficient production methods. Our commitment to environmental responsibility is evident in our activities reducing emissions, optimizing resource use, and integrating sustainability across the value chain, supporting the transition toward a low-carbon economy. For detailed information on our environmental progress, (see Environmental Stewardship: Our Planet, Our Priority).

Pillar 5:
Social Responsibility and Community Support

City Cement recognizes its role in contributing to the social and economic development of the communities in which it operates. The Company actively supports community initiatives, promotes responsible resource use, and works to create positive social impact through its operations and partnerships. By integrating social considerations into its business model, City Cement contributes to inclusive and sustainable development, as evident in our 2025 Community Development Initiatives.

Strategic Alignment

City Cement's strategy is fully aligned with Saudi Arabia's Vision 2030 pillars and the UN Sustainable Development Goals, ensuring that financial growth is balanced with environmental responsibility and social contribution.

This approach enables the Company to navigate evolving risks, capture new growth opportunities, and sustain long-term value creation, reinforcing its position as a leading, responsible, and forward-looking industrial player.

VISION 2030 رؤية
المملكة العربية السعودية
KINGDOM OF SAUDI ARABIA

An Ambitious Nation
- An Efficient Government
- Responsible Citizen

A Thriving Economy
- Rewarding Opportunities
- Long-Term Investment
- Open for Business
- Leveraging Our Unique Position

A Vibrant Society
- Rooted in Values
- With a Rewarding Environment
- With a Firm Foundation

Value-Creation Model

Inputs

Financial Capital
- Total shareholders' equity: SAR 1,833 million
- Cost of sales: SAR 355.7 million

Manufactured Capital
- Two clinker production lines
- Three cement mills
- Integrated and advanced industrial complex in Marat
- Distribution network covering more than 35 destinations

Human Capital
- 68.89% of the workforce aged between 30 and 50 years
- 68.12% of employees received Health, Safety and Environment (HSE) training
- Average training hours per male employee: 20 hours
- Average training hours per female employee: 22.4 hours
- Digital skills development and workforce transition initiatives

Natural Capital
- Alternative fuel substitution rate: 11.71%
- Recycled inputs integrated into production processes, with 50,438 tons of recycled materials used in 2025
- 18% improvement in water recovery efficiency
- Total waste generated: 90.28 metric tons
- Scope 1 emissions: 1,863 tCO_2e

Intellectual Capital
- SAP ERP system implemented across all operational activities
- Fourth Industrial Revolution initiatives implemented
- Advanced digital platform for environmental performance monitoring

Social and Relationship Capital
- 10.9% increase in social investment expenditure in 2025
- 77% of procurement spending directed to local suppliers

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

- Net sales: SAR 519.6 million
- Net profit: SAR 128.9 million

- Total clinker production: 2,136,512 tons
- Total cement production: 2,924,204 tons
- Ordinary Portland Cement production: 2,406,861 tons
- Sulfate-Resistant Cement production: 310,991 tons
- Green Finishing Cement production: 206,244 tons

- New hires under the age of 30: 63.15%
- Employee turnover rate (under 30): 18%
- 1,703 hazards reported with a 97% closure rate
- One recordable work-related injury
- Zero work-related fatalities

- Recycling rate increased by 40%
- Clinker factor reduced by 6.42% compared with the 2021 baseline year
- Alternative fuel substitution rate: 11.71%
- Energy intensity reduced by 17.6% compared with the 2021 baseline year

- Achievement of SIRI certification
- Enhanced collection, management, and analysis of sustainability and operational data
- Improved information flow across departments

- Increased total value of community contributions
- Stronger market relationships and enhanced value creation within the Kingdom

Outcomes

Financial Capital
Maintaining profitability despite market pressures, enhancing financial resilience through diversified value streams, improving cost competitiveness through digital transformation and alternative fuel utilization, and delivering sustainable long-term value to shareholders.

Manufactured Capital
Enhancing operational reliability, increasing asset utilization efficiency, improving productivity through digital maintenance practices, strengthening product quality, and reinforcing readiness for future growth and market demand.

Human Capital
Strengthening the safety culture, developing workforce capabilities through continuous training and digital upskilling, increasing employee engagement, and building a more resilient and future-ready workforce.

Natural Capital
Reducing clinker intensity, increasing alternative fuel utilization, improving resource efficiency, strengthening circular economy practices, reducing environmental footprint, and supporting the transition toward lower-carbon cement production.

Intellectual Capital
Advancing digital maturity, supporting data-driven decision-making, strengthening sustainability data management, accelerating innovation in sustainable products, and reinforcing leadership in Industry 4.0 applications within the Saudi cement sector.

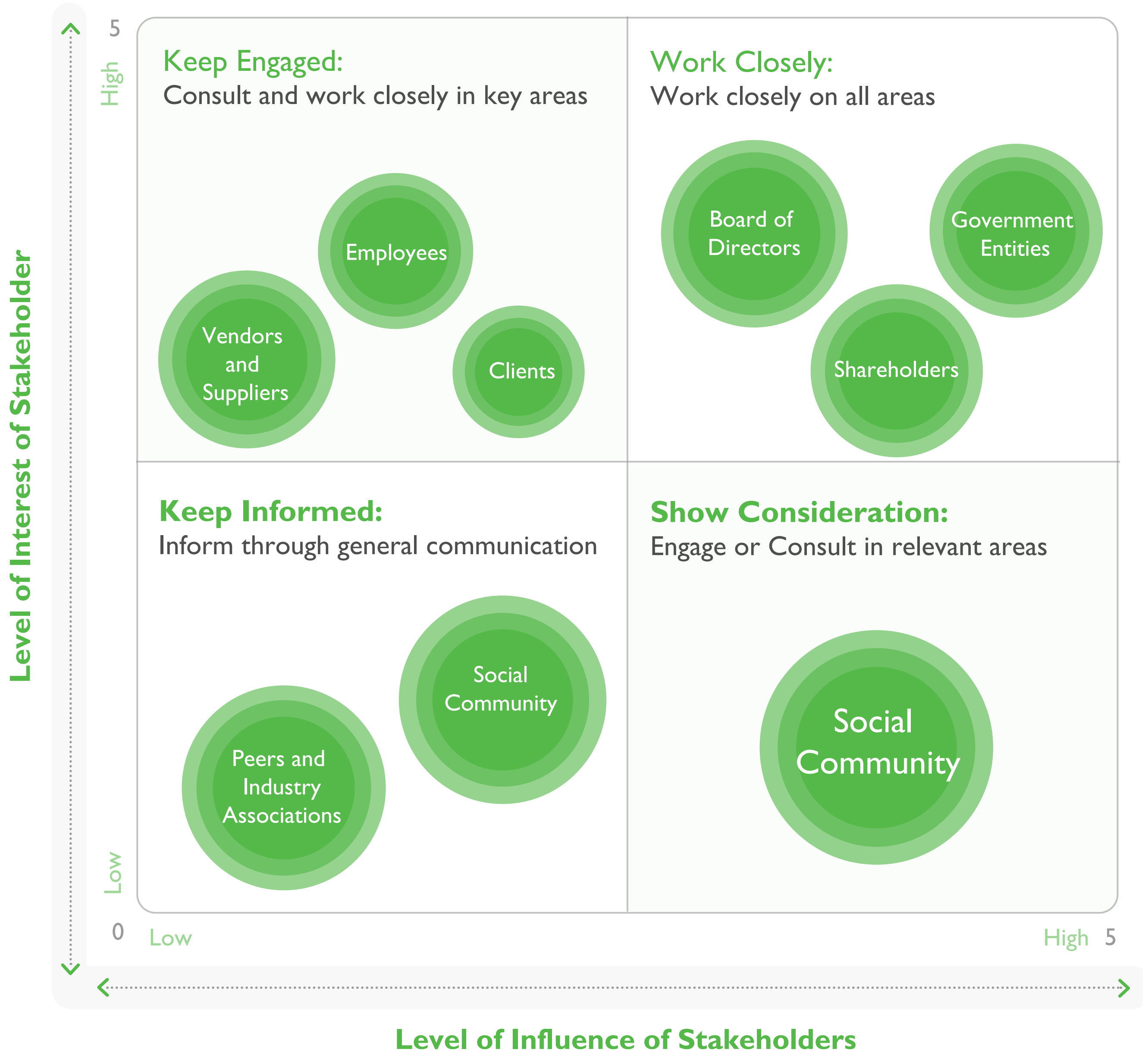
Social and Relationship Capital
Strengthening stakeholder trust, expanding community impact, reinforcing relationships with customers and suppliers, contributing to local economic development, and supporting the objectives of Saudi Vision 2030.

Stakeholder Engagement

Stakeholder Identification

At City Cement Company, stakeholder engagement is an essential component of our sustainability approach and corporate governance framework. We recognize that maintaining transparent, responsive, and constructive relationships with our stakeholders enables the Company to better understand expectations, manage risks, identify opportunities, and create long-term shared value.

To support this approach, City Cement applies an Impact/Interest Matrix to classify stakeholders according to their level of influence on the Company's operations and strategic direction; and their level of interest in the Company's activities, performance, and commitments.



Stakeholder Group	Level of Influence	Level of Interest	Engagement Priority
Board of Directors	High	High	Work Closely
Government Entities	High	High	Work Closely
Shareholders	High	High	Work Closely
Employees	Medium to High	High	Keep Engaged
Vendors and Suppliers	Medium	Medium to High	Keep Engaged
Peers and Industry Associations	Medium	Medium	Keep Informed
Social Community	Medium	Medium to High	Show Consideration
Clients	Medium	Medium to High	Keep Engaged

Stakeholder Engagement Approach

At City Cement, we recognize that our long-term success is linked to the value we create for our stakeholders. Our stakeholder engagement process is designed to be an active dialogue that directly informs our corporate strategy and risk management frameworks to ensure that our sustainability journey is both collaborative and responsive.

This structured approach allows us to consider stakeholder insights and address critical industry priorities, ranging from high-level corporate governance and digital transformation to operational decarbonization and responsible supply chain practices.

Stakeholder Group	Why We Engage	Engagement Channel	Key Material Topics
Board of Directors	To align corporate strategy with sustainability goals, ensure robust corporate governance, and secure executive oversight for risk management.	• Follow-up meetings • Frequent reports	• Corporate Governance, Ethics, and Compliance • Risk Management • Economic Growth and Operational Resilience • Digitalization

Stakeholder Group	Why We Engage	Engagement Channel	Key Material Topics
Government Entities	To ensure compliance with national environmental, industrial, and safety standards, and to align company strategies with national industrial frameworks and Saudi Arabia 2030 Vision initiatives.	• Meetings • Emails • Official letters	• Corporate Governance, Ethics, and Compliance • Pollutants and GHG Emissions • Climate Action and Energy Management • Decarbonization
Shareholders	To provide transparent disclosures on financial and ESG performance, mitigate information asymmetry, and protect investor interests through regular performance updates.	• Tadawul • Forums • Meetings • Website • Social media platforms	• Economic Growth and Operational Resilience • Corporate Governance, Ethics, and Compliance • Risk Management
Employees	To foster a safe, inclusive, and digitally enabled working environment, drive internal awareness of sustainability goals, and enhance talent retention and operational excellence.	• Follow-up Meetings • Workshops • Awareness sessions • Emails	• Occupational Health & Safety • Human Capital Management • Human Rights • Labor Practices • Digitalization
Vendors and Suppliers	To secure supply chain resilience, promote responsible procurement practices, and ensure partner alignment with our quality, safety, and environmental standards.	• Emails • Meetings • Tenders • Website	• Responsible Supply Chain • Responsible Sourcing • Labor Practices • Human Rights
Peers and Industry Associations	To benchmark sectoral performance, exchange best practices on decarbonization and circular economy solutions, and collaborate on sector-wide framework developments.	• Market research • Corporate events and conferences	• Circular Economy and Waste Management • Climate Action and Energy Management • Decarbonization • Product Quality & Innovation

Stakeholder Group	Why We Engage	Engagement Channel	Key Material Topics
Social Community	To manage local environmental impacts and foster socio-economic development through transparent social responsibility dialogue.	• TV interviews • Press releases • Social media platforms • Website	• Community Relations and Investment • Pollutants and GHG Emissions • Biodiversity and Land Use • Human Rights
Clients	To understand evolving market demands, deliver high-quality, sustainable building materials, and strengthen long-term loyalty through responsive communication.	• Emails • News Letters • Calls • Meetings • Social media platforms	• Product Quality & Innovation • Sustainable high-quality products • Customer Centricity and Privacy

Additionally, in 2025, the Company moved toward a more systematic and digitally enabled model to ensure that our sustainability performance is not merely documented, but also accessible to relevant stakeholders.

The primary enhancement in our engagement strategy is the launch of our Integrated ESG Profile on the Company's website. This platform serves as a dynamic bridge between City Cement and the global investment community, providing investors and regulators with "ready-to-use" data aligned with different internationally and nationally recognized frameworks and standards, including IFRS S1 & S2, GRI, and Carbon Disclosure Project (CDP). Additionally, the platform addresses the technical requirements of the EU Taxonomy and the TNFD (Taskforce on Nature-related Financial Disclosures), reflecting our proactive stance on emerging global regulations.

The platform also incorporates the GCCA Charter and GCCA Conduct principles, ensuring that our social and environmental performance is benchmarked against the highest global standards for the cement and concrete sector.

ESG WORLD

For more information, kindly visit
City Cement ESG Profile

Materiality Assessment Approach

To ensure our corporate strategy remains responsive to shifting market realities and stakeholder priorities, we maintain a rigorous approach to evaluating our material topics. This proactive approach allows us to systematically mitigate operational risks, capitalize on emerging market opportunities, and embed transparent, accountable business practices across our operations.

In 2025, City Cement conducted a structured **Double Materiality Assessment**:

Impact Materiality

This process evaluates how our operations impact society and the environment

Financial Materiality

alongside how climate change and ESG trends create commercial risks and opportunities for our business

Our Five-Stage Assessment Methodology

1. Analyze:

The process initiates with a broad-spectrum contextual review of our operating environment. We analyze our immediate operational footprint, value-chain relationships, prevailing regulatory mandates, and regional industrial regulations. Simultaneously, we map out the specific insights, needs, and long-term expectations of our internal and external stakeholders.

2. Determine:

To determine the key material topics, we review the actual and potential impacts on the economy, environment, and people across our products, core activities, and value-chain. Potential topics are explicitly identified across two dimensions:

- **Impact Materiality:**
Actual and potential impacts are identified. The determination of these impacts relies on a baseline review of their scale, scope, irremediable nature, and likelihood.

- **Financial Materiality**:
Potential risks and opportunities are determined by their expected financial magnitude and likelihood of occurrence, assessed prior to any mitigation efforts. This phase aggregates essential data regarding the specific business impact type, estimated financial implications, and additional internal perceptions on topic management.

3. Evaluate:

Each topic undergoes a rigorous, dual-perspective scoring process:

- **Impact Materiality Evaluation:**
Evaluate the significance of the positive and negative impacts across our value chain, determining the specific scope, scale, irremediability, and likelihood of each.

- **Financial Materiality Evaluation:**
Evaluate the risk and opportunity associated with each material topic based on its potential financial implications and likelihood of occurrence.

4. Emphasize:

Significant identified impacts are reviewed by City Cement's Leadership and subsequently grouped together into clearly defined, diverse material topics.

5. Authenticate:

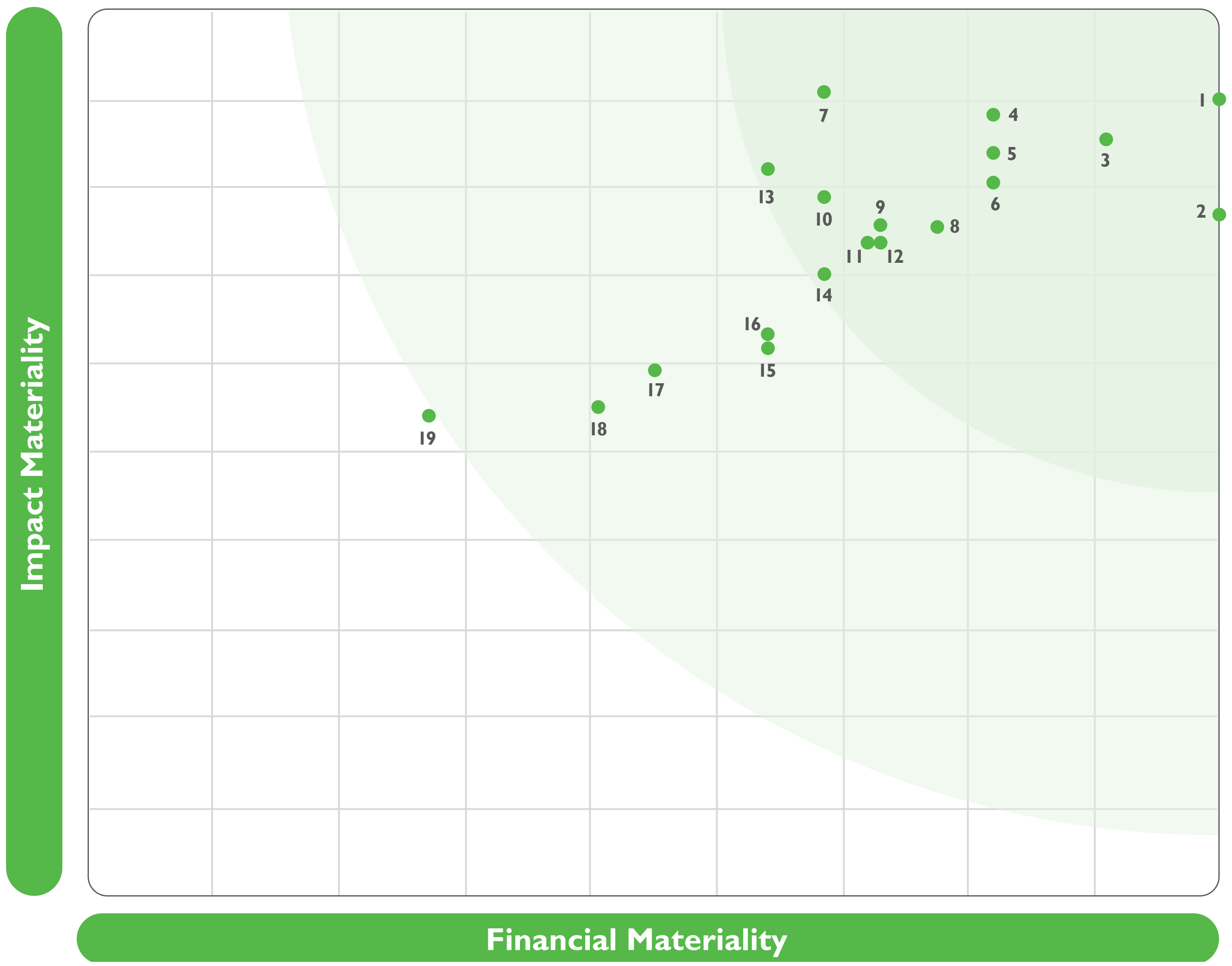
The refined material topics are validated and finalized in consultation with senior management, serving as the official foundation for our materiality matrix.

Material Topics

Material Topic	Rank	Risks and Opportunities	Management Approach
Pollutants and GHG Emissions	1	Risks: Legal and Operational Risks	• Continuous monitoring of air emissions and environmental performance • Compliance with environmental regulations • Tracking and reporting of greenhouse gas emissions
Corporate Governance, Ethics, and Compliance	2	Risks: Legal Risk Opportunities: Access to Capital, Enhanced Reputation and Stakeholder Trust	• Board independence and Oversight • Code of Conduct • Board Committees oversight • Periodical review of Policies & procedures
Risk Management	3	Risks: Operational and Market Risks Opportunities: Operational Efficiency and Business Resilience	• Regular risk identification, assessment, and mitigation processes • Integration of risk management into strategic planning and decision-making • Periodic review of emerging and operational risks
Occupational Health & Safety	4	Risks: Operational and Legal Risks	• Occupational Health and Safety Management System • Hazard identification and risk assessments • Employee training, awareness, and safety culture initiatives • Digital Incident reporting • Surveillance or recertification of ISO certificates. • Continuous improvement of HSE management system)
Climate Action and Energy Management	5	Risks: Operational and Market Risks Opportunities: Operational Efficiency and Long-Term Cost Saving	• Monitoring and optimization of energy consumption • Evaluation of alternative fuels and lower-carbon technologies
Economic Growth and Operational Resilience	6	Risks: Liquidity, Operational and Market Risks	• Long-term business planning and operational optimization • Financial performance monitoring and cost management
Decarbonization	7	Opportunities: Access to Capital, Market Expansion, and Operational Efficiency	• Increased use of alternative fuels and raw materials • Assessment of low-carbon technologies and innovation opportunities
Product Quality & Innovation	8	Opportunities: Innovation and Market Expansion	• Quality management systems and product testing procedures • Continuous product development and process improvement • Customer feedback integration into innovation processes • Investment in research and technological advancement
Human Capital Management	9	Risks: Operational Risk	• Workforce planning and talent development programs • Training, leadership development, and succession planning • Performance management and employee engagement initiatives • Diversity, inclusion, and workforce capability enhancement
Responsible Supply Chain	10	Risks: Operational and Legal Risks	• Compliance with procurement policies and ethical standards
Sustainable High-quality Products	11	Opportunities: Access to Capital, Market Expansion and Revenue Growth	• Product quality assurance throughout the production process • Integration of sustainability considerations into product development • Compliance with industry standards and customer requirements • Continuous improvement of product performance

Material Topic	Rank	Risks and Opportunities	Management Approach
Responsible Sourcing	12	Opportunity: Access to Capital, Market Expansion, and Operational Efficiency	•Promotion of local sourcing where feasible •Preference for reliable and responsible suppliers
Circular Economy and Waste Management	13	Risks: Market, Operational and Legal Risks Opportunities: Cost Saving, Enhanced Reputation, Stakeholder Trust, and Operational Efficiency	•Waste reduction, reuse, and recycling initiatives •Optimization of resource and material efficiency
Labor Practices	14	Risks: Operational and Legal Risk	•Compliance with labor laws and regulations •Fair employment practices and equal opportunity principles •Employee engagement and grievance mechanisms •Workforce welfare and well-being programs
Digitalization	15	Opportunities: Operational Efficiency and Revenue Growth	•Adoption of digital technologies to enhance operational efficiency •Continuous evaluation of digital innovation opportunities
Human Rights	16	Risks: Legal and Market Risks	•Commitment to human rights principles and ethical business conduct •Policies prohibiting discrimination, harassment, and forced labor •Grievance mechanisms and compliance monitoring
Customer Centricity and Privacy	17	Risks: Market, Operational and Legal Risks Opportunities: Revenue Growth, Operational Efficiency, and Stakeholder Trust	•Customer relationship management and satisfaction monitoring •Mechanisms for handling inquiries, complaints, and feedback •Continuous improvement of customer service and engagement
Community Relations and Investment	18	Opportunities: Stakeholder Trust and Operational Efficiency	•Investment in community development initiatives •Assessment of social impacts and community needs
Biodiversity and Land Use	19	Opportunities: Stakeholder Trust, Operational Efficiency, and Business Resilience	•Land management and rehabilitation initiatives where applicable •Compliance with environmental regulations and permit requirements

Materiality Matrix



3 Governance & Institutional Integrity: The Foundation of Long-Term Value Creation

- Robust Governance: Structure & Oversight
- Business Ethics & Compliance Framework
- Risk Management Framework
- Legal & Compliance Oversight

At City Cement Company, Corporate Governance is a critical enabler of long-term value-creation, operational excellence, and sustainable growth. Our governance framework is anchored in four core pillars: transparency, accountability, responsibility, and fairness, which are systematically embedded across all levels of the organization, from Board oversight to operational management enhancing stakeholder confidence.

These principles are reflected in the Company's commitment to clear and timely disclosure of material financial and non-financial information, adherence to regulatory and ethical standards, and the equitable treatment of all stakeholders.

Robust Governance: Structure & Oversight

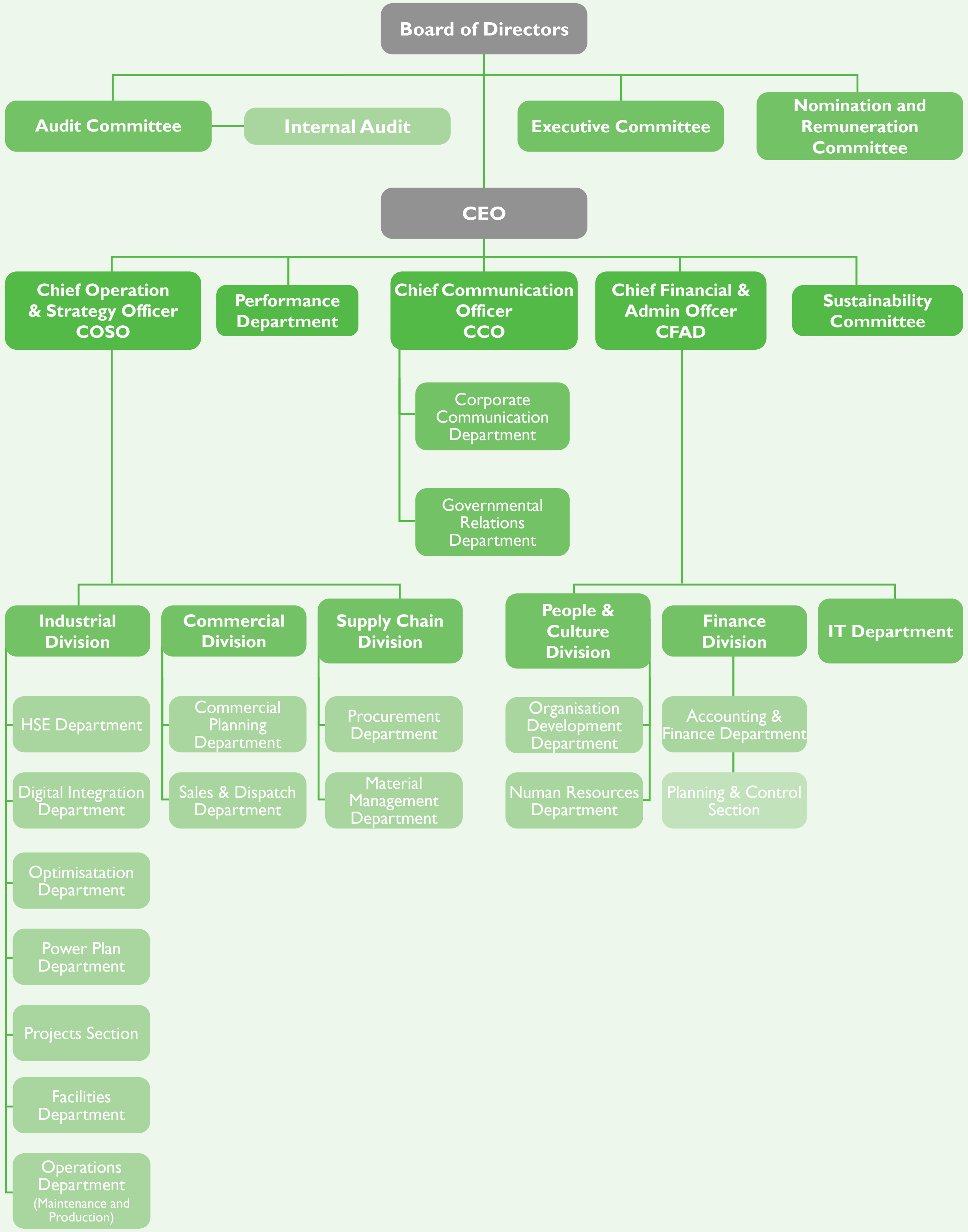
Alignment:

Targets: 16.6: Develop effective, accountable and transparent institutions at all levels and 16.7 Ensure responsive, inclusive, participatory and representative decision-making at all levels.

Alignment:
KSA Vision 2030:

An Ambitious Nation Pillar

City Cement has established a clearly defined organizational structure, forming an integrated governance ecosystem:



This organizational structure ensures that the Company's strategic direction is consistently translated into operational execution by functional departments through:

- Robust internal control and risk management systems, supporting proactive risk identification and mitigation
- Well-defined reporting lines and escalation mechanisms, enabling delegation of authority and timely, informed decision-making
- Clear segregation of roles and responsibilities, ensuring independent oversight and avoidance of conflicts of interest

Highest Governance Body

City Cement maintains full compliance with all applicable regulatory requirements governing Board composition, independence, and appointment processes, including the Capital Market Authority's (CMA's) Corporate Governance Regulations and the Company's internal regulations. In accordance with the Company's bylaws, the Board of Directors comprises a minimum of three members and a maximum of eleven members. Board members are elected by the General Assembly for a tenure of four years, with eligibility for re-election. This approach supports both continuity of institutional knowledge and periodic Board refreshment.

The Company adopts a structured and competency-based approach to Board formation, carefully considering the size, complexity, and strategic direction of its operations. This ensures that the Board maintains the appropriate mix of leadership capability, financial literacy and relevant experience necessary to oversee long-term value creation.

To safeguard objectivity and strengthen Board oversight, a majority of Board members should be non-executives. The Company also ensures full compliance with independence requirements, maintaining no fewer than two independent directors or one-third of the Board, whichever is greater. Board members are also restricted from serving on more than five listed joint-stock company boards.

Read more on: **Council Membership Policies, Standards, and Procedures in the Board of Directors and Standards for Business Competition**

Board Structure

In 2025, the Board of Directors is comprised of seven male members, with three members being above the age of 50, contributing deep experience and institutional knowledge, and four members being between 30 and 5o years old, supporting generational diversity and forward-looking perspectives.

Furthermore, the Board demonstrates a strong level of independence, reinforcing the Board's ability to provide objective oversight of management and key strategic decisions. In line with good governance practices, the roles of Chairman and Chief Executive Officer (CEO) are separated, ensuring a clear distinction between oversight and executive management.

of Board of Directors aging between 30-50

Mr. Bader Bin Omar Al-Abdullatif

Chairman of the Board of Directors

Non-Executive

Mr. Saleh Ibrahim Muhammed AlShbnan

Vice-Chairman

Executive

Mr. Majed Bin Abdulrahman Al-Osailan

Chief Executive Officer

Member of the Board of Directors - Executive

Mr. Mohammed Sulaiman Alrajhi

Independent - Non-Executive

Eng. Mohammed Bin Hikmat Al-Zaim

Member of the Board of Directors - Non-Executive

Mr. Mr. Fahad bin Omar Al Abdullatif

Member of the Board of Directors - Non-Executive

Mr. Mohammed Hamdan Alsuraiyea

Member of the Board of Directors - Independent

For more information on the diverse expertise of Board Members, read more in the Board Report

The Board also plays a critical role in reinforcing shareholder representation. The Chairman ensures that Board members, particularly non-executive directors, are fully informed of shareholder perspectives, proposals, and material developments, enabling informed and balanced decision-making.

The Company also ensures that shareholder engagement is conducted in full compliance with the Capital Market Authority's (CMA's) bylaws. In this context, the Company ensures that official notices for the Annual General Assembly are communicated with shareholders 21 days prior to the meeting date.

Board Duties and Responsibilities

While certain responsibilities may be delegated to Board committees or executive management, the Board of Directors is accountable for overseeing the Company's performance and strategic direction through a structured, controlled delegation framework.

The Board's core responsibilities are categorized into four core areas:

1 Strategic Oversight and Performance Management

- Defining and reviewing corporate strategy, business objectives, and organizational and functional structure.
- Evaluating operational and financial performance against defined Key Performance Indicators (KPIs) and national benchmarks.
- Overseeing capital structure, major expenditures, and investment decisions to safeguard institutional assets.

2 Risk Management and Internal Control

- Establishing and overseeing robust internal control frameworks and risk management processes, including the identification, assessment, and mitigation of material risks.
- Overseeing policies related to conflicts of interest, related-party transactions, and ethical conduct.

3 Governance, Compliance, and Disclosure

- Establishing policies and procedures to ensure full compliance with applicable laws.
- Ensuring the integrity and accuracy of financial and non-financial reporting.
- Establishing specialized Board committees, with clearly defined mandates, responsibilities, and performance evaluation mechanisms.

4 ESG Oversight

- Overseeing the Company's due diligence processes, ensuring that environmental, social, and governance (ESG) risks and impacts are systematically identified and managed, supported by recommendations from relevant committees.
- Ensuring the integration of sustainability considerations across all business operations, reinforcing the Company's resilience and long-term value creation.

In 2025, the Board held a total of six meetings with 100% attendance rate, reflecting strong engagement and continuous oversight of management, performance, and key risks.

To ensure continuous improvement in governance practices, the Company monitors the overall effectiveness of its Board members and their performance through defined indicators such as attendance, participation, and engagement in Board meetings, as well as the Board's role in managing financial and ESG risks. These mechanisms support ongoing oversight and accountability.

Board Training and Capacity Building

In 2025, the CEO and the Chairman of the Sustainability Committee obtained the Certified Executive in Business Sustainability certificate from the Swiss IMD Institute in Lausanne.

Executive Management

To ensure effective execution of the Company's strategic priorities and robust control across all levels of the organization, our Executive Management team is responsible for the Company's day-to-day operations, under the direction and oversight of the Board of Directors. This structure ensures a clear separation between oversight and execution.

Mr. Turki bin Abdulaziz Al-Abdullatif

Chief Communications Officer

Mr. Abdulaziz bin Mohammed Al-Suwaidan

Chief Financial and Administration Officer

Eng. Abdurrahman Mohammed Ahmed

Chief Operating and Strategy Officer

Mr. Sulaiman bin Abdulaziz Al-Hodaithi

Commercial Division Director

Eng. Majed Ali Alhossyen

Supply Chain Director

Mr. Abdul Wahid bin Awn Al-Qarni

People and culture Director

Mr. Mohamed Abdelfatah Mohammed

Industrial Division Director

Board Committees

To strengthen oversight and support informed decision-making, the Board has established specialized committees in line with CMA regulations and leading governance practices. These committees operate under Board-approved charters defining their mandates, authorities, composition, and tenure.

Committee structures are designed to enhance independence and objectivity, with strong representation of non-executive and independent directors. The Chairman and CEO do not serve on the Audit Committee and may participate in other committees as members only, without holding chair positions.

Committees typically comprise three to five members and report regularly to the Board, ensuring transparency and accountability. Meetings follow formal procedures, with documented minutes, majority-based decisions, and controlled participation.

The Board's key committees include:

Audit Committee:

The Audit Committee functions as the primary oversight body for risk management and internal control systems. In accordance with Article (19) of the CMA's Corporate Governance Regulations.

The committee's mandate is structured into four functional areas:

Financial Integrity & Monitoring

The committee oversees the integrity of quarterly and annual financial statements.

ESG Risk Integration

The committee reviews the effectiveness of risk management processes with regard to economic, environmental, and social matters, ensuring that ESG risks are treated with the same rigor as financial risks.

By integrating ESG oversight with financial controls, the Committee ensures value preservation and reinforces stakeholder confidence through a culture of proactive accountability.

Risk-Based Internal Audit

Moving beyond basic compliance, the committee employs a risk-based approach. This targets high-risk-exposure areas to detect vulnerabilities proactively, supporting long-term operational resilience.

Regulatory & Ethical Compliance

The committee monitors compliance with Companies Law and CMA regulations. The committee also reviews Related Party Transactions to prevent conflicts of interest and ensure fairness for all stakeholders.

For further details, read more in the Audit Committee Mandate

The Audit Committee convened 6 meetings in 2025

Nomination and Remuneration Committee

Governed by a formal Charter approved by the General Assembly, the Nomination and Remuneration committee's structure emphasizes unbiased oversight, with the Chairperson having be an independent member. The Board Chairman is prohibited from leading this committee. Besides, members are selected from non-executive directors or external experts to ensure a diverse range of professional perspectives, and their membership is synced with the Board's term in order to maintain strategic continuity.

In line with CMA Corporate Governance Regulations, the committee's core responsibilities include:

Board Effectiveness and Structure

The committee conducts annual performance evaluations and identifies strengths and gaps in the Board's composition.

Nomination and Succession

The committee identifies and recommends qualified candidates for Board membership as needed. It establishes procedures for vacancy management and monitors Saudization targets and broader workforce governance metrics to align with national strategic goals.

Independence Oversight

The committee conducts annual review of directors' independence to mitigate potential conflicts of interest.

Remuneration

The committee is responsible for recommending remuneration policies for the Board, committees, and executive management

Additionally, our remuneration policy, developed under **CMA regulations**:

- Aligns payouts for the Board and Executive Management with the company's strategic objectives
- Ensures that packages are competitive enough to attract top-tier talent while avoiding unjustified or excessive costs
- Considers the qualifications, professional experience, and the specific duties assigned to each role
- Reflects the company's risk profile to ensure that management is incentivized for sustainable growth

For further details, read more in the Nomination and Remuneration Committee Manual

The Nomination and Remuneration Committee convened 2 meetings in 2025

Executive Committee

The Executive Committee serves as an overarching umbrella, ensuring that the company remains resilient and responsive to market changes, directly supporting the company's strategic priorities of operational excellence and stakeholder value creation.

The committee's core responsibilities include:

Performance Monitoring

The committee regularly assesses the progress of strategic plans and evaluates the effectiveness of the Executive Management team; assisting the Board in fulfilling its responsibilities to shareholders and stakeholders by providing robust oversight of executive management.

Strategic Refinement

The committee develops strategic studies to identify market opportunities and systemic inefficiencies, proposing evidence-based alternatives to the Board.

Cross-Functional Coordination

The committee guides the implementation of major corporate initiatives, ensuring they remain aligned with the company's strategic objectives.

The Executive Committee convened 3 meetings in 2025

ESG Governance and Oversight

As part of its commitment to strong corporate governance and sustainable value creation, City Cement has established a standalone Sustainability Committee. The Committee provides structured oversight of ESG-related matters and submits periodic updates to the Board on sustainability strategy, performance, and emerging risks and opportunities.

The committee is chaired by the CEO and a Board member, with members drawn from senior management. All members report directly to the CEO.

The Committee plays a central role in embedding ESG principles across the company's strategy, operations, and decision-making processes. It ensures that sustainability considerations are integrated into corporate planning and aligned with national and global frameworks, including Saudi Vision 2030 and the UN Sustainable Development Goals (SDGs).

The Sustainability Committee's key responsibilities include:

- Developing and overseeing the implementation of the Company's sustainability strategy
- Monitoring progress against ESG targets and key performance indicators, ensuring measurable and transparent performance
- Reviewing and approving annual sustainability reports and ESG disclosures
- Ensuring the integration of ESG risks and opportunities, including climate-related risks, into the enterprise risk management framework
- Overseeing compliance with applicable environmental, social, and governance laws, regulations, and standards

Sustainability Committee Members:

The Sustainability Committee convened 8 meetings in 2025

In line with the Company's Delegation of Authority, the committee's delegated authorities are currently under review to further strengthen ESG governance.

Business Ethics & Compliance Framework

Alignment:

Target 16.5: Reduce corruption & Target 16.6: Develop accountable institutions

Alignment: Saudi Vision 2030:

An Ambitious Nation

Transparent and Accountable Institutions pillar

City Cement Company is committed to upholding the highest standards of integrity and ethical conduct, serving as a benchmark for corporate behavior within the Kingdom of Saudi Arabia. This commitment is embedded in a comprehensive Code of Conduct that applies to all company employees, management, and representatives of the Company.

The Code establishes clear ethical principles governing all interactions with the Company's internal and external stakeholders and is publicly available on our website in both Arabic and English.

The Code is built on the key principles of fairness, integrity, respect, and responsibility, and is supported by clear policies covering:

Workplace Integrity and Human Rights

City Cement promotes a workplace built on fairness, respect, and equal opportunity. All employees are treated with dignity regardless of their role or background. Employment decisions, including recruitment, promotion, and development, are based solely on merit, competencies, and performance. The Company maintains zero tolerance for discrimination in any form.

Besides, City Cement strictly prohibits child labor across its operations and supply chain and supports initiatives that promote child welfare and development.

The Company is also committed to continuous employee development through training, capability-building, and performance recognition, fostering a culture of growth, innovation, and long-term career advancement.

Finally, City Cement enforces a zero-tolerance policy toward all forms of harassment, including verbal, physical, or psychological misconduct. Any inappropriate behavior toward employees or external stakeholders is strictly prohibited.

Health, Safety, and Environmental Responsibility

Occupational Health and Safety

Employee safety is a core priority. City Cement works continuously to minimize occupational risks and maintain safe working conditions through the active development of preventive measures, monitoring systems, and continuous improvement.

Environmental Responsibility

The Company operates in full compliance with environmental regulations and is committed to minimizing its environmental footprint through responsible resource management, emissions reduction, and biodiversity protection.

Responsible Business Conduct

Political Neutrality

City Cement maintains strict neutrality in political matters. Employees may not use Company resources or representation in political activities, and the Company does not provide political support or funding.

Consumer Rights and Fair Competition

The Company is committed to fair competition and ethical market practices. Customers are treated transparently and fairly, without coercion or misleading practices.

Supplier and Business Partner Relationships

City Cement maintains transparent, ethical, and performance-driven relationships with suppliers and partners. All engagements are based on quality, cost efficiency, compliance, and mutual integrity.

Governance, Transparency, and Information Protection

Transparency

City Cement ensures responsible and accurate disclosure of information. Only authorized spokespersons are permitted to communicate Company information to external stakeholders.

Confidentiality

Employees are required to safeguard all confidential information related to the Company and its stakeholders. Unauthorized use or disclosure is strictly prohibited and may result in legal consequences. This obligation continues beyond employment.

Communication Devices Policy

Company systems and communication tools must be used responsibly and primarily for business purposes. Misuse, including accessing or sharing inappropriate or non-compliant content, is strictly prohibited.

Patents and Intellectual Property

All innovations and intellectual property developed through employment are the exclusive property of City Cement, including after termination of employment.

Ethics, Compliance, and Risk Prevention

Conflict of Interest

City Cement maintains a robust Conflict of Interest framework to ensure objectivity and integrity in decision-making. Employees must disclose any actual or potential conflicts involving personal, financial, or external interests.

External employment, business relationships, or transactions involving related parties must be formally declared and reviewed. Gifts, hospitality, or invitations that may influence business judgment are strictly regulated.

All disclosures are reviewed by the appropriate governance bodies, including the Audit Committee, whenever necessary, and non-compliance may result in disciplinary action.

Anti-Corruption

City Cement adopts a zero-tolerance approach toward bribery, corruption, and unethical practices. Employees are prohibited from engaging in insider trading, disclosing market-sensitive information, or using confidential data for personal gain.

All interactions with government entities are conducted with the highest standards of integrity and compliance. Any attempt to offer or receive improper advantages, manipulate contracts, or obstruct regulatory processes is strictly prohibited and must be reported immediately.

Anti-Money Laundering

City Cement adheres to strict anti-money laundering (AML) principles by conducting business only with reputable counterparties and ensuring that all transactions are transparent, traceable, and conducted through official banking channels.

The Company actively monitors transactions for suspicious activity and complies fully with regulatory requirements, including reporting any irregularities to relevant authorities.

Speak-Up Culture and Accountability

To maintain this ethical ecosystem, we have established a robust **Whistleblowing Policy** and a multi-tiered **Grievance Mechanism**. We empower our employees to report misconduct in good faith, backed by a strict non-retaliation guarantee. Whether an employee is facing a potential conflict of interest or observing a breach of protocol, they have clear, protected avenues, from direct management to the Ethics and Compliance Committee, through which to seek guidance. This culture of "speaking up" ensures that our values are not merely documented, protecting the reputation of City Cement for all stakeholders.

For further details, read more on Code of Business Conduct

Risk Management Framework

At City Cement, risk management is recognized as a strategic enabler that strengthens resilience, supports informed decision-making, and safeguards long-term value creation. The Company adopts a proactive and integrated approach to identifying, assessing, and managing risks that may have direct and indirect impacts on its operations, workforce, financial performance, and strategic objectives.

Risk management is embedded across all levels of the organization, from operational functions to executive oversight, ensuring that risks are continuously monitored and addressed in a timely and structured manner.

Through its structured and forward-looking risk management framework, City Cement ensures that risks are not only mitigated but also strategically managed to support resilience and long-term growth.

Key Risk Categories and Mitigation Strategies

1 Operational and Market Risks

City Cement operates in a competitive domestic cement market characterized by high inventory levels and increasing competitive pressures, which may affect market share and operational stability.

To mitigate these risks, the Company adopts a proactive approach to sustaining its market position. This approach includes continuous market monitoring, competitive benchmarking, strategic sales planning, and disciplined inventory management.

2 Economic Risks

The Company is exposed to macroeconomic volatility, including fluctuations in demand, liquidity conditions, financing costs, inflation, exchange rates, and fuel and input prices. Technological disruption and foreign competition further add to this risk landscape.

Mitigation measures include regular macroeconomic assessments, scenario planning, cost optimization programs, diversification of supply sources, and dynamic pricing strategies to manage financial exposure and maintain profitability.

3 Regulatory and Legal Risks

Operating within a dynamic regulatory environment, City Cement faces risks related to changes in laws, regulations, and compliance requirements that may affect operations and financial performance.

The Company mitigates these risks through continuous compliance monitoring, proactive engagement with regulatory authorities, alignment of internal policies with evolving regulations, and the involvement of legal expertise in strategic decision-making.

4 Health and Safety Risks

Given the nature of the cement industry, the Company prioritizes the management of occupational health and safety risks, including high-consequence incidents and work-related health hazards.

Risk mitigation is achieved through comprehensive safety management systems, regular risk assessments, incident investigations, safety audits, and the implementation of engineering and administrative controls, alongside the provision of personal protective equipment and periodic health assessments.

5 Customer Concentration Risks

While City Cement serves a diverse customer base, it remains exposed to risks related to customer concentration, creditworthiness, and potential disruptions in key distribution channels.

To address these risks, the Company focuses on customer diversification, robust credit risk assessments, strengthened contractual frameworks, and continuous monitoring of distributor performance.

6 Geographical and Natural Disasters Risks

With operations concentrated in a single location, City Cement is exposed to potential disruptions from natural disasters or unforeseen regulatory actions that could impact operational continuity.

Mitigation strategies adopted by the Company include comprehensive business continuity planning, emergency response protocols, adequate insurance coverage, and ongoing evaluation of operational resilience and contingency measures.

7 Mining Rights Risks

The Company's operations depend on mining rights granted by regulatory authorities, exposing it to potential risks arising from changes in licensing conditions or regulatory frameworks.

City Cement mitigates this risk through continuous regulatory engagement, strict compliance with mining regulations, and the development of contingency plans, including exploring alternative raw material sources.

8 Energy Supply and Cost Risks

Cement production is highly energy-intensive, making the Company vulnerable to fluctuations in fuel availability and energy prices.

To manage this risk, City Cement invests in energy efficiency initiatives, alternative fuel development, and long-term energy supply agreements. The Company has also advanced its alternative fuel strategy by converting waste into fuel, reducing reliance on fossil fuels, lowering emissions, and enhancing cost efficiency.

Legal & Compliance Oversight

City Cement is committed to upholding the highest standards of integrity, transparency, and accountability across all its operations. The Company operates within a robust legal and regulatory compliance framework, supported by comprehensive systems designed to monitor adherence, detect irregularities, and mitigate risks.

The Company maintains full compliance with all applicable laws and regulatory requirements in the Kingdom of Saudi Arabia, continuously monitoring regulatory developments to proactively adapt its operations. This commitment ensures alignment with national policies and contributes to Saudi Vision 2030 objectives related to governance excellence and institutional effectiveness.

The Company enforces strict protocols for identifying, investigating, and addressing any instances of fraud, corruption, or legal violations. Confirmed cases are escalated to legal counsel to ensure appropriate action in accordance with applicable laws and best international practices.

As part of its governance framework, City Cement conducts an annual review of the effectiveness of its internal control systems. The 2025 review concluded that there were no material observations affecting the Company's operations, and the Audit Committee confirmed that no significant weaknesses were identified in the internal control framework. The Audit Committee continues to oversee and review these assessments, ensuring appropriate direction and corrective actions where necessary.

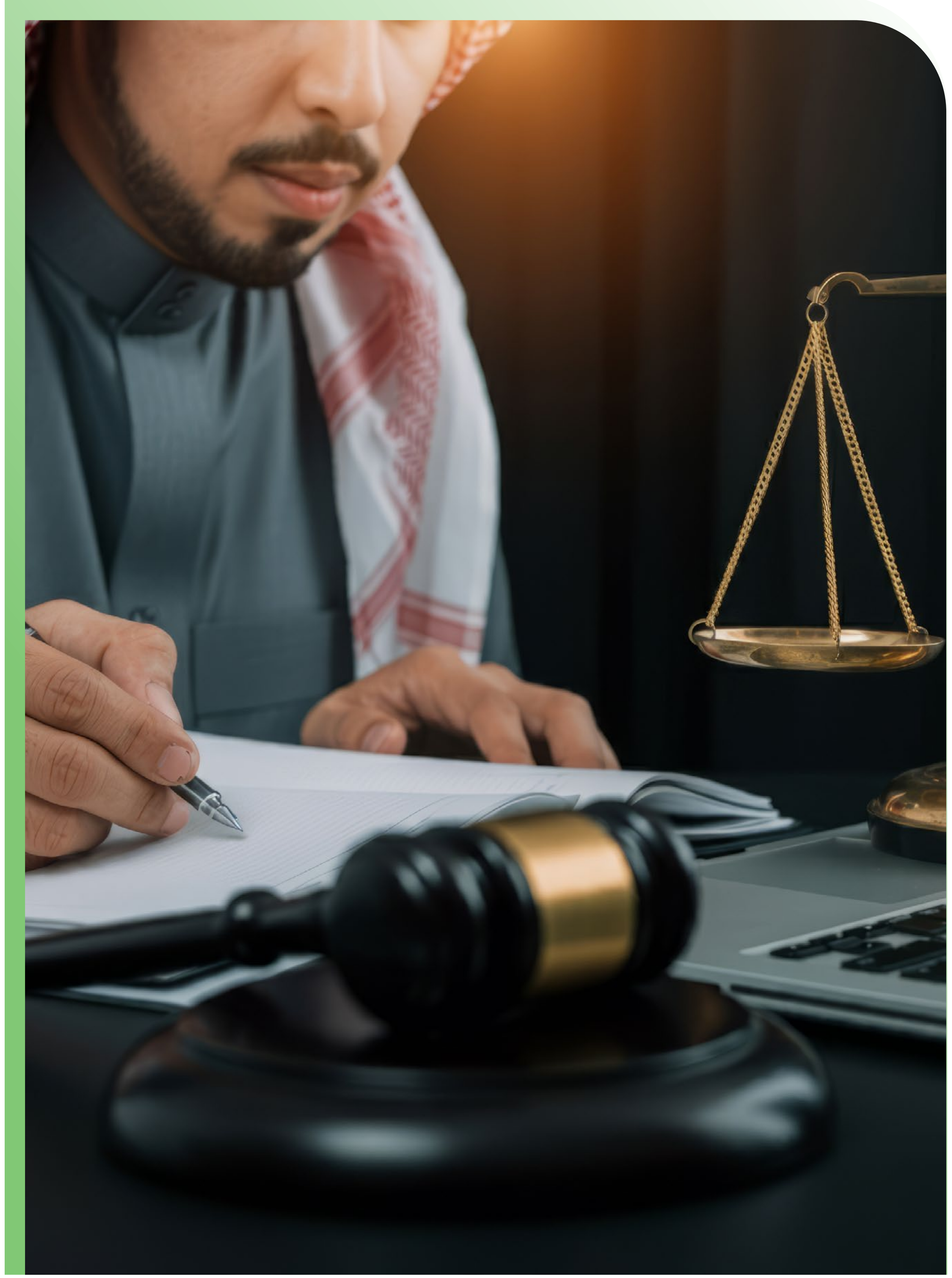
In line with a culture of continuous improvement, the Executive Committee has recommended further enhancing the efficiency and effectiveness of control policies and procedures, ensuring they remain aligned with the Company's scale of operations and evolving business activities.

City Cement also places strong emphasis on the protection of customer data, privacy, and rights. Customer feedback and complaints are managed through the Commercial Department, ensuring timely resolution and continuous improvement in service quality. During the reporting period, no incidents of data breaches, data loss, or regulatory investigations were reported.

The implementation of the SAP ERP system has further enhanced the reliability, accuracy, and integrity of data across operations, strengthening internal controls, transparency, and decision-making capabilities (see Digital Transformation: Powering Our Future).

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 customer privacy violations or complaints received



4 Digital Transformation: Powering Our Future

- Our Digitalization Journey
- Industry 4.0: Operational Excellence through Digitalization

Our Digitalization Journey

Alignment:

Target 9.4: Upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes

KSA Vision 2030:

Ambitious Nation

Thriving Economy

At City Cement, digitalization is a core strategic priority and a fundamental enabler of the Kingdom's industrial ambitions and our own operational resilience. It is embedded across our business units and functions, ensuring an enterprise-wide transformation rather than isolated initiatives.

This transformation represents a structural shift toward a data-driven model, leveraging high-quality, real-time information to enhance decision-making, transparency, and operational control. By transitioning from reactive operations to a predictive model, we are enhancing efficiency and strengthening risk management, ensuring that City Cement remains a resilient leader in a competitive, low-carbon economy.

City Cement's digital ecosystem is built on a foundation of security, operational integrity, and international best practices. Our digitalization roadmap, initiated in 2020, reflects a long-term commitment to modernizing the Company's digital infrastructure, strengthening its cybersecurity frameworks, and expanding system capacity and resilience.

A range of software solutions and network management tools has been implemented to streamline internal processes and improve operational efficiency. This transformation began with a comprehensive upgrade of our IT infrastructure, including enhanced firewalls, automation of approval workflows to improve speed and reliability, and the introduction of a dedicated IT helpdesk system to enhance user support and response times.

In 2021, the Company further strengthened its infrastructure by integrating the Green Solutions for Environmental Services subsidiary into its IT network and implementing robust backup and disaster recovery systems to prevent data loss and operational disruptions. Reflecting the maturity of our digital safeguards, the Company achieved a 99.5% success rate for our Backup Business Continuity Plan (BCP) in 2025, ensuring near-total protection against data loss.

99.5% BCP Success Rate in 2025

A key milestone in this journey is the successful implementation of our SAP Enterprise Resource Planning (ERP) system in 2022. SAP serves as the organization's central data hub, ensuring data integrity, streamlining workflows, and reducing manual inefficiencies across all processes. This resulted in a measurable reduction in support ticket volumes and a significant improvement in operational efficiency, collectively strengthening the Company's long-term value creation, profitability, and workplace safety.

As a result of this multi-year transformation journey, the Company was awarded the Smart Industry Readiness Index (SIRI) certification in 2023 and subsequently ranked first in the Kingdom under the SIRI Index for automation implementation within the Future Factories Initiative of the Ministry of Industry and Mineral Resources. This recognition reinforces City Cement's leadership in Industry 4.0 adoption within the Saudi cement sector.

In 2025, City Cement's digital transformation achievements have been recognized externally through the Microsoft Intelligent Manufacturing Award (MIMA) for the Middle East in the Sustainability category, following rigorous evaluation by the Ministry of Industry and Mineral Resources, Microsoft, and Roland Berger. This recognition reflects the Company's leadership in integrating digitalization with sustainability and industrial excellence.

Also in 2025, the Company successfully implemented Robotic Process Automation (RPA), which is a technology used to automate repetitive tasks across systems, contributing to enhanced operational efficiency and reduced reliance on manual intervention.

To ensure a successful transformation, the Company has proactively addressed key challenges associated with large-scale digitalization by implementing internal mobility programs and targeted training initiatives to support workforce transition, alongside advanced certification programs for key users to strengthen internal capabilities and support organization-wide adoption.

Industry 4.0: Operational Excellence through Digitalization

City Cement's digital transformation approach is fully aligned with the three core dimensions of the Smart Industry Readiness Index (SIRI), which are Process Digitalization, Technology Adoption, and Organization and Governance. This ensures that digitalization is systematically embedded across our operations and organizational structure, translating the Company's Industry 4.0 ambition into tangible improvements; and reinforcing its position as a digitally enabled, resilient, and future-ready industrial leader.

Regulatory Compliance, Internal Control, and Risk Management

Alignment:

Target 9.4: Upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes & UN SDG 16 (Peace, Justice and Strong Institutions

Alignment:

Target 16.6: Develop effective, accountable and transparent institutions at all levels.

Alignment: KSA Vision 2030

Ambitious Nation

Digitalization has transformed City Cement's risk management process from a reactive function into a precise, data-driven discipline enhanced by SAP integration. Through this system, the Company benefits from real-time access to operational and financial data, enabling more accurate quantification of risk exposure.

To further strengthen risk oversight, the Company implemented an Incident Management Module in 2023, representing an important step in Technology Adoption. This module centralizes the identification, tracking, and resolution of risks, enabling more systematic monitoring and faster mitigation of operational incidents.

This integration has enhanced the Company's analytical capabilities, supporting more robust risk assessments and stronger alignment between operational realities and strategic risk planning. In turn, this has enabled a more proactive approach to risk management and reducing non-compliance risks.

Additionally, in alignment with the SIRI Process Digitalization dimension, the Company implemented Phase I of its Digital Quality Strategy in 2024, including the launch of digital lab recordkeeping and audit traceability, LIMS (Laboratory Information Management System) integration, and the training of quality-control and quality-assurance staff on digital documentation platforms. In 2025, documentation accuracy rate reached 96%.

96% Documentation Accuracy Rate in 2025

In 2025, these advancements contributed to a 70% improvement in Predicted Risk Severity, reflecting the effectiveness of the Company's data-driven, integrated and SIRI-aligned risk framework.

70% improvement in Predicted Risk Severity in 2025

The continued expansion of SAP has fundamentally strengthened the Company's financial controls. A landmark achievement was the 2024 completion of the ZATCA (Fatoora) integration project. This critical initiative linked our SAP system to the ZATCA platform, enabling mandatory tax verification prior to invoice issuance, reinforcing compliance through Technology Adoption.

Enhancing Customer Value Through Digitalization

Alignment:

Target 9.4: Upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes

Alignment: KSA Vision 2030

Ambitious Nation

Thriving Economy

In 2025, the Finance Department further advanced Process Digitalization through the implementation of Customer Virtual Accounts, improving cash collection efficiency and account tracking, alongside the automation of financial statements through SAP. These initiatives enhanced the consistency, reliability, and timeliness of financial disclosures.

These advancements have transformed the Finance function from a transactional role into a strategic enabler of real-time decision-making, strengthening organizational agility, financial governance, and overall operational efficiency.

In parallel, City Cement reached a major digital milestone by fully automating its sales operations. Following a comprehensive ERP upgrade and the integration of new dashboards, this transformation represents a clear advancement in both Process Digitalization and Technology Adoption, significantly enhancing data visibility and operational control. Through real-time dashboards and advanced data analytics, the Company has strengthened its pricing strategy and secured a distinct competitive edge in the Saudi cement market.

Simultaneously, the Company launched a customer-facing digital platform, enabling clients to place orders, track deliveries, and monitor transactions in real time. This initiative reflects the extension of digital capabilities beyond internal operations into customer engagement, enhancing service quality and overall customer experience.

Looking Ahead

Building on these achievements, the Company is developing an Opportunity Management and Market Intelligence Platform for 2026. This forward-looking initiative is designed to:

- Identify and track emerging projects and market opportunities at an earlier stage.
- Enable proactive commercial engagement and optimize the timing of market entry.

Operational Efficiency Through Digitalization

Alignment:

Target 9.4: Upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes

Alignment: KSA Vision 2030

Ambitious Nation

Thriving Economy

Digitalization serves as a critical driver of maintenance performance and asset reliability at City Cement, representing a strong application of Process Digitalization supported by advanced Technology Adoption. By embedding digital tools into technical practices, the Company is optimizing asset performance and ensuring long-term operational resilience.

The SAP ERP system remains the cornerstone of our maintenance strategy, advancing digital capabilities and supporting three core performance factors: productivity, reliability, and performance. Through optimized planning and resource allocation, enhanced asset tracking, and data-driven decision-making, the system improves operational outcomes and enables more efficient resource utilization.

Beyond daily operations, SAP facilitates the precise execution of preventive maintenance and major overhaul plans. This structured, system-driven approach has significantly strengthened maintenance practices, reduced unplanned downtime, and improved asset lifecycle management.

A key milestone achieved in 2025 was the continuous enhancement of SAP modules, focusing on system readiness for advanced automation. These upgrades represent a critical step toward Technology Adoption in predictive maintenance, positioning the Company to transition from traditional scheduling toward condition-based and predictive maintenance model, ultimately driving higher efficiency and reduced operational risks.

The impact of these initiatives is reflected in strong operational performance in 2025, with Kiln 1 achieving 110% and Kiln 2 achieving 100% Overall Equipment Effectiveness (OEE), demonstrating the measurable benefits of a digitally enabled maintenance strategy.

In 2025:

Kiln 1 OEE = 110%

Kiln 2 OEE = 100%

City Cement is also advancing the digital transformation of its procurement function. In 2025, the department continued to implement its Master Data Enhancement program, representing a foundational step toward improving data quality, standardization, and system reliability across procurement activities. This initiative supports stronger data governance and enables more accurate, system-driven decision-making across the supply chain.

Digital transformation within the procurement function is currently anchored in the effective utilization of the SAP ERP system, supported by the Company's Digital Hub, which has enabled a near paperless environment through fully digitized approvals, signatures, and workflow management. These tools have significantly reduced manual intervention, improved processing efficiency, and enhanced internal coordination.

While a solid digital foundation has been established through ERP utilization and data analytics capabilities, further advancements are required to achieve full digital maturity. Key areas of focus include workflow automation, AI-enabled analytics, and the implementation of system-driven controls to enhance efficiency, reduce operational risk, and strengthen procurement governance.

Looking Ahead

The Company is accelerating its procurement digitalization roadmap through several key initiatives. These include the planned development of a **Vendor Portal**, designed to enable a fully automated, end-to-end procurement cycle, enhancing supplier interaction, improving transaction transparency, and streamlining procurement workflows.

In parallel, the Company is progressing with the integration of its subsidiaries' operations, strengthening system unification and ensuring consistent data visibility and control across subsidiaries. The Master Data Enhancement program will continue as a core enabler of these initiatives.

Environmental Data Management

Alignment:

Target 13.2: Integrate climate change measures into national policies, strategies, and planning & UN SDG 9 (Industry, Innovation and Infrastructure

Alignment:

Target 9.4: Upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes

Alignment: KSA Vision 2030

Ambitious Nation

Thriving Economy

In 2025, City Cement achieved a significant milestone with the launch of a digital environmental monitoring platform within its Knowledge Management System (KMS). The platform serves as a centralized hub, integrating real-time data from air emissions sensors, energy monitoring systems, and existing Continuous Emissions Monitoring Systems (CEMS).

By leveraging cloud computing and advanced data analytics, the KMS platform enables continuous environmental monitoring, real-time emissions tracking, and proactive risk mitigation. Early detection of environmental risks enables rapid response and ensures consistent regulatory compliance, while mobile applications enable real-time field-level data capture and improved operational accuracy.

The Environmental Department applies a range of digital tools to enhance performance, efficiency, and reduce manual effort, supporting Process Digitalization and operational excellence. These tools include:

- Mobile applications for non-conformance reporting, enabling immediate data capture and follow-up from the field, reducing manual effort and improving accuracy
- Advanced data analytics to identify trends, patterns, and improvement areas

Digitalization also plays a central role in advancing City Cement's energy strategy and decarbonization initiatives, reflecting the application of Technology Adoption in operational optimization.

Looking Ahead

The Company plans to implement a **Digital Energy Management System** that utilizes data analytics and machine learning to monitor consumption patterns, optimize energy use, and identify additional efficiency opportunities. This initiative will enable improved kiln optimization and energy stream management, directly contributing to reduced greenhouse gas emissions and lower operational costs.

City Cement is also working in integrating **machine learning** to analyze consumption patterns and identify new efficiency opportunities.

By combining cloud-based systems, advanced analytics, and real-time monitoring technologies, City Cement is fostering a scalable, collaborative, and data-driven environmental management model. This strengthens our ESG performance, regulatory compliance, and long-term resilience and value-creation.

ESG Data Management and Reporting

Alignment:

Target 16.6: Develop effective, accountable and transparent institutions at all levels.

Alignment: KSA Vision 2030

Ambitious Nation

Reflecting further progress in *Technology Adoption*, City Cement is currently designing new digital ESG platforms. These systems aim to automate sustainability reporting processes, enhancing data integrity, reducing manual intervention, and ensuring transparent ESG disclosures in line with international standards.

Digital Safety Transformation

Alignment:

Target 3.9: Reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination

Alignment:

Target 9.4: Upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes

Alignment: KSA Vision 2030: Vibrant Society

The Occupational Health and Safety Department has undergone a strategic shift from reactive safety practices to a proactive, data-driven culture through the systematic integration of digital tools across core safety processes.

In 2024, the Company introduced a mobile hazard reporting application for field-level data capture, enabling real-time hazard reporting and resolution. In 2025, 1703 Hazards were reported, with a 97% hazard closure rate in 2025. This approach resulted in an increase of Accidents-free days, reflecting continuous improvement in operational safety performance.

97% Hazard Closure Rate in 2025

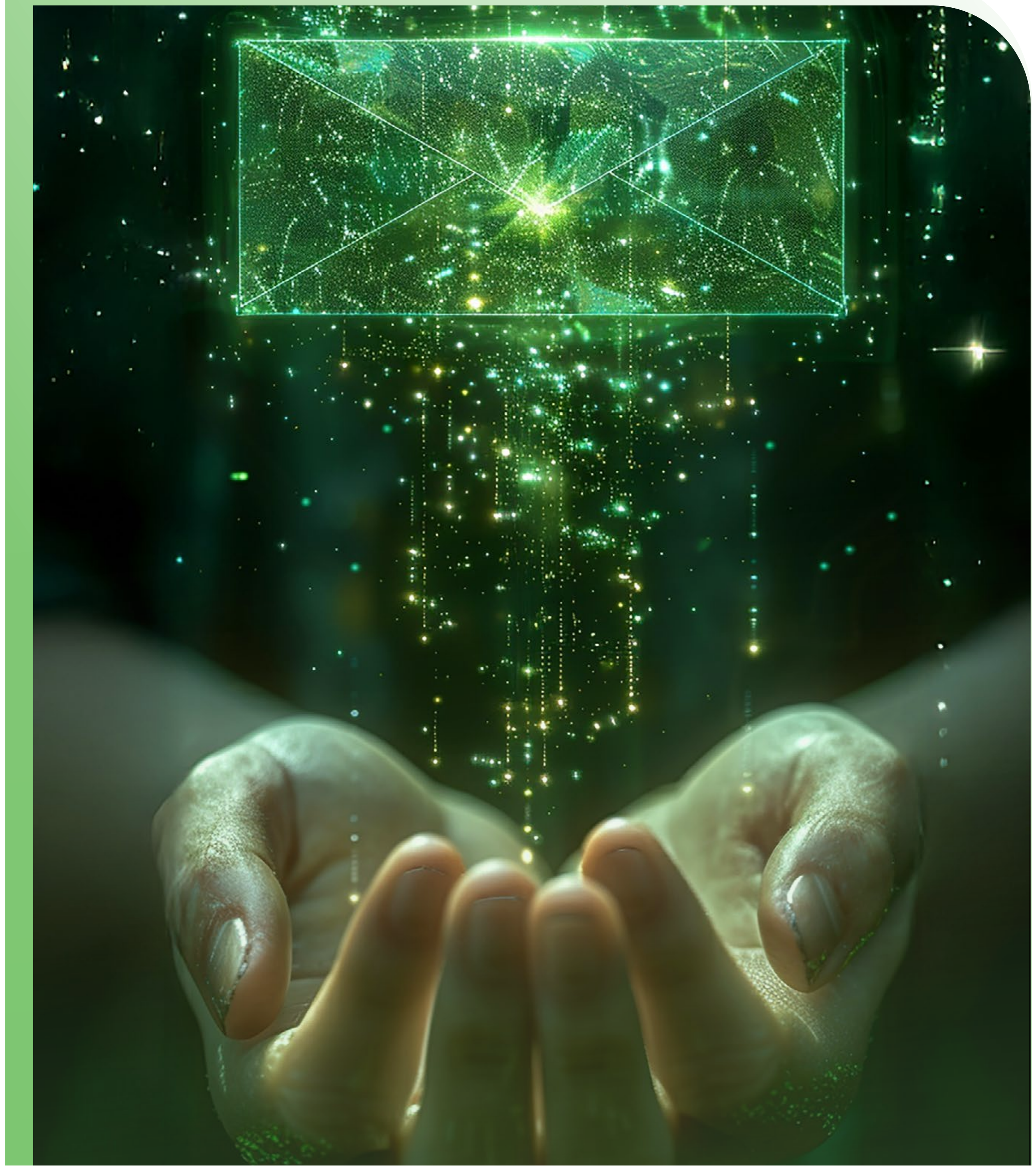
Looking Ahead

City Cement plans to further expand its digital capabilities through the implementation of a digital incident reporting and management system, enabling real-time reporting of incidents and near-misses, improved tracking, and faster corrective actions.

In addition, digital safety training solutions will be introduced through interactive e-learning modules and virtual training sessions to enhance accessibility, consistency, and employee engagement in safety training programs.

To further reinforce our Process Digitalization commitment, in 2025, a digital safety observation dashboard was implemented, providing real-time visibility of safety observations, hazard reporting, and closure status across departments and individuals, significantly improving performance tracking and transparency.

These initiatives enable proactive risk identification, faster response times, and continuous improvement in safety performance.



5

Our Financial Performance

- Financial Highlights and Results

Financial Highlights and Results

Alignment: UN SDGs:

Alignment: Saudi Vision 2030:

An Ambitious Nation

A Thriving Economy

City Cement maintains a disciplined and integrated approach to financial performance management. The Company's performance reflects the effective deployment of financial, manufactured, intellectual, and natural capitals to sustain operational resilience and shareholder value.

During 2025, the Company continued to strengthen its structured risk register, capturing financial, operational, and sustainability-related risks, including climate-related physical risks. These risks are systematically assessed for their potential financial implications, enabling informed capital allocation and targeted mitigation strategies. In this context, investments in alternative fuels, energy efficiency initiatives, and occupational health and safety programs were prioritized to enhance operational resilience and reduce long-term risk exposure.

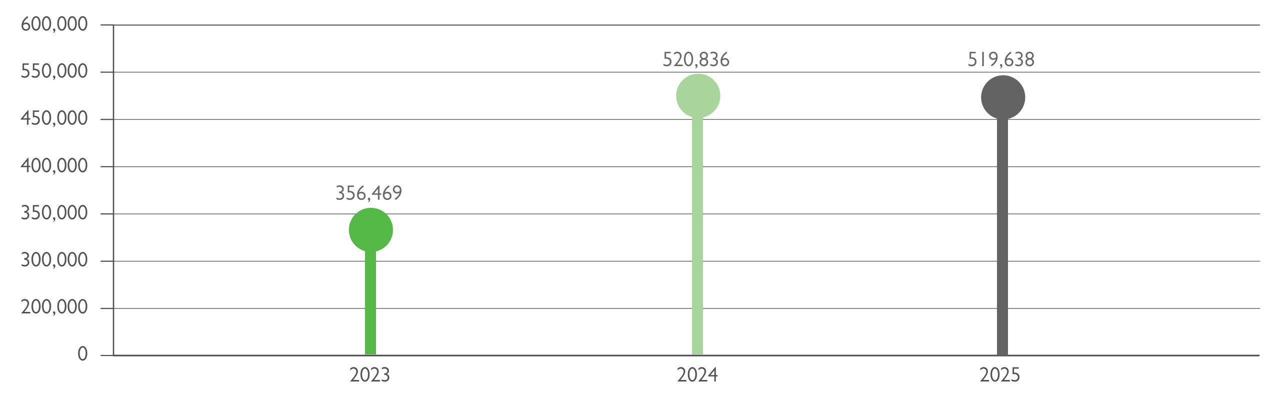
In parallel, City Cement received financial support in the form of a grant from the Ministry of Industry amounting to SAR 3,408,518, contributing to the advancement of operational priorities and strategic initiatives during the reporting period.

Financial Performance and Value Creation

City Cement continued to demonstrate financial resilience in 2025 despite evolving market conditions, particularly energy and input cost pressures affecting the construction materials sector.

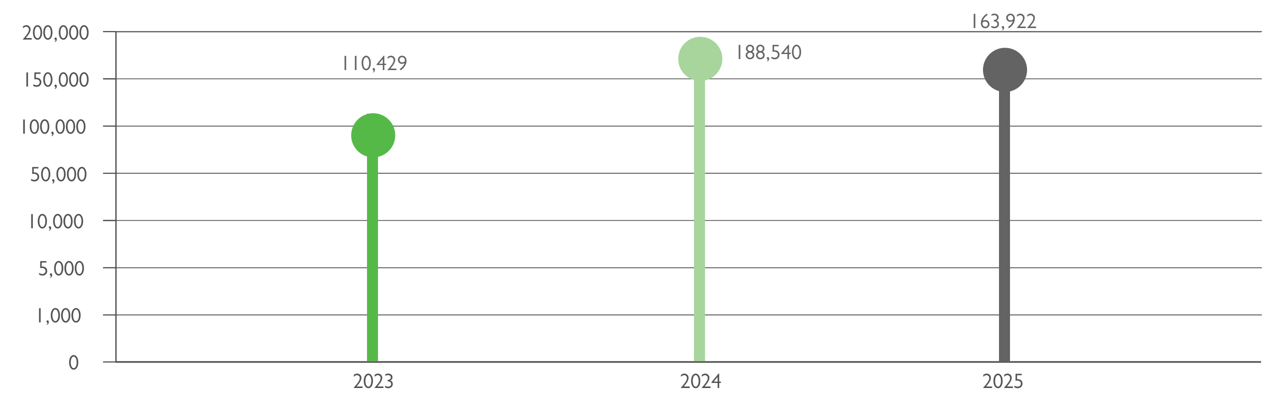
Net sales remained stable at SAR 519,638 thousand in 2025, compared to SAR 520,836 thousand in 2024. This reflects the Company's strong market position and its ability to maintain consistent revenue generation.

Figure 2 Net Sales (SAR in thousands)



Gross profit declined to SAR 163,922 thousand in 2025, from SAR 188,540 thousand in 2024, due to increased cost pressures, particularly in energy and production inputs.

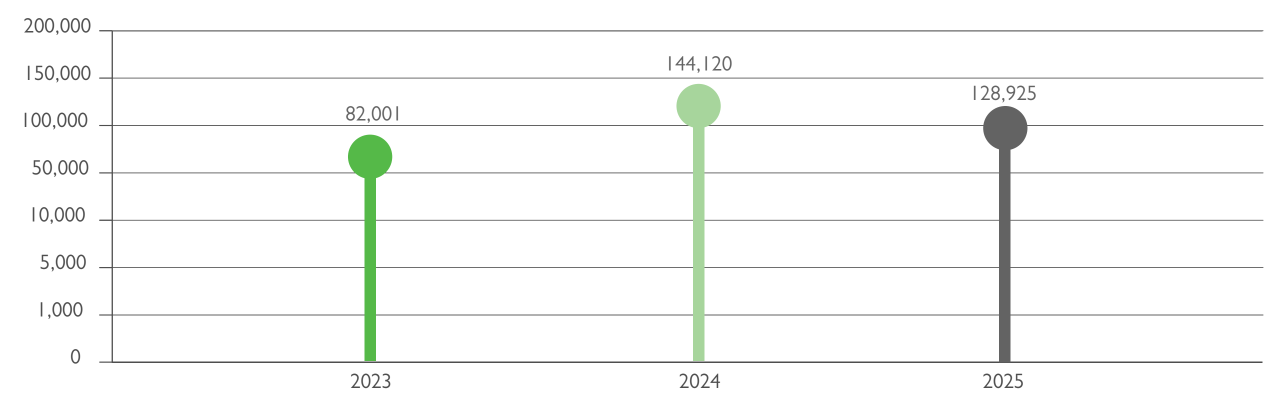
Figure 3 Gross Profit (SAR in thousands)



Accordingly, cost of sales increased to SAR 355.7 million in 2025 from SAR 332.3 million in 2024, highlighting the impact of input cost dynamics on margins, with cost of sales primarily driven by:

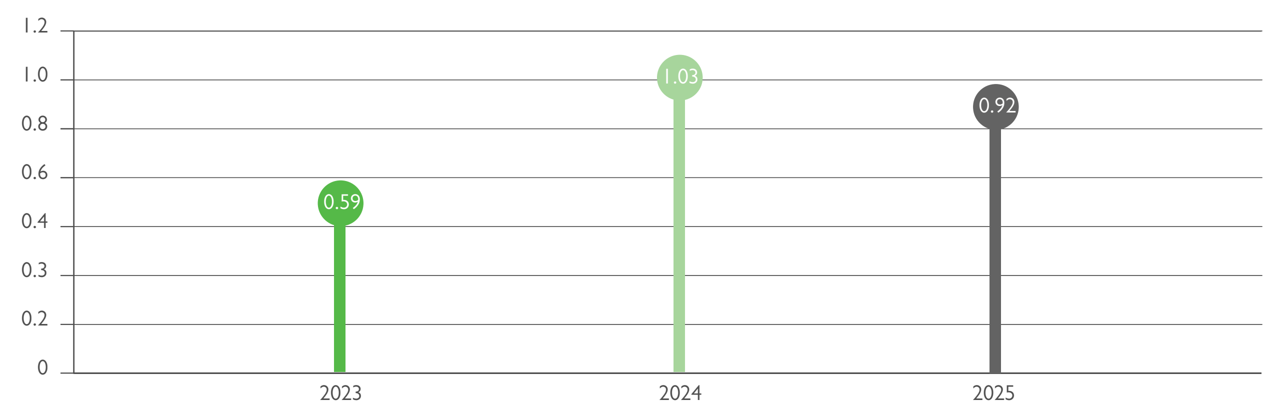
Despite external cost pressures, City Cement maintained solid profitability. Net profit stood at SAR 128,925 thousand in 2025, compared to SAR 144,120 thousand in 2024, while operating profit stood at SAR 113.2 million in 2025. This performance highlights the company's sustained profitability and its capacity to deliver consistent financial results in a cost-sensitive and energy-intensive operating environment.

Figure 4 Net Profit (SAR in thousands)



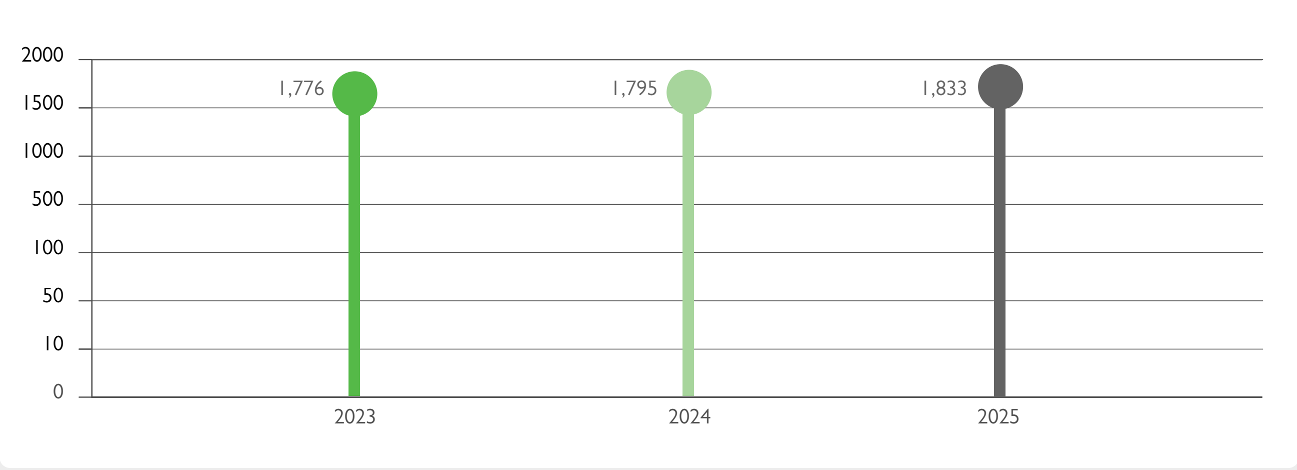
City Cement Company reported earnings per share (EPS) of 0.92 in 2025, compared to 1.03 in 2024. This performance reflects both the company's continued value generation for shareholders and the Company's capacity to deliver consistent returns, while navigating evolving market conditions during the year.

Figure 5 Earnings Per Share (SAR in millions)



City Cement continues to create economic value for shareholders, with shareholders' equity increased to SAR 1,833 million in 2025 from SAR 1,795 million in 2024. This growth underscores the company's strong financial foundation and its ongoing commitment to enhancing long-term shareholder value through prudent financial management.

Figure 6 Shareholders' Equity (SAR in millions)



For further information regarding City Cement Company's Financial performance, read more in the Annual Financial Report.

Tax Strategy and Compliance

City Cement adheres to a structured and transparent tax strategy aligned with the applicable regulations in the Kingdom of Saudi Arabia, including Value Added Tax (VAT) and withholding tax on foreign services. The Company is committed to the timely submission of accurate tax returns and payment of tax dues to avoid penalties, ensuring full compliance and minimizing financial and regulatory risks.

Governance of the tax function is overseen by the Chief Financial and Administrative Officer (CFAO), who oversees the preparation, review, validation, and approval of tax filings and returns in coordination with the tax team, the financial manager, and the administrative director. The Company's tax strategy is closely aligned with its broader business and sustainability objectives, with regular reviews conducted to ensure that tax practices support operational integrity and long-term financial and legal performance.

City Cement also implements a structured approach to identifying, managing, and monitoring tax risks, with a strong focus on accuracy, compliance, and risk mitigation. Transparency is further reinforced through detailed tax disclosures within the Company's audited financial statements. In addition, an annual tax position assessment is conducted by an external tax advisor to ensure alignment with applicable tax regulations.

Digitalization as a Financial Enabler

Financial performance is increasingly supported by the Company's digital transformation agenda. City Cement has enhanced financial control, reporting accuracy, and decision-making through the expanded utilization of its SAP ERP system.

Key initiatives including Customer Virtual Accounts and the integration with the ZATCA (Fatoora) platform have improved cash collection efficiency, strengthened compliance, and enabled real-time financial insights.

Looking Ahead

City Cement Company intends to expand its digital capabilities through the implementation of Robotic Process Automation (RPA) technology, which enables the automation of repetitive operational tasks within digital systems. This will enhance operational efficiency, reduce human error, and increase the speed of work finalization.

For detailed information on the impact of digitalization on the financial function, See Digital Transformation: Powering Our Future.

6 Operational Excellence and Product Innovation

- Our Production Process
- Innovation in Low-Carbon Products
- Maintenance Practices
- Customer Satisfaction & Product Quality
- Efficient Supply Chain Management & Responsible Procurement

Our Production Process

Mining Operations

Alignment: UN SDGs:

Target 9.4:
Upgrade infrastructure and retrofit industries to make them sustainable and resource-efficient

Alignment: Saudi Vision 2030:

A Thriving Economy Theme
Industrial Efficiency & Resource Optimization

Mining operations are the basis of City Cement's integrated production process through its subsidiary NIZAK for Mining Services. The Company adopts a structured and data-driven approach to quarry management, combining operational control, resource optimization, and long-term planning to enhance efficiency and sustainability.

City Cement's mining function encompasses the end-to-end management of raw material sourcing, including exploration, extraction, quality control, and supply to production units. This begins with identifying and evaluating new raw material sources through site visits, preliminary sampling, and chemical analysis, followed by drilling campaigns to assess resource availability and quality. The process is supported by strict regulatory compliance, including the periodic renewal of licenses and approvals for quarry operations.

Operationally, the mining function oversees the extraction and handling of raw materials through both mechanical methods and controlled blasting, ensuring optimal material quality and consistency. Extracted materials are then fed into crushers for processing, supplying limestone and additives to raw mills and cement mills. In parallel, clinker handling and storage are managed efficiently through stockpile systems, ensuring seamless integration with downstream production processes.

City Cement continuously monitors key performance indicators to optimize mining efficiency and productivity:

Table 1 Mining Performance Indicators

Performance Indicator	2021	2025	Growth (%)	Target 2026
Powder Factor (gm/ton)	110.7	109.8	-0.81%	112
Limestone Crusher Productivity (t/h)	1,974.87	1,983.71	+0.44%	1,950
Additive Crusher Productivity (t/h)	314.8	422	+12.77%	350

During the reporting period, City Cement achieved several notable advancements in its mining operations. The Company successfully maintained a stable blasting powder factor of 109.8 gm/ton for the second consecutive year, demonstrating consistent optimization of blasting efficiency. In addition, diesel consumption for limestone production was reduced from 0.55 to 0.38 liters per ton, contributing to cost savings and lower emissions.

Operational efficiency was further enhanced through significant improvements in crusher performance. Limestone crusher efficiency increased substantially, while corrective and additive crusher productivity also recorded strong gains, reflecting improved throughput and process optimization.

A key strategic achievement was the extension of limestone quarry lifespan from 24 years to 35.4 years, driven by deeper drilling (up to 8 meters) and the optimized use of high-MgO limestone without compromising product quality. This milestone underscores City Cement's commitment to sustainable resource management and long-term operational resilience.

Looking Ahead

The Company will continue to enhance its mining operations through advanced exploration techniques, process optimization, and resource efficiency measures, ensuring alignment with its broader sustainability and operational excellence objectives.

Manufacturing Operations

Alignment: UN SDGs:

Target 9.4:
Upgrade infrastructure and retrofit industries to make them sustainable and resource-efficient

Alignment: Saudi Vision 2030:

A Thriving Economy Theme
Advanced Manufacturing & Industrial Efficiency

City Cement's manufacturing operations represent the core of its integrated production model, transforming raw materials into high-quality cement products through a structured, multi-stage process. The Company's approach emphasizes operational efficiency, product consistency, and continuous optimization. This is all supported by advanced technologies and internationally recognized management systems.

The production process begins with the preparation and mixing of raw materials, including limestone, clay, sandstone, desert sand, and iron ore. These materials undergo size reduction and homogenization to ensure a consistent raw mix suitable for clinker production. The prepared raw mix is then processed in a rotary kiln, where it is subjected to high temperatures to produce clinker, the primary intermediate product in cement manufacturing.

Following clinker production, the material is ground with gypsum and specific additives in controlled proportions to produce a diverse portfolio of cement products, including Ordinary Portland Cement (OPC), Sulfate-Resistant Cement (SRC), and Green Cement.

Raw Material Preparation
(Limestone, Clay, Sandstone, Desert Sand, Iron Ore)
- Size reduction and mixing

Clinker Production
- Thermal processing in rotary kiln

Cement Grinding – OPC, SRC, Green Cement
- Clinker blended with gypsum and additives

City Cement's manufacturing performance is continuously monitored through key operational indicators:

Table 2 Manufacturing Performance Indicators

Operational Indicator	2021	2025	Growth (%)	Justification
Specific Thermal Consumption (kcal/kg)	789.77	812.08	+2.82%	Affected by diversification of fuel mix and seasonality
Clinker Factor (%)	91.51%	85.63%	-6.42%	Reduction driven by SCM integration and Green Cement
Alternative Fuel Substitution (%)	32.7%	11.71%	-64.80%	Shift to diversified fuel mix (bitumen, anthracite, carbon shot)
Specific Electrical Consumption (kWh/t)	129.29	105.47	-18.42%	Improved through mill optimization and WHR

In terms of production output, City Cement continues to demonstrate operational resilience and flexibility:

Table 3 Production Output 2025

Product Type	2025 Production (tons)
OPC	2,406,861
SRC	310,991
Green Cement	206,244

Overall production performance highlights the Company's ability to maintain output stability despite structural shifts in production:

Table 4 Production Performance Highlights 2025

Performance Indicator	2021	2025	Growth (%)	Target	Justification
Total Clinker Production (t)	2,499,075	2,136,512	-14.5%	2.30 –2.40M	Reduction due to fuel mix changes and product shift
Total Cement Production (t)	2,972,623	2,924,204	-1.63%	≥3.0M	Stable despite clinker reduction
OPC Production (t)	2,674,635	2,408,158	-9.96%	Stable	Shift toward blended cement
SRC Production (t)	297,988	310,804	+4.30%	Maintain	Market-driven growth
Green Cement Production (t)	0	206,244	New	—	Strategic product introduction
Specific Power Consumption (kWh/t)	129.29	105.47	-18.42%	≤105	Strong efficiency gains
Clinker-to-Cement Ratio (%)	91.51%	85.63%	-6.42%	≤85%	Reduced clinker dependency

A key achievement during the reporting period is the decoupling of cement production from clinker dependency. While clinker production declined by 14.5%, total cement production remained largely stable, decreasing by only 1.63%.

Our introduction and rapid scale-up of Green Cement, from zero production in 2021 to over 205,000 tons in 2025, marks a significant milestone in City Cement's sustainability journey. This transition reduces kiln pressure, enhances grinding efficiency, and supports our development of a lower-carbon product portfolio.

Operational efficiency was further strengthened through a significant reduction in electrical consumption (18.42%), driven by mill optimization and the utilization of waste heat recovery systems. At the same time, the Company adopted a more diversified fuel strategy, increasing the use of alternative fuels such as RDF while introducing new fuel types including anthracite and carbon-based materials.

Looking Ahead

The Company will continue to enhance its production processes through advanced technologies, optimized fuel strategies, and further expansion of low-carbon product offerings, ensuring alignment with its long-term sustainability and operational excellence objectives.

Innovation in Low-Carbon Products

Alignment: UN SDGs:

Target 9.4:
Upgrade industries to make them sustainable and resource-efficient

Alignment: Saudi Vision 2030:

A Thriving Economy Theme
Industrial Innovation & Sustainability Leadership

City Cement continues to advance its position as a forward-looking industrial leader through targeted innovation in low-carbon product development and process optimization. During the 2025 reporting period, the Company successfully navigated logistical and supply chain challenges to deliver measurable improvements in efficiency, fuel flexibility, and product sustainability. These achievements are anchored in a strategic shift toward circularity, energy optimization, and low-carbon product innovation.

A key component of this progress is the Company's leadership in alternative fuel diversification, reinforcing its commitment to circular economy practices. City Cement successfully utilized 11 distinct types of alternative fuels and raw materials, optimizing its fuel mix to maintain operational stability while reducing reliance on conventional fossil fuels.

In parallel, City Cement achieved a breakthrough in energy efficiency, significantly reducing its electrical energy consumption. Through the optimization of vertical roller mills and the enhanced utilization of waste heat recovery systems, the Company reduced its specific electrical consumption to 105.47 kWh per ton, representing an 18.4% improvement compared to the baseline of 129.29 kWh per ton in 2021.

A defining milestone in 2025 was the continued advancement of Green Cement (GFC) as a core component of City Cement's low-carbon product portfolio. Despite geographical constraints limiting access to supplementary cementitious materials (SCMs), the Company leveraged advanced clinker chemistry and optimized burning conditions to successfully produce 206,244 tons of Green Cement. This product features a significantly reduced clinker ratio of 55.18%, delivering a lower carbon footprint while maintaining high performance standards suitable for demanding climatic conditions.

Complementing these efforts, City Cement further strengthened its clinker factor optimization strategy, reducing the overall clinker-to-cement ratio to 85.63%. This was achieved through the increased utilization of alternative materials, including limestone, rising from 7,010 tons in 2021 to 228,819 tons in 2025, as well as the reintegration of bypass dust into the production cycle. These measures contribute directly to emissions reduction, improving material efficiency, and production flexibility.

Looking Ahead
City Cement will continue to build on these advancements by expanding alternative fuel utilization, further optimizing clinker substitution rates, and accelerating the development of innovative, low-carbon cement solutions that meet evolving market and regulatory expectations.

Maintenance Practices

Alignment: UN SDGs:

Target 9.4:
Upgrade infrastructure and industries to enhance efficiency and sustainability

Alignment: Saudi Vision 2030:

A Thriving Economy Theme
Operational Excellence & Industrial Productivity

City Cement continues to strengthen its operational reliability and efficiency through a structured and forward-looking maintenance strategy. Maintenance practices play a critical role in ensuring asset availability, minimizing downtime, and supporting consistent production performance across the Company's integrated operations. In 2025, the Company accelerated its transition toward a more proactive, data-driven maintenance model aligned with digital transformation objectives (see Digital Transformation: Powering Our Future).

Company performance across key maintenance indicators reflects significant improvements in equipment reliability and operational uptime:

Table 5 Key Maintenance Indicators

Maintenance Indicators	2021	2025	Growth (%)	Target Year (2026)
OEE – Kiln Line 1	78%	110%	+33%	16%
OEE – Kiln Line 2	54%	100%	+46%	5%
MTBF – Kiln Line 1 (hours)	82	197	+141%	–21%
MTBF – Kiln Line 2 (hours)	161	544	+238%	117%

During the reporting period, City Cement achieved several key milestones in maintenance transformation:

1 **Maintenance Master Data Enhancement:**
A comprehensive, ongoing initiative to enrich and standardize asset data, improving maintenance planning accuracy and system reliability.

2 **ERP System (SAP) Optimization:**
Enhancements to SAP systems to support automation and prepare for full digital integration, enabling more efficient maintenance tracking and decision-making.

3 **Organizational Restructuring:**
The maintenance department was restructured to introduce specialized functions, improve planning capabilities, and align with long-term digitalization objectives. This included strengthening Saudization efforts and developing internal organizational capacity.

4 **Workforce Development:**
Implementation of a skills matrix and targeted training programs to upskill technical teams, particularly at the blue-collar level, ensuring readiness for advanced maintenance practices.

5 **Total Productive Maintenance (TPM):**
Continued implementation of TPM principles, supported by strategic hiring to enhance team capabilities and operational performance.

6 **Preventive and Centralized Maintenance:**
Establishment of a centralized maintenance function and expansion of preventive maintenance programs to reduce reactive interventions and improve asset lifecycle management.

7 **Performance-Based Contracting:**
Revision of maintenance service contracts to include monthly measurable KPIs, enabling better evaluation and accountability of contractor performance.

8 **Shift Optimization:**
Restructuring maintenance shifts to improve workforce utilization, reduce overtime, and enhance productivity.

9 **Root Cause Analysis (RCA) and Gap Assessment:**
Adoption of structured methodologies to identify and address deviations from operational targets, supporting continuous improvement.

10 **Transition to Refurbishment Strategy:**
A strategic shift from routine spare parts replacement to refurbishment cycles, optimizing cost efficiency and extending asset life.

11 **Localization of Spare Parts:**
Advancement of reverse engineering capabilities, in-house material analysis, and engineering documentation to localize spare parts and reduce supply chain dependency.

12 **Condition-Based Monitoring:**
Initiation of advanced monitoring programs to assess real-time equipment health, enabling predictive maintenance and early fault detection.

Looking Ahead

The Company will continue to build on its maintenance transformation by expanding predictive maintenance capabilities, integrating advanced analytics, and further aligning maintenance strategies with its broader digital and sustainability objectives.

Customer Satisfaction & Product Quality

Quality Control

Alignment: UN SDGs:

Target 9.1: Develop quality, reliable, sustainable infrastructure and industrial processes

Alignment: Saudi Vision 2030:

A Thriving Economy Theme Quality of Life & Industrial Competitiveness

City Cement places product quality and customer satisfaction at the core of its operational excellence, ensuring that all products consistently meet stringent performance standards and customer expectations. The Company maintains a comprehensive quality control framework that spans the entire production cycle, from raw material intake to final product delivery, supported by advanced laboratory systems and internationally recognized standards.

All raw materials, intermediate products, and finished cement are rigorously tested to ensure compliance with internal specifications, customer requirements, and applicable standards, including SASO (SASO 1914, SASO C595), ASTM, and ISO 9001 quality management requirements.

City Cement's quality control function is built around several core operational responsibilities:

Raw Material Quality Control:
Continuous testing of limestone, clay, gypsum, additives, and fuels to ensure chemical stability and consistency in kiln feed composition.

Process Monitoring and Control:
Real-time monitoring of key kiln chemistry parameters—including LSF (Lime Saturation Factor), SM (Silica Modulus), AM (Alumina Modulus), and Free Lime, as well as grinding parameters such as Blaine fineness, residue, and SO_3, ensuring stable and optimized production conditions.

Product Quality Assurance:
Comprehensive testing of clinker and cement properties, including compressive strength (1, 3, 7, and 28 days), setting time, and soundness, to guarantee product performance and durability.

Standards and Compliance:
Full adherence to national and international standards, ensuring consistent product quality and regulatory compliance.

Non-Conformance Management (CAPA):
Implementation of structured Root Cause Analysis (RCA) methodologies to identify deviations and deploy corrective and preventive actions.

Customer Support and Benchmarking:
Active management of customer feedback, complaint handling, and product benchmarking against market competitors to continuously improve product offerings.

Laboratory Accuracy and Calibration:
Regular calibration and validation of laboratory equipment, including XRF, XRD, and compressive strength testing machines, to ensure precision and reliability in testing results.

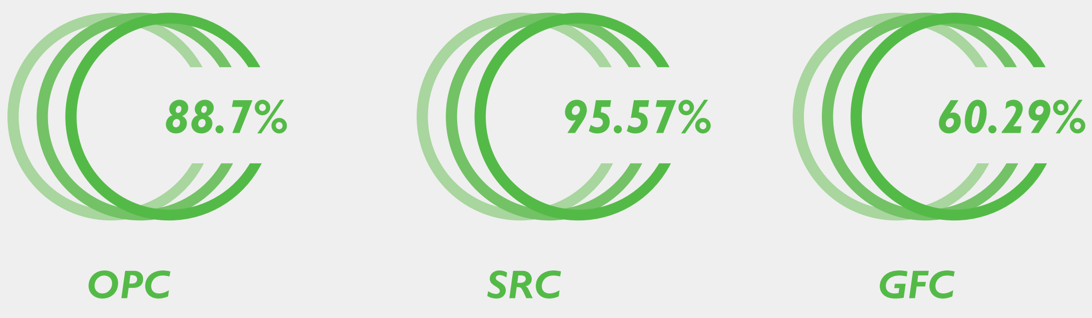
The effectiveness of this framework is reflected in City Cement's quality performance indicators:

Table 6 Quality Performance

Quality Indicators	2021	2025	Growth (%)	Target 2026	Justification
3-Day Compressive Strength Consistency (% within ±2 MPa)	19.15	20.1	+4.96%	18.0	Improved raw mix homogeneity & kiln stability
Clinker-to-Cement Ratio (%) – OPC	88.7	86.53	-1.58%	85.0	Optimized mix design
Clinker-to-Cement Ratio (%) – SRC	95.57	93.14	-2.54%	92.0	Enhanced kiln stability
Clinker-to-Cement Ratio (%) – GFC	60.29	55.00	-8.77%	53.0	Low-carbon product optimization
Customer Complaints	3	1	-66%	0	Strengthened dispatch quality control

Note:

Baseline clinker-to-cement ratios may also be referenced as OPC 88%, SRC 93.5%, and GFC 55% for validation.



During 2025, City Cement achieved several key milestones in quality performance:

- Improved Kiln Run Stability, enhancing process consistency and product uniformity
- Optimized Clinker-to-Cement Ratios, supporting both quality and sustainability objectives
- Reduction in Customer Complaints, reflecting improved product reliability and quality assurance at dispatch
- Enhanced Compressive Strength Performance, ensuring products meet or exceed performance expectations
- Integration of Alternative Materials and Fuels, without compromising product quality

Looking Ahead

The Company will continue to enhance its quality management systems through digital integration, advanced analytics, and continuous process optimization. These efforts will further strengthen product consistency, reduce variability, and ensure that City Cement remains a reliable partner in delivering high-quality, sustainable building solutions.

Quality Assurance

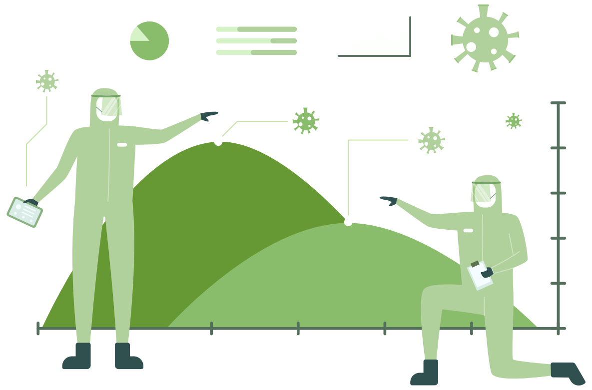
Alignment: UN SDGs:

Target 9.1:
Develop quality, reliable, sustainable industrial processes

Alignment: Saudi Vision 2030:

A Thriving Economy Theme
Governance, Quality Infrastructure & Industrial Competitiveness

City Cement's Quality Assurance function plays a critical role in ensuring the integrity, consistency, and compliance of its products and processes. Operating as an independent control layer across the value chain, the QA department reinforces the Company's commitment to delivering high-quality products while maintaining full alignment with regulatory requirements and international standards.



At the core of the QA framework is a robust, ISO-9001 certified Quality Management System (QMS), which governs all operational processes through standardized procedures and continuous monitoring. This system is complemented by integrated management practices covering environmental, health and safety, and energy management, ensuring a holistic approach to operational excellence.

The effectiveness of the QA framework is reflected in the Company's performance against key quality assurance indicators:

Table 7 Quality Assurance Performance

QA Indicators	2021	2025	Growth (%)	Target 2026	Justification
ISO 9001 Audit Non-Conformities	8 Minor	3 Minor	-63%	≤ 3 Minor	Improved internal audit effectiveness
Document Control Accuracy	92%	96%	+4.3%	100%	Reduced manual entry errors
CAR Closure Rate	80%	100%	+25%	100%	Enhanced tracking systems
Customer Complaint Resolution	10 days	7 days	-30%	7 days	Dedicated QA response team

During the 2025 reporting period, the QA department achieved several key milestones that further reinforce system maturity and compliance:

Successful IMS Re-Certification Audit:

City Cement successfully passed the external recertification audit for its Integrated Management System (IMS), covering ISO 9001, ISO 14001, ISO 45001, and ISO 50001.

Outcome: Continued certification with minimal non-conformities, reflecting strong system integration and adherence.

SASO Re-Certification Audit:

The Company also achieved successful recertification under SASO standards, covering both the Quality Management System and product certifications.

Outcome: Confirmation of compliance, ensuring continued eligibility for the Saudi market.

Looking Ahead

City Cement will continue to enhance its quality assurance capabilities through digitalization, advanced data analytics, and continuous improvement methodologies. These efforts will further strengthen process reliability, ensure regulatory alignment, and support the delivery of high-quality, sustainable products that meet evolving market demands.

Customer Satisfaction

Alignment: UN SDGs:

Target 16.6:
Develop effective, accountable and transparent institutions

Alignment: Saudi Vision 2030:

An Ambitious Nation
Transparency, Accountability & Customer Trust

City Cement places strong emphasis on maintaining transparent, responsive, and reliable relationships with its customers, recognizing customer satisfaction as a key driver of long-term value and market competitiveness. The Company's approach is governed by structured policies and procedures aligned with ISO 9001.

The Company adheres to a formalized Customer Complaints Management System, designed to ensure the efficient and effective handling of all customer feedback, whether related to product quality, technical performance, or service delivery. This system establishes clear guidelines for receiving, assessing, and resolving complaints, supported by Root Cause Analysis and corrective and preventive actions where necessary.

In line with its commitment to transparency, City Cement ensures that all information disclosed to customers is complete, clear, accurate, and non-misleading. This approach is embedded within its quality management framework and customer communication practices.

During the reporting period, the Company maintained a strong performance in customer satisfaction indicators:

Zero
complaints received from external parties and substantiated by the organization

Zero
complaints from regulatory bodies

Zero
identified incidents of data leakage, theft, or loss of customer information

While City Cement currently does not have a standalone Customer Data Protection Policy, the absence of any reported data breaches or incidents indicates that existing internal controls and operational practices provide a strong level of data security and confidentiality. The Company recognizes the importance of formalizing data protection frameworks as part of its ongoing governance and digital transformation efforts. Customer satisfaction at City Cement is closely linked to product quality, operational consistency, and responsiveness to client needs.

Looking Ahead

City Cement will continue to enhance its customer satisfaction framework by strengthening feedback mechanisms, formalizing data protection policies, and leveraging digital tools to improve customer engagement and service responsiveness. These efforts aim to further reinforce trust, transparency, and long-term relationships with customers across the value chain.

Efficient Supply Chain Management & Responsible Procurement

Alignment: UN SDGs:

Target: 8.3:
Support productive activities and local businesses

Alignment: UN SDGs:

Target 9.4:
Upgrade industries for sustainability and efficiency

Saudi Arabia Vision 2030: Thriving Economy

Thriving Economy
Upgrade industries for sustainability and efficiency

City Cement adopts a structured and responsible approach to procurement, guided by a formal Procurement Manual that defines standardized policies, procedures, and internal controls across all procurement activities. This framework ensures that purchasing decisions are conducted with consistency, transparency, and accountability, while simultaneously supporting operational efficiency.

The Company's procurement practices contribute to the effective management of financial capital (i.e., cost efficiency), operational continuity, and supplier relationships, while reinforcing governance integrity and supply chain resilience.

Key focus areas of the policy include:

During 2025, City Cement implemented several measures to strengthen the resilience of its supply chain. The Company's procurement strategy focused on diversifying its suppliers and sourcing locations for critical raw materials, aiming to mitigate risks associated with global logistics disruptions and geopolitical uncertainties.

As part of this approach, City Cement increased its engagement with qualified local suppliers to enhance supply responsiveness and reduce reliance on international sourcing. This supports both operational efficiency and supply chain stability.

In parallel, the Company enhanced its supplier evaluation processes to ensure alignment with technical, commercial, and sustainability requirements. Supplier performance is regularly monitored, and underperforming suppliers are subject to review and replacement where necessary. These measures contribute to maintaining operational reliability, ensuring product quality, and strengthening overall supply chain performance.

Procurement Performance and Economic Contribution

City Cement maintains a diversified and integrated supply chain supporting its two production lines, covering raw materials, fuel, spare parts, services, and logistics.

The Company engages with a broad spectrum of suppliers, including local suppliers, original equipment manufacturers, contractors, service providers, logistics providers, and raw material suppliers. This diversified supplier base enhances operational resilience and supports business continuity.

During the reporting period, approximately 77% of the Company's procurement budget was directed at local suppliers. This demonstrates City Cement's emphasis on building strong relationships within the local market and enhancing in-country value creation.

In terms of overall procurement spend, local suppliers accounted for approximately 78% of total expenditure, exceeding SAR 259 million. This highlights the Company's substantial reliance on local sourcing and its ongoing support for local businesses and industries.

Key Procurement Achievements

Supply Chain Continuity
Ensured uninterrupted supply of critical raw materials despite global logistics disruptions and market volatility.

Consignment Stock Integration
Implemented consignment stock model with SAP visibility for reservation and availability, reaching approximately 1.64 MSAR without impacting warehouse value.

Waste Lubricants Optimization
Executed a coordinated reallocation plan to address supply shortages, improving stock availability and stabilizing inventory levels amid increased sales volumes.

Contract Tracking Enhancement
Established a manual contract tracking mechanism to ensure timely tender initiation and reduce the risk of supply disruptions.

Business Ethics and Fair Competition

City Cement is committed to conducting its business activities in a fair, transparent, and responsible manner, in line with applicable laws and regulations governing competition, market practices, and supplier relationships. This commitment is embedded across the Company's operations, including its procurement and supply chain activities.

During the reporting period, the Company was not involved in any legal actions related to anti-competitive behavior or violations of anti-trust and monopoly legislation. No legal cases were identified, pending, or completed in this regard, and accordingly, there were no associated outcomes, decisions, or judgments. This reflects City Cement's adherence to ethical business practices and its commitment to maintaining a competitive and compliant operating environment.

City Cement also incorporates clear legal and compliance requirements within its supplier contracts, as outlined in its Supply Chain Procurement and Materials framework. These contracts include enforceable clauses that grant the Company the right to terminate supplier relationships in cases of regulatory violations, including non-compliance with applicable licensing requirements such as engagement with unlicensed quarries.

These measures serve as preventive controls to ensure that all suppliers operate in accordance with legal and regulatory standards, reinforcing ethical conduct across the supply chain. During the reporting period, the Company identified no confirmed incidents that required the activation of these contractual termination clauses. The provisions, therefore, remain precautionary in nature, supporting the Company's commitment to maintaining a compliant and responsible supply chain.

Environmental and Social Assessment of Suppliers

As of the reporting period, City Cement has not yet implemented formal environmental and social screening of its suppliers. No suppliers have been formally assessed for environmental impacts or social risks, including labor practices.

The Company recognizes this as a key area for development and is actively working to integrate environmental and social criteria into its procurement processes. Future enhancements will focus on supplier screening, sustainability criteria integration, and alignment with responsible sourcing practices.

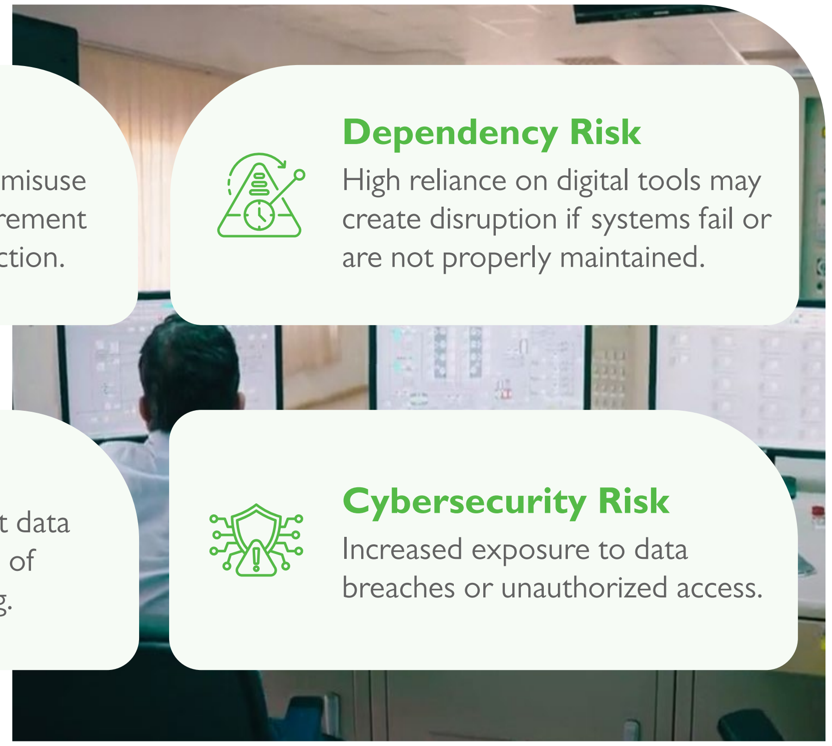
Supplier Screening Process

City Cement follows a structured approach to supplier screening to ensure that vendors meet the Company's operational, commercial, and compliance requirements. The process covers key stages including supplier selection, performance validation, and ongoing management, supported by internal controls and defined procedures.

The Company is currently enhancing several elements of this process, including vendor evaluation practices and vendor master data management, to further strengthen supplier oversight and consistency. Measures are also in place to address underperformance or non-compliance where necessary.

Overall, this approach supports the development of a reliable and efficient supplier base, aligned with City Cement's operational and governance objectives.

Key Procurement Risks



Operational Risk

Incorrect data or system misuse may lead to wrong procurement decisions affecting production.

Dependency Risk

High reliance on digital tools may create disruption if systems fail or are not properly maintained.

Data Risk

Inaccurate or inconsistent data reduces the effectiveness of digital tools and reporting.

Cybersecurity Risk

Increased exposure to data breaches or unauthorized access.

Strategic Partnerships

Table 8 Strategic Partnerships

Strategic Partner	Partnership Period	Partnership Objectives and Key Outcomes
Aramco	2007–2026	Strategic partner for the supply of Heavy Fuel Oil (HFO).
Hadeed	2007–2026	Strategic partner for the supply of steel slag.
Zahid Tractor	2008–2026	Strategic partner for the supply of heavy quarry equipment, spare parts, and maintenance services for heavy machinery.
Aljomaih and Shell Lubricating Oil Company Limited	2008–2026	Strategic partner for the supply of lubricants.
Christian Pfeiffer	2025–2026	Partner in enhancing cement mill performance through the supply of mill liners and diaphragms.

Digitalization in Procurement

City Cement is advancing the digital transformation of its procurement function to enhance operational efficiency, transparency, and integration across its processes. Ongoing and planned initiatives focus on strengthening data management, automating procurement cycles, and upgrading core systems to support more streamlined and effective operations.

Digital tools are embedded across procurement activities, enabling end-to-end process optimization, improved workflow management, and reduced reliance on manual and paper-based processes. These efforts contribute to more agile decision-making, enhanced supplier engagement, and overall operational excellence.

For more information, read more in the Digital Transformation: Powering Our Future section.

Procurement Initiatives and Efficiency Impact

City Cement continues to implement targeted initiatives to enhance procurement efficiency and cost optimization:

Consignment Contracts:

Streamline procurement cycles and reduce lead times and fixed costs

Supplier Relationship Management:

Improve supplier performance, strengthen negotiation capacity, and optimize cost structures

Spending Map Optimization:

Apply the 80/20 principle to prioritize high-impact spending areas and drive cost efficiency

These initiatives enhance financial performance, operational agility, and supply chain effectiveness, contributing to sustainable value creation.

7 Environmental Stewardship: Our Planet, Our Priority

- GHG and Pollutant Management
- Energy & Resource Consumption
- Water Management
- Waste Management and Circular Economy
- Environmental Product Declarations (EPDs)

GHG and Pollutant Management

Alignment: UN SDGs:

Target 13.2:
Integrate climate change measures into policies and planning

Alignment: Saudi Vision 2030:

A Thriving Economy Theme
Environmental Sustainability & Resource Efficiency

City Cement continues to strengthen its approach to greenhouse gas (GHG) and pollutant management by embedding emissions control and environmental performance into its core operational strategy. As a carbon-intensive industry, cement production requires a structured and data-driven approach to emissions reduction, supported by continuous monitoring, process optimization, and the adoption of alternative energy sources. In alignment with its long-term sustainability objectives and Saudi Vision 2030, the Company established 2021 as its base year for emissions reduction planning and performance tracking.

During the reporting period, City Cement maintained a comprehensive emissions monitoring framework covering direct emissions (Scope 1), with a focus on improving emissions intensity and operational efficiency. Total Scope 1 CO_2 emissions reached 1,863,072.77 tons, with an emissions intensity of 637 kg CO_2 per ton of clinker.

The Company also tracks key environmental performance indicators to monitor pollutant emissions and carbon intensity across its operations:

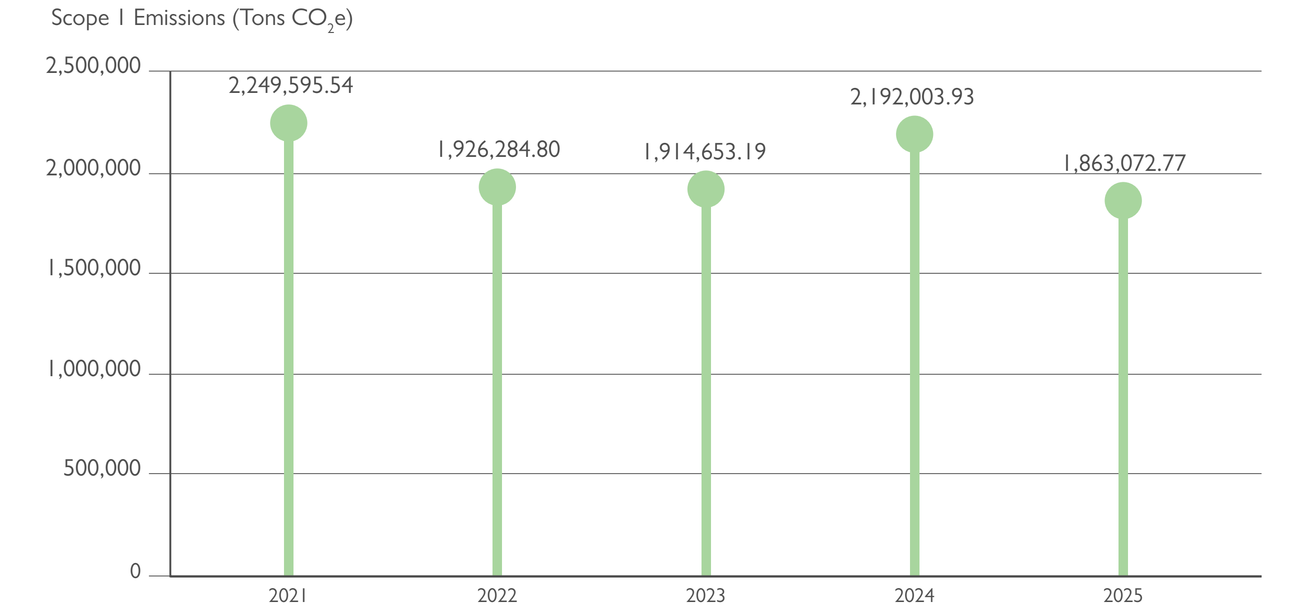
Table 9 Pollutant Emissions & Carbon Intensity

Emission Loads (kg)				
Air Pollutant	2022	2023	2024	2025
CO	410,126.00	225,787.00	5,864.69	121,147.52
Dust	154,491.00	284,934.00	1,216,922.26	184,594.63
NOx	363,038.00	13,232.00	140,508.09	666,591.74
SOx	312,876.00	2,602.00	212,350.49	35,252.00

Efforts to reduce emissions are closely linked to City Cement's transition toward a more circular and resource-efficient operating model. A key pillar of this transition is the increased use of alternative fuels. By integrating Spent Potlining (SPL) and used tires (TDF) into its production processes, the Company reduces its reliance on conventional fossil fuels while simultaneously addressing industrial waste challenges.

Scope 1 Emissions					
	2021	2022	2023	2024	2025
Scope 1 Emissions (kgCO_{2e})	2,249,595.54	1,926,284.80	1,914,653.19	2,192,003.93	1,863,072.77
Combustion + Calcination- CO_2 Generated in kg per ton clinker- (Scope 1 specific)	900.17	894.89	868.18	897.03	872.02
Combustion + Calcination- CO_2 Generated in kg per ton cement- (Scope 1 specific)	754.54	720.84	889.25	774.19	637.12

Figure 7 Scope I Emissions



These efforts delivers dual environmental benefits by reducing carbon emissions and enabling the safe and effective reuse of waste, contributing to an annual reduction of 15% compared to 2024.

The Company also continues to implement advanced process controls and emissions monitoring systems to manage air pollutants, including dust and other process-related emissions. These systems enable real-time tracking and rapid response, ensuring compliance with regulatory requirements and alignment with international best practices.

Looking Ahead

City Cement will continue to build on its emissions reduction roadmap by enhancing alternative fuel utilization, improving energy efficiency, and exploring low-carbon production technologies.

Energy & Resource Consumption

Alignment: UN SDGs:

Target 7.3:
Double the global rate of improvement in energy efficiency

Alignment: Saudi Vision 2030:

A Thriving Economy Theme:
Energy Efficiency & Sustainable Industrial Development

Energy efficiency remains a central pillar of City Cement's environmental stewardship strategy, reflecting the Company's commitment to reducing its operational footprint while enhancing productivity and cost efficiency. Through a combination of process optimization, alternative energy integration, and targeted efficiency initiatives, City Cement continues to decouple energy consumption from production growth.

In 2025, the Company achieved a 17.6% reduction in energy consumption intensity compared to its baseline, with energy intensity improving to 105.47 kWh per ton. This improvement reflects sustained efforts to optimize production processes, enhance equipment efficiency, and integrate alternative energy sources across operations.

City Cement's energy mix reflects a diverse and increasingly sustainable portfolio of inputs, combining conventional fuels with a growing share of alternative fuels and recovered energy:

Table 10 Energy Mix in 2025

Energy Source	Quantity
Electricity Consumed (Generators + WHR)	283,529,011 kWh
DG Power Generation	247,283,326 kWh
WHR Power Generation	51,953,370 kWh
Heavy Fuel Oil (HFO) Total	226,049 kL
Used Oil	13,034 metric tons
Tire-Derived Fuel (TDF)	2,537 metric tons
Refuse-Derived Fuel (RDF) (Municipal Solid Waste)	14,722 metric tons
Spent Pot Liner used for Aluminum Production (SPL)	1,205 metric tons
Polyst	0 metric tons
Carbon black	622 metric tons
Carbon Shot SPL	2029 metric tons
Anthracite Powder	2911 metric tons
High-Speed Diesel (HSD)	4,813 kL

This diversified energy portfolio supports the Company's transition toward a more resource-efficient operating model that supports circular economy by reducing reliance on traditional fossil fuels while enhancing energy security and cost resilience.

A key contributor to the Company's improved energy performance is the Company's Waste Heat Recovery (WHR) facility, with a capacity of 14 MW. This system captures excess heat generated during production and converts it into usable electricity, supplying approximately 15% of the Company's electrical energy needs, which is equivalent to powering more than 4,000 homes. This initiative significantly enhances overall energy efficiency while reducing indirect emissions associated with purchased electricity.

City Cement also continues to expand its adoption of renewable energy solutions. During the reporting period, the Company initiated the transition of road lighting infrastructure to solar-powered systems, installing 80 solar lighting poles. This initiative has resulted in an annual reduction of approximately 9 metric tons of CO_3 emissions and a 14% decrease in energy consumption for road lighting.

Energy efficiency efforts also extend to facility-level improvements. The Company has undertaken a systematic upgrade of its equipment and utilities, including the replacement of conventional appliances with energy-efficient technologies, such as inverter-based air conditioning systems and high-efficiency refrigeration units. In addition, approximately 85% of indoor lighting systems have been converted to LED technology, significantly reducing electricity consumption while improving lighting quality and operational reliability.

Looking Ahead

The Company will continue to enhance its energy performance through further integration of alternative fuels, expansion of energy recovery systems, and the adoption of advanced technologies to support long-term sustainability and operational excellence.

Biodiversity

Alignment: UN SDGs:

Target 15.1
Ensure the conservation, restoration, and sustainable use of terrestrial ecosystems

Alignment: Saudi Vision 2030:

A Thriving Economy Theme
Environmental Protection & Natural Resource Conservation

City Cement recognizes the importance of preserving natural ecosystems and minimizing the Company's impact on biodiversity as part of its broader environmental stewardship commitment. While cement manufacturing operations can pose risks to surrounding ecosystems if not properly managed, the Company adopts a precautionary approach to site selection, land use, and operational planning in order to mitigate potential impacts. As of the reporting period, none of City Cement's operational sites are located within or adjacent to protected areas or regions of high biodiversity value. This strategic positioning significantly reduces the risk of direct ecological disturbance and reflects the Company's commitment to responsible land use and environmental protection.

In addition, City Cement integrates environmental considerations into its operational practices by ensuring that the Company complies with national environmental regulations and conducting periodic assessments to monitor potential impacts on surrounding habitats. These efforts are supported by internal controls and environmental management systems designed to safeguard land quality and prevent unintended ecological degradation.

Beyond compliance, the Company remains committed to maintaining a balanced relationship with the natural environment by minimizing land disturbance, managing emissions and waste responsibly, and supporting broader sustainability initiatives that contribute to ecosystem preservation.

Looking Ahead

City Cement will continue to strengthen its environmental management practices by monitoring biodiversity-related risks, ensuring responsible expansion planning, and aligning its operations with national and international environmental protection standards.

Raw Materials

Alignment: UN SDGs:

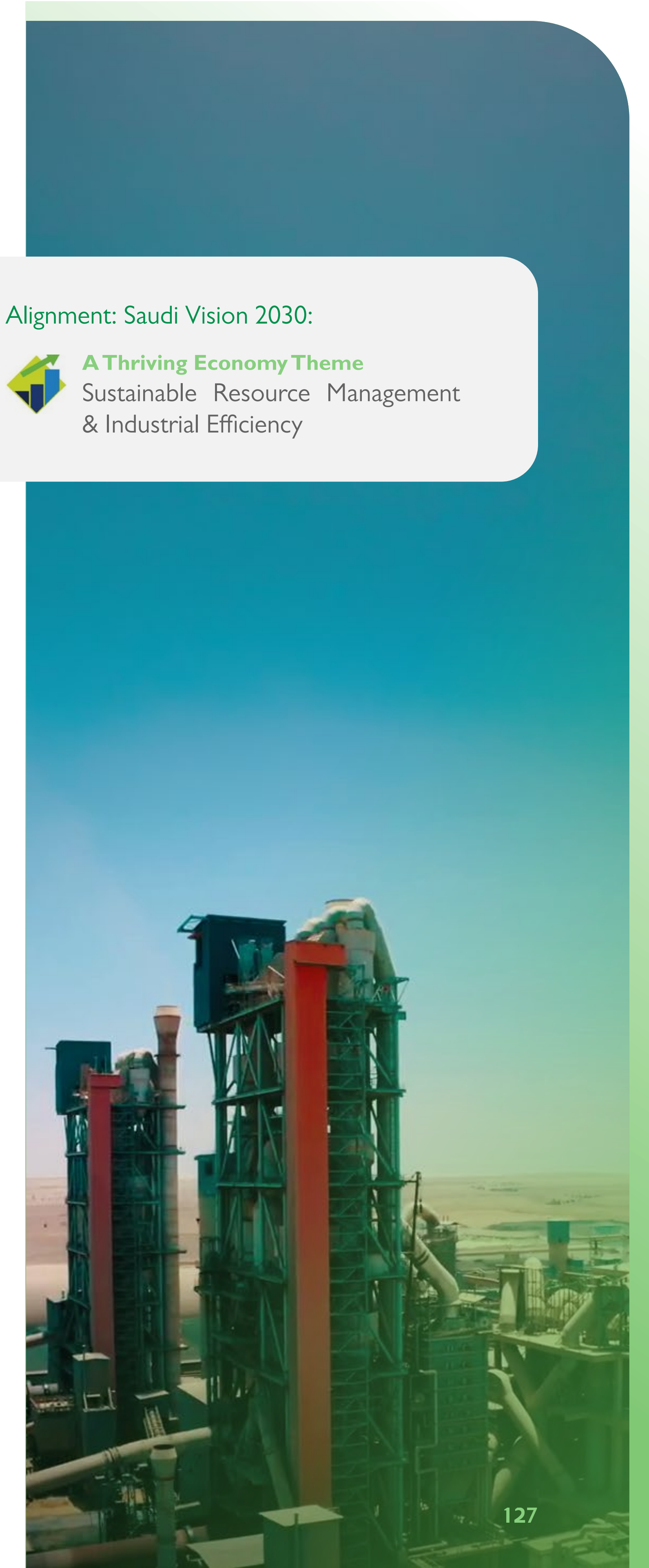
Target 12.2:
Achieve the sustainable management and efficient use of natural resources

Alignment: Saudi Vision 2030:

A Thriving Economy Theme
Sustainable Resource Management & Industrial Efficiency

The efficient use of raw materials remains a key component of City Cement's operational excellence and environmental performance. As a resource-intensive industry, cement production requires a structured approach to material sourcing, consumption, and recovery to ensure long-term sustainability and cost efficiency. The Company continues to optimize its material inputs through process improvements and circularity-driven initiatives aimed at reducing reliance on virgin resources.

During the reporting period, total raw material consumption reached 2,931,412 tons, reflecting the scale of City Cement's integrated operations. The Company's raw material mix primarily consists of limestone, clay, and the corrective materials required for clinker and cement production, all sourced and managed in line with regulatory and operational requirements.



In line with its commitment to circular economy principles, City Cement continues to integrate recycled inputs into its production processes. A key initiative in this area is the reuse of bypass dust, which is reintroduced into the production cycle to reduce waste and optimize material efficiency. In 2025, recycled input materials reached 50,438 tons per year, representing 1.72% of total raw material inputs.

Table 11 Material Consumption & Recycling

Raw Material Indicator	2025
Total Raw Materials	2,931,412 tons
Recycled Input Materials (Bypass Reuse)	50,438 tons
Percentage of Recycled Inputs	1.72%
Reclaimed Products and Packaging Materials	0%

While the proportion of recycled inputs remains relatively modest, this reflects the technical and quality constraints inherent in cement production, where strict material specifications must be maintained to ensure product performance. Nevertheless, the Company continues to explore opportunities to increase the use of alternative and recycled materials without compromising product quality or operational stability.

City Cement's approach to raw material management is closely linked to its broader sustainability strategy, emphasizing resource efficiency, waste minimization, and process optimization. By reintegrating production by-products and improving material utilization rates, the Company reduces both its environmental impact and operational costs.

Looking Ahead

City Cement will continue to enhance its material efficiency by expanding circular use practices, optimizing raw mix design, and assessing opportunities for incorporating additional alternative.

Water Management

Alignment: UN SDGs:

Target 6.4:
Increase water-use efficiency across all sectors and ensure sustainable withdrawals

Alignment: Saudi Vision 2030:

A Thriving Economy Theme
Water Resource Management & Environmental Sustainability

Water stewardship is a key component of City Cement's environmental management approach, reflecting the Company's commitment to responsible resource use in a water-constrained region. Recognizing the importance of water efficiency in industrial operations, City Cement adopts a structured framework to monitor, manage, and optimize water use across its facilities.

The Company has established clear policies governing water withdrawal, discharge, and consumption, supported by defined minimum standards for effluent discharge quality. These policies are designed to ensure regulatory compliance while minimizing environmental impact. In addition, City Cement continuously assesses water-related risks and impacts to enhance its operational resilience and resource efficiency.

During the reporting period, total water withdrawal reached 328,506 m³, all of which was consumed within operations. Notably, the Company operates a closed-loop water system, resulting in zero water discharge to external environments. This approach significantly reduces potential environmental impact and enhances water reuse within the facility.

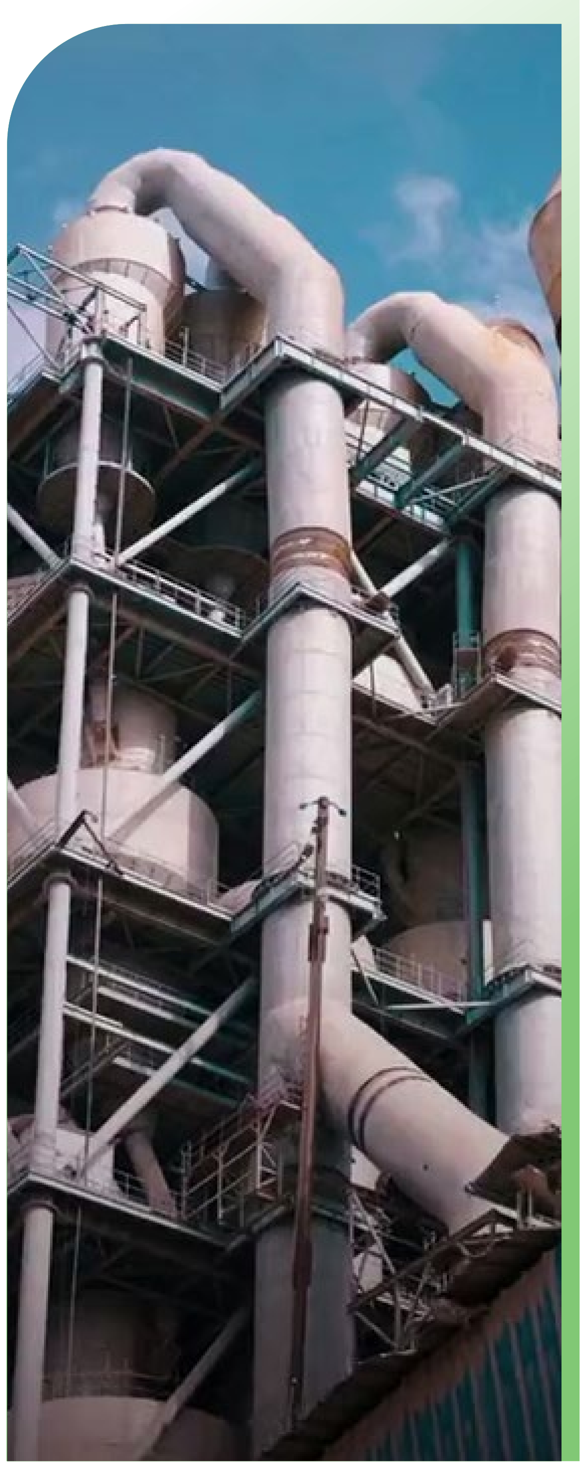


Table 12 Water Use in 2025

Water Performance Indicator	2024	2025
Total Water Withdrawal	267,795 m³	328,506 m³
Total Water Discharge	104,73 m³	328,505.50 m³
Colony areas (water consumption)	-	43,745.95 m³
Total Water Consumption	-	328,506 m³
Water Recycling Rate	50.83%	35.98%

City Cement continues to enhance its water efficiency through targeted initiatives under its Water Conservation Project. By improving potable water recovery processes and promoting conservation practices across its operations, the Company achieved an 18% improvement in water recovery efficiency. This progress reflects ongoing efforts to optimize water use, reduce dependency on freshwater sources, and strengthen internal recycling systems.

Water recycling remains a central element of the Company's approach, with 35.98% of water being recycled and reused within operations. This contributes to reducing overall water withdrawal requirements and supports a more sustainable production model.

City Cement's water management strategy is closely aligned with its broader sustainability objectives, integrating operational efficiency with environmental responsibility.

Looking Ahead

City Cement will continue to enhance its water stewardship practices by improving recycling rates, optimizing consumption patterns, and investing in advanced water management technologies. These efforts aim to further reduce water intensity while supporting long-term sustainability and operational excellence.

Waste Management and Circular Economy

Alignment: UN SDGs:

Target 12.5:
Substantially reduce waste generation through prevention, reduction, recycling, and reuse

Alignment: Saudi Vision 2030:

A Thriving Economy Theme
Circular Economy & Waste Management Efficiency

City Cement continues to advance its waste management practices through a structured and circular approach that prioritizes waste reduction, reuse, and responsible disposal. As part of its broader environmental strategy, the Company focuses on minimizing waste generation at source while maximizing the recovery and reuse of materials across its operations.

During the reporting period, the total hazardous and non-hazardous waste generated reached 90.28 metric tons, reflecting controlled waste generation levels relative to operational scale.

Waste streams are carefully categorized and managed to ensure their proper handling and compliance with regulatory requirements.

Table 13 Waste Categorization

Waste Category	Quantity (MT)
Metals	17.78
Non-metallic	40.72
Plastic	0
Textiles	31.78

City Cement maintains a strong focus on responsible waste disposal practices. Total waste directed to disposal amounted to 244.56 metric tons, all of which was classified as non-hazardous waste, with zero hazardous waste sent to disposal during the reporting period. This reflects the Company's strict controls over hazardous materials and its commitment to minimizing environmental risks.

Table 14 Waste Disposal

Waste Disposal	Quantity (MT)
Total Waste Directed to Disposal	244.56
Hazardous Waste Disposal	0
Non-Hazardous Waste Disposal	244.56

A key driver of improvement in waste performance has been the implementation of City Cement's Waste Management Program, which emphasizes waste segregation, recycling, and material recovery. Through targeted initiatives, including the recycling of used lubricants and packaging materials, the Company achieved a 40% increase in its recycling rate, alongside a notable reduction in overall waste generation.

These efforts are supported by systematic waste segregation practices used across the Company's operational sites, enabling more efficient sorting, handling, and recovery of recyclable materials. The Company will continue to strengthen its waste management framework by expanding recycling initiatives, improving waste tracking systems, and identifying new opportunities for waste valorization.

Through these efforts, City Cement aims to further reduce landfill dependency and support the development of a more circular and sustainable industrial ecosystem.

Environmental Product Declarations (EPDs)

Alignment: UN SDGs:

Target 12.6:
Encourage companies to adopt sustainable practices and integrate sustainability information into reporting cycles

Alignment: Saudi Vision 2030:

A Thriving Economy Theme
Sustainable Industrial Development & Green Building Enablement

City Cement continues to strengthen product-level transparency and environmental accountability through the publication of Environmental Product Declarations (EPDs) for its key cement products. These declarations provide verified, standardized information on the environmental impacts of products across their lifecycle, enabling stakeholders to make informed decisions based on credible sustainability data.

By quantifying environmental indicators such as carbon footprint, energy use, and resource consumption, EPDs serve as a critical tool for both internal performance monitoring and external stakeholder engagement. They also support the Company's broader decarbonization and product innovation strategy, particularly with regard to the development of lower-emission cement solutions. Importantly, City Cement's EPD-certified products enable its clients, particularly in the construction and real estate sectors, to pursue green building certifications, including internationally recognized systems such as LEED and BREEAM. In this way, the Company plays an active role in supporting sustainable construction practices and advancing the Kingdom's transition toward environmentally responsible infrastructure.

Looking Ahead

City Cement will continue to expand its EPD coverage across its product portfolio and enhance the accuracy and scope of its environmental data. These efforts will further support transparency, enable sustainable procurement, and contribute to the development of a more sustainable construction ecosystem in line with Saudi Vision 2030.

8 Empowering Our People: The Human Capital Catalyst

- Workforce Dynamics
- Human Capital Development
- Employee Engagement and Retention
- Occupational Health and Safety

Workforce Dynamics

Alignment: Saudi Vision 2030:

Thriving Economy
Labor Market Development pillar

Vibrant Society
Social Development pillar

Alignment: UN SDGs:

Target 5.1
End discrimination against women
Target 5.5:
Ensure full participation and equal opportunities
Target 10.3:
Ensure equal opportunity and reduce inequalities

The Company's Workforce Dynamics section provides an overview of its human capital structure and movement during the reporting period, including workforce composition, recruitment, and turnover trends. The analysis reflects the Company's approach to monitoring workforce stability, talent attraction, and retention. It also considers broader indirect economic impacts associated with employment practices, benchmarking, and stakeholder expectations, in line with relevant external and regulatory frameworks.

In this context, the Company recognizes that workforce-related decisions and employment conditions may have indirect economic impacts, particularly on talent competitiveness and labor market dynamics. The Company assesses these impacts using external benchmarks, where salary positioning relative to industry standards may influence attrition rates and employee retention outcomes.

In addition, the Company considers stakeholder priorities when assessing indirect economic impacts. It recognizes its role in contributing to economic development through infrastructure support, job creation, supply chain growth, and local community development. This reflects the Company's broader contribution to economic value creation beyond its direct operational activities.

Diversity and Inclusion

Figure 8 Segregation of Employees (by gender)

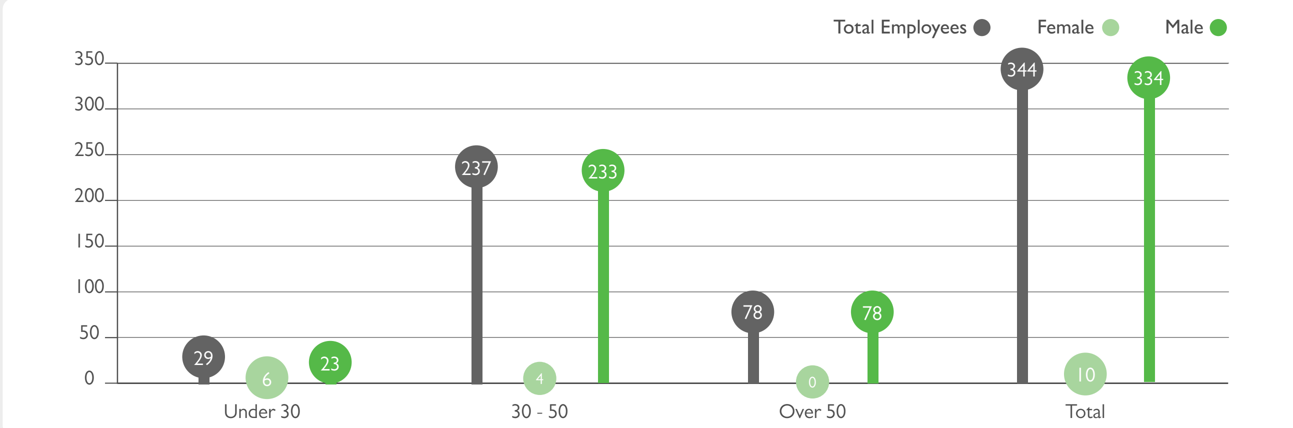
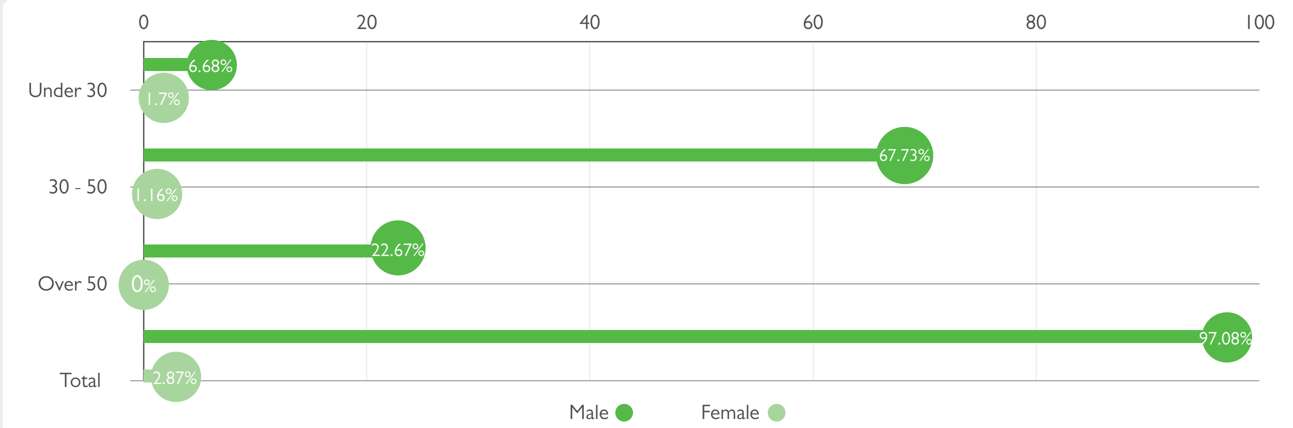


Figure 9 Segregation of Employees by Age



The Company's workforce comprises 344 full-time employees, with a clear concentration in the 30–50 years age group, which represents most of the workforce. Employees under 30 years account for a smaller proportion, while employees over 50 years represent a significant but lower share of the total workforce.

In terms of gender distribution, the workforce remains predominantly male, representing 97.1% of total employees, while female employees account for 2.9%. Female representation is mainly concentrated within the younger and mid-career age groups, with no representation recorded in the over 50 age categories.

Additionally, during the reporting period, there were zero part-time employees. However, our workforce structure includes 50 contract workers from foreign nationalities.

Figure 10 Pollutant Emissions & Carbon Intensity

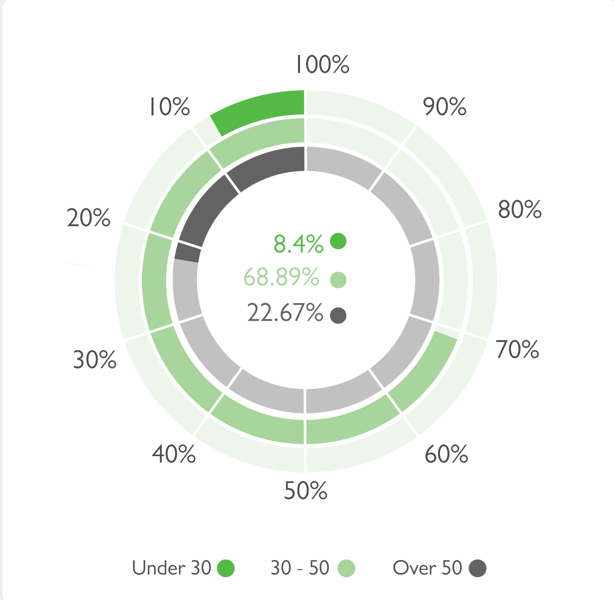
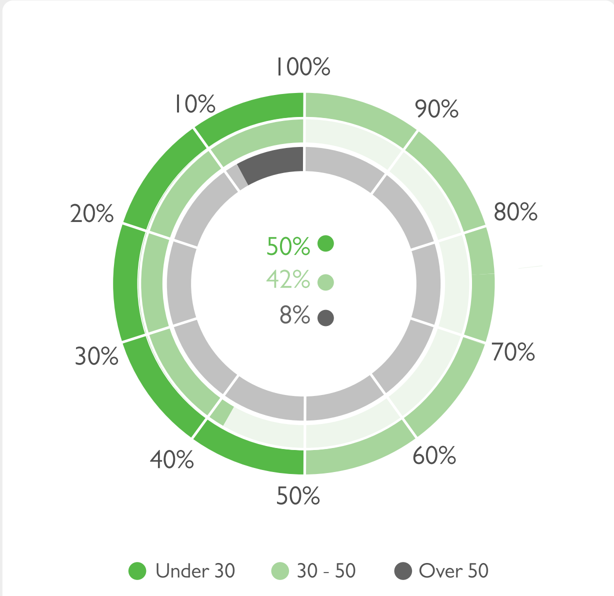
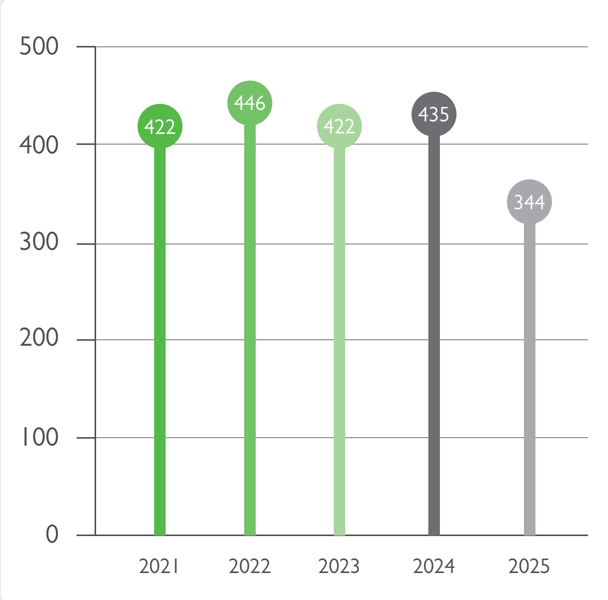


Figure 11 Contract Workers by Age



Overall, the workforce structure reflects a strong reliance on mid-career employees, which supports operational stability and experience retention across the Company's activities.

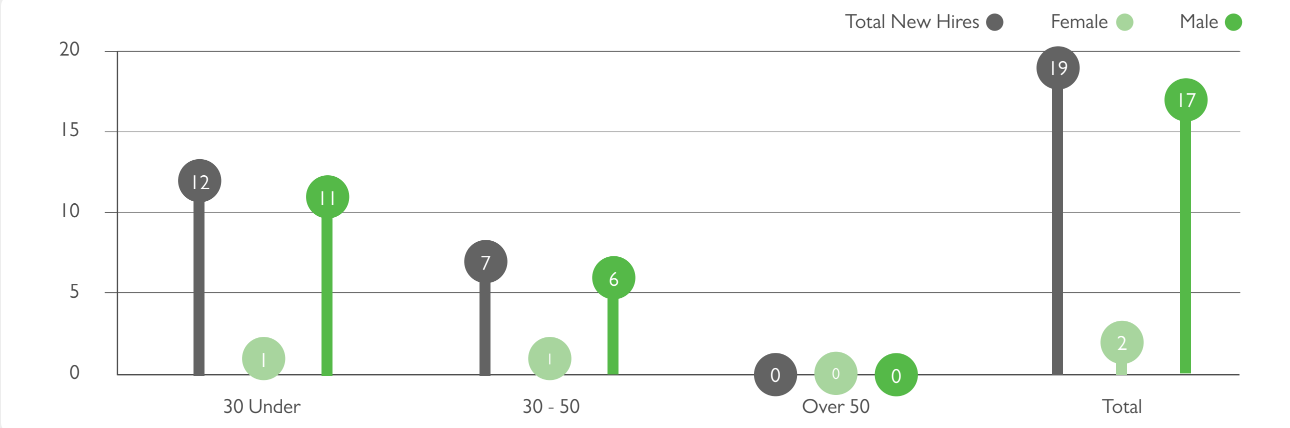
Figure 12 Total Number of Employees (2021-2025)



The gradual decline in workforce numbers between 2021 and 2025 reflects the Company's efforts to enhance operational efficiency and productivity through the expanded adoption of automation and digital transformation initiatives, alongside continued investment in employee development and technical upskilling. These efforts have reduced the need for certain categories of low-skilled labor while maintaining operational effectiveness and supporting the Company's transition toward a more specialized and highly skilled workforce. This approach aligns with the Ministry of Industry's vision for the modernization and advancement of the industrial sector.

New Hires

Figure 13 New Hires by Age and Gender



During the reporting period, the Company recorded a total of 19 new hires. Recruitment activity was primarily concentrated among employees under the age of 30, indicating a focus on early-career talent acquisition. The 30–50 age group also contributed to recruitment, though at a lower proportion, while no hiring was recorded In terms of gender, male employees represent most new hires, while female hiring remains limited but present within both the under 30 and 30–50 age groups. Overall, the hiring pattern reflects a workforce renewal strategy focused mainly on younger employees while maintaining selective mid-career recruitment.

Employee Turnover

Figure 14 Employee Turnover Rate by Age and Gender

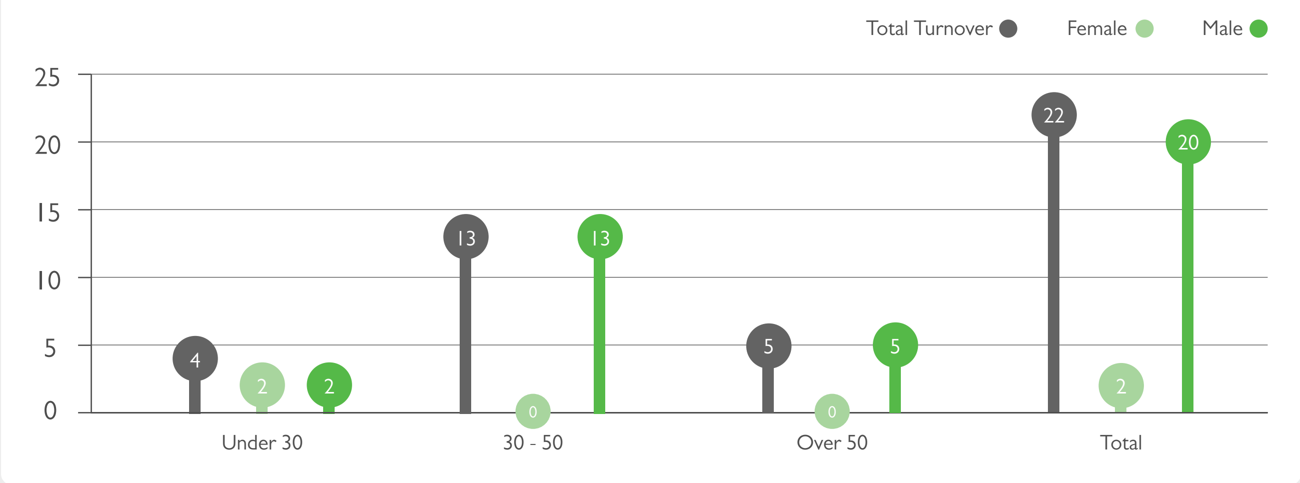
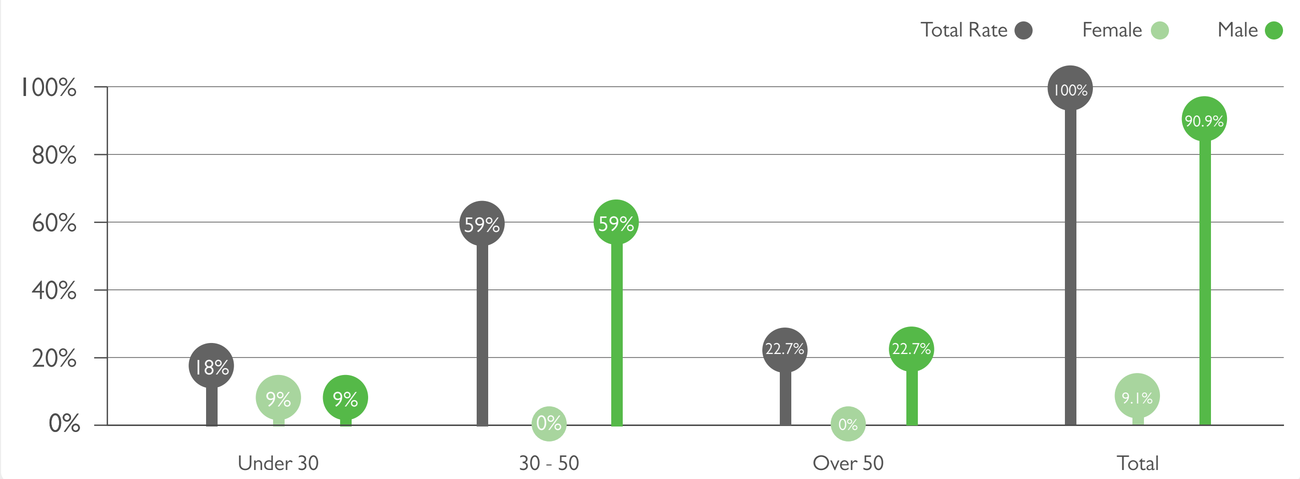


Figure 15 Employee Turnover Rate by Age and Gender (%)



The Company recorded a total of 22 employee departures during the reporting period. Turnover was most significant within the 30–50 age group, which represents the highest proportion of total exits. Employees over 50 years also contributed to turnover, while the under-30 age group showed comparatively lower levels of attrition.

From a gender perspective, turnover is predominantly driven by male employees, reflecting the overall workforce composition. Female turnover remains limited in absolute terms and is mainly concentrated in the younger age group.

The overall turnover pattern indicates that workforce mobility is primarily occurring within mid-career and experienced employee segments.

Human Capital Development

Alignment: UN SDGs:

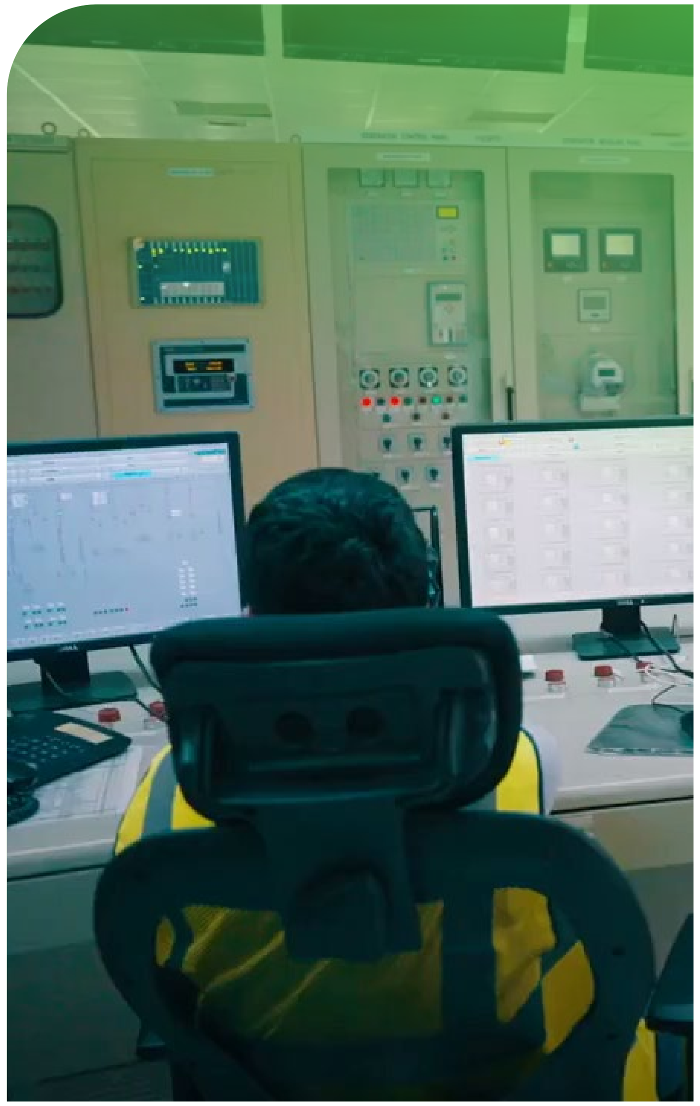
Target 4.4:
Increase relevant technical and vocational skills for employment

Alignment: Saudi Vision 2030:

A Thriving Economy
Labor Market Development pillar

City Cement Company recognizes that the continuous development of its human capital is essential to sustaining operational excellence and long-term value creation. In 2025, the Company maintained its focus on enhancing employee competencies through a structured approach to training and professional development, ensuring alignment with business objectives and evolving industry requirements.

The Company adopts a comprehensive learning framework that integrates both internal and external training initiatives. These programs are designed to strengthen technical expertise, improve operational performance, and develop leadership capabilities across all levels of the organization. By investing in workforce development, City Cement aims to foster a culture of continuous learning, adaptability, and innovation.



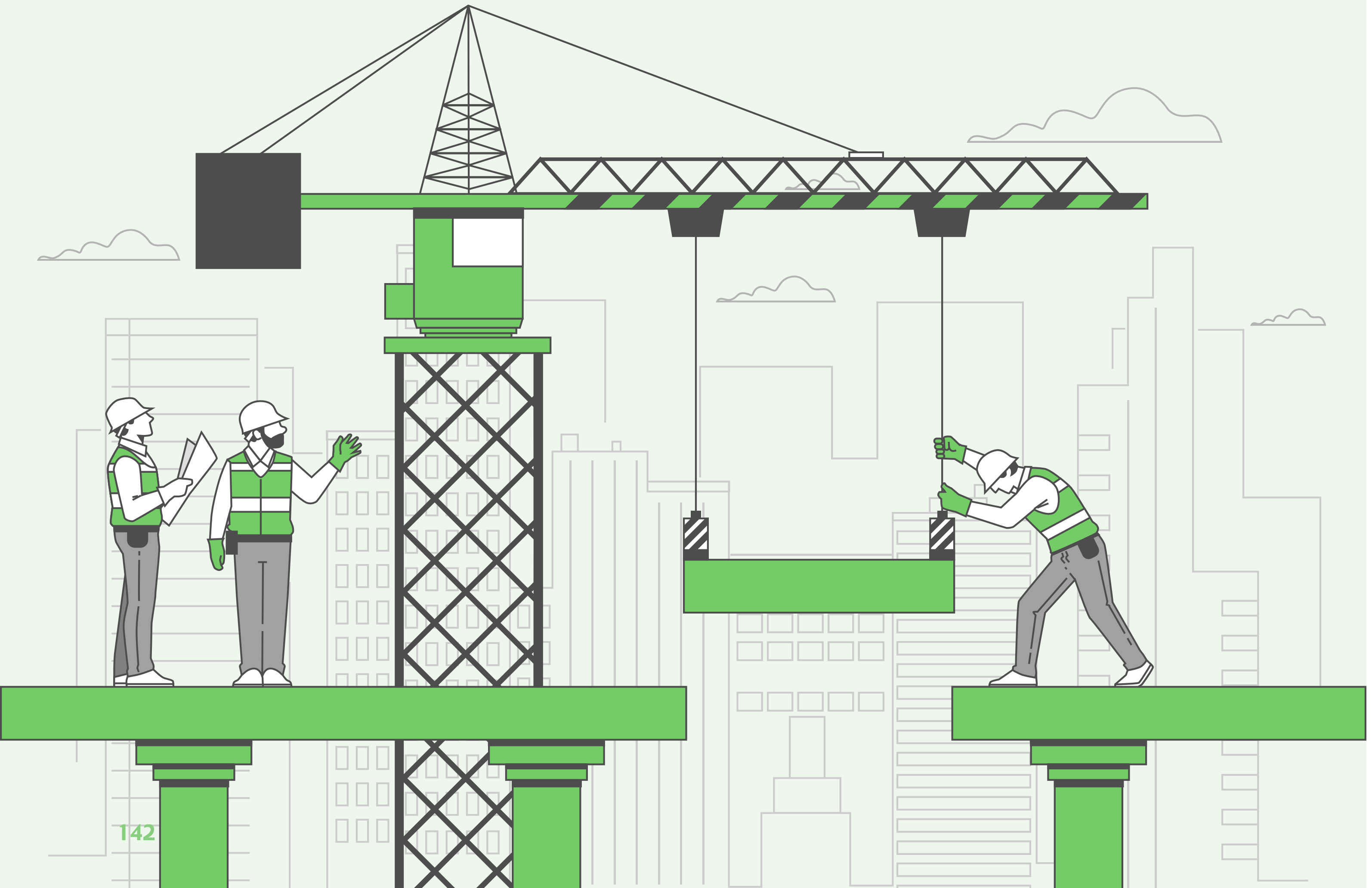
Internal Training Programs

Internal training remains a fundamental component of the Company's human capital development strategy. In 2025, City Cement focused on delivering in-house training programs that emphasize health, safety, and operational awareness, ensuring that employees are equipped with the knowledge required to perform their roles safely and efficiently, where 233 employees received the training: completing 575 total training hours.

233 Employees received HSE in-house training in 2025

These programs are designed to reinforce employee compliance with safety standards, enhance risk awareness, and support the development of a proactive safety culture across all operational areas. Induction programs also play a key role in onboarding employees, enabling them to integrate effectively into the workplace and understand the Company's operational procedures and expectations.

These efforts reflect the Company's ongoing commitment to maintaining a safe working environment and ensuring that employees are adequately prepared to manage operational risks.



External Training and Professional Development

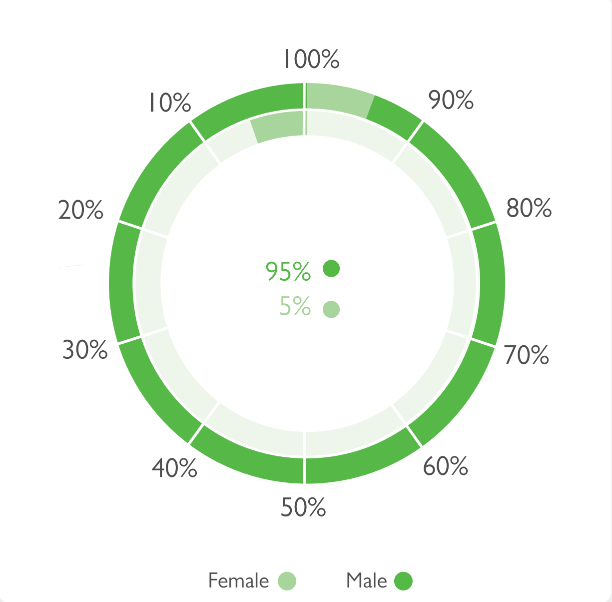
In addition to internal initiatives, City Cement invests in external training programs and professional certifications to further enhance employee capabilities and support specialized skill development. These programs are aligned with the Company's strategic priorities and are designed to strengthen competencies in key areas such as energy efficiency, advanced manufacturing, digital transformation, financial management, and leadership development.

During 2025, employees participated in a wide range of external training programs, including internationally recognized certifications and technical courses. These initiatives contribute to building a highly skilled workforce capable of supporting the Company's operational and strategic objectives.

Table 15 2025 External Training Courses

External Training Courses	Male	Female	Total Training Hours
Certified Industrial Energy Professional (CIEP)	1	0	45
Advanced Subtractive Manufacturing	3	0	5
Introduction to Industrial Data Management	1	0	5
Cobot Integration for Human-Robot Collaboration	1	0	5
Introduction to Additive Manufacturing	1	0	5
VR & Metaverse Design	1	0	5
Robotics Automation in Factories	2	0	10
Data Analysis	32	8	896 (M) / 224 (F)
Finance for non-finance	20	0	560
Management Skills	15	2	357
Certified Facility Manager (CFM)	1	0	35
Certified Reliability Leader (CRL)	2	0	70
Certified Maintenance & Reliability Professional (CMRP)	3	0	105
Vibration Analysis CAT I	2	0	70
Certified Reliability Engineer (CRE)	2	0	70
Executive Training & Conferences	1	0	1,155
Advanced Concrete Technology	2	0	70
Strategic Financial Analysis	1	0	784
Total Training Hours	4,252	224	

Figure 16 Total Training Hours by Gender



The significant number of training hours delivered through external programs highlights the Company's strong focus on developing both technical and managerial competencies. Notably, programs related to data analysis, finance, and executive development contributed substantially to the overall training hours, reflecting a growing emphasis on analytical capabilities and strategic decision-making across the organization.

Average Training Hours

City Cement monitors training effectiveness through key performance indicators, including average training hours per employee. This approach enables the Company to assess the reach and impact of its training programs and to ensure equitable access to development opportunities across the workforce.

18
Average Training Hours per Employee

20
Average Training Hours per Male Employee

22.4
Average Training Hours per Female Employee

The recorded averages indicate a consistent level of investment in employee development, with training opportunities distributed across both male and female employees. This reflects the Company's commitment to fostering an inclusive approach to capacity building and ensuring that all employees have access to learning and development resources.

Training by Employment Level

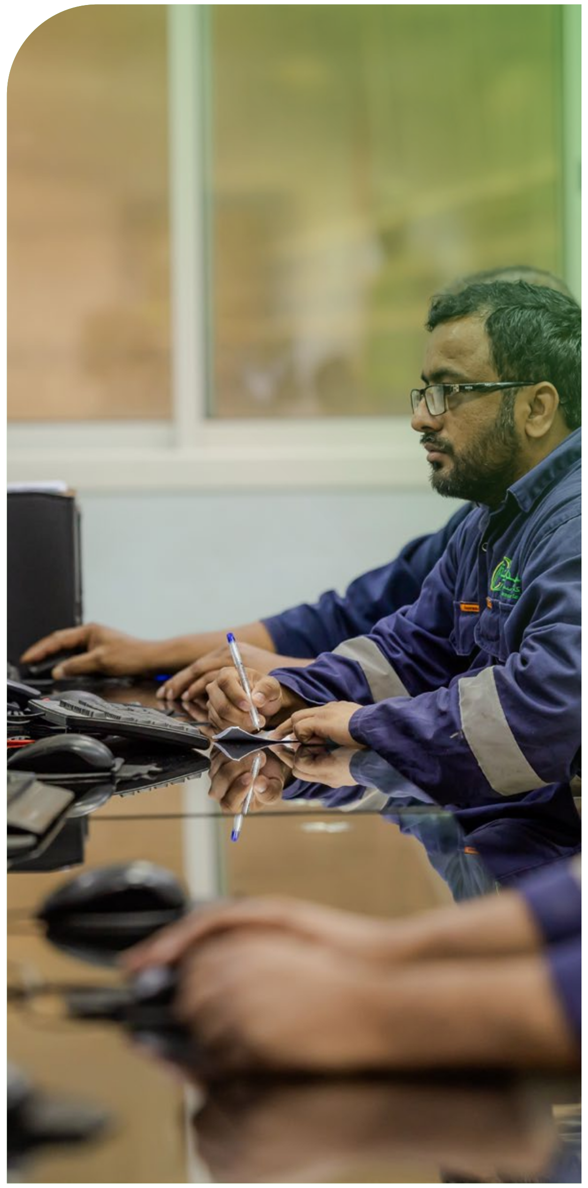
Training at City Cement is tailored to meet the specific requirements of different employment levels, ensuring that development initiatives are aligned with job responsibilities and organizational needs. In 2025, training hours varied across employment categories, reflecting a targeted approach to skill development.

Table 16 Average Training Hours by Employee Category

Employment Level	Average Training Hours
WO	1
TC/AD	8.6
TH	4.9
SP	17.6
SH	14.6
SM	18.2
DM	64.4
DR	23.8
Executive	35

Higher training hours observed at senior management and decision-making levels demonstrate the Company's focus on strengthening leadership capabilities and strategic competencies. At the same time, training provided to employees in technical and specialist roles supports operational efficiency and continuous improvement across the Company's core business functions.

Performance and Career Development Reviews



As part of its commitment to employee development, City Cement implements a structured performance management system that supports regular performance evaluations and career development discussions. These processes enable the identification of individual strengths, development needs, and career progression opportunities.

Table 17 Performance and Career Development Review by Age and Gender

Age Group	Male	Female	Total
Under 30	21	6	27
30–50	233	4	237
Over 50	78	0	78
Total	332	10	342

The distribution of employees receiving performance and career development reviews across different age groups reflects the Company's commitment to supporting continuous development throughout the employee lifecycle. This approach ensures that employees at all stages of their careers are provided with opportunities for growth and professional advancement.

Anti-Corruption Awareness and Communication

City Cement Company is committed to fostering a strong culture of integrity and ethical conduct across all levels of the organization. As part of this commitment, the Company ensures the effective communication of its anti-corruption policies and procedures to its workforce, reinforcing awareness of ethical responsibilities and expected standards of behavior.

In 2025, these policies and procedures were communicated to all employees, covering a total of 342 employees across the organization. This full coverage reflects the Company's proactive approach to embedding ethical principles within its operations and ensuring that employees are equipped with the necessary knowledge to identify, prevent, and address potential corruption risks. Through this comprehensive communication approach, City Cement continues to strengthen its governance framework and promote transparency and accountability in all business practices.

Employee Engagement and Retention

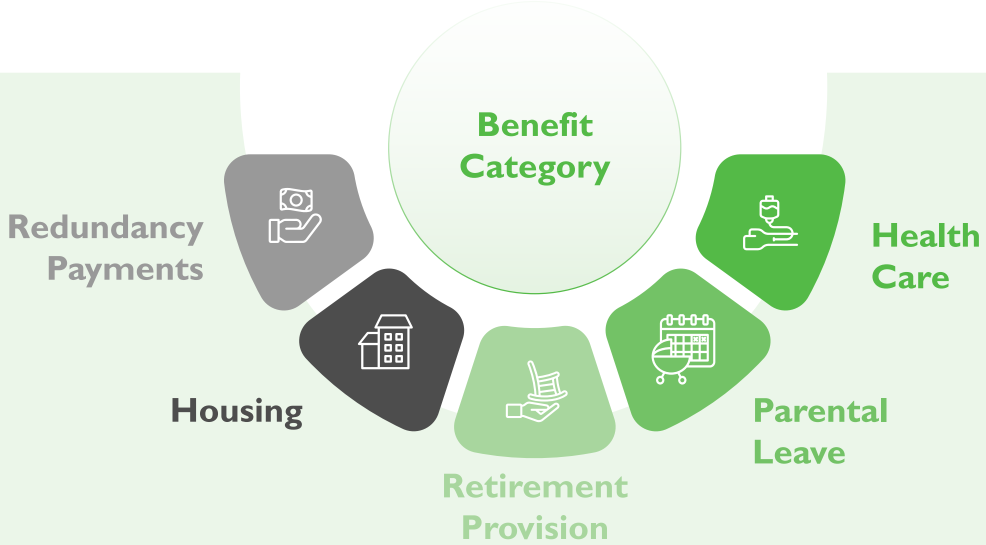
City Cement Company is committed to fostering a supportive, inclusive, and engaging work environment that promotes employee well-being, strengthens retention, and encourages long-term career development. The Company implements structured HR practices aimed at enhancing employee satisfaction, ensuring fair treatment, and enabling continuous professional growth across all levels of the organization.

Employee Retention Approach

The Company's retention strategy is centered on enabling employees to develop their capabilities and advance their careers within the organization. This is achieved through the implementation of individualized development plans designed to support skill enhancement, career progression, and internal mobility. This approach reflects the Company's commitment to retaining talent by investing in employee growth and aligning development opportunities with organizational needs.

Employee Benefits

City Cement provides a comprehensive benefits package designed to support employees' financial security, health, and overall well-being. These benefits form an important part of the Company's employee value proposition and they contribute to workforce stability and satisfaction.



These benefits demonstrate the Company's commitment to ensuring employee welfare across different stages of employment.

Employee Engagement Programs

The Company actively promotes employee engagement through various cultural, social, and national events that contribute to a positive workplace environment and strengthen organizational belonging.

Engagement Programs

- Ramadan Celebrations
- Eid Celebrations
- National Day Celebrations
- Establishment Day Celebrations
- Al Adha Eid Celebrations

These initiatives enhance employee morale, encourage social interaction, and reinforce a sense of community within the workplace.

Grievance Mechanisms

City Cement ensures that employees have access to structured grievance mechanisms to report concerns related to workplace conduct, including incidents of forced or compulsory labor. These mechanisms are managed through the Company's internal system, SAP, enabling efficient reporting and response processes.

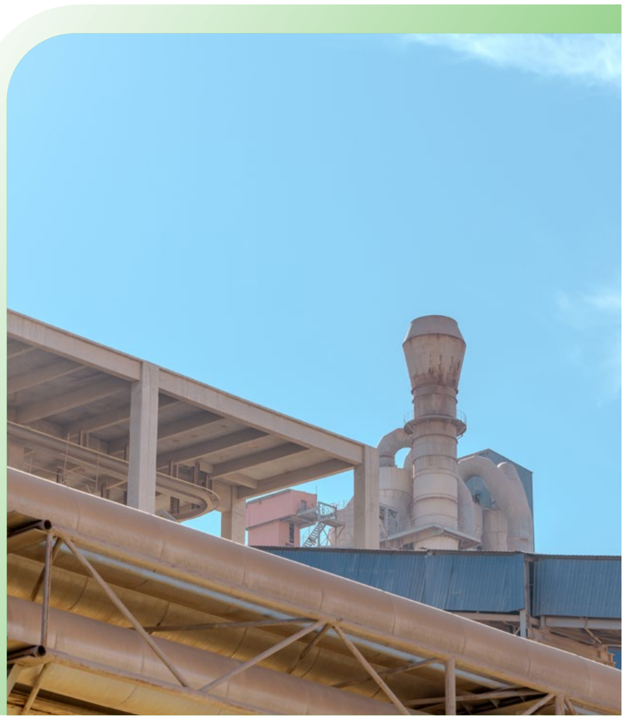
This system ensures that employees can report concerns in a secure and structured manner, supporting the Company's commitment to responsible labor practices.

Non-Discrimination

City Cement maintains a strict zero-tolerance approach toward discrimination and is committed to ensuring a fair and inclusive workplace. In 2025, the Company reported no incidents of discrimination, reflecting its strong commitment to equal opportunity and fair treatment for all employees.

Zero Discrimination Incidents Reported in 2025

The absence of reported discrimination incidents demonstrates the effectiveness of the Company's policies and its commitment to maintaining an equitable work environment.



Parental Leave

City Cement supports employees in balancing their professional and personal responsibilities by providing structured parental leave entitlements. The Company ensures that employees can take parental leave and successfully reintegrate into the workplace upon their return.

Table 18 Parental Leave 2025 Highlights

Indicator	Female	Male
Total number of employees entitled to parental leave	315	-
Total number of employees who took parental leave	7	-
Employees returned to work after parental leave	7	-
Employees retained 12 months after return	7	-
Return to work and retention rate	100%	-

The results indicate a strong retention outcome, with all employees who took parental leave successfully returning to work and remaining employed after 12 months, reflecting the effectiveness of the Company's supportive HR practices.

Occupational Health and Safety

Alignment: UN SDGs:

Target 3.8:
Achieve access to quality essential healthcare services

Target 3.9:
Reduce illnesses from hazardous conditions

Alignment: Saudi Vision 2030:

Vibrant Society
Quality of Life & Employee Well-being pillar

The Company maintains a structured Occupational Health and Safety (OHS) management system to ensure the protection of workers across all operational activities. The system is formally implemented in line with legal requirements and compliance obligations under occupational health and safety regulations. In addition, the OHS management system is aligned with recognized risk management approaches and is supported by the Company's HSE safety policy.

The scope of our OHS management system covers all plant units, all employees on-site, and all operational activities, ensuring comprehensive coverage across the Company's operational footprint. This inclusive approach supports the consistent application of health and safety controls across all working environments.

Table 19 OHS Management System Overview

Area	Disclosure
OHS Management System	Yes
Legal Compliance Basis	Comply with OSH requirements
Standards / Guidelines	HSE safety policy
Scope of Coverage	All plant units, all employees on-site, all operational activities
Training Provided	Yes
Access to Healthcare Services	Yes (Health insurance)
Voluntary Health Programs	No
Risk Management Approach	Risk assessment and safety reporting
Key Hazards Identified	Emissions, physical risk, and biological risk

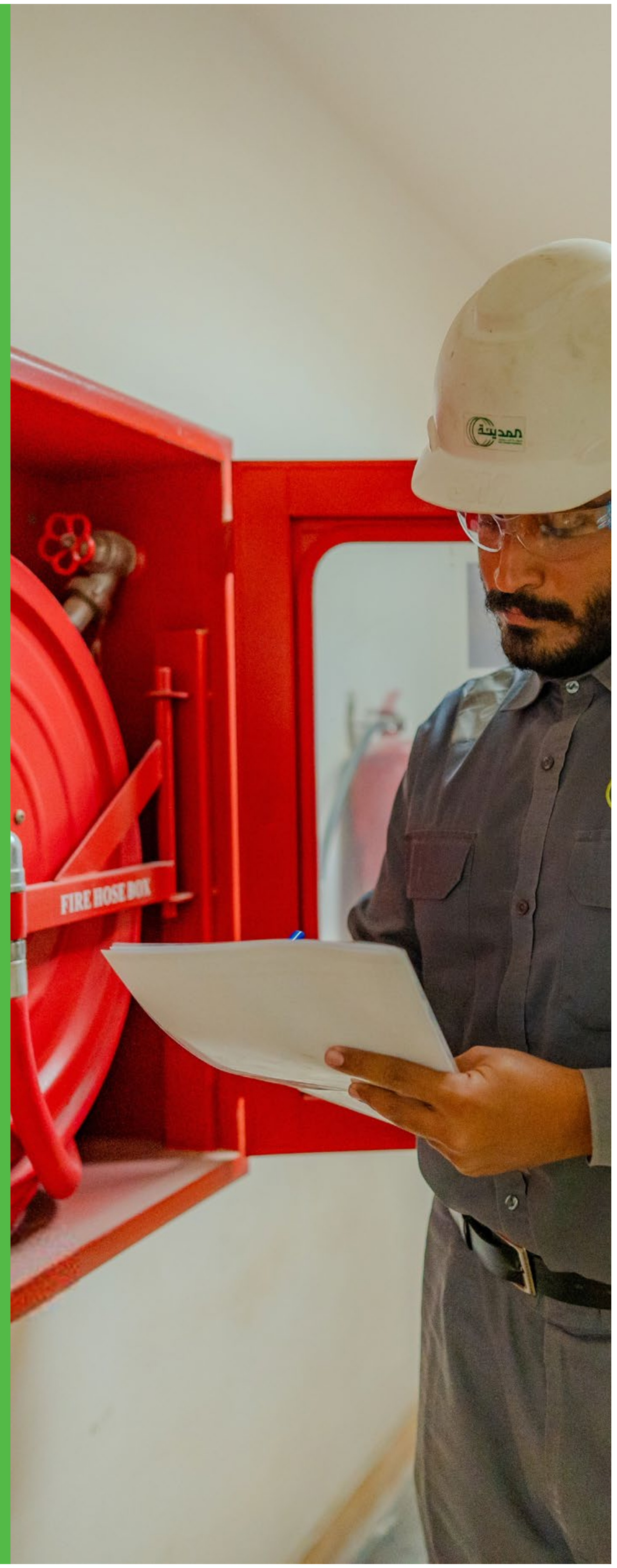
To strengthen workforce capability and risk awareness, the Company provides its workers with occupational health and safety training. The training program includes topics such as Energy Isolation and Lockout/Tagout (LOTO) procedures, control of hazardous energy, working at heights, hot works, hazard identification, risk assessment, falling from heights, and explosion-related risks. These training programs cover both generic safety principles and specific work-related hazards, including physical, mechanical, and electrical hazards, ensuring employees are equipped to manage operational risks effectively.

In addition, the Company facilitates access to non-occupational healthcare services through health care insurance coverage, supporting employees' general well-being beyond workplace-related risks. However, the Company does not currently provide voluntary health promotion programs addressing non-work-related health risks.

Risk Management and Hazard Prevention

The Company has established preventive and mitigation measures to address occupational health and safety risks that may arise directly or indirectly from its operations and business relationships. These measures include structured risk assessments, safety reporting mechanisms, and the implementation of work-specific procedures and protocols. Identified hazards include emissions-related risks, physical risks, and biological risks, which are continuously assessed and managed through the Company's risk management framework.

The introduction of mobile and digital safety tools has fundamentally transformed our safety culture. These digital enablers have directly contributed to an increase in accident-free days, reflecting a measurable and continuous improvement in operational safety performance see Digital Transformation: Powering Our Future section.



Occupational Health and Safety Performance

During the reporting period, the Company recorded zero fatalities resulting from work-related injuries. There was one case of high-consequence work-related injury (excluding fatalities) and one recordable work-related injury.

Table 20 OHS 2025 Key Performance Indicators

Key Performance Indicators	2025
Fatalities (work-related injury)	0
High-consequence work-related injuries (excluding fatalities)	1
Recordable work-related injuries	1
Fatalities due to work-related ill health	0
Recordable cases of work-related ill health	0

The main categories of work-related injuries include lost time injuries, medical treatment cases, first aid cases, and fatalities. The primary hazards associated with high-consequence injuries were identified as energy isolation risks, working at heights, hot works, exposure to high temperatures, and other physical hazards. These hazards are determined through structured risk identification and assessment processes.

With respect to occupational ill health, the Company reported zero fatalities and one recordable cases during the reporting period. Key hazards associated with potential occupational ill health include physical and mechanical safety hazards, which are identified through systematic risk assessment processes. No cases of ill health were recorded; however, preventive measures are continuously applied to mitigate potential risks. These measures include the development of work-specific procedures, operational protocols, and ongoing training programs aimed at minimizing exposure and strengthening workplace safety performance. We are committed to provide safe workplace, towards our Zero-Injury target.

9 Social Impact and Community Engagement

- Community Engagement
- Community Development Initiatives and Local Value-Creation

Community Engagement

Alignment: UN SDGs:

Target 16.6:
Develop effective, accountable and transparent institutions

Alignment: Saudi Vision 2030:

An Ambitious Nation
Transparency, Communication & Stakeholder Engagement

City Cement adopts a structured and proactive approach to customer engagement, ensuring transparent communication, responsive feedback mechanisms, and continuous alignment with stakeholder expectations. Through its Corporate Communications function, the Company delivers consistent messaging that reflects its commitment to sustainability, governance, and operational excellence.

The Company's key communication messages are centered around:

- **Our commitment to sustainability and responsible practices**
- **Our contribution to community development and social impact**
- **Our strong governance and transparency**
- **Enhancing our employee engagement and workplace environment**

These messages are communicated through multiple channels to ensure broad stakeholder reach and engagement:

Table 21 Customer Communication Channels

Channel	Frequency	Key Messages Conveyed
Social Media Platforms	Weekly / Monthly	Community engagement activities, awareness campaigns, CSR initiatives
Company Website	As needed	Corporate updates, sustainability initiatives, key announcements
Sustainability Report	Annually	Sustainability performance, governance, CSR impact

To ensure effective internal alignment, City Cement has established structured coordination mechanisms between key functions:

PR and Sustainability Integration:

Coordination is facilitated through the Sustainability Committee, where the Head of Corporate Communications represents the PR function. This enables alignment on messaging, sustainability initiatives, and stakeholder engagement.

Frequency: Quarterly meetings, with additional communication as required.

PR and Risk Management Coordination:

Collaboration occurs through internal meetings and email communication to address emerging risks, reputation management, and strategic updates.

Frequency: As needed

Key topics addressed through these coordination mechanisms include:

- **Public perception management**
- **CSR initiatives**
- **Stakeholder engagement strategies**
- **Major events**
- **Communication of official announcements**

City Cement actively engages with stakeholders through various channels, capturing feedback and identifying material topics:

Table 22 Stakeholder Engagement Channels

Engagement Channel	Frequency	Feedback / Key Topics
Social Media Platforms	As received	Public feedback on CSR initiatives, participation requests, collaboration inquiries
Public Events and Ceremonies	Periodically	Community engagement, event feedback, stakeholder interaction
Online Forms & Email	As received	General inquiries, partnership requests, operational feedback

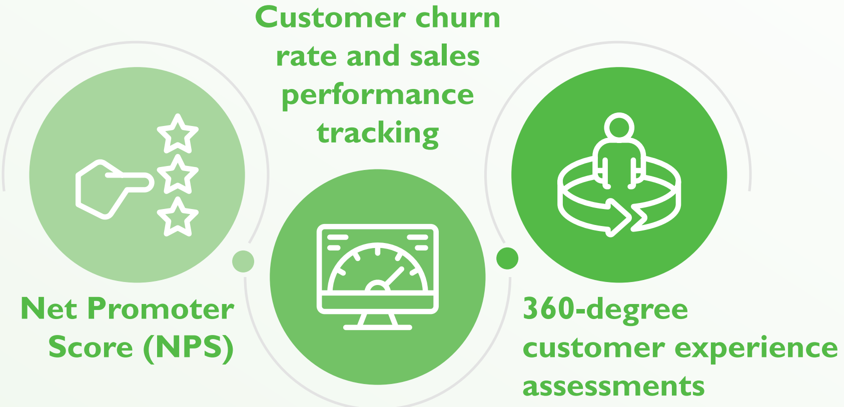
Feedback collected through these channels is systematically communicated to top management through internal meetings and participation in strategic committees, ensuring that stakeholder insights are integrated into decision-making processes.

To further strengthen its engagement approach, City Cement is advancing the implementation of a comprehensive Marketing and Communications (MARCOM) strategy, developed in collaboration with a specialized firm. This strategy aims to enhance stakeholder communication, strengthen brand positioning, and align messaging with the Company's long-term objectives. Execution of this roadmap commenced during the reporting period.

In parallel, the Company is investing in digital transformation initiatives to enhance customer interaction and accessibility. This includes the development of a fully integrated digital platform, linking the Company's website with its ERP system, enabling customers to access account information, transactions, payments, and other services through a centralized interface.

City Cement also maintains structured engagement with a wide range of stakeholders, including government entities, shareholders, clients, employees, vendors, and the broader community. Each stakeholder group is engaged through tailored communication focusing on relevant topics such as strategy, performance, operations, and partnerships.

In terms of performance measurement, the Company currently tracks the Customer Satisfaction Index (CSI) to assess satisfaction levels across interactions. To further enhance customer insight, City Cement is expanding its measurement framework to include:



City Cement operates in full compliance with applicable regulations and has reported no instances of non-compliance related to communication practices or stakeholder engagement. While the Company currently relies on its internal Code of Conduct for ethical communication, it is actively progressing toward alignment with internationally recognized frameworks such as GRI and ISO 26000.

Looking Ahead

City Cement will continue to enhance its customer engagement framework through digital innovation, advanced analytics, and the implementation of global best practices. These efforts aim to strengthen stakeholder relationships, improve transparency, and support the Company's long-term growth and sustainability objectives.

Community Development Initiatives and Local Value-Creation

Alignment: UN SDGs:

Target 11.3: Enhance inclusive and sustainable urbanization and community development

Alignment: Saudi Vision 2030:

A Vibrant Society Quality of Life & Community Development

City Cement's community engagement efforts are guided by a structured Corporate Social Responsibility framework that aims to deliver sustainable social impact and strengthen relationships with local stakeholders. The Company integrates CSR into its core strategy, focusing on initiatives that contribute to social development, improve quality of life, and support the needs of the communities in which it operates.

CSR responsibility within City Cement encompasses the planning and implementation of community support initiatives, in close coordination with relevant stakeholders to ensure effective resource allocation and meaningful impact. Key functions include managing community partnerships, supporting cultural and social programs, and enhancing the Company's overall social contribution.

This approach is supported by the Company's CSR policy, which emphasizes creating a positive and sustainable social impact, aligning corporate objectives with community needs, and contributing to long-term development in line with national priorities.

During 2025, City Cement implemented a range of community development projects across multiple CSR pillars:

Table 23 CSR Initiatives 2025

CSR Pillar	Initiative/ Program	Budget (SAR)	Description
Community Engagement	National Campaign Contribution (Ehsan Platform)	500,000	Contribution to national charitable campaign
Community Engagement	Cycling Race Support	100,000	Promoting active lifestyles in Marat
Community Engagement	Eid Al-Fitr Celebrations	100,000	Supporting local community events
Community Support	Endowment Project Support	10,000	Supporting local development project
Education & Social Development	Quran Memorization Ceremony	50,000	Supporting education and community recognition
Community Engagement	Saudi National Day Celebrations	100,000	Supporting national events
Community Engagement	Winter Festival Support	100,000	Supporting cultural engagement

Overall, the Company implemented 7 community initiatives in 2025, compared to 8 initiatives in 2024, representing a 12.5% decrease in the number of projects. However, the total value of community contributions increased significantly to SAR 960,000, reflecting a 23.5% growth compared to the previous year, and approaching the Company's annual CSR allocation target of SAR 1,000,000.

Table 24 CSR Performance 2025

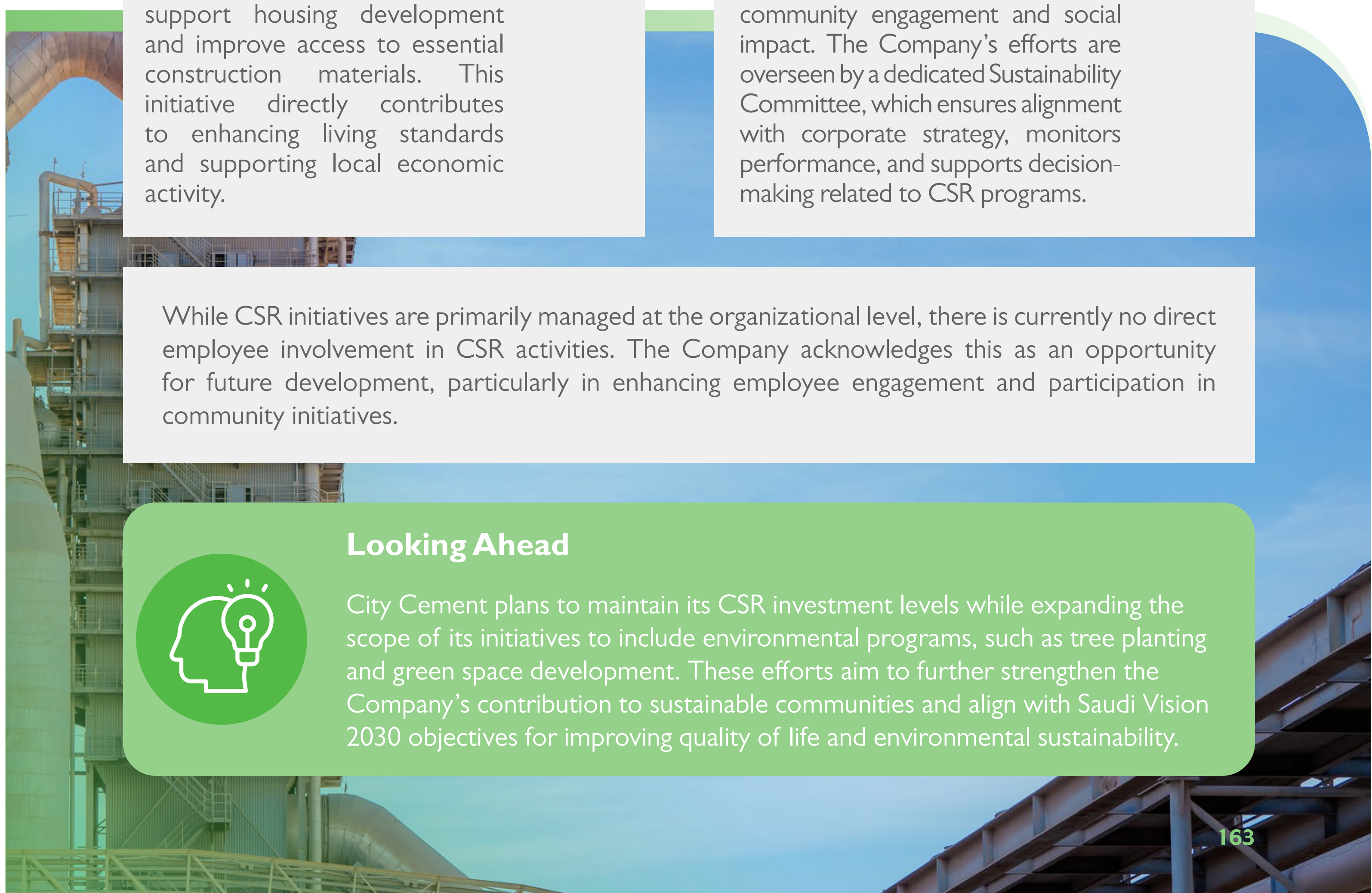
CSR Performance	2024	2025	Growth (%)	Target 2026	Justification
Number of Community Initiatives	8	7	-12.5%	8	Focus on higher-impact programs
Total Contributions (SAR)	777,109	960,000	+10.9%	1,000,000	Increased financial commitment

City Cement's CSR activities are centered around three key pillars:

Health and Well-being
including support for community sports and health initiatives

Local Community Development
through direct financial and in-kind contributions

Affordable Access to Cement
supporting local construction and housing



A flagship initiative under this framework is the Discounted Cement Support Program for Marat residents, which provides cement at reduced prices to support housing development and improve access to essential construction materials. This initiative directly contributes to enhancing living standards and supporting local economic activity.

In 2025, the Company's total CSR investments amounted to approximately USD 256,000, covering a diverse portfolio of initiatives aimed at strengthening community engagement and social impact. The Company's efforts are overseen by a dedicated Sustainability Committee, which ensures alignment with corporate strategy, monitors performance, and supports decision-making related to CSR programs.

While CSR initiatives are primarily managed at the organizational level, there is currently no direct employee involvement in CSR activities. The Company acknowledges this as an opportunity for future development, particularly in enhancing employee engagement and participation in community initiatives.

Looking Ahead

City Cement plans to maintain its CSR investment levels while expanding the scope of its initiatives to include environmental programs, such as tree planting and green space development. These efforts aim to further strengthen the Company's contribution to sustainable communities and align with Saudi Vision 2030 objectives for improving quality of life and environmental sustainability.

10 Appendices

- List of Figures
- List of Tables
- GRI Index
- IR Index
- SASB for Construction Materials Index
- Tadawul ESG Disclosure Themes
- IWA 48:2024
- ISO 53002
- Assurance Letter

List of Figures

List of Tables

GRI Index

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION	
			REASON	EXPLANATION
General disclosures				
GRI 2: General Disclosures 2021	2-1 Organizational details	P. 8 & P. 22-23		
	2-2 Entities included in the organization's sustainability reporting	P. 22-29		
	2-3 Reporting period, frequency and contact point	P. 8		
	2-4 Restatements of information	P. 9		
	2-5 External assurance	P. 184-185		
	2-6 Activities, value chain and other business relationships	P. 26-31		
	2-7 Employees	There is no part-time employees in 2025 and No temporary employees Regions are defined as country of operation.	Information unavailable/ incomplete	
	2-8 Workers who are not employees	City Cement employs 50 contractor workers during 2025		
	2-9 Governance structure and composition	P. 52-55		
	2-10 Nomination and selection of the highest governance body	P. 54-55 & P. 60-61		
	2-11 Chair of the highest governance body	P. 54-55		
	2-12 Role of the highest governance body in overseeing the management of impacts	P. 64-65		
	2-13 Delegation of responsibility for managing impacts	P. 56-57 & P. 64-65		

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION	
			REASON	EXPLANATION
GRI 2: General Disclosures 2021	2-14 Role of the highest governance body in sustainability reporting	P. 64-65		
	2-15 Conflicts of interest	P. 68-69		
	2-16 Communication of critical concerns	Zero concerns were communicarted to the highest governance body		
	2-17 Collective knowledge of the highest governance body	P. 56-57		
	2-18 Evaluation of the performance of the highest governance body	P. 56-57		
	2-19 Remuneration policies	P. 60-61	Information unavailable/ incomplete	information not available for disclsoure 2-19 a ii.
	2-20 Process to determine remuneration	P. 60-61		
	2-21 Annual total compensation ratio	None	Confidentiality constraints	
	2-22 Statement on sustainable development strategy	P. 4-7		
	2-23 Policy commitments	P. 66-69	Information unavailable/ incomplete	information not available for disclsoure 2-23- a i.
	2-24 Embedding policy commitments	P. 66-69		
	2-25 Processes to remediate negative impacts	P. 68-69	Information unavailable/ incomplete	information incomplete for disclosure 2-25-d
	2-26 Mechanisms for seeking advice and raising concerns	P. 68-69		
	2-27 Compliance with laws and regulations	Zero monetary or non-monetary fines for non-compliance		
	2-28 Membership associations	P. 18-19		
	2-29 Approach to stakeholder engagement	P. 40-43		
	2-30 Collective bargaining agreements	None	Information unavailable/ incomplete	information not available for disclosure 2-30

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION	
			REASON	EXPLANATION
Material topics *[Please note: The material topics included in the headings below are examples. They can be renamed and grouped according to the names the organization has given to its material topics. The list of material topics included in the content index is the same as the list of material topics reported under 3-2-a in GRI 3: Material Topics 2021. The disclosures included under the material topics are also examples. The disclosures can be removed (except for Disclosure 3-3) and other disclosures can be added according to the disclosures the organization has reported for each material topic.]*				
GRI 3: Material Topics 2021	3-1 Process to determine material topics	P. 44-45		
	3-2 List of material topics	P. 46-49		
Land Use and Biodiversity				
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 126		
GRI 101: Biodiversity 2024	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	As of the reporting period, none of City Cement's operational sites are located within or adjacent to protected areas or regions of high biodiversity value		
	304-2 Significant impacts of activities, products and services on biodiversity	As of the reporting period, none of City Cement's operational sites are located within or adjacent to protected areas or regions of high biodiversity value		
	304-3 Habitats protected or restored	None	Not applicable	
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operation	None	Not applicable	
Emission				
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 120-123		

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION	
			REASON	EXPLANATION
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	. Source of the emission factors is: IPCC AR6: The Intergovernmental Panel on Climate Change Sixth Assessment Report - Guidelines for Greenhouse Gas Inventories (with 2019 Refinements) . City Cement used the Operational Control as the consolidation approach for emissions . The caculaltion methodology is : - The GHG Protocol - Corporate Accounting and Reporting Standard - ISO 14064-1:2018 - Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals - IPCC AR6: The Intergovernmental Panel on Climate Change Sixth Assessment Report - Guidelines for Greenhouse Gas Inventories (with 2019 Refinements)	Information unavailable/ incomplete	information not available for disclosure 305-1-a,b,c,d
	305-2 Energy indirect (Scope 2) GHG emissions	None	Scope 2 emissions is Zero, CCC has its own Captive Power Plant (CPP)	
	305-3 Other indirect (Scope 3) GHG emissions	None	Information unavailable/ incomplete	information not available for disclosure 305-3
	305-4 GHG emissions intensity	d. Scope 1 emissions from fuel combustion include CO_2, CH_4, and N_2O emissions, which were quantified and converted to carbon dioxide equivalent (CO_2e) values to determine the total Scope 1 emissions.		
	305-5 Reduction of GHG emissions	P. 120-123		information not available for disclosure 305-5 e.
	305-6 Emissions of ozone-depleting substances (ODS)	None	Not applicable	information not available for disclosure 305-6
GRI 305: Emissions 2016	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	P. 120-123		information not available for disclosure 305-7 a iii, iv, v, vi, b,c.
Energy Management				
GRI 3: Material Topics 2021	3-3 Management of material topics			

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION	
			REASON	EXPLANATION
GRI 302: Energy 2016	302-1 Energy consumption within the organization	P. 124-125	Information unavailable/ incomplete	information not available for disclosure 302-1 g,f and not applicable for 302-1 d.
	302-2 Energy consumption outside of the organization	None	Information unavailable/ incomplete	Information is not currently tracked
	302-3 Energy intensity		Information unavailable/ incomplete	reduction from heating
	302-4 Reduction of energy consumption		Information unavailable/ incomplete	information not available for disclosure 302-4 d
	302-5 Reductions in energy requirements of products and services			information not available for disclosure 302-5 c
Economic performance				
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 46-49		
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	P. 38-39 & p. 88-93	Information unavailable/ incomplete	information not available for disclosure201-1-a i (economic value distributed:employee wages and payment to government), ii
	201-2 Financial implications and other risks and opportunities due to climate change	City Cement is assessing the potential financial implication of financial, operational, and sustainability-related risks, including climate-related physical risks.	Information unavailable/ incomplete	information is incomplete for disclosure 201-2
	201-3 Defined benefit plan obligations and other retirement plans	City Cement provide retirement provision and redundancy payments	Confidentiality constraints	
	201-4 Financial assistance received from government	As of the reporting period, none of City Cement's operational sites are located within or adjacent to protected areas or regions of high biodiversity value		
GRI 3: Material Topics 2021				
GRI 202: Market Presence 2016	3-3 Management of material topics	P. 46-49		
	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	None	Information unavailable/ incomplete	information not available
	202-2 Proportion of senior management hired from the local community	100% of the senior managers are hired from the local communities		

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION	
			REASON	EXPLANATION
GRI 3: Material Topics 2021				
	3-3 Management of material topics	P. 160-163		
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	P. 160-163		
	203-2 Significant indirect economic impacts	P. 160-163		
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 112-113		
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	P. 112-113		
Business Conduct				
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 146-147		
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Zero confirmed incidents of corruption		
	205-2 Communication and training about anti-corruption policies and procedures	P. 146-147	Information unavailable/ incomplete	Information not availabe for disclosure 2-5-2 d,e
	205-3 Confirmed incidents of corruption and actions taken	Zero confirmed incidents of corruption		
Business Conduct				
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 72		
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	No Anti-competitive behavior, Anti-trust, or monopoly practices were recorded		

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION	
			REASON	EXPLANATION
Business Conduct				
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 92-93		
GRI 207:Tax 2019	207-1 Approach to tax	P. 92-93		
GRI 301: Materials 2016	3-3 Management of material topics	P. 126-127 & P. 130-132		
	301-1 Materials used by weight or volume	P. 126-127		
	301-2 Recycled input materials used	P. 126-127 & P. 130-132		
	301-3 Reclaimed products and their packaging materials	Zero %		
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 128-130		
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	P. 128-130		
	303-2 Management of water discharge-related impacts	P. 128-130		
	303-3 Water withdrawal	P. 128-130	Information unavailable/ incomplete	information not tracked for disclosure 303-3 a I,ii,iii,b,c,d
	303-4 Water discharge	P. 128-130	Information unavailable/ incomplete	information not tracked for disclosure 303-4 a I,ii,iii,b,c,d,e
	303-5 Water consumption	P. 128-130	Information unavailable/incomplete	information not tracked for disclosure 303-5 b
Waste Reduction & Circularity Management				

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION	
			REASON	EXPLANATION
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 130-132		
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	P. 130-132		
	306-2 Management of significant waste-related impacts	P. 130-132		
	306-3 Waste generated	P. 130-131	Information unavailable/ incomplete	information not available for disclosure 306-3 b
	306-4 Waste diverted from disposal	P. 130-131	Information unavailable/ incomplete	information not available for disclosure 306-4 b,c,d
	306-5 Waste directed to disposal	P. 132		
Sustainable Procurement				
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 114-115		
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	P. 114-115		
	308-2 Negative environmental impacts in the supply chain and actions taken	P. 114-115		
Diversity & Responsible Employment				
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 138-150		
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	P. 138-139		

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION	
			REASON	EXPLANATION
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	P. 148-149		
	401-3 Parental leave	P. 150		
Human Capital Development				
GRI 3: Material Topics 2021	3-3 Management of material topics	None		
GRI 402: Labor/ Management Relations 2016	402-1 Minimum notice periods regarding operational changes	None		
Occupational Health and Safety				
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 150-155		
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	P. 150-153		
	403-2 Hazard identification, risk assessment, and incident investigation	P. 152-153		
	403-3 Occupational health services	P. 152-153		
	403-4 Worker participation, consultation, and communication on occupational health and safety	P. 152-153		
	403-5 Worker training on occupational health and safety	P. 152-153		
	403-6 Promotion of worker health	P. 152-153		
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	P. 152-153		

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION	
			REASON	EXPLANATION
	403-8 Workers covered by an occupational health and safety management system	All employees and contractors are covered by the occupational health and safety system		
	403-9 Work-related injuries	P. 154-155		
	403-10 Work-related ill health	P. 154-155		
Human Capital Development				
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 144-147		
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	P. 144-145		
	404-2 Programs for upgrading employee skills and transition assistance programs	P. 140-147	Information unavailable/ incomplete	information not available for disclosure 404-2-b (transition assistance)
	404-3 Percentage of employees receiving regular performance and career development reviews	P. 146-147		
Corporate Governance				
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 136-139		
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	P. 136-139		
	405-2 Ratio of basic salary and remuneration of women to men	None		
Diversity & Responsible Employment				
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 149		

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION	
			REASON	EXPLANATION
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	No incidents of discrimination were recorded in the reporting period		
Sustainable Procurement				
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 13--132		
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	P. 140-132	NA	
Sustainable Procurement				
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 66-67		
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	P. 66-67		
Sustainable Procurement				
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 66-67 & P. 147-148		
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	P. 66-67 & P. 147-148		
Human Capital Development				
GRI 3: Material Topics 2021	3-3 Management of material topics	None		
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	None		

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION	
			REASON	EXPLANATION
Local Community and Citizenship				
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 158-163		
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	The Sustainability committee at City Cement monitor performance related to CSR programs	Information unavailable/ incomplete	information is unavailable for dicslosure 413-a
	413-2 Operations with significant actual and potential negative impacts on local communities	None		
Sustainable Procurement				
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 13--132		
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	P. 114-115		
	414-2 Negative social impacts in the supply chain and actions taken	P. 114-115		
Business Conduct				
GRI 3: Material Topics 2021	3-3 Management of material topics	None		
GRI 415: Public Policy 2016	415-1 Political contributions	None		
User Experience & Safety				
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 72-73 & P. 104-109		
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	P. 104-109		

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	OMISSION	
			REASON	EXPLANATION
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	P. 72-73		
Local Community and Citizenship				
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 132-133		
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	P. 132-133	Information unavailable/ incomplete	information not available for disclosure 417-a iii,iv and b
	417-2 Incidents of non-compliance concerning product and service information and labeling	City Cement record zero incidents of non-compliance concerning product and service information and lablelling		
	417-3 Incidents of non-compliance concerning marketing communications	City Cement record zero incidents of non-compliance concerning markeiting		
Digital Enablement				
GRI 3: Material Topics 2021	3-3 Management of material topics	P. 110-111		
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Zero customer privacy violations or complaints received		

IR Index

Element / Capital	Description according to the Framework	Location	Page
Content Elements			
Organizational overview and external environment	What the organization does and the circumstances in which it operates	Company Overview	22-29
Governance	How the governance structure supports the organization's ability to create value	Governance	50-73
Business model	The system for transforming inputs into outputs and outcomes through activities	Value Creation Model	30-31
Risks and opportunities	The risks and opportunities that affect value creation and how they are managed	Risk Management	70-71
Strategy and resource allocation	Where the organization wants to go and how it intends to get there	Sustainability Strategy	34-35
Performance	The extent to which the organization has achieved its strategic objectives and the related outcomes	Performance Sections	12-17
Outlook	The anticipated challenges and uncertainties and their implications	Covered across all sections of the report	Covered across all sections of the report
Basis of preparation and presentation	How topics were determined and the evaluation methods adopted	About This Report	8-9
The Six Capitals			
Financial capital	The pool of funds available for the production of goods and provision of services	Financial Performance	86-92
Manufactured capital	Plants, equipment, and infrastructure used for production	Operational Excellence	94-104
Intellectual capital	Organizational knowledge, systems, procedures, and innovation	Digital Transformation and Innovation	74-85
Human capital	Employees' competencies, capabilities, experience, and motivation	Human Capital	134-156
Social and relationship capital	Relationships with stakeholders and communities	Community Impact	156-163
Natural capital	Renewable and non-renewable environmental resources	Environmental Sustainability	118-133

SASB for Construction Materials Index

Disclosure Topic	Activity Metric / Disclosure	SASB Code	Location / Page
Greenhouse Gas Emissions			
Greenhouse gas emissions	Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations	EM-CM-110a.1	121
Greenhouse gas emissions	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	EM-CM-110a.2	122
Air Quality			
Air quality	Air emissions of the following pollutants: NOx (excluding N2O), SOx, particulate matter (PM10), mercury (Hg), lead (Pb), and dioxins/furans	EM-CM-120a.1	120
Energy Management			
Energy management	Total energy consumed, percentage grid electricity, percentage alternative energy, percentage alternative fuels	EM-CM-130a.1	124
Water Management			
Water management	Total water withdrawn, total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	EM-CM-140a.1	129
Waste Management			
Waste management	Amount of hazardous waste generated, percentage recycled	EM-CM-150a.1	131

Disclosure Topic	Activity Metric / Disclosure	SASB Code	Location / Page
Biodiversity Impacts			
Biodiversity impacts	Description of environmental management policies and practices for active sites	EM-CM-160a.1	126
Biodiversity impacts	Percentage of land owned or leased in, or adjacent to, sites with protected conservation status or endangered species habitat	EM-CM-160a.2	126
Workforce Health & Safety			
Workforce health & safety	Total recordable incident rate (TRIR) and near miss frequency rate (NMFR) for direct employees and contract employees	EM-CM-320a.1	151
Workforce health & safety	Number of reportable silicosis cases	EM-CM-320a.2	154
Product Innovation			
Product innovation	Percentage of products that are certified to third-party environmental and/or social sustainability standards	EM-CM-410a.1	99
Product innovation	Total clinker content of cement produced as a percentage of production	EM-CM-410a.2	99
Pricing Management			
Regulatory impacts management	Discussion of risks and opportunities associated with carbon pricing regulations and emissions regulation	EM-CM-520a.1	-
Activity Metrics			
Activity metrics	Cement production (metric tons)	EM-CM-000.A	99

Tadawul ESG Disclosure Themes

Index	Index Description	Unit of Measure	Location / Page
Environmental Indicators			
B1-1 Emissions	Total direct greenhouse gas emissions (Scope 1)	tCO_2e	p. 121
B1-2 Emissions Intensity	Greenhouse gas emissions intensity per unit of production	tCO_2/ton	p. 121
B2-1 Energy	Total direct energy consumed	kWh	p. 124
B2-2 Energy Intensity	Energy consumption intensity per unit of production	GJ/ton	-
B3-1 Water	Total water withdrawn	m^3	p. 130
B3-2 Water Management	Percentage of water recycled and reused	%	p. 130
B4-1 Waste	Total waste generated and recycling rate	ton / %	p. 132
Social Indicators			
A1-1 Workforce	Total number of employees	Number	p. 137
A2-1 Employee Diversity	Percentage of women represented in the workforce	%	p. 139
A2-2 Board Diversity	Percentage of diversity among Board members	%	-
A3-1 Turnover Rate	Overall employee turnover rate	%	p. 140

Index	Index Description	Unit of Measure	Location / Page
A4-1 Workplace Injuries	Total Recordable Injury Rate (TRIR)	Rate	p. 146
A5-1 Training	Average training hours per employee per year	Hours	p. 146
A6-1 Community Investment	Total social responsibility spending	SAR	p. 212
Governance Indicators			
G1-1 Board Independence	Percentage of independent Board members	%	p. 54
G2-1 Separation of Roles	Separation of the roles of Board Chair and Chief Executive Officer	Yes/No	Yes
G3-1 Anti-Corruption Policy	Existence of an approved anti-corruption and anti-bribery policy	Yes/No	Yes
G4-1 Business Ethics	Existence of an approved code of conduct and ethics	Yes/No	Yes
G5-1 ESG Disclosure	Publication of a standalone annual sustainability report	Yes/No	Yes
G6-1 External Assurance	Sustainability data subject to external assurance	Yes/No	Yes

IWA 48:2024

IWA 48:2024 Framework for the Application of ESG Governance Principles	
Principles and practices in ESG	**Page**
Overarching principles	34
Risks and opportunities	70
Accountability and transparency	66
Identification of and engagement with interested parties	42
Materiality	46
Framework for measuring KPIs for harmonized ESG reporting	12
Environmental	
General	118
Environmental framework (climate, energy, water, waste, biodiversity)	118
Examples of environmental actions	118
Environmental performance indicators	118
Social	
General	134
Social framework (human rights, decent work, community)	134
Examples of social actions	134
Social performance indicators	134
Governance	
General	50
Governance framework	50
Examples of governance actions (anti-corruption, fair competition)	50
Leadership	50
Organizational culture and commitment	50

IWA 48:2024 Framework for the Application of ESG Governance Principles	
Principles and practices in ESG	**Page**
ESG communication	8
Governance performance indicators	50
Compliance and conformity	
Compliance with laws and regulations and conformity with standards	66
Reporting	
General — ESG performance reporting	8
Reporting principles and quality (accurate, fair, not misleading)	8
External assurance	8

ISO 53002

Guidance Requirement	Location	Page
Context of the organization		
General — understanding the organization and its context in relation to contributing to the Sustainable Development Goals	Company Overview	22
External issues affecting the contribution to the Goals	Risk Management	70
Internal issues affecting the contribution to the Goals	Sustainability Approach	36
Interested parties		
General — identifying relevant interested parties	Stakeholder Engagement	40
Parties affected by the organization's impacts	Stakeholder Engagement	40
Parties contributing to the organization's impacts	Sustainable Supply Chain	112
Integration		
General — integrating contribution to the Sustainable Development Goals	Sustainability Strategy	36
Integrating Sustainable Development Goals activities into the core business	Value Creation Model / SDG Contribution	38
Leadership and commitment		
General — leadership and commitment towards the Sustainable Development Goals	Chairman's Statement	4
Responsible business conduct principles	Integrity and Ethics	66
Innovation	Digital Transformation and Innovation	74
Engagement with interested parties	Stakeholder Engagement	40

Guidance Requirement	Location	Page
Prioritization and materiality assessment		
Prioritization of the Sustainable Development Goals and material topics	Materiality	46
Support		
Necessary resources	Value Creation Model	38
Competence, training, and awareness	Training and Development	144
Operation		
Operational planning and control	Operational Excellence	94
Externally provided processes, products, and services	Sustainable Supply Chain	112
Data management	About This Report	8
Performance evaluation		
Monitoring, measurement, analysis, and evaluation	Performance Sections	12
Internal audit	Governance / Compliance	72
Management review	Sustainability Governance	64
Improvement		
Continual improvement	Outlook	Covered across all sections of the report
Deviations from expected results and corrective actions	Risk Management	70

Assurance Letter

Independent Assurance Statement

To the Stakeholders of City Cement Company (hereafter, CCC)

DCarbon Global was engaged by CCC to provide Independent Third-Party Limited Assurance over its 2025 sustainability report covering the period from 1 January 2025 to 31 December 2025. The assurance process is conducted in alignment with AccountAbility's AA1000AS v3 Assurance Standard. Due to the nature of the assurance process, a moderate level Type I assurance is applied to the report content, the testing of data was limited to data collected at the CCC, excluding comprehensive site visits to any of the Company's operations.

Assurance Applied standard

This assurance engagement has been conducted to align with AccountAbility's AA1000AS v3 assurance standard, structured to meet the AA1000AS Type I (Moderate level) requirements and in alignment with the GRI and SASB standards

Independence and Responsibilities

The provision of the selected information in the report is the sole responsibility of the management of CCC. The reporting organization is responsible for preparing the report in line with the reporting criteria. The reporting organization is also responsible for establishing and maintaining appropriate performance management and internal control systems. In addition to ensuring that information spread across multiple disclosures is not edited or amended in any way after assurance.

Our responsibility as assurance provider is to provide Moderate Level (Type I) assurance, as per AA1000AS v3 and assure alignment with the GRI and SASB standards, over the information contained within the report, and to form an independent conclusion based on the procedures performed and the evidence obtained.

Competence of the Assurance Provider

The assurance is led by Dcarbon's Associate Certified Sustainability Assurance Practitioner (A-CSAP) from AccountAbility, with extensive experience in ESG reporting and assurance.

Scope and Subject Matter

The scope of the report covers CCC 's Third annual Sustainability Report for 2025, encompassing its material topics. The subject matter of the report is the CCC's ESG performance data included in the report that has been prepared in accordance with the Global Reporting Initiative (GRI) Standards, and the Sustainability Accounting Standards Board (SASB) Standards for the Construction materials sector. **The financial and environmental data in the content of the report are excluded from the subject matter.**

Assurance objectives

- Assure the alignment with the AA1000 principles (Inclusivity, Materiality, Responsiveness and Impact)
- Ensure that the sustainability information under scope is reported in accordance with the GRI and SASB standards

Methodology Used and Work Performed

The process used to arrive at this assurance statement is based on guidance from AccountAbility's AA1000AS v3, covering the following steps:

1. The data was validated to ensure the accuracy and completeness of disclosed information. This is to ensure transparency and credibility of the information presented in the report to all stakeholders of CCC.
2. Conducted desk review of all relevant policies, procedures, systems and controls for ESG data collection, collation and reporting to assess the quality of the data and determine whether the policies, procedures, systems, and controls in place to monitor, measure and report on sustainability data are sufficient to meet CCC's reporting objectives.
3. Reviewed sample data collection sheets used by CCC to gather sustainability data and information.
4. Reviewed the GRI, and SASB indices integrated within CCC's sustainability report for 2025 to ensure the alignment of the data presented with these standards.

Findings and Alignment with AA1000 Principles

Inclusivity

The reporting organization has demonstrated inclusivity in its stakeholder relations, ensuring that stakeholder interests are understood and appropriately represented within the report. It is recommended that CCC also set relevant metrics to measure engagement effectiveness, outcomes and impact.

Materiality

The reporting organization has outlined its material topics along with the process used for the materiality assessment. We consider the identified topics to be appropriately representative of the organization's ESG impacts and disclosures. The report presents the disclosures in a structured manner, highlighting performance under each material topic.

Responsiveness

The reporting organization demonstrates responsiveness to stakeholder concerns through tailored communication channels and identified management approach to address stakeholder's concerns. For each material topic, the organization has outlined its management approach. It is recommended that CCC develop a dedicated grievance channel for all stakeholders to ensure comprehensive resolution for their concerns.

Impact:

The reporting organization is working on advancing its monitoring and assessing its environmental and social impacts, along with the actions taken to ensure accountability and meet their targets in 2026. CCC has reported on its ongoing progress, for each material topic, using a combination of qualitative and quantitative KPIs to demonstrate performance, as reflected in the GRI Index.

The information provided in the report is in accordance with the GRI and SASB standards

Limitations

Dcarbon experienced no limitations to the agreed extent of work required for the engagement and the specified scope.

Conclusion

Based on the procedures performed, nothing has come to our attention to suggest that the information and disclosures, as defined in the scope of our assurance, have not been presented in accordance with the GRI Standards, and SASB Standards. The reported information fairly represents CCC's current performance, aligning with the assurance and reporting principes of Inclusivity, Materiality, Responsiveness, Impact. According to a review of the sustainability report, the presentation of performance information is fair, complete, and balanced.

DCarbon Global Statement Assured

DR. Shalaby

Ehab Shalaby, Ph. D.
Chairman & CEO

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