



2022 ESG Report



Custodian of the Two Holy Mosques
King Salman bin Abdulaziz Al Saud



His Royal Highness
Prince/ Mohammed bin Salman bin Abdulaziz
Crown Prince, Prime Minister



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HE Engineer Abdullah Mohammed Noor Rehami
Chairman of the Board of Directors of the Arabian Cement Company



Chairman's Message

Dear stakeholders, It's our pleasure to present the first annual environmental, social and governance (ESG) report of the Arabian Cement Company (ACC), which covers a year of growing achievements in ESG area. This report brings into light our team's passion and devotion to achieving leadership in ESG practices.

Despite the big and unexpected challenges the world has gone through including COVID-19 pandemic and the climate change conditions during the past two years, we are proud that we have been successfully resilient in withstanding these challenges, and that ACC has remained steadfast in the face of all difficulties. These circumstances have even strengthened our understanding of the importance of ESG practices and the need to place them at the heart of our organizational planning, and also the importance of disclosing our non-financial performance to our valued stakeholders. Driven by our values of transparency and trust, our team has compiled this report to keep you always updated of our ESG performance in accordance with the Global Reporting Initiative (GRI) Standards and the United Nations Sustainable Development Goals (SDGs) to be the first cement company in the Kingdom and GCC region to commit itself to sustainability in all its activities and to improving the communities in which it operates, as well as to fulfilling its economic, social and environmental responsibilities.

In addition to recognizing and managing the various environmental impacts of our activities, we also focus on enhancing sustainable growth in the cement industry.

Across all our activities, we have adopted the highest health, safety and environment (HSE) standards to preserve the health and safety of our employees and other stakeholders, while committing to environment protection and continuity of our business.

We have a clear vision to be the leading Saudi company in the cement industry in The Kingdom of Saudi Arabia. We are still focused on promoting smart and sustainable growth that contributes to the diversification of the Kingdom's economy while ensuring the protection of the planet and its ecological diversity.



Dr. Badr Osama Johar
CEO of Arabian Cement Company



CEO's Message

Dear stakeholders, this is with great pleasure to present our first annual ESG report for the fiscal year ending on December 31, 2022. Recognizing that we are an integral part of the Saudi society and understanding our responsibility towards future generations have led us to link our ambitions and commit ourselves to the best ESG practices. This year's report provides a comprehensive view of our genuine effort to build our strategy in accordance with the best ESG standards and global standards, providing key highlights and achievements related to all ESG aspects.

The start of our journey towards adopting the best ESG practices has been marked by winning the ISO 9001:2015 - Quality Management Systems certificate and ISO 14001:2015 - Environmental management systems, and forming a Board committee entrusted with governance and social responsibility, besides Risk Management Committee, which would be the main driving force towards further strengthening ESG practices. We also seek to unleash our ESG potential through further governance engaging more male and female employees in senior management and decision-making positions.

Given that the strength of any organization is measured by values that cannot always be measured, we enhanced our social performance this year by developing human capital and launching a number of impactful social initiatives. Being an industrial company, Safety will always be at the top of our daily concerns. That's why we have continued furthering our health and safety procedures.

While giving due account to global environmental situation and environmental vulnerabilities of the Kingdom, we will continue measuring our emissions footprint and our efforts to mitigate and adapt to the climate change effects in our country to fulfill the net zero emissions goal by 2060.

In conclusion, I would like to express, on behalf of ACC, my sincere appreciation to all stakeholders involved in developing this report. We hope that you will find the report useful and transparent, and we are pleased to receive any inquiries or comments from you.



Introduction



Introduction

Overview of the Report

A) Scope of the report

Driven by our keenness to maintain sustainable growth, we adopt the best ESG practices in our operations and activities, in the belief that ESG practices are key to the success and sustainability of our business. We also believe in our ability to achieve good performance in our business and support the local community. Our business model is well-positioned to implement our strategy as approved by the Board of Directors and is well crafted to suit our business environment.

In line with our ESG-oriented business model, and our commitment to communicating sustainability and non-financial disclosures to stakeholders, we present this first annual ESG report for the fiscal year ending on December 31, 2022.

Through this report, ACC aims to:

- A) Reconfirm its commitment to efficiency and its values.
- B) Maintain its commitment to transparency towards all stakeholders.
- C) Consolidate its ongoing efforts towards sustainability in the Saudi stock market and other international stock markets, paralleled with its commitment to the Saudi's Vision 2030.

This report has been prepared in accordance with GRI1 standards, with the 17 SDGs of the UN in mind.

This report has not been audited by any independent auditor.

The report covers ACC's operations and activities but it doesn't cover those of its subsidiaries or the companies in which it holds stakes.

B) Comments and Feedback

Please feel free to contact us if you have any comments or feedback on this report, or to obtain more information about ACC's performance in relation to ESG practices:

ACC

Governance and Social Responsibility Committee

Address 8605 King Abdulaziz Road, Al Nahda District, Jeddah 23523, Kingdom of Saudi Arabia

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Overview of the Report

A) About the Company

ACC is a Saudi joint stock company established in accordance with the Saudi Companies Law pursuant to Royal Decree No. 731 of Jumada al-Awwal 12, 1374 AH corresponding to January 5, 1955 AD. The Company operates under Commercial Registration No. 4030000148 issued in Jeddah on Ramadan 14,1376 AH corresponding to April 13, 1957 AD. Founded by King Saud bin Abdulaziz, may Allah have mercy on him, in Jeddah in 1376 AH (1957 AD) with a production capacity that amounted to 2,000 tons per day of clinker cement in 1395 AH (1975 AD), ACC is considered the first cement company in the Kingdom and GCC region. Then due to urban expansion, the Company's factory was relocated to Rabigh in 1404 AH (1984 AD) where it reached a production capacity of 4,000 tons per day of clinker cement, and was opened by the Custodian of the Two Holy Mosques, King Fahd bin Abdulaziz, may Allah have mercy on him, in 1406 AH (1986 AD).

b) Vision and Mission

- **Vision:** To be the leading Saudi company in the cement industry in The Kingdom of Saudi Arabia
- **Mission** Maximizing the economic returns for all relevant parties through our commitment to the best commercial practices to provide high quality products according to international standards

C) ACC's Strategy

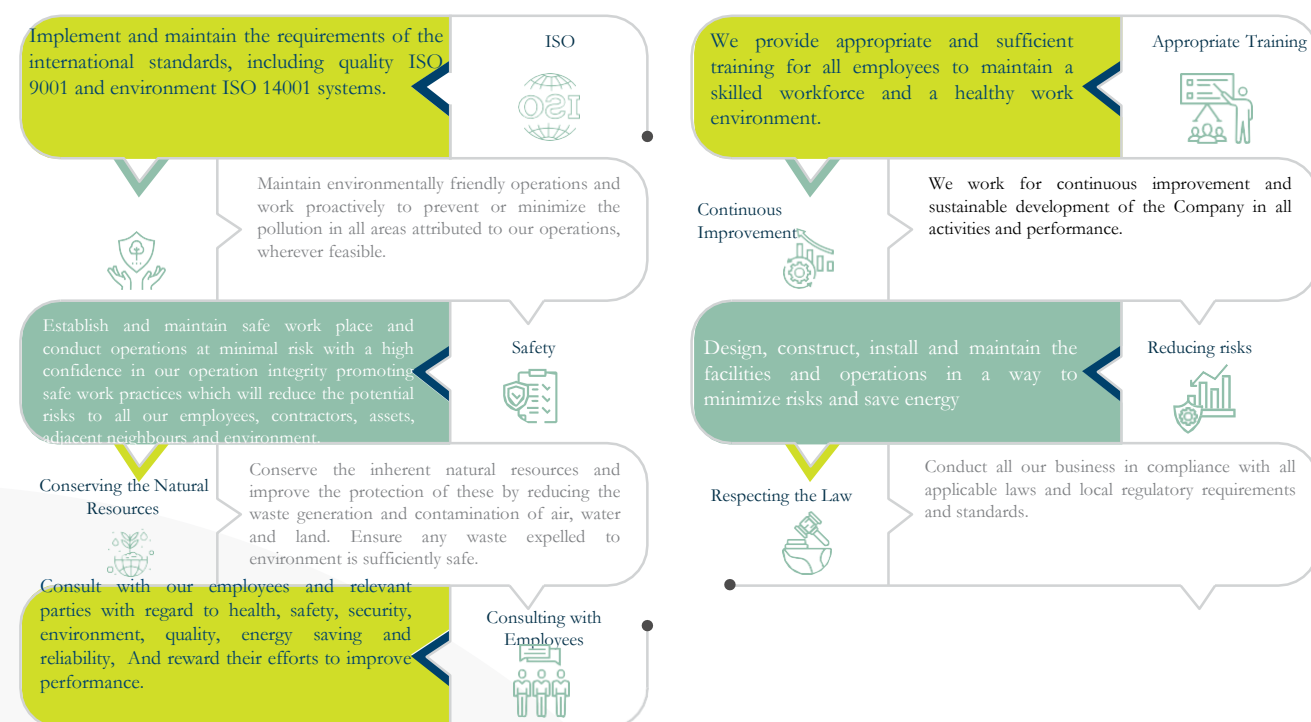
ACC has developed strategic plans in line with the future vision in order to face potential challenges and keep pace with the economic developments that the Kingdom is experiencing, with the aim of achieving continued development and growth and generating a rewarding return for its shareholders. Over the past years, ACC has worked to meet the needs of the local market and provide the highest levels of quality and flexibility to serve its customers. It also worked to improve the efficiency of its operations and reduce costs, with a view to achieving its goals, maintain competitiveness and maximizing its share in the local market.

1) This means that this report has met at least all GRI-related standards, which have been considered material across all sections of the report (according to the GRI standards, material topics are topics that an organization prioritizes for inclusion in its reports. This prioritization is made according to the principles of stakeholder inclusion and materiality. The principle of materiality determines the material topics based on the following two dimensions: The topic that reflects a reporting organization's significant economic, environmental and social impacts; or that substantively influences the assessments and decisions of stakeholders

D) ACC's Policy

ACC is committed to establishing and maintaining high health, safety, security, and environment “HSSE” standards. ACC is also committed to providing cement products with outstanding quality, consistent with customer requirements and regulatory standards while carrying out the environmental responsibility in a manner that demonstrates true leadership.

ACC is truly dedicated to the following:



This policy forms an integral part to setting our Company's objectives and targets This policy is communicated to all employees, consultants, contractors and suppliers. ACC is always ready to answer any request from the regulatory authorities and stakeholders, including neighboring facilities.

E) Activities of ACC and its subsidiaries

ACC operates in:

- Production of clinker (1), cement, building materials, related products, and derivatives inside and outside KSA.
- Trading in clinker, cement, building materials, related products, and derivatives inside and outside KSA.
- Utilization of quarries, as well as establishment of plants and warehouses required for the Company's purposes, namely manufacturing, storage, sale, purchase, import, export, and carrying out other complementary and supporting industries. To achieve such purposes, ACC may conclude all types of contracts for real estate and movable properties and enter into any type of other agreements pursuant to the applicable laws.

ACC carries out its activities in accordance with the applicable laws and after obtaining the necessary licenses from the competent authorities, if any.

ACC produces four main types of cement with high quality according to the approved local and international specifications



ACC's plant located in Rabigh Governorate, north of Jeddah, and near the Company's main markets, is the source of its main operations to produce cement and clinker. Owing to the increasing demand for cement, an expansion (line 5) was commissioned in 1417 H (1996) with a production capacity of 4,000 tons per day of clinker, raising the designed capacity to 8,000 tons per day of clinker . In 1430 AH (2009 AD) a new expansion (line 6) was commissioned with an advanced technology and production capacity of 7,000 tons per day of clinker, and the other four old lines were shut down. The designed production capacity thus was increased to 11,000 tons per day of clinker.

Further, ongoing improvements in operations resulted in achieving high operating and functioning rates, whereby the production capacity of the Company's plant reached 12,200 tons per day of clinker, which equals 13,000 tons of Ordinary Portland Cement (OPC) per day. ACC has cement grinding capacities exceeding 20000 tons per day.

(1) It is a semi-finished cement product in the form of black granules, which is a mixture of raw materials that have been burned in kilns. It is the pre-final stage of cement production.
 (2) Portland cement is a final cement product and is typically used for general construction purposes such as footings, roofs and walls.

F) Production and Markets Volume :

According to industrial license No. 421102108126 issued on 24/03/1442 AH, ACC production capacity as licensed by the Ministry of Industry and Mineral Resources is as follows:

Product	Production Capacity
Salt Resistant Portland Cement	1.5 million tons
Cement Clinker	1.0 million tons
Ordinary Portland Cement	4.0 million tons
Portland Cement	3.5 million tons

The Company aims to sell its products in the local market, and the available export markets. The currently designed production capacity of ACC plant in Rabigh has reached 3.8 million tons of clinker per year with a grinding capacity amounting approximately to 6 million tons per year

Statement	2022	2021
Total production capacity of cement sector in the Kingdom (million tons)	72.00	72.00
Production capacity of ACC (million tons)	3.80	3.80
Company's share of total (%)	5.27	5.27

The latest statistics announced on the economic websites and information obtained from the Saudi National Committee for Cement Companies indicate that the total designed capacities in KSA amounted to approximately 72 million tons of clinker by the end of 2022 (72 million tons of clinker by the end of 2021) without any additional expansion in production capacities. The actual production during the year of 2022 reached 57.7 million tons of clinker, slightly higher than the previous year by about 4.7%. Regarding KSA production and demand for cement, the demand for cement in 2022 has slightly dropped by 2.3% compared to the previous year, reaching 50.8 million tons, as a result of the slowdown in construction works on a number of vital and residential projects in the region, It is worth noting that the cement sector in KSA operate with equivalent utilization rate of 10% of the available design capacities, which continuously places pressure on the profit margins and the performance in general. Also, the high production costs and the companies continuing to export the cement to control the inventory levels and avoid overstocking have led to increase in exports compared to the previous year, where more than 7 million tons of clinker and 1.8 million tons of cement were exported during the current year, due to the stability of domestic demand levels during the past three years (2020-2022) at the same level without any significant growth in the market size.

Statement	2022	2021
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Number of companies operating in the cement sector in the Kingdom

17

17

The number of companies operating in the cement sector doubled during the period from 2005 to 2015, reaching 17 companies compared to only 8 companies in 2005. The increased number of competitors and increased volume of production capacities in the market during the same period led to a production surplus in a number of regions above their actual needs despite the fact that the market has absorbed that production until the year 2015. Then the demand began to decline leading to significant price slump. KSA cement market has been hit by recession in 2016. Consequently, signs of economic recovery have shown over the second half of 2019, due to the support provided by the government of the Custodian of the Two Holy Mosques through various programs that contributed by the provision of housing or appropriate financial aid to citizens and major infrastructure projects. The demand continued to recover during the first half of 2022 as result of the continued support for housing projects by the Ministry of Municipal and Rural Affairs and Housing. However, the real estate market activity witnessed a remarkable stagnation during the second half of the year 2022. It concentrated more in the residential sector, which was affected by the changes that occurred in several key factors, the most important of which is the decline in the growth rates of real estate loans granted to individuals, as the value of real estate loans granted to individuals decreased by 21% from the previous year to 120 billion riyals for the first time since 2016, as a result of high interest rates (mortgage cost) at an increase rate of about 500 basis points, reaching their highest level in the past 22 years.

The continued high interest rate affected the volume of real estate developers work in expanding residential projects and selling off-plan "WAFI". During the year 2022, ACC maintained its sales volume and its market share, despite the performance of the sector and the market performance in the western region. ACC also expects the residential construction sector to continue to slow down during the next year 2023, as a result of structural changes in housing support programs which have been directed to the most needy. The mortgage cost is also expected to stay on the rise, On the other hand, ACC expects upturn in vital projects of the Public Investment Fund (PIF), such as the Central Jeddah project and NEOM project.

Recent statistics on local deliveries of Saudi cement companies indicate that KSA western region's share of total deliveries amounted to 25.4% during 2022 (25.5% in 2021). It is expected that such share will increase upon commencing several announced strategic projects and PIF projects, in addition to the continued work on the Two Holy Mosques and Housing projects. Moreover, the presence of a few companies operating in the western region near the Red Sea provides a port for export to neighboring countries. ACC has exported its products to foreign markets during 2022 to support the Company's sales with more than 1,500,000 tons of cement and clinker, which helped reduce the company's inventory and support its cash position.

G) Arabian Cement Bahrain Holding Company – Subsidiary:

In 1438 AH (2007 AD), ACC established the Arabian Cement Bahrain Holding Company S.P.C. (“Arabian Cement Bahrain”), which is 100% owned by ACC. Arabian Cement Bahrain is a single person company (SPC) registered in the Kingdom of Bahrain for the purpose of managing ACC subsidiaries, investing its funds in stocks, bonds and securities, owning real estate and movables necessary to carry out its activity, and providing loans, guarantees and financing to its subsidiaries.

Arabian Cement Bahrain holds a stake in Qatrana Cement Joint Stock Private Company (“Qatrana Cement. Company) in the Hashemite Kingdom of Jordan. Arabian Cement Bahrain owns 86.74% of Qatrana Cement shares and has control over the business and management of Qatrana Cement Company. Thus, Qatrana Cement Company is considered an indirect subsidiary of the parent company (ACC). Qatrana Cement operates in the production of black Portland cement, white cement and calcium carbonate. The production capacity of the Qatrana Cement Company is 5,000 tons per day of clinker cement (equivalent to 5,300 tons per day of ordinary Portland cement), and 1.8 million tons of clinker per year. The cement grinding capacity of Qatrana is about 200 million tons per year. The company targets Jordanian markets, as well as exporting to a few neighboring countries. Qatrana Cement started its commercial operation phase in 1432 AH (2011 AD).

Statement	2022	2021
Total designed capacities of the cement sector in the Hashemite Kingdom of Jordan (in million tons)	8.0	8.0
Qatrana Cement grinding capacity (in million tons)	2.0	2.0
Market share of Qatrana Cement Private Joint Stock Company in the Jordanian market (%)	%25	%25

According to the information obtained from the Jordan Cement Producers Association, the design capacities of the cement sector in Jordan amounted to 8 million tons of cement per year during the year 2022 (8 million tons of cement per year during the year 2021)

The cement sector in the Hashemite Kingdom of Jordan also witnessed a decrease in the demand, as the demand for cement decrease to about 3.25 million tons during the year 2022, which is 4.4% less than the previous year. The market share of Qatrana Cement Company (subsidiary) reached 25% of the Jordanian market. The price stability in the market during 2022 helped Qatrana to improve its profits in 2022, despite the significant increase in the selling energy costs globally due to the Russian – Ukrainian Crisis, which led to a decline in the company's profits compared to the previous year.

As of December 31, 2022, ACC's investments in companies in which it holds ownership rights are as follows:

Name of Company	Country of Establishment	Main activity	Ownership Percentage %		Investment Value as of December 31 (1) Saudi Riyals (in thousands)	
			2022	2021	2022	2021
Ready-Mix Concrete and Construction Supplies Company	Hashemite Kingdom of Jordan	Concrete Production	%36.67	%36.67	20,516	17,054
Cement Product Industry Co. Ltd. (1)	Kingdom of Saudi Arabia	Cement Bag Manufacturing	%33.33	%33.33	46,646	37,500

(1) Cement Product Industry Co. Ltd. is a limited liability company whose Articles of Association is officially recorded with the Notary Public in Jeddah under the company contracts registry for the year 1392/91, number (55), dated 11/7/1392 H, as amended. Three major cement companies in the Kingdom of Saudi Arabia jointly founded this Company in 1972 with equal shares: Saudi Cement Company, Yamama Cement Company, and Arabian Cement Company. Since its establishment, the company has expanded its operations, and has now become one of the leading manufacturers of cement bags in the entire Middle East. The factory is located in the King Abdullah Economic City - Industrial Valley, and its design capacity exceeds 360 million bags annually with five production lines employing the latest technologies.

I) Raw materials used by ACC in the cement industry

The following table includes details of the raw materials used by ACC in the cement industry, along with details of the licenses it obtained from the Ministry of Industry and Mineral Resources, their percentages and method of supply:

Raw materials	Mining License Number	Mining License Expiration Date	Pure cement in one ton of	Mining License Subsidiary	Supply by Contractor
Limestone	S/7197	09/10/1468 AH		ACC	Contractor
Limestone *	S/117	25/11/1459 AH	% 88 - 86	ACC	Contractor
Gypsum	S/7196	09/10/1468 AH	% 5 - 3	ACC	Contractor
Clay	S/7198	09/10/1468 AH	% 10 - 7	ACC	Contractor
Clay	M/17	11/04/1454 AH	7 – 10%	ACC	Contractor
Pozzolan *	S/8002	20/08/1456 AH	% 30 - 20	ACC	Contractor
Pozzolan *	S/4131	12/05/1456 AH	% 30 - 20	ACC	Contractor
Iron Ore	S/31	22/07/1455 AH	2 – 4%	ACC	Contractor
Iron Ore *	S/23	21/03/1451 AH	2 – 4%	ACC	Contractor

Currently unexploited *. (strategic stock)

Subject to the terms and conditions of mining licenses, the Ministry of Industry and Mineral Resources may cancel the license of any quarry in the following cases:

- The company defaults on payment of the Ministry's dues for 150 days.
- The company provides invalid information to the Ministry.
- The company fails to implement the obligations imposed by the Mining Investment Law, its implementing regulations, or the mining license within a period of sixty days after receiving written notice from the Ministry..
- The company fails to rectify any situation that may endanger the health and safety of its employees or other parties or threatens to cause damage to mineral formations for more than sixty days after receiving written notice from the Ministry..
- The company fails to take the necessary measures to preserve the environment, wildlife, archaeological sites, or tourist areas for more than sixty days after receiving written notice from the Ministry..

If ACC does not adhere to the terms and conditions of mining licenses in the future, its license may be withdrawn from it and consequently it will not be able to continue practicing its business activity. This will have a negative impact on ACC's business, operation outcomes and financial position.



ESG Practices in Arabian Cement Company

ESG Practices in Arabian Cement Company

1) Introduction

In alignment with the priority of engaging stakeholders, ACC shall determine the relative importance of issues significant to both internal and external stakeholders by involving them in the determination process. ACC acknowledges the importance of aligning its strategy and direction with international and national sustainability frameworks, as well as environmental, social, and governance (ESG) practices. It also supports the achievement of the United Nations Sustainable Development Goals, Saudi Vision 2030, and other areas related to environmental and social governance and corporate governance.

2) Governance and Social Responsibility Committee

The approach to environmental, social, and governance practices at ACC has been expedited through the establishment of Governance and Social Responsibility Committee, a multifunctional committee derived from the Board of Directors. The Committee shall develop a general strategy related to environmental, social, and governance issues. It ensures oversight for the appropriate integration of environmental, social, and governance practices with policies and initiatives, communication with stakeholders, company development, and overall understanding.

Statement	2022	2021
Number of meetings of the Governance and Social Responsibility Committee during the year	4	4
Attendance Percentage:	100%	100%

During 2022, the Committee convened 4 times to discuss emerging environmental, social, and governance (ESG) topics, covering the Company's performance in ESG practices, related initiatives, ESG strategy, and assessments of ESG practices.

The tasks of the Governance and Social Responsibility Committee can be summarized as follows:

- A) Develop specific governance rules for the Company (Governance Regulations), monitor their implementation, verify their effectiveness, and amend them when necessary, subject to approval by the Board of Directors.
- B) Verify the Company's compliance with governance rules.
- C) Review and update governance rules of the Company in accordance with regulatory requirements and best practices.
- D) Review and develop the code of professional conduct representing the Company's values.
- E) Regularly inform the Board of Directors about corporate governance developments, best practices, and provide annual reports and recommendations.
- F) Review human resources management issues, including HR policies and procedures, Company structure, and Saudization rates (1) in line with the regulations of the Ministry of Human Resources and Social Development

and Nitaqat Program.

- G) Develop an orientation program for new board members covering all key areas related to the nature of the Company's business.
- H) Develop programs and identify necessary means to propose the Company's initiatives in the social field, and monitor their implementation as delegated by the Board of Directors.
- I) Propose to the Board of Directors a policy ensuring a balance between the Company's objectives and the societal objectives sought to be achieved for the development of the community, subject to presentation to the General Assembly.
- J) Establish performance indicators connecting the Company's performance with its social initiatives and compare them with other companies in similar activities.
- K) Disclose the social responsibility objectives adopted by the Company to its employees and raise awareness and educate them about these objectives.
- L) Disclose plans for achieving social responsibility in relevant periodic reports on the Company's activities.
- M) Develop foundations and standards of social responsibility for the Company.
- N) Prepare an executive plan and an estimated budget for social responsibility programs.



Below is a list of the members of the Governance and Social Responsibility Committee:

- A) Eng. Walid Abdul Razaq Al-Deraian – Independent Member.
- B) Mr. Turki Abdullah Al-Rajhi – Non-Executive Member.
- C) Mr. Youssef Saleh Aba Al-Khail – Independent Member.

3) Stakeholder Engagement

ACC shall learn the opinions and priorities of key stakeholders through ongoing meetings and discussions with internal and external stakeholders. This includes employees of ACC, investors, communities, business partners, and others throughout the lifecycle of ACC's activities. The attached Table No. 2 (Areas of Direct Economic Impact Selected by ACC) describes our approach and the frequency of engagement for each stakeholder group, aligning with their priorities.

4) Key Topics

To ensure that relevant information reaches stakeholders, ACC has identified (20) key topics based on the Global Reporting Initiative framework and regional best practices for reporting in this field, taking into account the input of internal stakeholders, current emerging trends and the interests of external stakeholders based on direct communication with them.

(1) Saudi Arabian Labor Regulations that mandate companies operating in the Kingdom to employ a specific percentage of Saudi nationals.



1) Corporate Governance

A) Introduction

ACC has been diligently applying corporate governance since the issuance of the Corporate Governance Regulations by the Saudi Arabian Capital Market Authority on November 12, 2006, and the new Governance Regulations issued on February 13, 2017, as amended. The Company established an effective governance system, acknowledging its long-term importance, fostering relationships with all stakeholders, and adhering to the principles of disclosure and transparency. The Board of Directors adopted the second edition of the Company's Governance Regulations on December 3, 2017, to maximize the interests of all stakeholders in the long run, along with documenting governance policies and procedures. ACC deposited a copy of the approved Governance Regulations with the Capital Market Authority's Governance Department. In addition, the various departments of ACC have contributed to supporting and strengthening the Company's governance system. All departments have embraced best practices to protect the interests of all stakeholders.

ACC has developed and approved policies that ensure compliance with official regulations and laws. The Company is also committed to disclosing essential information about its operations and performance, aiding shareholders and investors in evaluating ACC.

B) General Overview on Ownership Rights

ACC is a publicly listed joint-stock company on the Saudi Arabian Stock Market with an authorized, subscribed, and fully paid capital of (SR. 1,000,000,000), divided into (100,000,000) shares. The nominal value per share is (SR. 10), and the book value is (SR. 27.50). The corporate governance of ownership rights at ACC is subject to meticulous supervision, ensuring compliance with the Corporate Governance Regulations.

During 2022 and 2021, there were no changes in the Company's authorized or subscribed capital.



Governance at ACC

C) Company Governance Practices

ACC shall adhere to all mandatory provisions outlined in both the Companies Law (1) issued by the Ministry of Commerce, the Corporate Governance Regulations (2), and the "Regulations and Regulatory Procedures Issued Pursuant to the Companies Law for Listed Joint Stock Companies" (3) issued by the Saudi Capital Market Authority. Additionally, the Company complied with several advisory provisions mentioned in the Regulations, as follows:

Article Title (Article Number in the Regulations
Evaluation (Annual evaluation of the performance of the Board of Directors, its members and committees, and executive management) (4)	41
Formation of Risk Management Committee	70
Article Number in the Regulations	71
Terms of reference of Risk Management Committee	72
Meetings of Risk Management Committee	76
Formation of Internal Audit Unit or Department:	77
Internal Audit Plan	78
Internal Audit Report	83
Organizing Relationship with Stakeholders	87
Social Responsibility	88
Social Initiatives:	95
Formation of Corporate Governance Committee	

The following details outline the specific provisions from the new Corporate Governance Regulations that were not adhered to during the year 2022:

Article/ Paragraph provision:	Article/ Paragraph Number in the Regulations	Reason for non-application
Developing the necessary mechanisms for Board members, committee members, and the Executive Management to continuously enroll in training programmes and courses in order to develop their skills and knowledge in the fields related to the activities of the Company.	Article (39): Training, Paragraph "2",	The Article is still advisory
The Board shall carry out the necessary arrangements to obtain an assessment of its performance from a competent third party every three years.	Article (41): Assessment, Paragraph "E",	The Article is still advisory
The Chairman of the Audit Committee shall be an Independent Director.	Article (54) Audit Committee Formation), Paragraph "B",	The Article is still advisory
The Company shall establish programmes for developing and encouraging the participation and performance of the Company's employees. The programmes shall particularly include the following: 1) forming committees or holding specialised workshops to hear the opinions of the Company's employees and discuss the issues and topics that are subject to important decisions; 2) establishing a scheme for granting Company shares or a percentage of the Company profits and pension programmes for employees, and setting up an independent fund for such programme; and 3) establishing social organisations for the benefit of the Company's employees.	Article (85): Employee Incentives, Paragraphs "1", "2" and "3"	The Article is still advisory

(1) In 2022, a new regulation was issued, effective in 2023.

(2) In early 2023, the new "Companies Governance Regulations" came into effect, issued by the Board of the Capital Market Authority and amended by Resolution of the Board of the Capital Market Authority No. 2023, dated 25/06/1444 H., corresponding to 18/01/2023 AD.

(3) At the beginning of 2023, the "Implementing Regulation of the Companies Law for Listed Joint Stock Companies" came into effect, issued by the Board of the Capital Market Authority and amended by Resolution of the Board of the Capital Market Authority No. 8-5-2023, dated 24/06/1444 H., corresponding to 18/01/2023 AD, replacing the Regulations and Regulatory Procedures issued in implementation of the Companies Law for Listed Joint Stock Companies".

(4) Except for the provision related to external assessment every three years.

D) Corporate Governance Excellence Award

ACC received the Corporate Governance Excellence Award three consecutive times in 2019, 2020, and 2021. This award, granted by the Corporate Governance Center at Al-Faisal University, recognizes the Company as one of the best-performing entities in governance among 200 companies listed on the Saudi Stock Market (Tadawul).

The evaluation by Al-Faisal University's Corporate Governance Center is based on a scientific index that assesses corporate governance performance in four pillars: the Board of Directors, shareholder rights, public disclosure and transparency, and stakeholder rights.



Governance at ACC

2) Board of Directors and Emanating Committees

ACC's Board of Directors shall develop the Company's operations and achieving continuous returns for shareholders. This is accomplished through the Board of Directors and the executive management, specifically by instilling corporate values and governance standards. These standards include, in particular, the rules set by the Capital Market Authority to protect the rights of shareholders and other stakeholders. ACC shall also ensure the application of governance rules in all its professional and ethical dealings. Likewise, the Board of Directors shall aim to enhance a culture of commitment by establishing policies, procedures, and internal regulations based on sound governance principles and Compliance Regulations during the Company's daily industrial and commercial activities.

These procedures are designed to boost the confidence of shareholders and other stakeholders. The governance framework shall undergo regular review by the Board of Directors, which establishes executive strategies and policies to maintain a robust governance system.

ACC's Board of Directors consists of nine members elected by the General Assembly (five independent and four non-executive). The board members shall possess notable expertise in manufacturing, trade, economics, governance, risk management, and strategic planning.

The Board of Directors at ACC plays two key roles within the Company: a supervisory role and an oversight role:

A) For the supervisory role: The Board of Directors shall oversee the strategic and operational direction of the Company, balancing its decisions among different risks, threats, opportunities, and gains.

B) For the oversight role: The Board of Directors shall monitor the executive management, ensuring that it works diligently in the interest of stakeholders. The Board shall also supervise the Company's legal and regulatory compliance, internal confirmation activities (such as internal audit and risk management), and monitor external confirmation activities (such as external audit reviews).

The responsibilities of Board members are independent and distinct from the responsibilities of executive management, thus allowing the Board to maintain its supervisory and oversight roles, contributing effectively by fulfilling its responsibilities to the fullest.

The following provides more details about the members of the Board of Directors:

Name and Classification of Membership:	Nationality:	Qualifications and Experience:
HE Engineer Abdullah Mohammed Noor Rehaïmi (Chairman of the Board - Independent Member)	Saudi	Bachelor's degree in Mechanical Engineering. Extensive experience in leadership, management, finance, and strategic planning, having held several important managerial positions in both the public and private sectors, including board memberships in various companies. Previous roles include Executive Member and CEO of Savola Group, President of the General Authority of Civil Aviation, and Assistant Director-General of the Industrial Development Fund.
Mr. Saud Abdul Aziz Al-Sulaiman (Vice Chairman of the Board - Non-Executive Member)	Saudi	Bachelor's degree in Economics and Finance. 35 years of experience in management, economics, and investment. Currently serving as the President and CEO of Abdulaziz Abdullah Al-Suliman Group. Formerly worked as Vice President at Abdulaziz Abdullah Al-Suliman Group.
Eng. Walid Abdul Razzaq Alduraian (Board Member - Independent Member)	Saudi	Master's degree in Electrical Engineering. 35 years of experience in management, company founding, training, and education. Currently serves as a managing director at Al Khaleej Training and Education Co. Formerly worked as a General Manager at Al-Khaleej Computers & Electronic Systems Co.
Eng. Moataz Qusay Al-Azzawi (Board Member - Non-Executive Member)	Saudi	Bachelor's degree in Computer Engineering. 34 years of experience in investments, construction, capital markets, mergers and acquisitions, and memberships in the boards of several listed companies. Currently works as a managing director in his own companies.
Mr. Turki Abdullah Al-Rajhi (Board Member - Non-Executive Member)	Saudi	Bachelor's degree in Industrial Management. 25 years of experience in management and industry. Formerly served as a General Manager at the National Factory for Polyester Fibers, and General Manager at Al-Rajhi Plastic Factory.
Mr. Fahd Abdullah Al-Eïssa (Board Member - Non-Executive Member)	Saudi	Master's in Business Administration. 15 years of experience in investment, banking, and finance. Currently serves as the CEO of Amyas Holding Company. Formerly worked as CEO of Investment at Amyas Holding Company, Investment Banking Manager at Jadwa Investment, and Financial Analyst at J.P. Morgan Bank.

%56

استقلالية مجلس إدارة
شركة الأسمنت العربية

Governance at ACC

The following provides more details about the members of the Board of Directors:

Name and Classification of Membership:	Nationality	Qualifications and Experience:
Mr. Abdulatif Ali Al-Seif (Board Member - Independent Member)	Saudi	Master's in Economics and Master's in Business Administration. 21 years of experience in credit, finance, and investment. Currently serving as a Managing Director and CEO of Sabeen Investment Company. Formerly worked as CEO of Riyadh Investment Company, Deputy CEO of King Abdullah Humanitarian Foundation, Portfolio Manager at Musk Company, and Head of Investment Portfolios at Saudi Arabian Oil Company (ARAMCO).
Mr. Youssef Saleh Aba Al-Khail (Board Member - Independent Member)	Saudi	Master's in Information Sciences and Systems. 36 years of experience in the government and private sectors, with participation in leadership and memberships in joint-stock companies and their committees.
Eng. Muhammad Hamed Al-Kulaibi (Board Member - Independent Member)	Saudi	Bachelor's in Industrial Engineering and Mini Master in Business Administration. 28 years of experience in managerial and consulting roles. Currently serving as CEO of Ibdaa Watan Food Trading Co., formerly worked as Deputy CEO of United Sugar Company, Deputy CEO and Senior Executive Manager of Savola Company, and Advisor to the Minister of Economy and Planning and the Minister of Hajj and Umrah.

The report concludes with a statement listing the names of companies inside or outside the Kingdom in which Board members currently or previously held membership or had an executive role.

In 2022, during the last term of the Board, there was no female representation on the Board, but we believe that a diverse Board would enhance the performance of the Company.

Statement	2022	2021
Number of board members	9	9
Number of board male members	9	9
Number of Board of Directors meetings during the year	6	7
Average Attendance Rate	%100	%98

The Board of Directors shall meet several times during the year, and comprehensive details of the Board of Directors' meetings shall be disclosed in the annual report of the Board of Directors.

The current term of the Board of Directors shall be for three years, commencing on January 1, 2021, and concluding on December 31, 2023.

A) Election of Board Members

ACC shall consider recruiting qualified and experienced individuals to its Board of Directors and its committees to serve the interests of the Company, its shareholders, and other stakeholders. The Nomination and Compensation Committee shall assist in selecting and appointing members of the Board of Directors and its committees, recommending nominations and re-nominations according to the required membership criteria set by the relevant regulations issued by the Capital Market Authority. These criteria aim to establish a Board capable of outstanding performance from all aspects.

The General Assembly shall elect the members of the Board of Directors through cumulative voting, and the term of membership in the board shall be three years, renewable.

B) Powers, Responsibilities, and Duties of the Chairman of the Board of Directors

The Chairman of the Board holds non-executive powers, playing a pivotal role in encouraging an open environment based on effective dialogue, discussing challenges and issues timely. In addition, the Chairman ensures the independence of the Board and its ability to make decisions that ensure the Company's public interest. His duties and responsibilities include, but are not limited to:

- Ensuring that the Board discusses all fundamental issues efficiently and in a timely manner.
- Representing the Company in accordance with its bylaws.
- Encouraging all Board members to fully and effectively participate in managing Board affairs to ensure the Board acts in the Company's best interest.
- Ensuring effective communication with shareholders and conveying their opinions to the Board.
- Creating an atmosphere that encourages constructive criticism of issues where there are differences in views among Board members.





Governance at ACC

C) Committees Emanating from the Board of Directors

Four committees emanate from the Board: Audit Committee, Risk Management Committee, Compensation and Nomination Committee, and Governance and Social Responsibility Committee. Audit Committee shall be formed, either by shareholders or others, by a resolution of the Ordinary General Assembly, while the remaining committees shall be formed by the Board of Directors.

The Board shall ensure the formation of these committees through resolutions that specify the committee's duration, powers, responsibilities, how the Board oversees them. The resolutions to form the committees shall include naming the members, defining each committee's task, setting its term, specifying its powers during this period, and outlining the Board's supervision mechanism. Each committee shall transparently communicate its findings and resolutions to the Board. The Board shall regularly monitor these committees to ensure they perform their assigned tasks. Each committee shall be accountable for its actions before the Board, and this shall not diminish the Board's responsibility for such actions and the authorities delegated to the committees. All committee members, whether internal or external to the Board, shall be independent or non-executive.

Number of Meetings Attendance Percentage:

Name of Committee	Number of members	Number of independent members and members from outside the Board	Number of Meetings		Attendance Percentage:	
			2022	2021:	2022	2021
Internal	4	1 independent and 1 from outside the board	4	4	%100	%100
Risk Department	3	1 from outside the board	3	2	%100	%100
Remunerations and Nominations	3	2 independent	3	5	%100	%100
Governance and Social Responsibility	3	2 independent	3	4	%100	%100

The comprehensive disclosure of details regarding the meetings of all committees shall be provided in the annual report to the Board of Directors.

In 2022 and the last cycle of committees emanating from the Board of Directors, there was no representation of women in these committees.

D) Evaluation of the Board of Directors and its Committees' Performance

Nomination and Remuneration Committee shall consistently and systematically conduct evaluations of the Board of Directors and its committees. This process aims to ensure compliance with governance standards at the highest levels and achieve equality. Since 2016, the Nomination and Remuneration Committee has internally developed and approved a model for evaluating the performance of the Board of Directors and its committees. Board members participated in the evaluation by expressing their opinions. Subsequently, the Committee analyzes the evaluation results and presents recommendations to the Board of Directors.

E) Board of Directors and its Committees' Remuneration

ACC shall adhere to the highest standards of sound governance, transparency, integrity, honesty, and accountability, all of which are reflected in its practices and governed by its remuneration policy. The remuneration policy of ACC shall establish principles related to the remuneration of the Board of Directors, its committees, and the executive management to align with the Company's objectives and performance, taking into consideration the integrity of its operations and financial position. This policy shall be an integral part of the comprehensive corporate governance framework. The Nomination and Remuneration Committee shall be responsible for implementing this policy and reviewing it annually. Shareholders have approved all remunerations for the Board of Directors in the annual general meetings, indicating a consensus on payment.

Comprehensive disclosure of the fixed and variable remunerations for all Board and committees members shall be provided in the annual report to the Board.

3) Executive Management

The success and sustainability of any company is a determining factor in the quality of its internal processes and organization. As Arab Cement Company seeks excellence, it has structured its organizational framework in alignment with its aspirations to ensure compliance and conformity with environmental, social, and governance standards, while also considering other institutional goals and purposes. Annex (5) shows a summary of the organizational structure, including positions in hierarchical order for all committees of the Board of Directors, administrators, managers, and executives. The organizational structure illustrates that the Board of Directors shall oversee all operations of Arab Cement Company, ensuring that these operations adhere to the highest standards and align with the Company's overall strategic directions.

The governance structure shall be the executive management after the Board of Directors and its committees, subject to the oversight of the Board, which appoints and evaluates the executive managers and ensures the efficiency of their performance. Both the Board and the executive manager shall focus on developing a governance culture and commitment throughout the Company, and analyzing potential risks.

The following link (the official website of Arabian Cement Co.) shows the names of the members of the company's executive management:

<https://arabiancement.com.sa/about-us/#executive-management>

The following link (the official website of Arabian Cement Co.) shows

the organizational structure approved by the





ACC Governance Practices

4. Business Ethics and Compliance

Creating a culture that complies with Business Conduct Policy and the highest ethical standards results in various positive outcomes, including positive stakeholder perceptions, enhancing internal governance, alignment with best practices, strong compliance, positive work environment and investor's trust in ACC's integrity and financial soundness, as strong compliance with ACC regulations and internal bylaws by all employees, including Top Management, helps achieving interests of all related parties and shareholders in particular, without a conflict of interest, along with a great deal of transparency.

ACC is proud to comply with such above-mentioned opinions and practices regarding the critical importance of ethics, and has the following policies approved by the Board of Directors:

- a. Code of Conduct Policy
- b. Policy of Conflict of Interest and Handling Potential Conflict of Interest (including examples of conflict of interest).
- c. Anti-Fraud & Whistleblowing Policy.
- d. Disclosure & Transparency Policy.

ACC complies with business standards in accordance with the terms of reference of its operations, which reflects a fair and positive work environment. With regard to communication, our business standards are communicated to all employees in both Arabic and English. In addition, ACC demonstrates integrity and compliance in its financial statements, as evidenced by its auditing practices. It should be noted that ACC complies with regular rotation of external audit partners so as to ensure impartiality and independence of external auditors upon performing financial statement preparation and auditing.

5. Conflict of Interest

ACC and its Board focus on interests of shareholders, and ACC seeks to avoid actual or apparent conflict of interest in personal or professional relationships. In addition, each Board Member shall bear responsibility towards ACC and related parties. Special procedures are also applied to the highest governance bodies in ACC to ensure avoiding and handling any conflict of interest. To this end, ACC has developed and applied Conflict of Interest Policy. Furthermore, ACC audits transactions with the related parties in a manner commensurate with nature of ACC transactions and projects according to market regulations. In addition, such Policy and accompanying procedures aim to achieve justice and transparency, prevent conflict of interest and misuse of internal information, in addition to ensuring independence of Board Members.

Conflict of Interest Policy also stipulates disclosing interest of any employee, Board Member or family member in any contract or transaction with ACC. In addition, the related parties may not participate in decision making or vote on any decision related to such interest.

In the Annual Report of Board of Directors, the following details shall be disclosed comprehensively:

- a. Business or contracts to which ACC is a party or involve an interest for one of ACC Board Members, Senior Executives or any person having a relationship with any of them.
- b. Any interest, contractual securities and rights offering attributed to ACC Board Members, Senior Executives and their relatives in shares or debt instruments of ACC or any of its subsidiaries, or any change in such interest or such rights within the last fiscal year.
- c. Any interest, contractual securities and rights offering attributed to Senior Executives and their relatives in ACC shares or debt instruments.
- d. Any deal between ACC and a related party (Throughout 2022 and 2021, there is no any deal).

In the Annual Report of Board of Directors, the following details shall be disclosed comprehensively:

- a. Business or contracts to which ACC is a party or involve an interest for one of ACC Board Members, Senior Executives or any person having a relationship with any of them.
- b. Any interest, contractual securities and rights offering attributed to ACC Board Members, Senior Executives and their relatives in shares or debt instruments of ACC or any of its subsidiaries, or any change in such interest or such rights within the last fiscal year.
- c. Any interest, contractual securities and rights offering attributed to Senior Executives and their relatives in ACC shares or debt instruments.
- d. Any deal between ACC and a related party (Throughout 2022 and 2021, there is no any deal).

6. Whistleblowing

ACC complies with strong transparency and compliance standards and practices. To this end, the Board approved "Anti-Fraud & Whistleblowing Policy" that sets out the regulatory procedures for reporting any misconduct or suspected act that occurs in ACC premises and workplaces, as ACC takes the correctives actions timely. In addition, this Policy allows all employees, including Top Management and Board Members, to express any fears or misconduct that they face without disclosing their identity, while ensuring their protection.

As stipulated in "Anti-Fraud & Whistleblowing Policy", misconduct acts that ACC may handle include: Job fraud (including corruption, embezzlement and financial statement manipulation), inappropriate behaviors by any employee, such as violence and harassment, and any illegal acts related to safety and security, in addition to environment. After misconduct report is issued, a formal investigation shall be performed. Based on level of misconduct, the disciplinary procedure shall be taken in accordance with the Saudi Labor Law.



ACC Governance Practices

7. Risk Management

ACC seeks to systematically identify risks that include such risks that could result in business failure, damage to reputation, financial loss, decreased productivity, injury, etc., in order to effectively limit or minimize the negative impact. In addition, ACC defines risk management as knowledge, capabilities and practices integrated with the developed strategy and their application in order to manage risks when creating, maintaining and achieving value.

ACC determines and classifies risks that it faces, and assesses their contingency and potential impact, while conducting appropriate responses. ACC periodically monitors and reports risks that it faces to all ACC involved persons and Risk Management Committee.

With regard to risk governance, Risk Management Committee supervises implementation of Risk Management Strategy. In addition, Risk Management Strategy sets out key business risks to help ACC achieving its strategic objectives and maintaining risks within acceptable levels within limits of risk appetite. According to Governance Regulations, the tasks of Risk Management Committee are briefed as follows:

- a. Developing a comprehensive risk management strategy and policies that comply with the nature and size of ACC's activities, verifying their implementation, reviewing, and updating them based on ACC's internal and external variables.
- b. Determining and maintaining an acceptable level of risks that ACC may be exposed to and checking that ACC has not exceeded it.
- c. Ensuring viability of ACC continuation and the successful continuation of its activity, preventing identification of risks threatening its continuation over the next 12 months.
- d. Supervising ACC's risk management system and assessing effectiveness of systems and mechanisms for identifying, measuring and monitoring risks to which ACC may be exposed in order to identify shortcomings.
- e. Periodic reassessment of ACC's tolerability of risks and exposure to such risk.
- f. Preparing detailed reports regarding exposure to risks and the proposed steps for managing these risks and submitting such reports to the Board.
- g. Submitting recommendations to the Board on issues related to risk management.
- h. Ensuring availability of sufficient resources and systems for managing risks.
- i. Reviewing organizational structure of risk management and making recommendations regarding it before being approved by the Board.
- j. Ensuring that risk management personnel are independent from the activities that may result in exposing ACC to risks.
- k. Ensuring that risk management personnel understand the risks surrounding ACC and working on raising awareness of risk culture.
- l. Reviewing issues raised by Audit Committee that may affect risk management in ACC.

In the Annual Report of the Board, the key risks that ACC face shall be disclosed comprehensively.

Each ACC department head is responsible for managing risks related to nature and objective of his work, as the Chief Financial Officer is responsible for managing financial risks, and Procurement Manager is responsible for procurement-related risks, and so on. ACC conducts in-depth due diligence on new business partners to monitor and assess any potential risks that may arise, such as:

- a. Reviewing legal documents of potential business partners, including Articles of Association, licenses, authorized signatory document, etc.
- b. Auditing primary and reference information that includes assessing nature of new business partners, their sector of work, performance and financial health.

- c. Ensuring that counterparty's activities are appropriate and consistent with ACC's values and business practices.
- d. Verifying whether legal claims have been filed against the company.

8. Investor Relations

The years 2021 and 2022 demonstrated a positive leap in investor relations due to resuming various projects in the Kingdom after Coronavirus Pandemic (Covid-19). This leap is largely due to the efforts of Investor Relations Department in maintaining continuous and consistent communication with ACC's stakeholders. Thanks to ACC Investor Relations Department, we were able to establish and provide effective financial communications for current and potential investors, employees and Management regarding ACC's compliance with Capital Market Authority (CMA) and standards related to environmental, social and governance (ESG) practices.

ACC Investor Relations Department has always been a hub for ACC's communication regarding ESG practices, and for handling ESG concerns of stakeholders.

ACC is keen on maintaining rights of its shareholders through Shareholder Right Policy, General Assembly, Disclosure & Transparency Policy and other relevant policies in ACC Governance Regulations approved by the Board on December 03, 2017 AD as briefed below:

- a. The Policy aims to ensure ACC's compliance with respecting and maintaining rights of shareholders in accordance with the relevant laws, instructions and regulations.
- b. ACC Board complies with developing standards for maintaining rights of all shareholders, while updating such standards, when required, to reflect amendments introduced to provisions of the law, regulations and instructions issued by the relevant regulatory authorities.
- c. The Policy covers general rights of shareholders, rights of shareholders in General Assembly Meetings and maintenance of shareholder information.
- d. The Policy provides for restrictions of voting rights that are based on numbers of owned shares.
- e. The Policy determines restrictions to shareholders' right to hold a general/special or emergency meeting or request based on number or rate of owned share.

Cumulative voting is used in electing ACC Board.

Statement	2022	2021
Number of Ordinary General Assembly Meeting throughout the year (Meeting No.)	1 (66)	1 (65)
Mechanism of holding Ordinary General Assembly Meeting	Via video conference and using Tadawulaty Platform	Via video conference and using Tadawulaty Platform
Rate of shareholders attending Ordinary General Assembly Meeting	18.92%	19.26%
Number of shareholders attending Ordinary General Assembly Meeting	340	224
Number of Extraordinary General Assembly Meetings	0	0



ACC Governance Practices

9. Responsible Procurement

ACC recognizes that the responsible procurement is an integral part of the approach towards ESG practices. In addition, ACC believes that it is necessary to ideally incorporate ESG practices in all levels of ACC's supply chain by maintaining integrity, transparency, human rights and environmental responsibility through various procurement processes. Therefore, ACC continually assesses communication with various suppliers and maintains good relationships to ensure meeting highest purchase standards. What distinguishes ACC's efforts to meet such ambitious standards is various procurement practices performed throughout 2022 AD, which are as follows:

- a. Compliance with ISO 9001 – Quality Management System and conduct internal and external auditing on an annual basis to assess level of compliance with quality standards.
- b. Prefer dealing with suppliers who comply with high-quality standards and who do not have a history of unethical practices.
- c. Not to deal with any supplier proven with evidence to violate human rights or forced labor issues.
- d. Not to deal with any supplier proven with evidence to have a negative environmental impact in supply chain.

ACC also deals with suppliers regarding risks related to ESG practices and ensures conducting a check and assessment of suppliers and risk assessment before selection. In addition, selection process includes the below-mentioned procedures:

- a. Obtaining no less than three proposals within selection process.
- b. Requesting relevant legal documents from potential suppliers and assessing processes of validating primary information and previous authorization documents of suppliers.
- c. Using evaluation criteria such as pricing, quality, product availability, performance and customer service ability, etc.
- d. Assessing supplier's goodwill in domestic and international market, ethical and environmental standards regarding environmental and social risks.

ACC's continuing impact extends to supporting local economy through local procurement. In 2022 and 2021, more than 60% of procurement expenses were in the Saudi market.

10. Licenses, Permits and Certificates

ACC obtains and maintains various legal permits, licenses and approvals regarding its activities. Such licenses include but not limited to: Ministry of Industry and Mineral Resources (MIM) National Industrial License, Ministry of Commerce (MC) Company Registration Certificate, Trademark Registration Certificate, Saudization Certificate, Zakat Certificate, VAT Registration Certificate, Social Insurance Certificates, environmental license for operations issued by the General Authority of Meteorology and Environment Protection and licenses of Civil Defense and municipalities.

ACC's failure to renew its current licenses, permits and certificates or obtain any of licenses necessary for its business, or if any of its licenses is suspended or expires, or if any of such licenses is renewed pursuant to conditions inappropriate for ACC, or if ACC is unable to obtain additional licenses, permits and certificates that may be required in the future, may expose ACC to stop and refrain from performing its business, such as closing ACC or freezing all services that the regulatory authorities provide to ACC (such as renewal or licenses and certificates and issuing visas, residence permits, transfer of sponsorship, etc.) or may expose ACC to fines imposed by the entities having a relevance to licenses, permits and certificates, which will result in interruption of ACC's operations and incurring additional expenses that will, in turn, adversely impact ACC business and outcomes of its operations, financial position and forecasts.





Governance Practices in Arabian Cement Company

11) Zakat and Tax Status

The Arabian Cement Company zakat status up to the year 2005 and submitted its zakat returns for the years ended December 31, 2006 through 2010 and ZATCA has issued zakat assessment for the mentioned years which resulted accrued zakat differences that amount to SAR 14.6 million. The Company paid the withholding tax due, amounting to SAR 153 thousand, and the Company objected to the zakat assessment for the mentioned years, and the objection was referred to the initial objection committee for consideration and issuance of a decision on it.

The Preliminary Objection Committee issued its resolution No. (36) in 1436H regarding the Company's objection on the said years. ZATCA has issued an adjusted zakat assessment based on the Preliminary Objection Committee's resolution, which showed a reduction in zakat differences amounting to SAR 9.8 million. The Company has paid the due zakat differences according to the committee's decision, amounting to SAR 4.8 million. ZATCA has also appealed the aforementioned committee's decision in relation to the real estate investment item with the Tax Appeal Committee, amounting to SAR 844 thousand. The First Appeal Circle for Income Tax Violations and Disputes issued its decision, which includes rejecting the Authority's appeal and supporting the Second Preliminary Zakat and Tax Appeal Committee ("PZTAC").

Consequently, the Company's management, supported by its zakat advisor, believes that the Arabian Cement Company's zakat status for the years from 2006 to 2010 is finalized, as real estate investments are long-term investments and must be deducted from the zakat base, based on the executive regulations of the zakat system.

The Company filed its Zakat returns for the years ended 31 December 2011 till 2013. The Zakat, Tax and Customs Authority did not issue the Zakat assessment for the said years till to date. ZATCA has issued the Zakat assessment for the years ending on 31 December 2014 until 2018, which showed accrued zakat differences of SAR 16.4 million.

The Company paid the due zakat differences on the non-objectionable items, amounting to SAR 2.6 million during the year ended 31 December 2020. The Company has also objected the zakat assessment, and ZATCA issued the amended zakat assessment based on the decision of the Preliminary Appeal Committee, which showed a decrease in zakat difference by an amount of SAR 3.5 million. The Company has escalated the aforementioned objection to the Tax Committees for Resolution of Tax Violations and Disputes. The committee issued a decision to reduce the zakat differences by 9.2 SAR million, so that the amount under the committee's decision became SAR 1.04 million. The Company has escalated the aforementioned objection to the Appeal Committee to decide on violations and zakat, tax and customs disputes for consideration and issuance of a decision regarding it, which is still under study by the committee to date. The Company's management and the zakat advisor believe that its position is strong and that the Company has sufficient provision to cover potential zakat obligations as a result of this assessment, as the authority refused to deduct foreign investments despite the fact that foreign investments are investments in long-term associates that must be deducted from the zakat base, based on the executive regulations zakat system.

The Company has submitted the Zakat returns for the two years ended 31 December 2019 and 2020 and obtained the unrestricted Zakat certificate for the year 2020.

The Zakat, Tax and Customs Authority has issued the Zakat and withholding tax assessment for the two years ended 31 December 2019 and 2020, which showed the total differences in Zakat and withholding tax due and a delay fine of SAR 1.8 million. The Company has filed an objection on the zakat assessments for the mentioned two years and paid the zakat due on the non-objectionable items in the amount of SAR 83 thousand, in addition to paying the maximum amount of zakat differences due under the zakat assessment at 25% according to the Regulations, which amounts to SAR 414 thousand.

ZATCA has issued the zakat assessment and the amended withholding tax for the two years ended 31 December 2019 and 2020, which showed a decrease in the differences in zakat, withholding tax and the fine for delay in the amount of SAR 744 thousand, bringing the amount under the adjusted assessment to SAR 1.07 million. The Company has escalated the aforementioned objection to the Tax Committees for Resolution of Zakat and Tax Violations and Disputes (the "TCRTVD"), for review. The Committee issued two decisions related to the Company's objection for the aforementioned two years, reducing the entire zakat differences by SAR 1.07 million. ZATCA appealed these decisions to the Appeals Committee, which is responsible for adjudicating zakat, tax, and customs violations and disputes. Tax Committees for Resolution of Zakat and Tax Violations and Disputes that is still considering the case. The Company's management and the zakat advisor believe that its position is strong and that the Company has a sufficient provision to cover the potential zakat obligations as a result of this assessment, as the authority has refused to deduct the deferred income tax from the zakat base based on what is stated in the guideline issued by ZATCA. TCRTVD has announced the discount procedure in accordance with its recent decision.

The Company has submitted the Zakat returns for the year ended 31 December 2021 and obtained the unrestricted Zakat certificate for the year 2021. The ZATCA did not issue the final Zakat assessment for the said year till to date.



ACC Environmental Practices

ACC Environmental Practices

Environmental Measures and their Impact

ACC is aware of the global environmental situation and the impact of cement and building materials production on such situation. Therefore, ACC seeks to be among the Saudi industrial companies that provide solutions for environmental problems instead of increasing such problems. ACC's normative efforts, continuous assessment of cement production performance, implementation of energy and water efficiency and waste reduction strategies contribute to achieving ACC's environmental goals of decreasing energy and water consumption, landfill waste, greenhouse gas (GHG) emissions and carbon emissions, as such efforts also contribute to improving air quality and cost reduction goals.

One of ACC's strategic objectives is to support sustainable development of environment and society and compliance with the relevant regulations. In addition, ACC has adopted the following policies and trends to achieve this objective:



Driven by ACC's policy of commitment to preserving environment in such manner that demonstrates its leadership responsibility; therefore, ACC has allocated high financial budgets for this topic over the past and future years without interruption through plans, during which many projects have been implemented to decrease emissions and are in line with limits of the National Center for Environmental Control and Compliance "NCEC".

In 2022 and 2021, no penalty or violation was imposed on ACC by any entity in the Kingdom of Saudi Arabia regarding environment.



1. International Conventions and Treaties to which the Kingdom is a Party

The Kingdom of Saudi Arabia participates with the international community in its tireless efforts aimed at protecting international environment within the framework of principles governing joint international action. The Kingdom is also a party to international conventions aimed at protecting environment, including the United Nations Framework Convention on Climate Change and (Kyoto) Protocol to which the Kingdom has joined before its entry into force. Accordingly, Royal Decree No. 5/B/5635, dated 14/04/1410 H, was issued providing for restructuring the Kingdom's environmental policies through the formation of an environmental ministerial committee, which is the Kingdom's highest environmental authority, and its tasks are limited to determining the Kingdom's situation on environmental issues at the national, regional and international levels. The regional and international environmental conventions that the Kingdom of Saudi Arabia has signed or ratified and related to ACC's activity include the following:

Convention	Signing Date
International Convention for the Prevention of Pollution of the Sea by Oil	1954 AD
Convention on the Prevention of Marine Pollution by Dumping of Wastes and Other Matter	1972 AD
Vienna Convention for the Protection of the Ozone Layer	1985 AD
Montreal Protocol on Substances that Deplete the Ozone Layer	1987 AD
United Nations Framework Convention on Climate Change	1992 AD
Kyoto Protocol to the United Nations Framework Convention on Climate Change	1977 AD
Signing United Nations Framework Convention on Climate Change	1993 AD
Ratifying Kyoto Protocol to the United Nations Framework Convention on Climate Change	1994 AD
Stockholm Convention on Persistent Organic Pollutants	2001 AD

ACC Environmental Practices

2. Environmental Registers

In 2022 and 2021, ACC entered into a contract with a Saudi specialized company to prepare its environmental registers and measurements according to standards of Occupational Safety and Health Administration (OSHA) and the National Center for Environmental Compliance Control (NCEC). The last two reports that the contracting company prepared throughout 2022 were about the following periods:

- A. As of October 2021 to March 2022.
- B. As of April 2022 to December 2022.

Below are findings of the two reports:

C	Item	Description	Standard	Key Findings
1	Air Quality	Work Environment Measurements (Gases and Suspended Particles)	OSHA	<ul style="list-style-type: none"> • ACC uses optical measuring devices to periodically measure dust rising from the main chimneys of fifth and sixth lines, which have been calibrated by the largest international companies. ACC also conducts a number of periodic chimney measurements, from time to time, using one of the graphometric measuring devices, in addition to measuring air quality inside the plant and residential city. • Work environment gas concentrations are within OSHA limits for plant's site work environment. • Concentration of suspended particles P10 and 2.5PM for work environment of measuring locations is less than OSHA limits.
		Suspended particles of surrounding environment	NCEC	<ul style="list-style-type: none"> • Concentration of suspended particles per microgram/cubic meter next to raw materials warehouse area of ACC plant is less than the permissible limits. • Concentration of suspended particles per microgram/cubic meter in the residential area of ACC plant is less than the permissible limits.

C	Item	Description	Standards	Key Findings
2	Noise	Inside Work Environment Outside Work Environment	OSHA NCEC	The noise existing in the majority of sites is within the normal and safe limits permitted within work environment according to OSHA and NCEC, except for some increased measurements near some areas due to nature of their work, such as the area of crushers and mills. In addition, ACC takes safety measures to protect workers inside the site by wearing earplugs and taking into account organizing work shifts and periods of exposure to noise levels by giving workers rest during work periods and avoiding continuous exposure to a persistent level of noise.
3	Chimney Measurements	-	NCEC	<ul style="list-style-type: none"> • Average concentration of suspended particles inside chimneys of fifth and sixth lines per gram/ton is less than NCEC permissible limits. • ACC installed modern and highly efficient precipitators to decrease dust emissions from the main chimneys to less than 30 mg/m³. • Maintenance Department maintains and cleans fabric and electrostatic filters that remove dust from gases collected from raw material mill and furnace. • ACC, from time to time, conducts a number of periodic chimney measurements using one of graphometric measuring devices, in addition to measuring air quality inside the plant and residential city.
4	Water Analysis	-	NCEC	<ul style="list-style-type: none"> • ACC operates a desalination plant using reverse osmosis technology to meet its requirements for pure water uses. As is the case in desalination plants, two types of water are produced: The first is salt-free water that is used for various purposes, while the second type is high-salinity water that is disposed in an environmentally sound manner. • The expected environmental impacts of seawater desalination plant's downstream do not outline significant pressures on marine environment or on occupational health and safety and are compatible with local and international environmental standards as long as ACC abides by all conditions, standards and specifications of return line, method of its implementation and plan for mitigating negative impacts.



The two reports provided for a set of recommendations for development and improvement, and work is underway to implement such recommendations.

ACC Environmental Practices

3. ISO Certificates

ACC has achieved a pioneering achievement some time ago by obtaining the following:

A. The international standard ISO 14001: 2015 - Environmental Management System (EMS) ISO 14001 from TÜV NORD Saudi Arabia

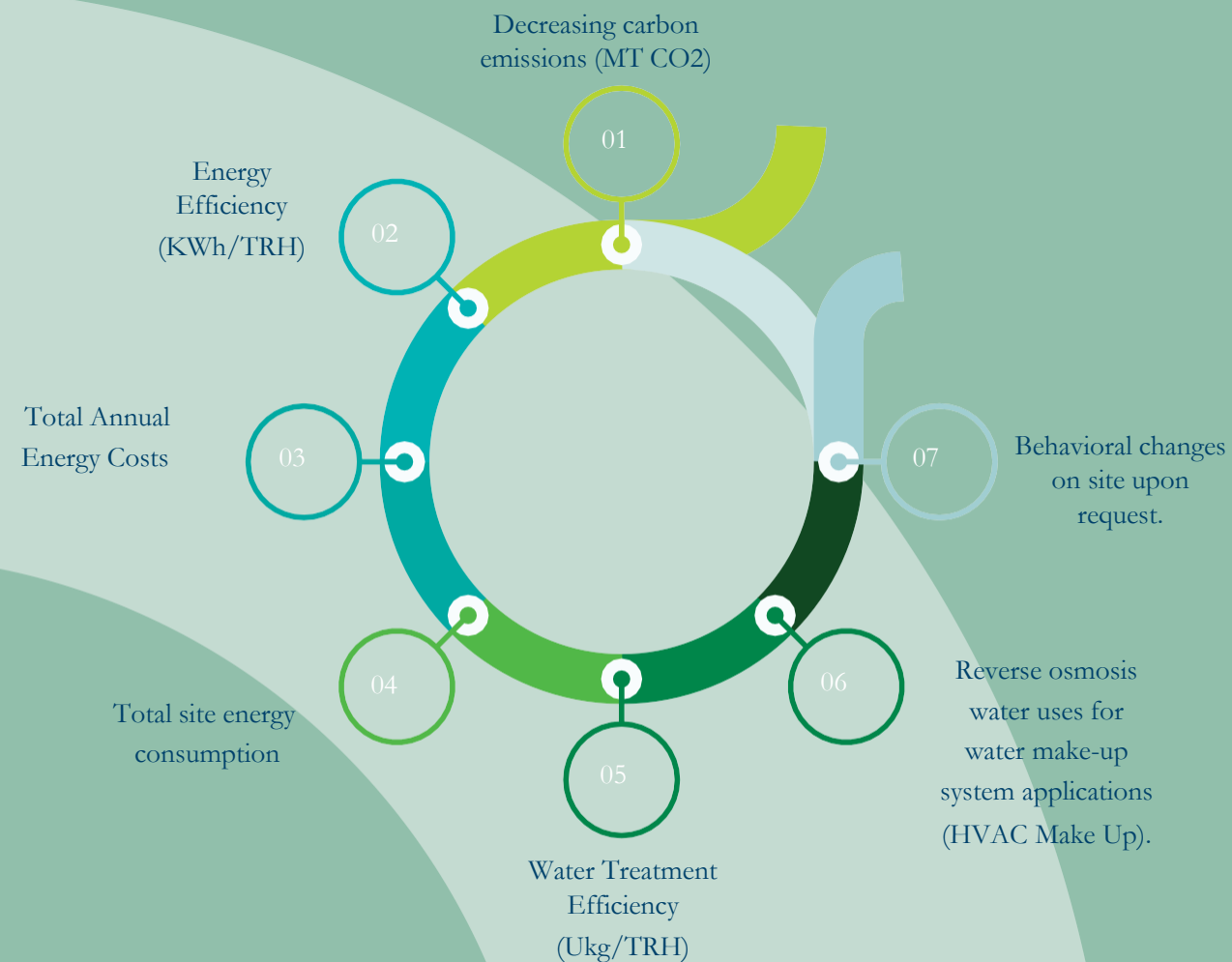
B. The international standard ISO 9001: 2015 - Quality Management System (QMS) ISO 9001 from TÜV NORD Saudi Arabia

ACC abides by all requirements of the international standard for Environmental Management System (EMS) and the international standard for Quality Management System (QMS), and annually conducts an internal and external audit to assess the level of compliance with standard's requirements.

4. Energy Consumption

Since ACC is a company that produces cement and building materials, as it works on large and energy-intensive projects, this makes it necessary to decrease energy consumption in production processes as one of ACC's ongoing commitments.

ACC has developed key performance indicators "KPIs" to monitor its energy efficiency, including measuring:



ACC adopts digitization and automation efforts and initiatives, such as various systems, software and Apps used in all activities, which achieves many results, including resource efficiency and environmental consequences of consumption saving.

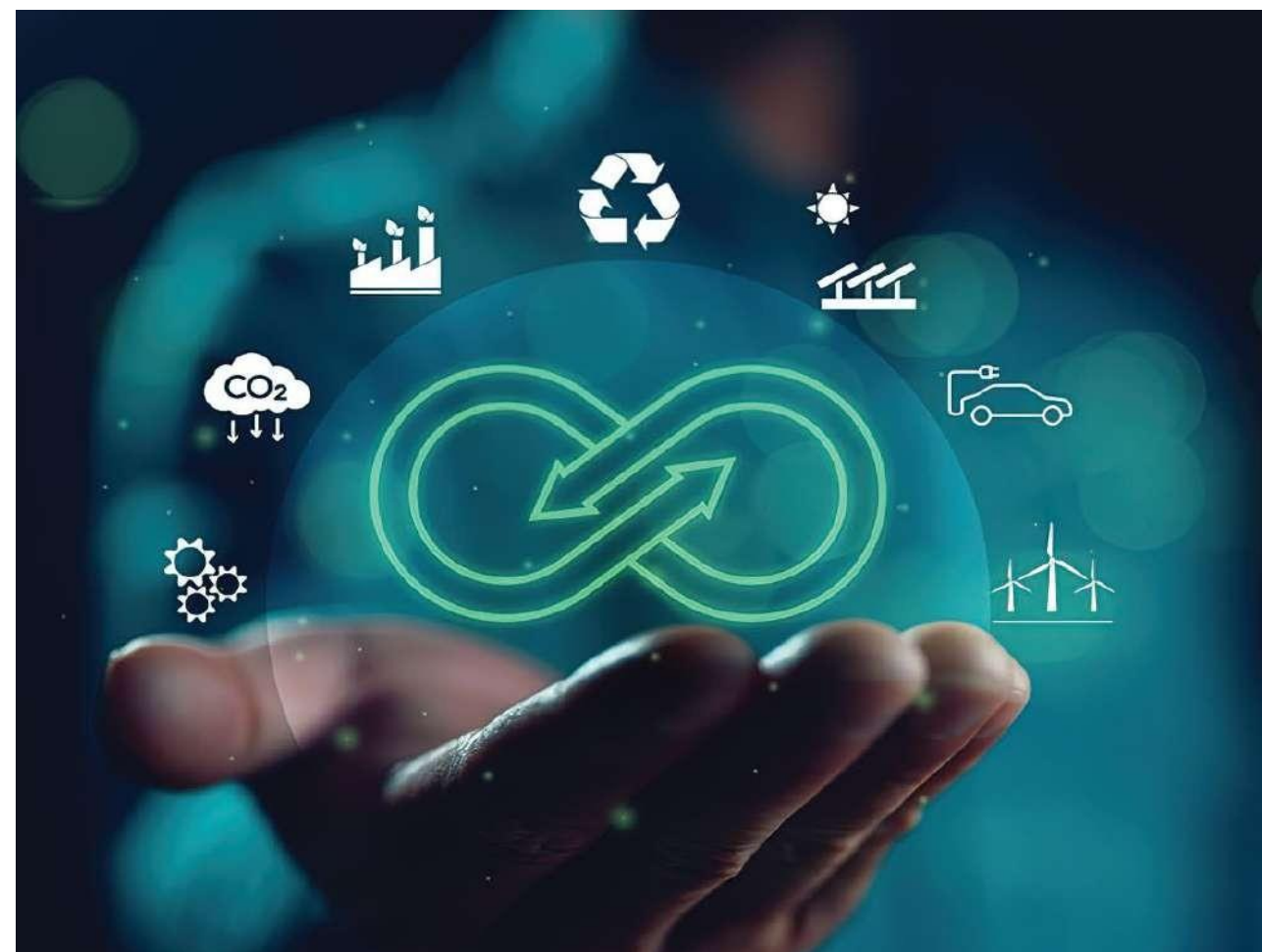
5. GHG Emissions

Applying ESG practices to be the basis of ACC's strategy stimulates ACC to measure GHG emissions periodically in order to mitigate such emissions.

Scope 1 emissions are considered an important indicator of direct GHG emissions that are direct emissions from sources owned and controlled by the reporting enterprise. As for ACC, such emissions result from ACC's internal operations that primarily arise from combustion of fuel in standby generators and fuel used in ACC's equipment and vehicles.

As for ACC's indirect emissions from Scope 2, such emissions are indirect emissions from sources that include purchase of grid electricity.

On 02/14/2019 AD, ACC obtained an exemption from obtaining an electricity generation license from "Electricity & Co-Generation Regulatory Authority (ECRA)" in order to perform electrical activity to own, install, and/or operate and maintain generation station of ACC's plant in Rabigh Governorate.



ACC Environmental Practices

6. Waste Management & Recycling

As part of ACC's ESG strategy, ACC is committed to disposing of its wastes responsibly in line with its efforts to conserve natural resources, minimize landfill wastes, and ultimately decrease GHG emissions.

ACC adopts continuous improvement processes to decrease / recycle wastes, and such wastes are monitored in a technical manner and through operating system.

In addition, ACC's recycling process includes operational wastes and industrial wastes, as ACC recycles scrap materials (such as: metals, carton and wooden pallets). Moreover, ACC seeks, through waste collection, to meet international standards.

ACC has contracts with qualified contractors to dispose of wastes in permitted places and elsewhere to collect and sell such wastes to scrap contractors quickly to prevent their accumulation.

Below are details of ACC's steps regarding key wastes:

A. Liquid Wastes: The wastewater of plant and residential city is collected and sent to plant's wastewater treatment plant. In addition, a company specialized in operating and maintaining wastewater plant is responsible for transporting and disposing of sewage sludge in a safe manner and through licensed leaching tanks designated for removing sludge.

B. Solid Wastes: Solid waste includes paper, plastic, organic materials, wood, glass, metals and other materials. In addition, such wastes are disposed by specialized companies with which contracts have been made, and such wastes are disposed in a site designated for that purpose by the municipality.

C. Hazardous Wastes: Burnt oils resulting from oil change for power station machines and other operating equipment and machinery, in addition to water mixed with oils and diesel resulting from cleaning works at power station, are collected inside barrels in an isolated area designated for that purpose. In addition, such oil is collected and delivered to one of the licensed contractors for clinker dust (cement powder). Moreover, such oil is collected using spiral and trough conveyors to the tank of collecting alkaline substances that are deposited in electrostatic filters and then transported by sealed trucks (dumpers) to collection place, where part of bus dust is collected and disposed by selling it to one of the parties for reuse and re-exploitation, and the other part is disposed by backfilling (inside quarry area), while taking into account introducing several measures to decrease the negative impacts resulting from dust emissions by wetting and pressing to form a similar solid layer, provided that once it dries, it is covered with a layer of dirt to prevent dust emission. As for medical wastes resulting from medical clinic in the residential area of ACC's employees and their families, such wastes are delivered to one of the approved companies for safe disposal.

7. Water Consumption and Management

ACC is located in a country that is considered one of the countries worldwide that suffers most from water stress, with the lowest availability of renewable fresh groundwater per capita compared to any country; therefore, ACC attaches great importance to water-saving operations.

Therefore, ACC enhances its commitment to sustainable resource management and operation through its pioneering water management technologies.





Social Practices at Arabian Cement Company

Social Practices at Arabian Cement Company

In the twenty-first century, skilled workers and their productivity are the most valuable assets for any organization, be it commercial or non-commercial. Arabian Cement recognizes the importance of its social assets, from community members to its own employees, in contributing to the Company's achievements. As part of its strategic objectives, Arabian Cement places a strong emphasis on environmental, social, and governance practices, leading community initiatives and taking actions that foster engagement, motivation, satisfaction, and productivity among all employees.

Arabian Cement understands that investing in its employees is crucial for the Company's success. Therefore, it is committed to providing continuous care, attracting and nurturing talent, promoting diversity and inclusion, and creating a safe and comfortable workplace where employees can give their best efforts and dedication.

Arabian Cement has adopted policies and directions to achieve its strategic goal of attracting and retaining talents. These include:

Modernizing and developing the organizational structure and compensation policies to retain specialized technical personnel, as well as administrative and financial competencies.

- Providing a positive work environment that supports employees, meets their functional and personal needs, and fosters productivity, participation, and responsibility.
- Equipping national employees with the knowledge and skills required to meet future labor market demands.
- Increasing representation of national workers, particularly in leadership positions, to achieve localization goals.
- Implementing robust replacement and succession plans to ensure business continuity.

Arabian Cement has an approved social responsibility policy that aims to:

- Strike a balance between the Company's goals and the broader societal goals.
- Promote the culture of social responsibility throughout society, contributing to its economic and social well-being.
- Enhance the Company's competitive position by engaging in educational, cultural, social, and environmental initiatives.
- Prioritize employment practices, occupational health, safety, environment, and community engagement, aligning with Arabian Cement's rich history.

The Company's Policy covered the following aspects:

- Company's responsibility towards society.
- Corporate social responsibility towards environment
- Company's commitment to employees.



1) Talent Acquisition

Arabian Cement takes pride in its proven track record of attracting and retaining talent, which has been instrumental in driving creativity and innovation within the Company. To maintain this success, Arabian Cement is committed to providing internships for university students and actively participating in career fairs.

	2022	2021	2020
Number of students having interest in Internships at Arabian Cement	13	23	-

In the year 2021, there was a significant increase in the number of students applying for internships compared to 2020. Due to the challenges posed by the COVID-19 pandemic, there were no trainees in 2020. However, in 2021, a total of 23 students participated in the training program, and in 2022, 13 students were registered for training programs at Arabian Cement Company. During these programs, trainees worked within the Company for a specified period, engaging in practical case studies that provided valuable experience in their respective fields of study.

To continuously improve talent attraction and retention, Arabian Cement Company places special emphasis on developing strategic talent pipelines through its annual workforce plan that was created in coordination among department managers. This annual workforce plan forecasts hiring needs, identifies new talent pools, and considers other critical factors. Please refer to the table below for more details on employee numbers:

	2022	2021
Job Nature		
Part-time Employee	-	-
Full-time Employee	367	363
Field/Cooperative Training	13 Students	23 Students

Social Practices at Arabian Cement Company

2) Employee Retention

Although there were 20 workers who left the Company, 23 new employees were hired in 2022, as seen in detail below:

Year	2022	2021
Number of New Employees	23	39
Number of Employees Subject to Rotation	20	32
Total Number of Newly Graduated Employees	6	10

In addition to competitive wages, allowances, and compensation, Arabian Cement Company provides a range of job benefits to its employees. These benefits include social insurance, end-of-service benefits, and health insurance covering death, disability, and effects of war that the employee doesn't engage in. All these benefits are provided in accordance with labor laws and regulations.

3) Performance Management & Succession Planning

Arabian Cement Company believes in a culture of high performance through conducting annual performance evaluations to monitor progress, recognize employees' achievements, and support their continuous improvement. Additionally, the Company provides regular career development reviews and has a comprehensive approach to succession planning. A succession plan has been prepared and approved for sensitive and executive functions within the Company.

In Arabian Cement Company, promotions are based on assessed competencies, achievements of key performance indicators, and pre-set goals. Recommendations for promotions are made by qualified employees and senior management, ensuring a robust succession planning process.

Human Resources Department conducts a workforce burden analysis (WLA) internally based on the inputs provided, and the outputs are followed up by the executive management and the Nominations and Remuneration Committee.



4) Diversity in Workplace

Embracing differences and fostering an inclusive work environment is believed to make companies more flexible, resilient, vibrant, and prosperous. Thus, diversity is highly valued at Arabian Cement Company; it encourages diversity in terms of gender, age, nationality, abilities, and other demographic backgrounds.

Arabian Cement Company's approved professional conduct policy safeguards diversity in the workplace by promoting a culture of mutual respect for different opinions, attracting competent individuals with diverse professional skills, ensuring fairness and equal opportunities, and eliminating discrimination or bias.

In the event of incidents involving discrimination, bullying, or harassment, employees are encouraged to report their concerns to management, which is committed to conduct formal, unbiased investigations to determine appropriate action. Additionally, Arabian Cement Company provides ethical advice through training courses to mitigate such incidents.

It is noteworthy that Arabian Cement Company successfully manages and develops its human capital without any major disputes.

Gender Diversity

Arabian Cement Company actively promotes gender diversity through the formulation of Company policies. Corporate social responsibility (CSR) programs, for example, are implemented to ensure gender equality in the work environment. The Company provides equal treatment and opportunities for women and men, including an equal pay policy. Arabian Cement Company is committed to supporting the skills development and professional growth of women, aiming to increase their representation in administrative, scientific, technological, and engineering positions.

Year - All Employees		
	Numbers in 2022	Numbers in 2021
Men	456	454
Women	11	9

Year - Employees Senior Management Positions		
	Numbers in 2022	Numbers in 2021
Men	7	6
Women	2	1

Social Practices at Arabian Cement Company

Age Diversity

Young talents bring a fresh and innovative spirit, contributing to the success and innovation of the company. To nurture and empower young talents, the Arabian Cement Company actively recruits and supports fresh graduates.

The table below illustrates that a large percentage of employees at Arab Cement Company are under 50 years, highlighting the Company's efforts to strike a balance between employing young talent and experienced experts.

Year - All Employees

Age Group	Numbers in 2021 AD	
	2021	2022
Less than 30 Years	40	29
30 - 50	292	292
Above 50 Years	135	132
Total	467	463

Saudization

Arabian Cement Company is committed to local employment with a Saudization rate of over 50%. The Company is classified within the platinum range according to the Nitaqat Mutawar Program issued by the Ministry of Human Resources and Social Development, as shown in the following table:

	Numbers in 2021 AD	
	2021	2022
Saudi	259	255
Non-Saudi	208	208
Total	467	463

People with Special Needs

Arabian Cement Company strives to provide an inclusive and accommodating work environment for employees with different physical abilities. The Company currently employs two workers with special needs and ensures they receive all necessary support and infrastructure requirements.

Preserving Human Rights & Equality

Promoting diversity means ensuring equality in all aspects of the Arabian Cement Company's operations. The Company upholds the principle of equality by providing all employees with employment contracts that guarantee equal benefits.

Arabian Cement Company professional conduct policy covers all employees, regardless of their locations, deeply emphasizing respect, appreciation for dignity, rights, and aspirations of all individuals within the Company. Suppliers working with Arabian Cement Company are also required to comply with this policy.

5) Training & Development

Arabian Cement Company strongly believes in the importance of investing in the skills and knowledge of its employees as a key driver for growth and prosperity. To this end, the Company is dedicated to continuous improvement and capacity building through a wide range of training courses that support employee experience and ongoing education. These courses provide fertile ground for enhancing knowledge, dedication, effectiveness, and overall well-being.

In 2022, Arabian Cement Company provided a total of 226 hours of training across various administrative levels through 13 courses. This included an occupational health and safety training course for employees at all administrative levels. (In 2021, the Company provided 281 hours of training through 20 courses). The investment in employee training in 2022 was approximately SAR 600,000, compared to approximately SAR 850,000 in 2021.





Social Practices at Arabian Cement Company

6) Employee Engagement

Employee engagement plays a vital role in achieving employee satisfaction. Arabian Cement Company recognizes the importance of employee opinions and actively encourages their participation in the Company's management. The Company upholds Professional Conduct Policy and Anti-Fraud and Whistleblowing Policy, which emphasize the value of employee contributions and provide multiple channels for feedback and complaints. Employees have the opportunity to seek advice from senior management in the event of emerging problems and provide feedback on the Professional Conduct Policy. Complaint and suggestion boxes are available at the Company's offices and headquarters to receive employee feedback. Additionally, employees can submit reports, suggestions, and inquiries through the Company's internal intranet site or via email to specific departments such as Legal Affairs and Compliance.

Arabian Cement Company values the opinions of its employees, not only to maintain its public image but also to monitor and enhance internal procedures and overall performance. Therefore, the Company conducts semi-annual employee satisfaction surveys to gauge employee engagement levels. These surveys serve as a basis for further improving engagement level, with job satisfaction rate ranged between 87.44% and 87.40% in 2022 and 2021, respectively. The following items were measured:

- A) Satisfactory system for incentives and rewards.
- b) Transparent career paths and opportunities for promotion.
- c) Quality training programs catering to employees' needs.
- d) Effective communication channels among work teams.
- e) Clear administrative procedures.
- f) Well-drafted and relevant directives to achieve business objectives.
- g) Salary and benefits aligned with academic and practical competence.
- h) Job security and psychological stability.
- i) Respectful and friendly treatment by direct managers.

- j) Direct managers providing work-related directives only.
- k) Efficient and accurate control and evaluation by direct managers.
- l) Provision of appropriate medical insurance.
- m) Equitable distribution of workload among team members.
- n) Open communication about work problems and significant challenges.
- o) Stimulating work environment.
- p) High levels of cooperation among colleagues.
- q) Absence of employee complaints in 2022 and 2021.

Arabian Cement Company believes in keeping its employees well-informed about Company updates and operational changes. To this end, the Company adheres to minimum notice periods tailored to individual cases' requirements. The Company consistently strives to provide an excellent work environment for its employees, promoting rewards and fostering a comfortable atmosphere.



Social Practices at Arabian Cement Company

7) Social Contribution & Impact

Arabian Cement Company is dedicated to fulfilling its social responsibility strategy. It assumes a leadership role in strategic partnerships and provides qualitative support to civil society institutions, through sponsoring various social programs aimed at serving the community and its employees. Collaborating with government agencies, awareness-raising initiatives, and charitable societies is a responsibility and commitment the Company gladly fulfills, in line with its mission towards society. Furthermore, the Company organizes community, cultural, and sporting events, bolstering the positive impact of its programs.

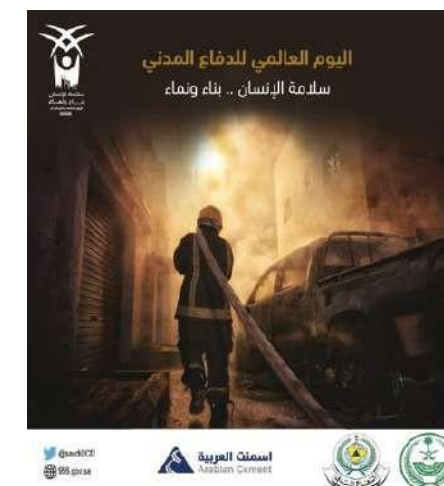
Driven by the belief in its social and humanitarian responsibilities, Arabian Cement Company extends its efforts beyond manufacturing, business, and profits to actively fulfill its social duties based on modern concepts. The Company intensifies its support for society and employees, seeking proactive and effective approaches. It conducts studies to identify programs that contribute to community support and enhance employee job satisfaction.

Arabian Cement Company continuously develops its social responsibility strategy to ensure the depth and influence of its programs. In 2022, the Company implemented 40 social and humanitarian activities for the community and its employees, demonstrating its commitment to societal well-being, as shown below:

#	Name of Event or Program	Beneficiary	Goal of Event or Program
1	Celebrating the Founding Day of the Kingdom of Saudi Arabia	Arab Cement Company Employees	Participation in National Occasions
2	General capacity testing strategies and skills	Students in the secondary stage	Skills Development
3	Participation in the World Civil Defense Day	Society	Awareness and prevention
4	Kidney Disease Awareness Campaign	Society	Awareness and prevention
5	A knowledge program for university students to learn about the industry	University students	Skills Development
6	Free educational lectures on (Corporate Governance)	Society	Skills Development
7	Annual Ramadan Iftar for Employees	Arab Cement Company Employees	Contact
8	Ramadan Refresher Competitions for Employees	Arab Cement Company Employees	Supporting Sports
9	Donation to a dialysis center	Bassem Khayyat Charity Center for Dialysis	Medicare
10	Honoring distinguished security officers	Security Guard	comforting



#	Name of Event or Program	Beneficiary	Goal of Event or Program
11	In-kind assistance in the form of 1,000 food baskets	Society	Supporting Families in Need
12	Participation in and contribution to second social responsibility meeting	Society	Sharing Knowledge
13	Supporting the Waratel Association for Holy Qur'an Memorization	Society	Support
14	Providing general education students (males and females) with motivational tablets	Community through Ministry of Education	Supporting Families in Need
15	Registering a child with autism in a learning academy	Society	Supporting Education and Learning Development
16	Swimming courses for employees and their children	Arab Cement Company Employees	Development
17	Team leadership course	Arab Cement Company Employees	Development
18	3alemni (Teach Me) initiative to train male and female volunteers	AlFaisaliah Charitable Society	Enriching Volunteers Skills
19	Supervisory and administrative skills development course	Arab Cement Company Employees	Skills Development
20	Community course entitled "Art of Hospitality and Management"	Society	Skills Development



Social Practices at Arabian Cement Company

7) Social Contribution & Impact

#	Name of Event or Program	Beneficiary	Goal of Event or Program
21	“Where is My Place” Initiative to Support People with Disabilities	Society	Integration of the disabled with society
22	The initiative of renovation of residences for less fortunate families in the city of Jeddah.	Oyoun Jeddah Charity Association	Supporting Families in Need
23	Recreational trip for employees	Arab Cement Company Employees	Entertaining
24	Functional Simulation in Collaboration with Misk Charity Foundation	Job Seekers	Skills Development
25	Celebrating the Kingdom's National Day 92	Arab Cement Company Employees	Participation in National Occasions
26	Organizing Umrah program for ACC employees	Arab Cement Company Employees	A religious program
27	An awareness program for ACC employees about breast cancer	Arab Cement Company Employees	Awareness and prevention
28	Participation in the Saudi Green Initiative	Environment	Increasing green cover
29	Anti-Bullying Awareness	Society	Awareness and prevention
30	Organizing a program to visit Madinah for ACC employees	Arab Cement Company Employees	A religious program



#	Name of Event or Program	Beneficiary	Goal of Event or Program
31	Breast Cancer Early Detection Campaign	Society	Awareness and prevention
32	First aid course	Arab Cement Company Employees	Development
33	Seasonal Flu Vaccination Campaign	Arab Cement Company Employees	Protection of
34	Providing school bag for the children of prisoners' families	Community through Compassion Committee	Supporting families of prisoners
35	Development Course: The Art of Meeting Management	Arab Cement Company Employees	Development
36	Supporting The Saudi team in the World Cup event	Arab Cement Company Employees	Providing screens to display matches
37	Supporting “We are like others” Marathon	Badghish Day Care Center	Supporting people with autism
38	Providing a medical device for a Saudi patient	Society	Medicare
39	Honoring employees who spent 20 years in the service of ACC	Arab Cement Company Employees	Honoring and motivating
40	Annual meeting of employees and their families	ACC employees and their families	Encourage and connect with

In general, ACC contributed a total of SAR 1,000,000 (one million) to community initiatives and events during 2022. This contribution was in support of 41 initiatives and events.





Social Practices at Arabian Cement Company

8) Occupational Health and Safety

As the world began to recover from the novel coronavirus (COVID-19) pandemic, ACC anticipated a change in its operations and therefore worked to develop its health, safety and wellbeing objectives accordingly. The year 2022 has witnessed many accelerated changes in terms of ESG practices, especially with regard to the social factor that includes health, safety and well-being. Since ACC is an industrial company engaged in the cement industry, safety is an integral part of its day-to-day concerns.

Furthermore, ACC has approached 2022 with the understanding that just as the world has changed permanently after the pandemic, so too must its operations. In fact, the company has worked to ensure a smooth transition to work by supporting government vaccination guidelines and encouraging all workers to register for the coronavirus vaccine. We also abided by all necessary safety measures related to providing a safe and healthy workplace that prevents virus transmission cases, and established a work-from-home policy to ensure business continuity.

Occupational health and safety is an important aspect of a company the size of ACC, which works to provide a safe working environment for its employees and community free from any causes of accidents, injuries, diseases and factors that may lead to harm to humans in terms of public health or safety. Moreover, Administrative Affairs Department conducts annual fire evacuation drills that ensure the readiness of employees in case of a fire, and these drills also help all concerned in anticipating and identifying any gaps in fire drills in order to avoid them during actual fire accidents (God forbid).

ACC has more than one insurance policy covering the risks of accidents and natural disasters as follows:

- Two plant insurance policies represented in all risks are property, damage and collapse of machinery - covering accidents and natural disasters.
- Heavy Vehicle and Equipment Policy - Covers accidents and natural disasters.
- Third Party General Liability Policy) - Covers accidents including death, bodily injury and property damage in connection with the work of the Insured or through defects in facilities (excludes employees).
- Collective employee solidarity - Covers death, disability and effects of war without involvement.
- Policy of liability of directors and executives against professional errors.

9) Health, Safety and Environment management (HSE).

ACC focuses on security management, where security management plays an essential role in maintaining the comfort of valued stakeholders within ACC's facilities. In this regard, ACC is well prepared and equipped for emergencies through trained security management and health and safety teams.

Also, ACC's actions are further enhanced through its collaboration with several government entities. For instance, in case of any health-related concerns, the Ministry of Health can be contacted.

During 2022, three minor occupational injuries were recorded.



Global Reporting Initiative Standards Index

Appendix No. 1

Global Reporting Initiative Standard Disclosure Number	Individual Disclosure Items	Information	Page Number
Public Disclosures			
01-102	Organization Name	Arabian Cement Company (Saudi Joint Stock Company)	11
02-102	Activities, brands, products, and services	Activity of Arabian Cement Company and its subsidiaries	
03-102	Headquarter Location	8605 King Abdulaziz Road – Al Nahda District - Jeddah – Kingdom of Saudi Arabia	
04-102	Area of operations	The plant is located in Rabigh Governorate, north of Jeddah	
05-102	Ownership and legal form	A.A.S Company's Direct Ownership Percentage: 6.67 %. Ownership percentage of all foreign investors: 8:11 AM %.	
102-06	Markets served	Volume of production and markets	12
102-07	Size of organization	Information on net sales and total capital is contained in the financial statements published at the following link: /https://arabiancement.com.sa/investors-relations	
102-08	Information on employees and other workers	Talent Acquisition	53
102-09	Supply Chain	Responsible procurement	
102-10	Significant changes in the organization and its supply chain	There are no major changes in ACC or its supply chain during 2021 and 2022.	
102-11	Hedging Principle or Approach	ACC has a committee emanating from the Board of Directors specialized in controlling the risk management system, and this committee is functionally affiliated with a unit specialized in risk management	
102-12	External initiatives	Kingdom's Vision 2030 , and United Nations Sustainable Development Goals.	
102-13	Membership of professional associations or unions	N/A	

Global Reporting Initiative Standard Disclosure Number	Individual Disclosure Items	Information	Page Number
Strategy			
102-14	Statement from senior decision-makers	Chairman's Speech and CEO's Speech	4-5
102-15	Key impacts, risks and opportunities	<ul style="list-style-type: none"> • Risk Department • Information on risk management is found in Financial statements published in the following link: /https://arabiancement.com.sa/investors-relations 	34
Ethics and Integrity			
102-16	Values, principles, standards, and codes of conduct	Business ethics and Compliance	32
102-17	Mechanisms of Counseling and Reporting on Ethical Concerns	Anti-Fraud and Whistleblowing Policy has been approved by the Board of Directors. The policy encourages whistleblowing and non-retaliation against whistleblowers to report concerns about any unethical behavior, ensuring prompt action that ensures	34
Governance			
102-18	Governance Structure	<ul style="list-style-type: none"> • Board of Directors and the committees emanating thereof • ACC-approved organizational structure is found in the following link: https://arabiancement.com.sa/about-us/#company-structure 	24
102-19	Authority to Delegate	Executive Management	31
102-20	Executive-level responsibility for economic, environmental, and social issues	Governance and Social Responsibility Committee	18
102-21	Obtaining stakeholder consultations in Economic, Environmental and Social issues	It is done through the work of the Governance and Social Responsibility Committee	
102-22	Composition of the highest governing body and committees thereof	Board of Directors and the committees emanating thereof The following link demonstrates the names and pictures of the members of the Board of Directors: https://arabiancement.com.sa/about-us/#board-of-directors	24
102-23	chairman of the highest governing body	<ul style="list-style-type: none"> • Board of Directors and the committees emanating thereof • The Chairman of the Board of Directors is an independent member 	26
102-24	Nomination and selection of the highest governing body	<ul style="list-style-type: none"> • The General Assembly elects Board of Directors' members through secret voting, and the term of membership in the Board is 3 years, subject to renewal. • The Nomination and Remuneration Committee shall emanate from the Board of Directors. 	
102-25	Conflict of Interests	The Conflict of Interest Policy has been approved by the Board of Directors	
102-26	The role of the highest governing body in defining the organization's mission, values and strategy	ACC's mission and values are endorsed and its strategy is approved by the Board of Directors	
102-27	Collective knowledge of highest governing body	Board of Directors and the committees emanating thereof	26



Global Reporting Initiative Standards Index

Global Reporting Initiative Standard Disclosure Number	Individual Disclosure Items	Information	Page Number
Governance			
102-28	Evaluating performance of the highest governing body	Evaluating the Board of Directors performance and the performance of the committees emanating from the Board	30
102-29	Identifying and managing economic, environmental and social impacts	Governance and Social Responsibility Committee	18
102-30	Effectiveness of risk management processes	<ul style="list-style-type: none"> Risk Department ACC has a committee emanating from the Board of Directors specialized in controlling the risk management system. This committee is functionally affiliated with a unit specialized in risk management. 	34
102-31	Reviewing economic, environmental and social issues	Governance and Social Responsibility Committee	18
102-32	Role of the highest governing body in sustainability reporting	The Corporate Governance and Social and Environmental Responsibility (ESG) Report for 2022 was prepared by the Legal Advisor for Governance and Compliance and under guidance of the Governance and Social Responsibility Committee .	
102-33	Communicating Critical Concerns	<ul style="list-style-type: none"> Committees emanating from the Board of Directors and Executive Management communicate critical concerns to the Board of Directors. Internal Audit Department is functionally subordinate to the Audit Committee. 	
102-34	Nature and total number of critical concerns	<ul style="list-style-type: none"> There are no critical concerns communicated to the Board. ACC has an “Anti-Fraud and Whistleblowing Policy” approved by the Board of Directors. 	
102-35	Wage Policies	Comprehensive disclosure of (fixed and variable) remuneration of all directors, committees of the Board and senior executives paid shall be made in the annual report of the Board of Directors. All end of service benefits and payments in accordance with the Saudi Labor Law	
Participation of stakeholders			
102-40	List of stakeholder groups	Appendix No. 2	76
102-41	Collective Bargaining Agreements	There are no collective bargaining agreements in ACC-	
102-42	Identifying and selecting stakeholders	Appendix No. 2	76
102-43	Stakeholder engagement approach	Investor Relations - Appendix No. 2	35-76
102-44	Key topics and concerns raised	<ul style="list-style-type: none"> The risk register includes details of the most prominent risks that ACC may be exposed to, and how the executive management responds to them. Financial statements included details about the most prominent financial risks 	

Global Reporting Initiative Standard Disclosure Number	Individual Disclosure Items	Information	Page Number
Reporting practice			
102-45	Entities included in the consolidated financial statements	Information about the entities studied in the consolidated financial statements Is found in the Financial statements published in the following link: /https://arabiancement.com.sa/investors-relations	
102-46	Defining report content and topic boundaries	Scope of Report	8
102-47	List of material topics	<ul style="list-style-type: none"> The risk register includes details of the most prominent risks that ACC may be exposed to, and how the executive management responds to them. The financial statements included details about the most prominent financial risks 	
102 - 48	Restatements of information	There are no amendments to the information contained in previous financial reports	
102-49	Changes in reporting		
102-50	Number of children	From January,1 2022 to December, 31 2022	
102-51	Date of most recent report	September 2023	
102-52	Reporting cycle	Annual	
102-53	Contact point for questions regarding the report	Communication and Feedback	8
102-54	Allegations of reporting in accordance with the GRI standards	Scope of Report	8
102-55	GRI Content Index	Appendix No. 1	66
102-56	External Verification	Scope of Report	8
Management Approach - List of material topics			
103-01	Explanation of the subject matter and its limits	There is no material topic that reflects the significant economic, environmental and social impacts of ACC; or that may materially affect assessments and decisions of any of the stakeholders other than those contained in this report and what is published in the “Investor Relations” section of the company's website at the following link: /https://arabiancement.com.sa/investors-relations	
103-02	Management Approach and Components		
103-03	Management Approach Evaluation		



Global Reporting Initiative Standards Index

Appendix No. 1

Global Reporting Initiative Standard Disclosure Number	Individual Disclosure Items	Information	Page Number
201-01	Direct economic value produced and distributed	Information about the entities studied in the consolidated financial statements Is found in the Financial statements published in the following link: /https://arabiancement.com.sa/investors-relations	
201-02	Financial impacts, risks and other opportunities from climate change	N/A	8
201-03	Defined liabilities for benefit plan and other retirement plans	N/A	
201-04	Financial assistance received from government	N/A	
202-01	Proportion of entry-level basic wage by gender compared to the local minimum wage	Above Minimum Wage	
202-02	Percentage of senior administrative staff involved and belonging to local communities	Saudization	56
203-01	Investments of Social Infrastructure and Supported Services	ACC has investments in the residential area for its employees	
203-02	Significant Indirect Economic Impacts		
204-01	Percentage of expenditure on local suppliers	Responsible procurement	36
205 - 01	Operations assessed for risks related to corruption	Reporting Violations	
205-02	Communication and training on anti-corruption policies and procedures		
205 - 03	Confirmed incidents of corruption and actions taken	No significant risk related to corruption has been identified	
206-01	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	N/A	
207-01	Tax Handling Approach	Zakat and Tax Status:	38
207-02	Tax Governance, Risk Management and Control	N/A	
207 - 03	Stakeholder Engagement and Tax Affairs Management	Zakat and Tax Status:	38
Participation of stakeholders			
301-01	Materials used by weight or volume	Raw materials used by ACC in cement industry	15
301-02	Recycled Inputs Used	Companies in which ACC has invested	
301 - 03	Recovered products and their packaging	Companies in which ACC has invested	

Global Reporting Initiative Standard Disclosure Number	Individual Disclosure Items	Information	Page Number
Energy			
302-01	Power Consumption inside the organization	Power Consumption	46
302-02	Power consumption outside the organization	Power Consumption	46
302-03	energy intensity	ACC pursues continuous optimization processes for energy optimization, this is monitored in a technical manner and through the operating system	
302-04	Reducing Power Consumption		
302-05	Reducing power requirements for products and services		
WATER AND EFFLUENTS			
303-01	Interactions with water as a shared resource	Water consumption and management	49
303-02	Management of water discharge-related impacts	ACC pursues continuous optimization processes for energy optimization, this is monitored in a technical manner and through the operating system.	
303-03			
303-04	Water withdrawal		
303-05	Sewerage disposal		
	Water consumption		
Emissions			
305-01	Direct Greenhouse gas emissions (Scope 1)	Greenhouse gas emissions - Scope 1	47
305-02	Indirect Greenhouse gas emissions from power (Scope 2)	Greenhouse gas emissions - Scope 2	47
305-03	Other indirect greenhouse gas emissions (Scope 3)	Not applicable for ACC	
305-04	Greenhouse gas Emissions Intensity		
305-05	Reduction of Greenhouse gas emissions		
305-06	Emissions of ozone-depleting substances		
305-07	Nitrogen oxides, sulfur oxides, and other large emission into the air		



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Global Reporting Initiative Standard Disclosure Number	Individual Disclosure Items	Information	Page Number
Wastes and Effluents			
306-01	Waste generation and significant waste-related impacts	Waste Separation & Recycling	48
306-02	Management of significant waste-related impacts		
306-03	Generated Waste		
306-04	Waste diverted from disposal		
306-05	Waste directed to disposal		
Environmental compliance.			
307-01	Non-compliance with environmental laws and regulations	There were no cases of non-compliance with environmental laws and regulations during the reporting period	
Environmental assessment of suppliers			
308-01	New suppliers audited to environmental standards	Not applicable for ACC.	
308-02	Negative environmental impacts in the supply chain and actions taken	No negative environmental impacts in the supply chain and actions taken	
Recruitment			
401-01	Hiring of new employees and employee turnover rate	Talent Acquisition Employee Retention	53 54
401-03	Child Care Leave	ACC is committed to the Labor Law issued by the Ministry of Human Resources and Social Development, which regulates the same and preserves the rights of all employees.	
Occupational Health and Safety			
403-05	Train labor on occupational health and safety	Occupational Health and Safety	64
403-06	Promoting labor health		
403-07	Preventing and mitigating occupational health and safety impacts directly related to employment relationships		
403-08	Labor covered by the Occupational Health and Safety Management System		
403-09	Work-related injuries	Health, Safety, and Environment Management	65

Global Reporting Initiative Standard Disclosure Number	Individual Disclosure Items	Information	Page Number
Teaching and Training			
404-01	Average training hours per year for each employee	Training & Development	57
404-02	Employee skill improvement programs and transition assistance programs		
404-03	Percentage of employees receiving periodic performance and career	Most of ACC employees receive periodic reviews of performance and based on their results, the necessary work is done for their career development	
Diversity and Equal Opportunity			
405-01	Diversity of management and employees	Workplace Diversity	55
405-02	Ratio of basic salary and wages between women and men	ACC is committed to non-sexism and supports equal opportunities through human resources policy and wage policy	
Non-Discrimination			
406-01	Incidents of discrimination and corrective actions taken	N/A	
Freedom of association and collective bargaining			
407-01	Operations and suppliers in which the right to freedom of association and bargaining may be at risk	N/A	
Child labor.			
408-01	Operations and suppliers at significant risk for incidents resulting from child labor	No risk	
Forced or Compulsory Labor			
409-01	Operations and suppliers at high risk related to forced or compulsory labor incidents	No risk	
Security Practices			
410-01	Security personnel trained on human rights policies or procedures	No violations	



Global Reporting Initiative Standards Index

Appendix No. 1

Global Reporting Initiative Standard Disclosure Number	Individual Disclosure Items	Information	Page Number
Local Population Rights			
411-01	Incidents of violations of local population rights	No violations	
Human Rights Assessment			
412-01	Operations that underwent human rights reviews or impact assessments	Non	
Local Communities			
413-01	Operations involving local community participation, impact assessments, and development programs	Social Contribution and Impact	60
413-02	Operations with actual and potential significant negative effects on local communities	There are no negative effects	
Supplier Social Assessment			
414-01	Negative social impacts in the supply chain and measures taken	During 2022, there were no significant negative social impacts in the supply chain. • No complaints were filed by ACC against any of its suppliers during 2022.	
Public Policy			
415-01	Political Contributions	During 2022, there were no political contributions.	
Security Practices			
416-01	Assessment of product and service categories' impact on health and safety	Environmental Records	44
416-02	Non-compliance incidents related to the health and safety impacts of products and services	During 2022, there were no non-compliance incidents related to the health and safety impacts of products and services.	

Global Reporting Initiative Standard Disclosure Number	Individual Disclosure Items	Information	Page Number
Marketing and Labeling			
417-01	Requirements for product information disclosure and labeling	<ul style="list-style-type: none"> • ACC shall provide information about its products and place informative labels on them. • All details regarded to ACC's products are available on the website at the following link: /https://arabiancement.com.sa/products 	
417-02	Non-compliance incidents related to information disclosure	During 2022, there were no non-compliance incidents related to product information disclosure and labeling	
417-03	Products, services and labeling incidents of non-compliance related to marketing communications	During 2022, there were no non-compliance incidents related to product information disclosure and labeling	
Customer Privacy			
418-01	Documented complaints related to customer privacy violations and customer data loss	<ul style="list-style-type: none"> • During 2022, no complaints were received from external parties or regulatory bodies. • ACC shall protect the privacy of its customers and other stakeholders. 	
Social and Economic Compliance			
419-01	Non-compliance with social and economic laws and regulations	During 2022, there were no cases of non-compliance with laws and regulations in the social and economic domain.	

Areas of Direct Economic Impact Chosen by ACC

Stakeholder Group	Stakeholder Engagement Approach	Stakeholder Priorities
Shareholders/General Assembly	<ul style="list-style-type: none"> (Ordinary and Extraordinary) General Assembly meetings Regular reports Disclosure through the official website of the Saudi Stock Exchange "Tadawul" and the official website of Arabian Cement Response to inquiries received through social media 	<ul style="list-style-type: none"> Enhancing Communication Successful implementation of the strategy Financial results, profit distributions, and effectiveness and efficiency of various operations Disclosure and transparency Company Reputation Effectiveness of risk management (opportunities and threats)
Customers	<ul style="list-style-type: none"> Retail outlets Social media Customer Call Centers Company website 	<ul style="list-style-type: none"> Continuous interaction with their needs and fulfillment Management's awareness of customer opinions Improve customer experience and provide high-level services Product quality Contract compliance Work ethics and professional behavior
Investors	<ul style="list-style-type: none"> Documentation of relations with investors and response to inquiries received through communication channels ACC website Investor meetings and conferences 	<ul style="list-style-type: none"> Investor Relations Disclosure and transparency Performance of environmental, social, and governance practices Sustainable resource management (such as water, energy, and waste) Effectiveness of risk management (opportunities and threats)
Banking sector and banks	<ul style="list-style-type: none"> Official correspondences Regular meetings Contracts 	<ul style="list-style-type: none"> Maximizing the amount of deposited funds Contract compliance
Suppliers	<ul style="list-style-type: none"> Tenders Contracts and procurement Regular meetings, field visits, and phone calls, official correspondences Supplier feedback and complaint resolution 	<ul style="list-style-type: none"> Contract compliance Work ethics and professional behavior Study proposals
Employees of ACC	<ul style="list-style-type: none"> Internal network and employee events Communication through various channels Official and unofficial meetings Code of Professional Conduct Training Annual assessments and evaluations Employee surveys Employment contracts and compensation system 	<ul style="list-style-type: none"> Enhancing Communication Work ethics and professional behavior Justice Workplace diversity Training and development Talent acquisition and retention Positive work environment Company culture

Stakeholder Group	Stakeholder Engagement Approach	Stakeholder Priorities
Visitors	<ul style="list-style-type: none"> Press releases ACC website Social media platforms 	<ul style="list-style-type: none"> Providing appropriate services and facilities Positive stakeholder experience Communication channels
Jeddah Chamber of Commerce	<ul style="list-style-type: none"> Official letters Meetings E-mail correspondence 	<ul style="list-style-type: none"> Attending various events held by the Chamber Participation in the Chamber's General Assembly
Local community	<ul style="list-style-type: none"> Launching Initiatives in the Field of Social Work and Participating in Other Organizations' Initiatives Communicating with Non-Profit Organizations Engaging in dialogue with the groups Documenting relations with the local community 	<ul style="list-style-type: none"> Contribution to sustainable development goals, energy consumption reduction, and sustainable resource management (such as water, energy, and waste) ESG practices Commitment to Laws and Regulations in Business Practices Allocating budget for Social Responsibility and Community Care Programs
Government entities	<ul style="list-style-type: none"> Periodic reports submitted to all government entities Official letters Meetings E-mail correspondence 	<ul style="list-style-type: none"> Compliance with all laws and regulations applicable in Saudi Arabia Disclosure and transparency Prompt response to their requirements

 ACC's Key Topics

Appendix No. 3

Economic and Governance Affairs

Overview of the Board of Directors

Ensuring the existence of a representative and diverse board that preserves the production capacity of ACC and enhances a culture of responsibility.

Code of Professional Conduct

Demonstrating ethics, commitment, and transparency throughout all operations and activities of ACC is of utmost importance.

Economic Performance

Based on ACC's strong economic performance in the past year, the Company sees clear flexibility and operational capabilities in its financial metrics.

Procurement Practices

Improving ACC's operational and capital expenses, enhancing inventory usage and selecting local suppliers are fundamental pillars of the Company's procurement strategy.

Data Privacy

ACC believes that stakeholders shall have the right to know how information is collected, analyzed, and used responsibly.

Digital Transformation and IT Update

ACC seeks to automate and develop its operations to increase efficiency across its various processes and have the greatest positive impact on the community

 ACC's Key Topics

Appendix No. 3

Environmental Affairs

Emissions

By implementing a carbon removal strategy, ACC shall take tangible steps towards reducing carbon emissions.

Energy

ACC's reduction of energy intensity levels is vital in its future planning.

Water

Given the scarcity of water regionally, ACC is committed to monitoring and managing its water flow responsibly and efficiently.

Environmental Policy

Integrating the environmental compliance agenda into all operations of ACC leads to a unified approach to managing environmental affairs across the Company's various operations.

Waste

ACC shall adhere to regulatory requirements related to waste management while achieving its goals of collecting and disposing of waste.

Climate Risk Mitigation

ACC shall invest its resources in climate change adaptation strategies, crisis management plans, and sustainable development projects.

ACC's Key Topics

Appendix No. 3

Social Affairs

Diversity and Inclusion

Through diversity and inclusion in the workplace, ACC strives to encourage creative thinking and enhance an appropriate work culture.

Health and Safety

Practices to maintain health and safety always remain a top priority for ACC.

Saudization

ACC aims to employ Saudi citizens in a purposeful and effective manner.

Employment

ACC's employment policies shall align with local and national laws and regulations related to employment practices.

Non-Discrimination

ACC recognizes the value of its most precious assets and strives to provide a workplace for its employees free from discrimination and bias.

Response to the COVID-19 Pandemic

ACC has dedicated its response to the COVID-19 pandemic to protect and assist its employees, customers, and the communities it serves.

Local Communities

ACC is committed to supporting and serving the communities in which it operates, ensuring that its operations do not cause harm to them.

Education and Development

To ensure the ongoing professional development of employees, ACC has implemented a range of training programs that meet the diverse requirements and professional needs of its employees.

Names of companies, inside or outside the Kingdom, in which ACC Board members hold current or former membership, or have or had an executive role

Appendix No. 4

Member Name	Companies in which he was a member of its board of directors or in which he had an executive position	Inside/Outside the Kingdom	Companies in which he was a member of its board of directors or in which he had an executive position	Inside/Outside the Kingdom
HE Engineer Abdullah Mohammed Noor Rehami	• Savola Foods Company (Closed Joint Stock)	Inside KSA	• Knowledge Economic City Co. (Listed Joint Stock)	Inside KSA
	• Membership in Savola World Board of Trustees	Inside KSA	• Almarai Company (Listed Joint Stock)	Inside KSA
			• Wataniya Insurance Company (Listed Joint Stock)	Inside KSA
			• Saudi Cable Company (Listed Joint Stock)	Inside KSA
			• Alujain Corperation (Listed Joint Stock)	Inside KSA
			• Eastern Cement Company (Listed Joint Stock)	Inside KSA
			• Panda Retail Company (Closed Joint Stock)	Inside KSA
			• Saudi Arabian Airlines (Governmental Institution)	Inside KSA
			• Turkish Saudi Investment Holding Company (Closed Joint Stock)	Inside KSA
			• National Commercial Bank (Listed Joint Stock)	Inside KSA
			• Saudi Business Development Corporation (Non-profit)	Inside KSA
			• Social Development Bank (formerly the Savings and Credit Bank) "a Government Institution".	Inside KSA
			• Turkish Saudi Investment Company (Closed Joint Stock)	
			• Saudi Binladin International Holding Group (Closed Joint Stock)	
Mr. Saud Abdul Aziz Al-Sulaiman	• Gulf General Cooperative Insurance Company (Listed Joint Stock)	Inside KSA	• Saudi Arabian Refineries Company (Listed Joint Stock)	Inside KSA
	• Qatrana Cement Company (Closed Joint Stock)	Outside KSA		
	• Ready Mix Concrete and Construction Supplies Company (Listed Joint Stock)	Outside KSA		

Names of companies inside or outside the Kingdom where ACC Board members hold a post in its existing or former Board, or have or had an executive position

Appendix No. 4

Member Name	Companies in which he was a member of its board of directors or in which he had an executive position	Inside/Outside the Kingdom	Companies in which he was a member of its board of directors or in which he had an executive position	Inside/Outside the Kingdom
Eng. Walid Abdul Razzaq Alduraian	• Al Khaleej Training and Education Co. (Listed Joint Stock)	Inside KSA	-	-
	• Allianz Saudi Cooperative Insurance Co. (Listed Joint Stock)	Inside KSA		
	• Inayah Co. (Closed Joint Stock)	Inside KSA		
	• Malaz Capital Company (Closed Joint Stock)	Outside KSA		
	• Fast Link Company UAE	Outside KSA		
	• Al Khaleej Training and Technology Co. Egypt	Outside KSA		
	• Online Trading Academy- UAE	Outside KSA		
	• New Horizons Computer Learning Co. USA	Outside KSA		
	• Franklin Covey Co. UAE	Outside KSA		
	• Linguaphone/ Direct English - United Kingdom	Outside KSA		
Eng. Mutaz Kusai Al-Azzawi	• Riyadh Bank (Listed Joint Stock)	Inside KSA	• Merle Lynch (Closed Joint Stock)	Inside KSA
	• Savola Group (Listed Joint Stock)	Inside KSA		Outside KSA
	• Etihad Etisalat Company (Listed Joint Stock)	Inside KSA	• El-Farrasha for Food Industries Company (Closed Joint Stock)	
	• Herfy Food Services Company (Listed Joint Stock)	Inside KSA		
	• Savola Foods Company (Closed Joint Stock)	Outside KSA		
	• United Sugar Company (Closed Joint Stock)	Outside KSA		
	• Afia International Company (Closed Joint Stock)	Outside KSA		
	• United Sugar Company of Egypt (Closed Joint Stock)	Outside KSA		
	• Alexandria Sugar Company (Closed Joint Stock)	Outside KSA		
	• Al Malikah for Food Manufacturing (Closed Joint Stock)	Inside KSA		
	• Qatrana Cement Company (Closed Joint Stock)	Inside KSA		
	• Ready Mix Concrete and Construction Supplies Company (Listed Joint Stock)	Inside KSA		
	• Saudi Industrial Construction & Engineering Projects (L.L.C)			
	• Saudi Technology and Trade Company (L.L.C)			
	• Brokers Development Company (L.L.C)			

Names of companies inside or outside the Kingdom where ACC Board members hold a post in its existing or former Board, or have or had an executive position

Appendix No. 4

Member Name	Companies in which he was a member of its board of directors or in which he had an executive position	Inside/Outside the Kingdom	Companies in which he was a member of its board of directors or in which he had an executive position	Inside/Outside the Kingdom
Mr. Turki Abdullah Al-Rajhi	• Abdullah Abdulaziz Al-Rajhi & Sons Holding Co. (Listed Joint Stock)	Inside KSA	-	-
	• Abdullah Al-Rajhi Industrial Group (Listed Joint Stock)	Inside KSA		
	• Al-Rajhi First Holding (Listed Joint Stock)	Inside KSA		
	• Al-Rajhi Charitable Foundation (Non-profit)	Outside KSA		
	• Qatrana Cement Company (Closed Joint Stock)			
	Mr. Saud Abdul Aziz Al-Sulaiman	• Amias Holding Company (L.C.C)	Inside KSA	• Sukoon International Co. (Closed Joint Stock)
• Assila Investment Company (Closed Joint Stock)		Inside KSA	• National Medical Care Co. (Listed Joint Stock)	Inside KSA
• Al-Borg Labs (Closed Joint Stock)		Inside KSA		
• Bio food Company (L.C.C)		Inside KSA		
• Qatrana Cement Company (Closed Joint Stock)		Outside KSA		
• Valcovinst Ltd (L.C.C)		Outside KSA		
Mr. Abdulatif Ali Al-Seif		• Al-Rajhi Bank (Listed Joint Stock)		• HSBC Saudi Arabia (Closed Joint Stock Company)
	• Sabeen Investment Company (Closed Joint Stock)		• Combined Visions Company (L.C.C)	Inside KSA
	• National Petrochemical Company (PETROCHEM) (Listed Joint Stock)		• Leading Investment Company (Closed Joint Stock Company)	Inside KSA
	• Wisayah Global investment Company (L.C.C)			
	• Nahdi Medical Company (Closed Joint Stock)			
	• Abdullah Al Othaim Investment Co. (Closed Joint Stock)			
	• RIVA Investment (L.C.C)			
	• Arabian Internet and Communications Services Co. - Solutions (Closed Joint Stock)			

Names of companies inside or outside the Kingdom where ACC Board members hold a post in its existing or former Board, or have or had an executive position

Appendix No. 4

Member Name	Companies in which he was a member of its board of directors or in which he had an executive position	Inside/Outside the Kingdom	Companies in which he was a member of its board of directors or in which he had an executive position	Inside/Outside the Kingdom
Mr. Youssef Saleh Aba Al-Khail	• AXA Cooperative insurance Company (Listed Joint Stock)	Inside KSA	• National Glass Industries Company (Listed Joint Stock)	Inside KSA
	• Arab Pipe Company (Listed Joint Stock)	Inside KSA	• Guardian Global Flat Glass Industry (L.C.C)	Outside KSA
	• Saudi Ceramic Company (Listed Joint Stock)	Inside KSA	• Saudi National Lighting and Electricity Company (L.L.C)	Inside KSA
			• Qassim Cement Company (Listed Joint Stock)	Inside KSA
			• Saudi Shuaa Capital Company (L.C.C)	Inside KSA
			• Al-Rajhi Steel Industries Company (L.C.C)	Inside KSA
			• National Gypsum Company Ltd. (L.C.C)	Inside KSA
Eng. Mohammed Hamed Alklaiby	• Halwani Brothers Company (Listed Joint Stock)	Inside KSA	-	-
	• Ibdaa Watan Food Trading Company (L.L.C)	Inside KSA		



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