

CONCRETE STEPS FOR A SUSTAINABLE TOMORROW

Sustainability Report 2024



شركة أسمنت المنطقة الجنوبية
SOUTHERN PROVINCE CEMENT COMPANY



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LIST OF ABBREVIATIONS

Abbreviation	Full Form
AML	Anti-Money Laundering
B2B	Business-to-Business
BC/DR	Business Continuity and Disaster Recovery
BCP	Business Continuity Plan
BIA	Business Impact Analysis
CAPA	Corrective and Preventive Actions
CCU	Carbon Capture and Utilization
CEO	Chief Executive Officer
CFR	Code of Federal Regulations (U.S.)
CIRT	Cyber Incident Response Team
CMA	Capital Market Authority (Saudi Arabia)
CO₂	Carbon Dioxide
CO₂e	Carbon Dioxide Equivalent
COI	Conflict of Interest

Abbreviation	Full Form
DMS	Document Management System
DRP	Disaster Recovery Plan
EA	Enterprise Architecture
EDR	Endpoint Detection and Response
EESG	Economic, Environmental, Social, and Governance
EIA	Environmental Impact Assessment
EMS	Emergency Medical Services
ERP	Enterprise Resource Planning
ESG	Environmental, Social, and Governance
ESRS	European Sustainability Reporting Standards
EVP	Executive Vice President
EWS	Early Warning Systems
FMEA	Failure Mode and Effects Analysis
GAC	General Authority for Competition

Abbreviation	Full Form
GHG	Greenhouse Gas
GRC	Governance, Risk and Compliance
GRI	Global Reporting Initiative
GU Cement	General Use Cement (Low-clinker, low-carbon cement type)
H	High
HAP	Hazardous Air Pollutants
HR	Human Resources
HSE	Health, Safety, and Environment
IAM	Identity and Access Management
ICS	Incident Command System
IES	International Environmental Services
IFRS	International Financial Reporting Standards
IIA	Institute of Internal Auditors
IIRC	International Integrated Reporting Council
IoT	Internet of Things
IPCC	Intergovernmental Panel on Climate Change
IRT	Incident Response Team
ISMS	Information Security Management System
ISO	International Organization for Standardization

Abbreviation	Full Form
ISO 14001	International Standard for Environmental Management Systems
ISO 9001	International Standard for Quality Management Systems
IT	Information Technology
KPIs	Key Performance Indicators
KPMG	Klynveld Peat Marwick Goerdeler (External Audit Firm)
KRIs	Key Risk Indicators
KSA	Kingdom of Saudi Arabia
KWh	Kilowatt-hour
KYC	Know Your Customer
L	Low
LCA	Life Cycle Assessment
LCGPA	Local Content and Government Procurement Authority
LDAR	Leak Detection and Repair
LTFR	Lost Time Frequency Rate
LTIR	Lost Time Injury Rate
M	Medium
MDM	Mobile Device Management
MFA	Multi-Factor Authentication
MH	Medium-High

Abbreviation	Full Form
MII	Manufacturing Integration and Intelligence
MISA	Ministry of Investment of Saudi Arabia
MoC	Ministry of Commerce
MODON	Saudi Authority for Industrial Cities and Technology Zones
MoM	Ministry of Mining
Monsha'at	Small and Medium Enterprises General Authority
MSDS	Material Safety Data Sheet
NCA	National Cybersecurity Authority
NCEC	National Center for Environmental Compliance
NIST	National Institute of Standards and Technology
NRC	Nomination and Remuneration Committee
OECD	Organisation for Economic Co-operation and Development
OEE	Overall Equipment Effectiveness
OHS / OH&S	Occupational Health and Safety
OPC	Ordinary Portland Cement
OT	Operational Technology
PAM	Privileged Access Management
PLC	Programmable Logic Controller
Q1	First Quarter

Abbreviation	Full Form
QMS	Quality Management System
QR	Quick Response
R&D	Research and Development
RBI	Risk-Based Inspection
RCA	Root Cause Analysis
RCFA	Root Cause Failure Analysis
RDF	Refuse-Derived Fuel
ROI	Return on Investment
S/4HANA	SAP Business Suite 4 SAP HANA
SAC	SAP Analytics Cloud
SAMA	Saudi Central Bank (Saudi Arabian Monetary Authority)
SAP	Systems, Applications, and Products (Enterprise Resource Planning software)
SAR	Saudi Riyal
SASB	Sustainability Accounting Standards Board
SASO	Saudi Standards, Metrology and Quality Organization
SCADA	Supervisory Control and Data Acquisition
SDGs	Sustainable Development Goals
SGI	Saudi Green Initiative

Abbreviation	Full Form
SIEM	Security Information and Event Management
SIRI	Smart Industry Readiness Index
SOPs	Standard Operating Procedures
SPCC	Southern Province Cement Company
SRS	Safety Reporting System
START	Simple Triage and Rapid Treatment
TCFD	Task Force on Climate-related Financial Disclosures
TPD	Tons per Day
UN	United Nations
USD	United States Dollar
VaR	Value at Risk
VOC	Volatile Organic Compound
WHR	Waste Heat Recovery
ZATCA	Zakat, Tax and Customs Authority



CHAIRMAN'S MESSAGE

It is our pleasure at Southern Province Cement Company to present this report as the first official sustainability document in our journey. It marks a strategic milestone that reflects our ongoing commitment to the values of responsible growth, mindful impact management, and the integration of economic, environmental, and social priorities.

We have chosen to make this report an honest reflection of our leading position in the cement industry and a testament to our continuous drive for development and improvement. It showcases a comprehensive set of policies and initiatives grounded in ESG principles, which we consider a core element in decision-making and in delivering sustainable value.

Driven by our vision that sustainability is not a standalone objective but rather an institutional way of doing business, we have worked to embed it across all operational levels, from improving

energy efficiency and reducing emissions, to resource and waste management, and further to community engagement, human capital empowerment, and broadening the developmental impact of our initiatives. At the forefront of these initiatives is our "Green Footprint" campaign, which aims to plant 500,000 trees by 2030 as a practical expression of our environmental commitment.

In preparing this report, we adhered to leading international frameworks such as GRI and IIRC, supported by an independent review to ensure transparency, accuracy, and to build trust with all stakeholders.

We consider this report a starting point in our ongoing journey toward building a sustainable operating model that strengthens our competitiveness, enhances our governance practices, and delivers meaningful outcomes that extend beyond financial performance to create real value for our society, environment, and country.

On behalf of the Board of Directors, I would like to extend our sincere appreciation to all who contributed to this report. We reaffirm our steadfast commitment to sustainability as a strategic path deeply rooted in both our present operations and our future ambitions.

Sincerely,

Mr. Saad bin Abdulaziz Al-Kroud

SPCC Chairman



CEO'S MESSAGE

At Southern Province Cement Company, we believe that what truly makes a difference is not only the cement we produce, but the positive impact we create. This impact begins with the way we think and extends to our is reflected in our daily decisions and becomes evident in the way sustainability is woven into the core of our operations, not treated as an afterthought.

We have chosen to make this vision part of the company's foundation, embedding sustainability at the center of our strategies through a consistent commitment to our environment, society, and all stakeholders.

This report marks a significant turning point, through which we announce our full institutional readiness to shift from a traditional operational model to one that is more conscious, more impactful, and more sustainable. Over the past phase, we focused on building an operational system where resource efficiency, carbon emission reduction, digital transformation, and maximizing social impact are interconnected goals;

managed through precise indicators and regularly reviewed under a transparent and accountable governance.

Our efforts reflect our ambitious vision to become the national champion of the Saudi cement industry and to lead a genuine transition toward sustainable construction. They are also grounded in a clear mission we strive to deliver every day: building stronger relationships with our customers, driving excellence through continuous improvement, and seeking outgrowth opportunities that deliver added value.

Our guiding values are centered around customer focus, courage, teamwork, self-improvement, and positive reinforcement. These values are consistently present in the mindset of our teams, in the decisions made within our plants, and in the culture we foster daily.

We have launched several impactful initiatives at Southern Province Cement, most notably the "Green Footprint" initiative, which aims to plant 500,000 trees.

We have achieved full water recycling and activated digital transformation across both procurement and operations systems. We have also placed people at the heart of our strategy through ongoing development and empowerment programs.

It is worth emphasizing that none of this has been driven by regulatory requirements alone; it is the result of a deeply held conviction that true leadership is not measured by performance indicators alone, but by the depth of positive impact delivered to society.

At Southern Province Cement Company, we recognize that sustainability is not a finite project, but a continuous commitment that demands flexibility, courage, innovation, and disciplined execution. With this understanding, we present this report as the first step in a long journey, one we walk confidently, and in partnership with everyone who believes that industry can be intelligent, responsible, and inspiring at once.

Sincerely,

Eng. Aqeel bin Futis bin Kadasa

SPCC Chief Executive Officer



01



INTRODUCTION

1.1 About this Report

1.2 About SPCC

1.3 Strategic Direction

1.4 Value Creation Model

**1.5 Economic, Environmental, Social, and
Governance (EESG) Highlights and Alignment**

1.6 Awards, Certifications, and Partnerships

1.1 ABOUT THIS REPORT

This report marks the first Sustainability Report for the Southern Province Cement Company (SPCC). Throughout the report, the terms “SPCC,” “the company,” and “we” refer to the Southern Province Cement Company, headquartered in the Kingdom of Saudi Arabia.



Reporting Guideline

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards and the International Integrated Reporting Council (IIRC) Framework. To ensure transparency and credibility, the report has undergone third-party assurance conducted by Dcarbon for Environmental Consultancy.

Reporting Period

The information presented in this report covers the period from January 1, 2023, to December 31, 2024. In certain instances, relevant information has been included from outside this period to provide additional context or illustrate ongoing initiatives. As part of our commitment to environmental responsibility and stakeholder accessibility, this report is available in digital format as a downloadable PDF on our official website.

Reporting Cycle

This report follows an annual reporting cycle.

Currency

Unless otherwise stated, all financial figures are reported in Saudi Riyal (SAR).

Forward-Looking Statements

This report may contain forward-looking statements regarding the company’s future plans, strategies, and expectations, identified by words such as “will,” “planned,” “anticipated,” and “expected.” These statements reflect current assumptions and projections about future events and are inherently subject to risks, uncertainties, and changing conditions. Actual results, decisions, or outcomes may differ materially from those expressed or implied due to various factors beyond the company’s control.

For Further Information

For additional information or inquiries regarding this report or SPCC’s sustainability practices, please contact:

Mr. Eng. Saud Safar Al-Bargan

EVP for operations

Head of Sustainability

Email: saud.bargan@spcc.com.sa

1.2 About SPCC

SPCC is a leading Saudi joint stock company established by Royal Decree No. M/3, dated 12/2/1398H. Headquartered in Abha, SPCC plays a pivotal role in supporting the Kingdom’s construction sector and advancing national development goals.

Since its founding, the company has grown from a single Plant in Jazan to three strategically located plants in Jazan, Bisha, and Tahama, with a total clinker production capacity exceeding 30,000 tons per day.

Backed by capital of SAR 1.4 billion and a shareholder base that includes the Public Investment Fund, the General Organization for Social Insurance, and the Public Pension Agency, collectively holding 58% ownership. SPCC is committed to operating in alignment with Saudi Arabia’s Vision 2030 and broader sustainable development objectives.

Over the decades, SPCC has built a reputation for operational excellence, resilience, and responsible growth. Today, the company exports to more than 30 countries, serving as a symbol of Saudi industrial strength across borders.

With an ambitious outlook and sound corporate governance, SPCC is a company that continuously invests in modern technology, robust risk management, and sustainable practices to maintain its leadership in the cement industry.

At the heart of SPCC’s operations lies a firm commitment to safety, environmental responsibility, and community resilience. The company has established and continues to enhance an integrated system for safety and security across all its facilities. This system is built on proactive coordination with relevant internal and external stakeholders to ensure the protection of lives, assets, and the environment.

SPCC not only complies with national regulations but also sets a benchmark for industrial excellence in safety and sustainability.



Vision

Be the Saudi Cement national champion, accelerating the transition to sustainable construction.



Mission

Aiming at enduring market leadership in the cement industry, establishing superior end-customer relationships, leading the transition towards sustainable construction, striving for continuous improvement, and exploring all available growth opportunities.



Core Values

- **Customer Focus**
Put the end-customer first
- **Self-Improvement**
Strive for continuous improvement
- **Courage**
Operate beyond the comfort zone
- **Positive Reinforcement**
Reward strong performance
- Teamwork**
- Actively collaborate across functions



1.3 Strategic Direction

On August 30, 2023, the Board of Directors approved the company’s five-year strategy for 2024–2028. It focuses on enhancing operational and marketing performance, accelerating digital transformation, and increasing local content. These strategic initiatives are designed to boost overall efficiency and reinforce the company’s contribution to the goals of Saudi Vision 2030.



Our Vision (1) & Overarching Objectives



“Be the Saudi cement national champion & accelerate the transition to sustainable construction”

6-8%

Volume growth p.a.

+1Bn

Operating Profit

~25%

Emissions Reduction

~20pp

op Margin Improvement

>60%

Local Content

Our Strategy Pillars (3)



Lay SPCC’s Future Foundation



Enhance Sustainable Value Creation



Unlock Profitable Growth

Our Building Blocks (7)

Sales & Marketing Acceleration

Active End-customer Engagement and Improved Value Realization

Strategic Expansion Thrusts

- Giga-projects Supplier of Reference
- Market Leadership and Consolidation
- Low-carbon Cement & Sustainability

Operational Excellence

Next Gen Technology and Coordinated Network Decision-making

Organization & Change

Elevated Cross-functional Collaboration and Coordination

Digital Transformation

State of The Art Usage of Information Systems and Data

Transformation Management

Rigorous Execution and Tracking of Results

Local Content

To Become The Role Model in Local Content in The Cement Industry

Future Outlook



Growth and Financial Performance

	Achieve 6–8% annual volume growth.		Improve operating margin by approximately 20 percentage points.
	Exceed SAR 1 billion in operating profit.		Execute strategic mergers and acquisitions to accelerate growth and impact.

Human Capital and Community Impact

Exceed 60% local content contribution.	Promote women’s empowerment across operations and leadership.	Continuously improve health and safety standards across all sites.	Strengthen employee retention programs and development plans.



Digital Transformation

- Lead the Saudi Arabian cement industry in adopting digital technologies.
- Implement data analytics to enhance production efficiency and enable integrated sustainability solutions.
- Integrate digital strategy with sustainability and operational goals.
- Develop a B2B digital platform connecting customers with transporters and financial institutions.
- Enhance our customers’ experience at our plant facilities.

Operational Excellence and Efficiency

- Commission a new production line with a design capacity of 5,000 tons of clinker per day, targeted for completion in Q1 2026.
- Transition two of our three plants from fuel oil to natural gas, with full conversion expected by 2028.
- Collaborate with the Saudi Electricity Company to connect the Jazan and Bisha plants to the national grid, enhancing energy efficiency and reducing environmental impact by the end of Q4 2026.

- Integrate the production line with the SAP system between 2025 and 2027.
- Complete a comprehensive cybersecurity program by 2027.
- Strengthen logistics and operational infrastructure, including enhanced storage and transport capabilities through the port.



Environmental Sustainability:

- Reduce carbon emissions by approximately 25%.
- Achieve carbon neutrality by 2060.
- Recycle industrial waste and reuse secondary resources in innovative, sustainable ways.
- Transform industrial by-products into valuable, sustainable materials, contributing to the national economy.
- Install solar energy systems and study the application of alternative energy solutions.
- Advance waste heat recovery (WHR) technologies and energy efficiency initiatives.
- Utilize refuse-derived fuels (RDF) and explore other waste heat utilization methods.

1.4 Our Value Creation Model



Financial Capital [Read more on: Page 87](#)

SAR 4,428.36 million Total assets	SAR 3,371.47 million Total equity	SAR 1,056.89 million Total liabilities
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Manufactured Capital [Read more on: Page 95](#)

3 Number of plants	30,000 TPD (tons per day) Total production capacity
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Human Capital [Read more on: Page 149](#)

1,594 Total workforce	SAR 217.01 million Employee wages and benefits	85 Training programs conducted
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Natural Capital [Read more on: Page 127](#)

701,823,284 Total Energy Consumption in Kwh

Intellectual Capital [Read more on: Page 171](#)

Ongoing investment in R&D and digital transformation

Social and Relationship Capital [Read more on: Page 183](#)

SAR 1.8 million Community investments	SAR 19.21 million Zakat contributions
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Vision
Be the Saudi Cement national champion & accelerate the transition to sustainable construction

Mission
Aiming at enduring market leadership in the cement industry, establishing superior end customer relationships, leading the transition towards sustainable construction, striving for continuous improvement, and exploring all available growth opportunities

Our Strategy Pillars

- 01 Lay SPCC's future foundation
- 02 Enhance sustainable value creation
- 03 Unlock profitable growth

Core Values

Customer Focus | Put the end customer first

Self-Improvement | Strive for continuous improvement

Courage | Operate beyond the comfort zone

Positive Reinforcement | Reward strong performance

Teamwork | Actively collaborate across functions

Our Business Activities

01 Before Production

- Assess cement demand and market trends
- Conduct responsible mining and raw material sourcing

02 Operations

- Raw material acquisition and preparation
- Blending and mixing of raw materials
- Kiln operation, clinker cooling, and storage
- Cement grinding and packaging

03 Post-Production

- Outbound logistics and delivery
- Marketing and sales activities

SAR 935.03 million
Total revenue

SAR 243.75 million
Net profit

SAR 161 million
Dividends

5.7%
Return on assets

6,318,404 tons
Clinker Production

4,278,409 tons
Local Cement Sales

Lost Time/Frequency Rate (LTFR) improved by **74.32%**

Lost Time Injury Rate (LTIR) reduced by **66.43%**

Zero recorded work-related ill-health incidents

Charities supported **51 organizations**

Financial resilience and long-term value creation

Operational efficiency and capacity to scale

Skilled, motivated, healthy, safe, and engaged workforce

Built resilience against climate risks through efficient resource use

New products continued to drive growth and sustainability

Broad community outreach and strong relationship with society

1.5 Economic, Environmental, Social, and Governance (EESG) Highlights and Alignment



Economic and Governance Highlights

Strengthened Financial Resilience

Retained Earnings increased by 11.45%, rising from SAR 1,105.59 million in 2022 to SAR 1,232.29 million in 2024, reflecting robust financial performance and enhanced reinvestment capacity.

SDG Alignment 

Vision 2030 Theme 

A Thriving Economy
Private sector growth and financial sustainability

Robust Cybersecurity Measures

Maintained zero incidents of data loss, unauthorized access, or customer data theft during 2023 and 2024, underlining strong information security governance.

SDG Alignment  

Vision 2030 Theme 

A Thriving Economy
Digital infrastructure and data protection

Executive-Led ESG Training

Conducted ESG capacity-building programs with active participation from the CEO and executive leadership, achieving 100% coverage of targeted head office employees.

SDG Alignment  

Vision 2030 Theme 

An Ambitious Nation
Strengthened governance and institutional effectiveness

Inclusive and Transparent Performance Management

Ensured 100% of employees, regardless of gender or level, received regular performance and career development reviews.

SDG Alignment  

Vision 2030 Theme 

A Thriving Economy
Human capital development and workplace equity

Environmental Performance

Green Cement Innovation

Introduced Cement G.U., a low-carbon product with reduced CO2 emissions due to its lower clinker content.

SDG Alignment  

Vision 2030 Theme 

A Thriving Economy
Sustainable industrial development

Local Procurement Enhancement

Increased local supplier engagement from 67% (2022) to 97% (2024), enhancing national economic participation.

SDG Alignment  

Vision 2030 Theme 

A Thriving Economy
Local content development

Maintenance Efficiency

Adopted Preventive and Predictive Maintenance practices to reduce downtime and boost operational sustainability.

SDG Alignment 

Vision 2030 Theme 

A Thriving Economy
Operational efficiency and innovation

Waste Management

In 2024, SPCC recycled 3,176 kg of metal waste and 700 kg of glass waste, contributing to resource efficiency and landfill reduction.

SDG Alignment 

Vision 2030 Theme 

A Sustainable Environment
Waste reduction and recycling

Energy Efficiency Gains

Reduced total energy consumption by 14.3%, from 819,150,111 kWh (2022) to 701,823,284 kWh (2024).

SDG Alignment  

Vision 2030 Theme 

A Sustainable Environment
Energy optimization

Water Stewardship

Achieved a 100% water recycling rate, conserving water resources and reducing environmental footprint.

SDG Alignment  

Vision 2030 Theme 

A Sustainable Environment
Water conservation

Green Footprint Initiative

Launched the Green Footprint Initiative aimed at planting 500,000 trees by 2030, aligning with the broader Saudi Green Initiative and supporting climate resilience.

SDG Alignment 

Vision 2030 Theme 

A Sustainable Environment
Biodiversity and afforestation

Social Impact

Women’s Economic Participation

Increased the percentage of newly hired female employees by 62.5% in 2024, fostering gender inclusivity in the workforce.

SDG Alignment



Vision 2030 Theme

A Thriving Economy
Empowering women



Zakat Contributions

Zakat payments rose by 2,160%, from SAR 0.85 million (2023) to SAR 19.21 million (2024), supporting community welfare.

SDG Alignment



Vision 2030 Theme

An Ambitious Nation
Social development and solidarity



Employee Retention

Full-time employee turnover decreased by 9.3% in 2024, signaling better job satisfaction and engagement.

SDG Alignment



Vision 2030 Theme

A Thriving Economy
Talent retention



Occupational Health & Safety

- Lost Time Frequency Rate (LTFR) was down 74.32%
- Lost Time Injury Rate decreased by 66.43%
- Zero work-related ill-health incidents in 2023 and 2024
- Minor workplace injuries cut by 50% (from 10 to 5)

SDG Alignment



Vision 2030 Theme

A Vibrant Society
Safe and healthy workplaces



Family-Friendly Policies

69 employees (68 male, 1 female) took parental leave with a 100% return-to-work rate, reinforcing work-life balance.

SDG Alignment



Vision 2030 Theme

A Vibrant Society
Family cohesion and employee well-being



Fair Compensation

Employee wages and benefits rose by 7.73%, from SAR 201.44 million (2023) to SAR 217.01 million (2024).

SDG Alignment



Vision 2030 Theme

A Thriving Economy
Fair pay and labor rights



Employee Engagement

The Employee Satisfaction and Engagement Index increased by 15.4%, enhancing morale and productivity.

SDG Alignment



Vision 2030 Theme

A Sustainable Environment
Employee empowerment



Community Engagement

Supported 51 charitable organizations in Jazan, Asir, and Makkah, contributing to local development.

SDG Alignment



Vision 2030 Theme



An Ambitious Nation
Social contribution and impact

Innovation & R&D

- Continued investment in modern R&D infrastructure, fostering sustainable innovation and competitiveness
- Boosting Digital Transformation through SAP and ERP systems
- Develop Digital Procurement tool

SDG Alignment



Vision 2030 Theme



A Thriving Economy
Knowledge-based economy and R&D advancement



1.6 Awards, Certifications, and Partnerships

Awards

At the 2024 International Social Responsibility Forum , SPCC was awarded the Bronze Award for Corporate Social Responsibility, reaffirming its commitment to community initiatives and the promotion of sustainable development. In addition to three prestigious awards, recognizing SPCC’s outstanding contributions and active engagement in social responsibility initiatives:



MOST ENGAGED ON THE SOCIAL RESPONSIBILITY PLATFORM

This award is based on the accumulation of points earned through consistent and active participation in initiatives that promote social responsibility across various sectors.

MOST OPPORTUNITY-ADOPTING COMPANY

This accolade celebrates organizations that demonstrate a strong commitment to seizing development opportunities that foster growth for both their workforce and the broader community.

MOST ADDED INITIATIVES

This honor is awarded to the company that introduced the highest number of new programs or initiatives aimed at enhancing societal impact and outreach.

Certifications

SASO Quality Mark

Certifies that our products comply with Saudi Standards, Metrology, and Quality Organization.

ISO 50001

2018—Energy Management Systems

ISO 37000

2021—Governance of Organizations

ISO 31000

2018—Risk Management

ISO 9001

2015—Quality Management Systems

ISO 45001

2018—Occupational Health and Safety (OH&S)

ISO 14001

2015—Environmental Management Systems



Partnerships

2023



Ministry of Human Resources and Social Development



King Khalid University



Ministry of Industry and Mineral Resources

2024



Solb Steel



Saudi Mining Services Co.



GOVERNANCE

2.1 Corporate Governance

2.2 Legal and Compliance

2.3 Risk Management

2.4 Internal Audit

2.5 Data Privacy and Protection

**2.6 Stakeholder Engagement and
Materiality Assessment**



2.1 CORPORATE GOVERNANCE

The Southern Province Cement Company (SPCC) is committed to having high standards of corporate governance as a cornerstone of its sustainable business strategy. Its governance framework aligns with the regulations of the Saudi Capital Market Authority (CMA) and is guided by international best practices,

including ISO 37000:2021, as well as the global standard for the governance of organizations. This commitment ensures a robust foundation of transparency, accountability, ethical leadership, and strategic oversight, supporting long-term value creation and the fulfillment of stakeholder interests.

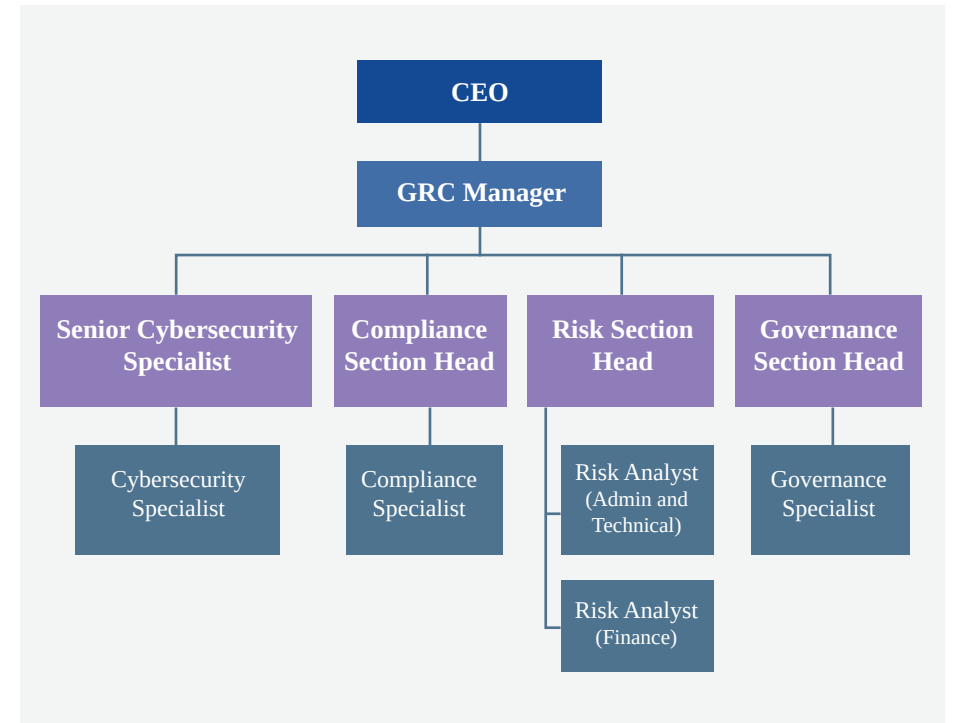
Board Structure and Leadership

 <p>HIS EXCELLENCY Mr. Saad bin Abdulaziz Al-Kuroud Chairman</p>	 <p>HIS EXCELLENCY Mr. Mansour Abdalaziz Al-Saghayer Vice Chairman</p>		
 <p>ENGINEER Thamer bin Mohammed Al-Muhaid Board Member</p>	 <p>MR. Mohammed bin Nasser Al-Nabit Board Member</p>	 <p>ENGINEER Ahmed bin Saeed Al-Ghamdi Board Member</p>	 <p>ENGINEER Yahiya Mohammed Al-Shangiti Board Member</p>
 <p>MR. Khalid Ibrahim Al-Rabiah Board Member</p>	 <p>ENGINEER Fahad bin Abdulhalim Al-Hilal Board Member</p>	 <p>MR. Abdullatif bin Ali Al-Seif Board Member</p>	

The Board of Directors is SPCC’s highest governing authority and plays a central role in setting the company’s strategic direction, overseeing its performance, and safeguarding shareholder interests.

The board is composed of nine members, including eight non-executive directors and one executive director, ensuring a strong level of independence in governance. Among these, three directors are classified as independent, in compliance with CMA guidelines.

Organizational structure of Governance, Risk and Compliance



¹ For detailed information on the Board’s expertise, please refer to our Annual Report.

Board performance evaluation

In accordance with the Board-approved Authority Matrix, the Nomination and Remuneration Committee (NRC) undertakes an annual evaluation of the Board's effectiveness against pre-defined criteria covering strategic oversight, risk management, ethical conduct, and stakeholder engagement. The NRC's findings are ratified by the full Board and submitted to the General Assembly, ensuring transparent accountability and continuous improvement of Board performance.

Board meetings

The Board meets each quarter, with additional sessions convened as circumstances require. Standing committees—Audit, and Nomination & Remuneration—also meet quarterly, providing focused scrutiny of specialized governance matters throughout the year.

Appointment and Tenure

Board members are appointed by the General Assembly through a cumulative voting system for three-year terms, in accordance with CMA guidelines. The Nomination and Remuneration Committee reviews board candidates to ensure transparency and alignment with SPCC's long-term strategic direction.



Board Committees and Strategic Oversight

SPCC has established four board-level committees to support the effective execution of governance duties:



The Executive Committee

facilitates the implementation of strategic decisions and urgent matters requiring board-level attention between formal meetings.



The Audit Committee

monitors the integrity of financial statements, evaluates internal controls, and supervises the internal audit function, which operates independently and reports directly to the committee.



The Nomination and Remuneration Committee

oversees board composition, succession planning, and performance-based compensation aligned with shareholder value creation.



The Investment and Strategy Committee

The Investment and Strategy Committee reviews and recommends strategic and investment plans to the Board, evaluates major projects and expansions, oversees fund management, monitors investment performance against targets. Additionally, it ensures compliance with policies and risk levels, studies management proposals on resource investments and referring decisions beyond its authority to the Board to maintain alignment with company objectives and governance.

Board Training and Capacity Building

SPCC places a strong emphasis on the continuous development of its leadership. Dedicated training sessions are regularly organized for Board members and senior executives, focusing on corporate governance best practices, ESG disclosure requirements, and emerging risk landscapes. These initiatives are designed to enhance Board effectiveness and ensure alignment with evolving stakeholder expectations, regulatory standards, and global sustainability trends.

ESG Training and Awareness

In 2024, SPCC conducted a comprehensive ESG training program aimed at deepening awareness, building internal capacity, and fostering alignment with Environmental, Social, and Governance principles across the organization.

SPCC structured the program to ensure that ESG integration is not only driven by leadership but also embedded across all levels of the company. It included active participation from the Chief Executive Officer (CEO), all executive and departmental managers, and 100% of targeted head office employees—representing a substantial portion of SPCC’s leadership and administrative workforce.

Through extensive instructional hours, the training equipped participants with the knowledge and tools to incorporate ESG considerations into decision-making, performance evaluation, and risk management. This initiative demonstrates SPCC’s commitment to cultivating a sustainability-focused culture and strengthening its internal capabilities to meet the expectations of regulators, stakeholders, and national frameworks such as the Saudi Green Initiative.

SPCC Sustainability Committee

The Sustainability Committee was established in 2023 and is chaired by the CEO. The committee includes Vice Presidents, General Managers, and the company’s Department Directors. The committee is responsible for leading and guiding the company’s initiatives related to environmental, social, and governance (ESG) sustainability, as well as monitoring the company’s compliance with national regulations and relevant government initiatives, such as energy efficiency and emissions reduction.

It also oversees the achievement of sustainability performance indicators, submits regular reports to senior executive management, and promotes a culture of sustainability within the company and among employees.

Governance Policies and the Ethical Code of Conduct

SPCC’s commitment to responsible conduct is codified through a suite of governance policies. All our policies are bilingual (English & Arabic), facilitating effective communication with all stakeholders. A comprehensive Governance, Risk and Compliance manual clearly defines roles, responsibilities, and reporting lines

across the organization. The Code of Business Conduct outlines expected behaviors across all levels, while the Anti-Corruption Policy reaffirms SPCC’s zero-tolerance stance toward bribery and unethical practices. SPCC has also adopted a suite of internal policies supported by clearly defined escalation pathways and disciplinary mechanisms.

Anti-Corruption and Anti-Bribery Policy

The Anti-Corruption Policy affirms SPCC’s zero-tolerance stance toward all forms of bribery and corruption. It applies to employees, production facilities, agents, suppliers, and intermediaries. Key provisions include:

- Prohibition of bribes, kickbacks, facilitation payments, and unauthorized gifts.
- Mandatory pre-approval for gifts and hospitality beyond defined thresholds.
- Third-party due diligence to vet integrity and risk exposure.
- Binding anti-corruption clauses in all external contracts.

We conduct internal audits and risk assessments periodically to detect and prevent corrupt behavior. Employees receive specialized training in identifying and managing corruption risks. Violations are reported to the Compliance Officer or via the whistleblowing mechanism. Disciplinary actions including termination and legal escalation are applied to breaches of this policy.

Conflict of Interest Policy

SPCC's Conflict of Interest Policy safeguards decision-making processes from undue influence. It mandates the full disclosure of any potential conflicts by board members, employees, or stakeholders, especially in procurement, recruitment, or business partnerships.

Declarations are submitted during onboarding and updated annually or upon a change of circumstances. Identified conflicts are escalated to direct supervisors and reviewed by the Ethics Committee. Severe or unresolved cases are referred to the Board for taking actions. The policy ensures that objectivity and company interest always take precedence.

In addition, the company maintains a formal and confidential whistleblowing mechanism, enabling employees to report concerns without fear of retaliation. These policies are integral to fostering a culture of integrity and legal compliance.

Anti-Money Laundering (AML) Policy

As part of its commitment to robust risk management and regulatory compliance, SPCC ensures that its Anti-Money Laundering (AML) Policy is reviewed by the Governance, Risk and Compliance Department at least every six months. This regular review process helps to ensure that the policy remains effective and aligned with evolving regulatory frameworks & standards to be consistent with ISO 31000 risk management standards.

In parallel, the Compliance Team conducts semi-annual performance assessments of AML adherence across relevant departments. These periodic evaluations are critical to identifying gaps, enhancing awareness, strengthening internal controls and maintaining a culture of compliance.

SPCC's AML Policy adopts a risk-based approach, classifying customers and transactions according to their risk level—low, medium, or high. It also enforces strict Know Your Customer (KYC) procedures to verify the identities and beneficial ownership of clients.

Ongoing transaction monitoring is conducted to detect and flag any unusual or suspicious activity. All employees in key functions such as finance, sales, and procurement receive regular AML training to ensure that they remain informed of best practices and compliance obligations.

To further reinforce our commitment to integrity and ethical conduct, we have scheduled a comprehensive Anti-Corruption and AML training session for March 2025. This initiative ensures that all staff remain up to date on relevant information and practices, and that our workplace continues to promote transparency and accountability.

Any suspicious transactions must be reported to the Compliance Officer, who determines whether escalation to external authorities is warranted. In line with legal requirements, all related records and documentation are retained for a period of 10 years. Failure to comply with the AML Policy may result in disciplinary actions up to and including termination of employment.



Whistleblowing Policy

At SPCC, we do not tolerate any act of discrimination or unethical behavior among our employees. Instead, SPCC encourages a culture of transparency and ethical accountability through its whistleblowing policy. This policy enables employees, contractors, and external stakeholders to report any violations of laws, regulations, or company policies without fear of retaliation.

Accordingly, our whistleblowing policy provides a secure, confidential channel for employees to report any misconduct, or any discrimination based on race, color, gender, or age, and enables us to monitor and address incidents promptly. No discrimination cases were recorded in 2023 or 2024.

Escalation process for suspected fraud and misconduct:



At SPCC, a transparent and structured escalation process governs how suspected fraud, misconduct, or unethical behavior is addressed, in line with our Compliance and Whistleblowing Policies. This framework not only upholds legal and regulatory standards but also strengthens our commitment to corporate integrity and stakeholder trust.

Multiple reporting channels

SPCC encourages the reporting of concerns through accessible and confidential means. Employees, contractors, and external stakeholders may submit reports either anonymously. The whistleblower must report to the designated reporting officer within the company, who will then inform the compliance officer only.

Reporting a violation to any other party or discussing suspicion with colleagues is strictly prohibited. Our commitment to non-retaliation ensures that all individuals can raise concerns without fear of repercussions.

Initial Review and Escalation

When a report is received, the GRC Manager conducts a preliminary assessment to evaluate the validity and severity of the issue. This step determines whether a formal investigation is necessary, ensuring timely and proportionate responses.

Investigation and Oversight

Where warranted, the GRC department carries out a confidential investigation, following internal protocols designed to protect the rights of all involved. If the case presents a material risk, conflict of interest, or potential legal implications, it is escalated immediately to higher levels of authority for independent oversight.

Final reporting and accountability

The investigation’s findings are formally documented and submitted to the Chief Executive Officer (CEO) and to the head of the internal audit committee. Depending on the nature of the issue, escalation may occur at different levels:

- The GRC Manager for procedural matters.
- The CEO for operational or reputational concerns; and
- The Board of Directors for issues presenting material financial or strategic impact.

This escalation pathway ensures that SPCC maintains high ethical standards, rapid accountability, and ongoing alignment with our governance commitments under the GRI framework.

Reporting Processes

Each policy within SPCC's governance system is underpinned by a clear and structured escalation protocol. The process typically begins with internal reporting to line managers or compliance officers, progressing through the Ethics Committee, and ultimately to the Board if required. Independent committees, such as the Audit Committee and Internal Audit function, monitor compliance with all policies and ensure regular reviews and updates.

Disciplinary actions are proportionate to the severity of the violation and range from formal warnings to termination and legal reporting. All incidents, including those raised anonymously, are documented and used to inform policy updates and training initiatives.

Remuneration and Performance Committee

Remuneration policies for the board and senior executives are guided by the company's laws and CMA provisions. Compensation is structured to reflect both short-term performance and long-term value creation, with remuneration ratios disclosed in the company's annual financial statements in accordance with local regulations.

Shareholder Engagement and Transparency

SPCC maintains an open and active dialogue with its shareholders. Shareholders are invited to attend General Assembly meetings, with meeting materials circulated at least five days in advance. Financial and non-financial disclosures are made accessible through regulated channels, ensuring compliance with transparency obligations under the CMA and reinforcing investor trust.

Internal Controls and Assurance

The Internal control is responsible for evaluating the implementation of risk management policies and procedures, as well as the company's corporate governance rules. It also ensures that related-party transactions are conducted in accordance with the approved regulations and controls.

The internal control function comprises two departments: the Risk & Compliance Department and the Internal Audit Department. The Internal Audit Department, as an independent department, conducts periodic audit tasks and provides an assessment of financial and administrative operations, based on the audit plan approved by the Audit Committee.

2.2 Legal and Compliance

At SPCC, legal compliance is not a procedural obligation: it is a core expression of our values and our identity as a responsible and ethical corporate citizen. Our approach to compliance is grounded in integrity, transparency, and accountability, supported by a robust policy framework that guides every aspect of our operations. Throughout the reporting year, we continued to uphold the highest legal and ethical standards through active monitoring, preventive action, and continuous stakeholder engagement.

Integrated Compliance Framework

SPCC's legal and compliance system is built on four interdependent pillars: oversight, enforcement, capacity building, and continuous monitoring. These elements work together to ensure that all operations remain fully aligned with applicable laws and regulatory expectations. Throughout 2024, the Legal Affairs Department, working in close coordination with the Internal Audit and Compliance teams, maintained real-time monitoring of legislative developments, updated internal policies accordingly, and submitted regular reports to senior management and external stakeholders.

These active measures formed a protective shield against legal risk and helped to reinforce a strong internal culture of accountability. Notably, a few non-compliance cases were identified initially; however, after thorough investigation, these cases were closed as we found no evidence of wrongdoing. SPCC recorded no instances of fraud, fines, sanctions, or legal violations during the reporting period. This outcome highlights the effectiveness of our risk-based compliance strategy and reflects the strong, collective commitment of our team to maintaining the highest standards of ethical conduct.



Safeguarding Legal Integrity: The Role of the Legal Affairs Department

The Legal Affairs Department plays a vital role in protecting SPCC’s interests and ensuring company-wide compliance with Egyptian law and internal codes. In 2024, its work extended across several key functions:

Contract Management: Drafting, reviewing, and negotiating legal agreements to ensure that they reflect legal requirements and SPCC’s Code of Business Conduct.

Dispute Resolution: Representing SPCC in litigation and arbitration to protect the company’s legal standing.

Preventive Legal Counsel: Issuing advisory opinions across departments to preempt legal risk and embed compliance into decision-making.

Regulatory Engagement: Liaising with government entities to ensure our corporate policies evolve in line with legislative changes.

By year-end, SPCC had no pending or resolved legal cases related to corruption, anti-competitive behavior, or environmental violations.

Preventing Corruption and Managing Conflicts of Interest

SPCC maintains a zero-tolerance policy toward corruption, bribery, and conflicts of interest. The policy is applied to employees, contractors, and third-party partners alike, and is enforced through a comprehensive set of preventive and monitoring mechanisms. In 2024, our anti-corruption framework was strengthened through:

Mandatory Training

All employees completed annual anti-corruption and anti-bribery training to reinforce awareness of ethical expectations.

Risk Monitoring

No significant corruption risks were identified through our risk assessment processes.

Incident Reporting

No instances of bribery, embezzlement, or financial misconduct were reported.



To further reinforce transparency in leadership, all senior executives and board members submitted annual conflict of interest declarations. These disclosures were reviewed by the Legal Affairs Department and Board Secretary, with no breaches recorded during the year.

Whistleblower Protection and Ethical Reporting

SPCC’s confidential whistleblower system provides employees with a safe channel through which to report suspected misconduct anonymously and without fear of retaliation. Overseen by the Compliance Officer, the system is designed to ensure fairness, privacy, and responsiveness in all investigations. In 2024, no substantiated cases of serious misconduct were reported. To ensure ongoing trust in the mechanism, internal simulations were conducted to test and validate the system’s security protocols and investigative processes.

Building a Culture of Compliance

SPCC views legal compliance as an evolving, company-wide culture fueled by education, communication, and shared accountability. In 2024, the Compliance Function—operating under the Governance, Risk and Compliance (GRC) Department—played a pivotal role in embedding this culture across the organization.

The Compliance Function is responsible for monitoring and disseminating all regulatory and legislative updates relevant to SPCC’s operations or the broader cement industry, as issued by competent authorities in the Kingdom. It reviews each update to assess its potential legal impact on the company’s internal policies and procedures. Where necessary, appropriate revisions are implemented to ensure full compliance with applicable laws and regulations, thereby reinforcing business integrity and minimizing potential legal risks.

In support of this mandate, the Legal and Compliance teams worked closely with departments to institutionalize good governance practices through:



Policy Implementation Reviews

Regular checks to ensure that compliance procedures are being properly implemented and updated.

Legal Communication

Ongoing dissemination of bulletins and updates to keep employees informed of emerging legal developments.

Continuous Monitoring and Automated Alerts

The GRC department closely monitors regulatory updates and legislative developments from key oversight bodies, including PIF, CMA, SAMA, NCA, MISA, and others. This ensures internal policies align with evolving requirements and standards. It also performs regular risk assessments to identify and log potential non-compliance risks in a dedicated register, which is continuously updated.

Based on this register, the GRC Department formulates preventive action plans and mitigation strategies, ensuring corrective actions and accountability across departments. Furthermore, automated alert systems support the real-time identification of new regulations and amendments relevant to the cement and industrial sectors, as well as global developments (e.g., ISO, IFRS, or OECD guidelines).

Training and Workshops:

The company conducts organization-wide legal and ethical training sessions, complemented by department-specific workshops that address relevant regulatory topics. In addition, biannual compliance training programs are held to ensure that all applicable staff are well-informed of current legal obligations and understand their responsibilities in upholding compliance.

Additionally, we conducted targeted legal risk reviews on high-priority areas such as procurement procedures, environmental permitting, and supplier compliance with SPCC’s ethical code. We identified no material legal risks during these reviews.

As we continue to expand into new markets and navigate evolving regulatory landscapes, SPCC remains committed to strengthening its compliance infrastructure. In 2025, we plan to deploy advanced digital tools to enhance policy tracking, real-time risk detection, and internal reporting, ensuring that we remain both agile and accountable in the years ahead.

2.3 Risk Management

SPCC’s risk management framework integrates market and operational risk oversight, anchored in GRC’s structured, multi-source governance model. This approach fully aligns with international standards, including ISO 31000 (Risk Management), ISO 22301 (Business Continuity), ISO 27001 (Information Security), and COSO reinforcing the company’s resilience and sustainable growth ambitions.

Risk Management Process Overview

A Risk Identification and Input Channels

SPCC systematically captures risks from diverse, validated sources to ensure comprehensive coverage:

- Departmental Risk Assessments:** Periodic evaluations coordinated with all departments using GRC Risk Register.
- Strategic Project Assessments:** Ongoing risk reviews that align with corporate strategy throughout project lifecycles.
- Submitted Risks from Department Heads:** Direct inputs reported to GRC for validation.
- Audit-Derived Risks:** Automatically integrated from internal audit findings.
- Special/Extreme Risk Reports:** Commissioned by the CEO or Board for high-impact or sensitive cases.

B Risk Assessment

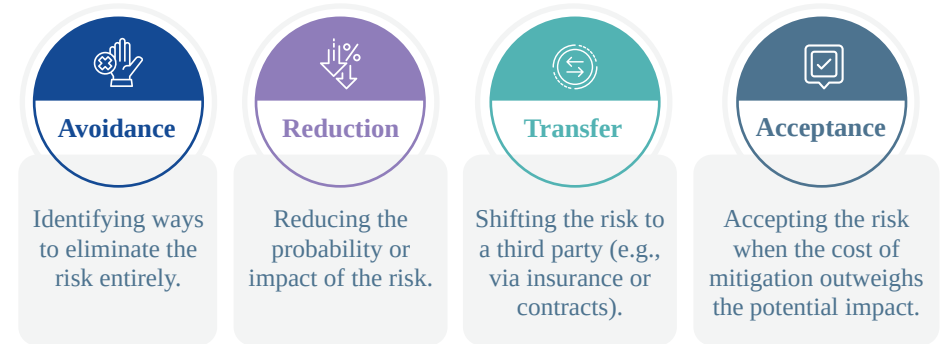
All risks undergo a standardized evaluation using a unified framework that incorporates:

- ISO 31000 principles
- Failure Mode and Effects Analysis (FMEA)
- A Probability × Impact Scoring Model
- Prioritization based on strategic, compliance, and reputational impact

This classification divides risks into four tiers—Low, Moderate, High, and Critical—to prioritize response efforts and resource allocation effectively.

C Risk Mitigation

SPCC employs four core strategies to manage and mitigate risks effectively:



To support these strategies, SPCC utilizes two main categories of tools

1. Preventive Measures

- Scenario Analysis (Bow Tie):** Identifies potential risks or threats and analyzing hypothetical situations and scenarios to plan measures that prevent or mitigate their impact.
- Scenario Planning & Stress Testing:** Test resilience against market volatility and extreme conditions.
- Value at Risk (VaR) models and Sensitivity Analysis:** Quantify risk exposure.
- Failure Mode and Effects Analysis (FMEA) for preemptive risk elimination.**
- Dynamic Pricing & Cost Controls:** Ensures profitability amid changing market dynamics.
- Predictive Analytics & Market Intelligence:** Enable early detection of emerging risks.
- Credit Risk Models:** Protect financial stability.
- FMEA:** Involve Structured evaluation to preempt operational failures.
- Preventive Controls:** Are enforced via SOPs, automation, and maintenance schedules.

2. Corrective and Contingency Measures

- **Emergency Response & Redundancy Protocols:** Guarantee operational continuity during crises.
- **Business Continuity Plan (BCP):** Ensures rapid recovery across business units.
- **Root Cause Failure Analysis (RCFA):** Identifies underlying issues to prevent recurrence.
- **Key Risk Indicators (KRIs):** Monitor risk exposure and trigger early interventions.

D Risk Reporting

We maintain a comprehensive Risk Register that tracks all identified risks, their mitigation strategies, and progress towards mitigation or elimination. Quarterly reports are submitted to the CEO, Risk Head, and Board of Directors. Additionally, incident reports are compiled to learn from past events and enhance future risk responses.



E Monitoring and Continuous Improvement

SPCC adopts a dynamic, forward-looking approach to risk management, ensuring adaptability and sustained effectiveness. It does so in the following ways:

- Regular risk assessments (quarterly and annually).
- Assignment of Risk Owners responsible for ongoing oversight.
- Internal and external audits to maintain compliance with policies and standards.
- Early Warning Systems (EWS) for active risk detection.
- Established incident response and escalation protocols.
- Periodic reviews by the Board and executive management to incorporate evolving risk landscapes.

Risk Governance and Escalation

SPCC maintains a robust governance structure to ensure transparency, accountability, and strategic alignment. Key governance bodies include:

Board of Directors and Risk & Audit Heads:

The Board and its Risk & Audit Heads are responsible for providing strategic oversight and ensuring that SPCC's risk management strategies align with the company's long-term objectives. They ensure that risk management processes are comprehensive, well-integrated, and continuously adapted to address emerging threats and opportunities. The Risk department's role also includes reviewing the risk register, approving mitigation strategies, and monitoring the effectiveness of the risk management framework.

CEO and Executive Management:

The CEO, along with the executive management team, plays a critical role in cultivating and driving a proactive risk management culture throughout the organization. They ensure that risk management is embedded in the company's daily operations, from strategic planning to decision-making processes. The executive team ensures that all employees understand the importance of identifying and addressing risks promptly, contributing to a resilient, risk-aware organizational culture.

Governance, Risk and Compliance (GRC) Department:

The GRC department is at the core of SPCC's risk management function. Led by the GRC Manager, the team works closely with the CEO and senior leadership to ensure effective risk integration across the company's strategic and operational levels.

The GRC Manager reports directly to the CEO and the Internal Audit Committee. This reporting structure ensures that critical risks are escalated quickly, enabling senior leadership to make timely and informed decisions. The GRC team leads the identification and assessment of risks, formulates risk mitigation strategies, and monitors their implementation, fostering a continuous improvement process in the company's risk management practices.

Risks Identified During 2024

Risk Category	Risk Description	Mitigation / Response
Market and Operational Risks	<ul style="list-style-type: none"> Increased local competition Reduced government spending on projects 	<ul style="list-style-type: none"> Market and client diversification Improved operational efficiency
Interest Rate Risks	<ul style="list-style-type: none"> Increased financing costs 	<ul style="list-style-type: none"> Diversifying financing sources Restructuring the financing portfolio
Liquidity Risks	<ul style="list-style-type: none"> Insufficient liquidity to meet short-term obligations 	<ul style="list-style-type: none"> Monthly liquidity monitoring Periodic evaluation of cash flows
Credit Risks	<ul style="list-style-type: none"> Delayed payments or defaults by clients 	<ul style="list-style-type: none"> Stricter credit policies Enhanced analysis and classification of receivables
Foreign Exchange Risks	<ul style="list-style-type: none"> Currency fluctuations affecting financial instruments Limited exposure as most transactions are in SAR or USD (which are pegged) 	<ul style="list-style-type: none"> No significant exposure due to currency peg Transactions mainly in SAR and USD

Risk Category	Risk Description	Mitigation / Response
Fair Value Risk of Financial Instruments	<ul style="list-style-type: none"> Risk that asset/liability values deviate from fair market value Applies to bank balances, receivables, payables, and commission-bearing loans 	<ul style="list-style-type: none"> Management assessment confirms fair value approximates carrying value Loans carry market rates
Occupational Health & Safety Risks	<ul style="list-style-type: none"> Exposure to heat, dust, noise, and slips Equipment-related injuries Low safety awareness Poor handling of hazardous materials 	<ul style="list-style-type: none"> Regular training programs Monitoring and governance systems Compliance with ISO 45001 and ISO 14001
Energy & Price Liberalization Risks	<ul style="list-style-type: none"> Rising operational costs from gradual energy price liberalization in Saudi Arabia 	<ul style="list-style-type: none"> Studies on alternative energy sources (solar, alternative fuels) Waste Heat Recovery (WHR) Use of Refuse Derived Fuel (RDF) Waste heat utilization Energy efficiency initiatives Collaboration with external consultancy experts Integration into digital strategy

Risk Category	Risk Description	Mitigation / Response
<p>Cybersecurity Risks</p>	<ul style="list-style-type: none"> Increased cyber threats amid digital transformation Legal requirements from Saudi cybersecurity law 	<ul style="list-style-type: none"> Established Cybersecurity Department (2024) Developed cybersecurity strategic roadmap in line with national law Developed Cybersecurity Program: <ul style="list-style-type: none"> » Phase 1 (2025): Infrastructure—firewalls, PAM/IAM, encryption. » Phase 2 (2026): Business continuity, SIEM, and SCADA system security. » Phase 3 (2027): Zero Trust model, artificial intelligence, digital forensics tools. Developed Key Performance Indicators (KPIs): <ul style="list-style-type: none"> » Number of detected incidents » Incident response time » Results of phishing tests and periodic evaluations <p>The cybersecurity plan was developed in cooperation with specialized consulting firms and forms part of the company’s digital transformation strategy.</p>

Source: Annual Report 2024.

Management of Climate-Related Physical and Transitional Risks

SPCC recognizes climate change as a critical business risk with the potential to significantly disrupt operations, supply chains, and infrastructure. These disruptions can stem from both physical risks (e.g., extreme weather events) and transitional risks (e.g., policy and market shifts). In response, SPCC has embedded climate risk management into its core business strategy, guided by Saudi Arabia’s Vision 2030, and is actively building resilience through innovation, investment, and environmental stewardship.

Physical Climate Risk Identification and Assessment

SPCC continuously monitors and assesses the impact of physical climate risks across its operations and value chain. Key physical risk factors include:

Extreme Weather Events
Including sandstorms, intense heatwaves, and flash floods, which may damage infrastructure, disrupt logistics, and delay production schedules.

Water Scarcity
A significant risk to cement production and cooling processes, particularly in the arid regions of Saudi Arabia.

Environmental Degradation
Ecosystem stress and increased regulatory scrutiny are linked to air emissions, particulate matter, and waste, which may affect licensing and community relations.



SPCC integrates these risks into enterprise-wide risk assessments to inform long-term strategic planning and operational readiness.

Mitigation and Adaptation Strategies

To address physical climate risks, SPCC has adopted a structured, forward-looking approach that blends strategic planning with operational resilience. Key measures include:



Five-Year Climate Resilience Strategy

A roadmap that aligns environmental goals with operational priorities, focused on reducing climate vulnerabilities and enhancing adaptive capacity.



Technological Innovation for Emission and Energy Efficiency

Deployment of waste heat recovery systems, energy-efficient kilns, and process automation to reduce environmental impact.



Infrastructure Resilience

Design and reinforcement of assets to withstand severe weather events, including stormwater drainage systems, heat-resistant equipment, and dust control mechanisms.



Enterprise Risk Integration

Climate risks are integrated into the company's corporate risk register and enterprise risk management system, enabling cross-functional coordination and timely responses.

Managing Transitional Climate Risks

In parallel with physical risks, SPCC acknowledges the emerging transitional risks associated with the global shift to a low-carbon economy. These include:

Key Transitional Risk Drivers:

Tightening Environmental Regulations

Increasing demands for compliance with national and international frameworks related to carbon emissions, energy use, and sustainability disclosure.

Market and Investor Expectations

Accelerating demand for ESG alignment, low-carbon construction materials from institutional investors and green building markets.

Alignment with International Commitments

Pressures to meet global climate targets such as the Paris Agreement and national pledges under Vision 2030.

SPCC's Strategic Response:

Low-Carbon Technology and Alternative Fuels

Investment in biomass, RDF (refuse-derived fuel), and other sustainable alternatives to traditional fossil fuels to reduce emissions intensity.

Green Product Innovation

Development and market introduction of low-carbon and environmentally certified cement products for sustainable construction.

Enhanced ESG Reporting and Transparency

Improved disclosure practices aligning with GRI, SASB, and TCFD standards to strengthen stakeholder confidence and position SPCC as a sustainability leader.


Global Policy Monitoring


A structured monitoring mechanism to anticipate regulatory developments and adapt business practices.





Climate Risk Resilience Through Innovation


SPCC’s climate resilience strategy leverages digital technologies, R&D, and operational innovation to strengthen its environmental performance. Core initiatives include:

- 

Real-Time Environmental Monitoring
Installing the Internet of Things (IoT) based sensors to monitor air quality, temperature, and emissions across production sites, enabling swift mitigation action.
- 

Integration of Renewable Energy
Piloting solar energy and hybrid systems to reduce reliance on grid electricity and fossil fuels.
- 

Carbon Capture and Utilization (CCU)
Exploring and investing in carbon capture technologies, as part of a broader decarbonization strategy.
- 

Waste Minimization Programs
Adopting initiatives to recycle industrial by-products (e.g., slag and fly ash) into the production cycle, supporting circular economy principles.
- 

Research and Development
Actively engaging in research partnerships focused on low-emission materials, eco-friendly additives, and advanced cement chemistry.

Through its holistic approach to managing both physical and transitional climate risks, SPCC aims to secure its long-term operational sustainability, reduce its environmental footprint, and contribute meaningfully to the Kingdom’s green transformation agenda. The company remains committed to innovative-driven resilience, underpinned by sound governance and strategic foresight.

Business Continuity and Disaster Recovery (BC/DR)

SPCC’s Business Continuity and Disaster Recovery Plans are fundamental to its risk governance approach. These plans ensure organizational resilience in the face of a wide range of disruptions, including cyber threats, operational breakdowns, and natural disasters.

Fully aligned with ISO 22301 and ISO 31000, they reflect SPCC’s dedication to maintaining uninterrupted operations and demonstrating rapid recovery capabilities.

The governance of SPCC’s BC/DR strategies is overseen by the GRC department, with regular evaluations conducted by the Risk section and executive management. The CEO and Board of Directors play an active role in overseeing key risk indicators and ensuring alignment with SPCC’s strategic objectives and risk appetite.

This governance model ensures transparency, accountability, and agility in response to emerging risks.

The Business Continuity Plan (BCP) is focused on minimizing downtime and accelerating recovery. It starts with comprehensive Business Impact Analyses (BIAs) and risk assessments to identify critical operations in production, IT, the supply chain, and finance.

These are catalogued in an operational risk register and supported by impact evaluations measuring financial, regulatory, and reputational risk.

Crisis management protocols include:

- Incident Response Teams (IRTs) are designated for swift issue escalation.
- Emergency Communication Systems are to alert key stakeholders, including the CEO and Risk Head.
- Contingency Planning, such as pre-identified alternative production sites and supply sources.

Preventive measures are also integrated into the continuity strategy. A well-established Preventive Maintenance Plan ensures asset reliability, while the Safety Reporting System (SRS) facilitates early hazard detection. SPCC’s IT resilience is strengthened by regular backups, network security measures, and cybersecurity protocols to protect digital infrastructure.



The Disaster Recovery Plan (DRP) focuses on restoring business operations following major disruptions. It includes:

- Real-time cloud and offsite backups, as well as failover systems for critical applications.
- Cybersecurity Protocols, including a Cyber Incident Response Team (CIRT), regular penetration tests, and vulnerability assessments.
- Supply Chain Recovery, with diversified supplier networks and raw material stockpiles.
- Financial Contingencies, including insurance and emergency liquidity planning.

To maintain the effectiveness of these plans, SPCC conducts:

- Quarterly BCP drills and annual full-scale simulations across departments.
- Tabletop exercises for senior management and board-level decision-making.
- Quarterly IT failover tests and bi-annual cybersecurity penetration assessments.
- These exercises, in conjunction with internal audits and regulatory reviews, drive SPCC’s continuous improvement cycle.

2.4 Internal Audit

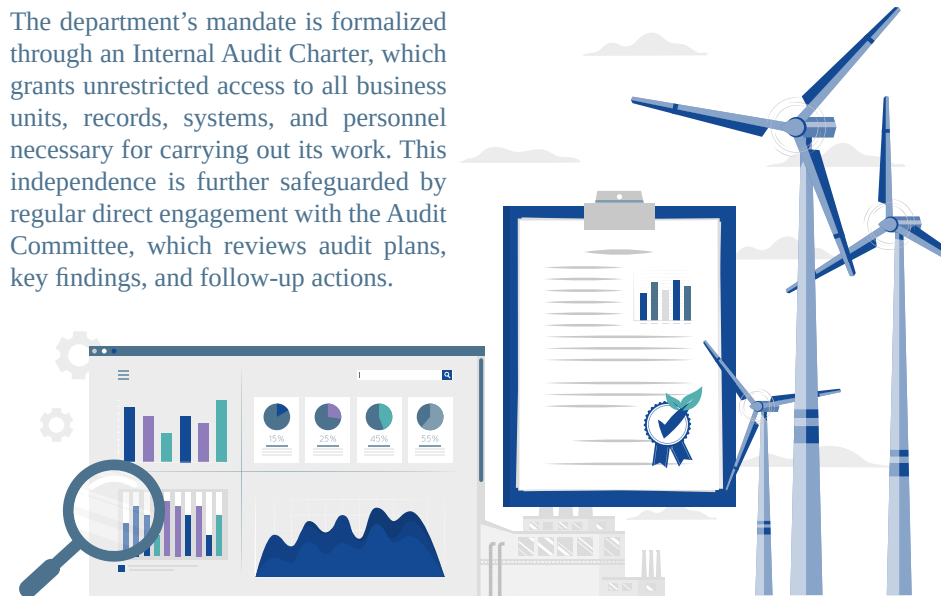
The Internal Audit Department plays an essential role in reinforcing the company’s commitment to transparency, accountability, and risk management.

Operating independently from management, the department reports functionally to the Board-level Audit Committee and administratively to the Managing Director. This structure ensures impartiality and enables the internal audit function to evaluate the adequacy and effectiveness of internal controls, governance systems, and risk management processes objectively.

In line with its oversight role, the Internal Audit department also monitors compliance with SPCC’s comprehensive policies and procedures manual, which governs supply chain management and promotes responsible procurement practices that respect social and environmental rights.

Conflict of Interest (COI) declarations, submitted by both SPCC and its suppliers through an updated process to the Audit Committee, form a critical part of this compliance framework.

The department’s mandate is formalized through an Internal Audit Charter, which grants unrestricted access to all business units, records, systems, and personnel necessary for carrying out its work. This independence is further safeguarded by regular direct engagement with the Audit Committee, which reviews audit plans, key findings, and follow-up actions.





Audit Planning and Risk Coverage

SPCC adopts a risk-based approach to internal auditing. Each year, the Internal Audit department conducts a comprehensive risk assessment to develop an annual audit plan that aligns with the company’s strategic priorities and evolving risk landscape. The 2024 audit plan was approved by the Audit Committee and covered all departments, plants, and key business activities.

In total, the department executed 30 audit engagements in 2024, including operational audits, financial controls assessments, compliance reviews, and follow-up audits to verify the resolution of previously identified issues. These engagements aim to identify process inefficiencies, control weaknesses, and opportunities for improvement across the organization.

Standards and Professional Conduct

SPCC ensures that its internal auditors adhere to both the International Standards for the Professional Practice of Internal Auditing and the Code of Ethics issued by the Institute of Internal Auditors (IIA). All internal auditors are expected to maintain objectivity, integrity, confidentiality, and professional competence in carrying out their responsibilities.

The department places strong emphasis on developing its audit talent. In 2023, auditors received targeted training to enhance their technical capabilities and expand their understanding of emerging risks, including those related to sustainability and ESG disclosures.

Reporting and Impact

Audit findings and recommendations are formally reported to the Audit Committee and executive management. These reports include detailed evaluations of internal controls, risk exposures, and compliance with policies and regulations. The Audit Committee closely monitors the implementation of corrective actions to ensure the timely resolution of identified issues and to strengthen organizational resilience.

The internal audit function also contributes to value creation by offering advisory services, supporting the development and refinement of internal policies, and promoting a culture of continuous improvement and ethical conduct across the company.

Future Outlook

As SPCC continues its journey toward integrated and sustainable governance, the Internal Audit department is expanding its focus to incorporate environmental, social, and governance (ESG) risks into its audit scope. This strategic alignment ensures that SPCC’s governance and assurance mechanisms remain responsive both to shareholder expectations and to evolving regulatory standards.



2.5 Data Privacy and Protection

In accordance with ISO 27001 standards, SPCC enforces strict confidentiality through its Code of Business Conduct, requiring all employees to always protect customer information. Access to customer data is limited exclusively to authorized personnel, with clearly defined disciplinary actions applying to any unauthorized use, whether digital, verbal, or written.

Further safeguards include:

Limiting customer communications on social media to trained and authorized marketing personnel.

Implementing password-protected systems and access rights to prevent the misuse of information.

Requiring employees to sign confidentiality statements and undergo awareness training.

These safeguards form the foundation of our commitment to protecting customer data from misuse or reputational harm.

Handling customers' complaints

To promote accountability and continuously improve our practices, SPCC maintains formal channels for receiving and responding to customer complaints, including those related to privacy. Customers can submit concerns through designated representatives or customer service lines, where they are documented, assessed, and addressed in accordance with internal protocols. On average, SPCC resolves customer complaints within three working days from the date of receipt.

Throughout the reporting year, SPCC recorded no substantiated complaints related to customer privacy breaches. No complaints were received from regulatory authorities or external stakeholders regarding the misuse or mishandling of customer information. In addition, SPCC reported zero incidents of data loss, unauthorized access, or theft of customer data, which reflects the strength of SPCC's policies, employee training, and oversight systems.

Management approach to data security

SPCC employs a multi-layered and proactive approach to data governance to safeguard against data loss, leakage, or theft. Protecting customer information is a shared responsibility, with all employees held accountable and management focused on reinforcing and evolving existing frameworks. Key measures include:

- **Formal audits and assessments:** Annual cybersecurity assessments are conducted by the Governance, Risk and Compliance (GRC) team to address emerging threats. Internal audits are also carried out every two years under SPCC's approved audit plan.
- **Ongoing employee training:** While all employees have received training in data security and ethical data handling, SPCC continues to reinforce awareness and capabilities through periodic refreshers. A company-wide Cybersecurity Training Plan is scheduled.
- **Infrastructure and access enhancements:** Continuous upgrades to digital infrastructure and access control mechanisms help to ensure that only authorized personnel can access sensitive data.
- **Strengthened reporting channels:** Enhanced systems are in place to identify, report, and address data-related risks swiftly and effectively.

2.6 Stakeholder Engagement and Materiality Assessment

At the heart of our sustainability journey lies a firm belief: meaningful stakeholder engagement is essential to identifying the most relevant environmental, social, and governance (ESG) issues, while also strengthening our long-term performance and resilience. Our engagement strategy is designed to actively capture and respond to stakeholder perspectives through structured processes and open dialogue.

	Employees	Executive Management	Customers	Suppliers and Business Partners	Regulators ²	Communities	Investors and Shareholders	Peers and Industry Associations
Key Expectations	Fair compensation and benefits, diversity and inclusion, career development, health and safety, a values-driven and ethical work environment.	Integration of ESG into risk and business strategy, long-term value creation, business resilience, compliance, and reputation management.	Safe, high-quality products and services, ethical marketing, cybersecurity, environmental responsibility, and transparent communication.	Clear criteria and expectations, fair and timely procurement practices, collaboration on sustainable supply chains.	Regulatory compliance, transparent and complete ESG disclosures, climate risk management, and alignment with national/international frameworks.	Positive local impact, community investment, social equity, and proactive engagement in environmental stewardship.	ESG risk and opportunity management, alignment with global standards, carbon reduction strategies, and responsible governance.	Contribution to sector-wide progress, alignment with emerging standards, and ethical business conduct.
Communication Channels	Meetings/ Workshops/ Awareness sessions/Emails	Meetings	Emails/Calls/ Social Media/ Meetings	Emails/Meetings/ Tenders	Meetings/Emails.	Social Media/ Website/Meetings	Meetings/ Website/Social Media	Corporate Events and Conferences

Our stakeholders have diverse converging expectations regarding our performance, impact, and transparency. Understanding these expectations ensures we remain responsive, responsible, and resilient.

²Key Regulatory and Oversight Authorities in Saudi Arabia:

- 1. Capital Market Authority (CMA)
- 2. Ministry of Commerce (MoC)
- 3. Ministry of Industry and Mineral Resources
- 4. Zakat, Tax and Customs Authority (ZATCA)
- 5. General Authority for Competition (GAC)
- 6. Saudi Standards, Metrology and Quality Organization (SASO)
- 7. National Center for Environmental Compliance (NCEC)
- 8. Saudi Authority for Industrial Cities and Technology Zones (MODON)
- 9. National Cybersecurity Authority (NCA)
- 10. Local Content and Government Procurement Authority (LCGPA)
- 11. Small and Medium Enterprises General Authority (Monsha'at)

In accordance with the principles of the GRI Standards and in alignment with the European Sustainability Reporting Standards (ESRS), we apply a Double Materiality perspective in identifying and prioritizing the sustainability topics that are most relevant to our business and stakeholders.

This approach considers both:

Impact Materiality (the inside-out impact)

The actual and potential significant impacts—positive or negative—on the economy, environment, and people, including human rights, across the value chain.

Financial Materiality (the outside-in impact)

The sustainability matters that generate or may generate significant risks or opportunities that influence our business performance, financial position, or development.

We conducted a structured materiality assessment using a combination of stakeholder engagement, internal consultation, and industry benchmarking. The process included:

- 1 Understanding Our Context:**
- We began by analyzing our business model, strategy, sectoral context, and stakeholder landscape. This included:
- Our strategic objectives and operations
 - Our relationships with stakeholders and communities
 - Sector-specific sustainability challenges
 - National and regional regulatory developments
 - Stakeholder groups potentially affected by our operations

- 2 Identifying actual and potential impacts**
- We mapped:
- Our impacts on the economy, environment, and people (inside-out)
 - The impacts of ESG issues on our business (outside-in)



- 3 Assessing the significance of impacts**
- We conducted polls across departments, asking for their prioritization of material topics from both ESG and business-impact perspectives
 - The results were validated and enriched through discussions with subject matter experts

- 4 Prioritizing topics for reporting**
- We consolidated the poll results and expert input
 - We benchmarked the results against industry peers to ensure alignment with market expectations and best practices.

Each material topic disclosed in this report is accompanied by a management approach, reflecting how we address, monitor, and respond to it. Where applicable, we include both qualitative and quantitative disclosures, as well as comparative data from prior reporting periods.

The following table and matrix present the results, indicating the relative significance of each issue from both financial and ESG impact perspectives:

Legend:							
H	High	MH	Medium-High	M	Medium	L	Low

Strategic Pillars aligned with Material Topics:



Lay SPCC's Future Foundation



Enhance Sustainable Value Creation



Unlock Profitable Growth

Definition	Business Impact	ESG Impact	Management Approach
Governance, Transparency, Compliance, and Ethics			
Establishing robust governance practices that ensure transparency, accountability, and ethical behavior across all operations, while complying with applicable laws, regulations, and industry standards.	H	H	Read more: Corporate Governance (P41)
Product Quality			
Consistently producing cement that meets or exceeds industry standards, customer expectations, and regulatory requirements, ensuring durability, reliability, and performance in its intended applications.	H	H	Read more: Quality Control (P118) and Responsible Production and Operation (P101)

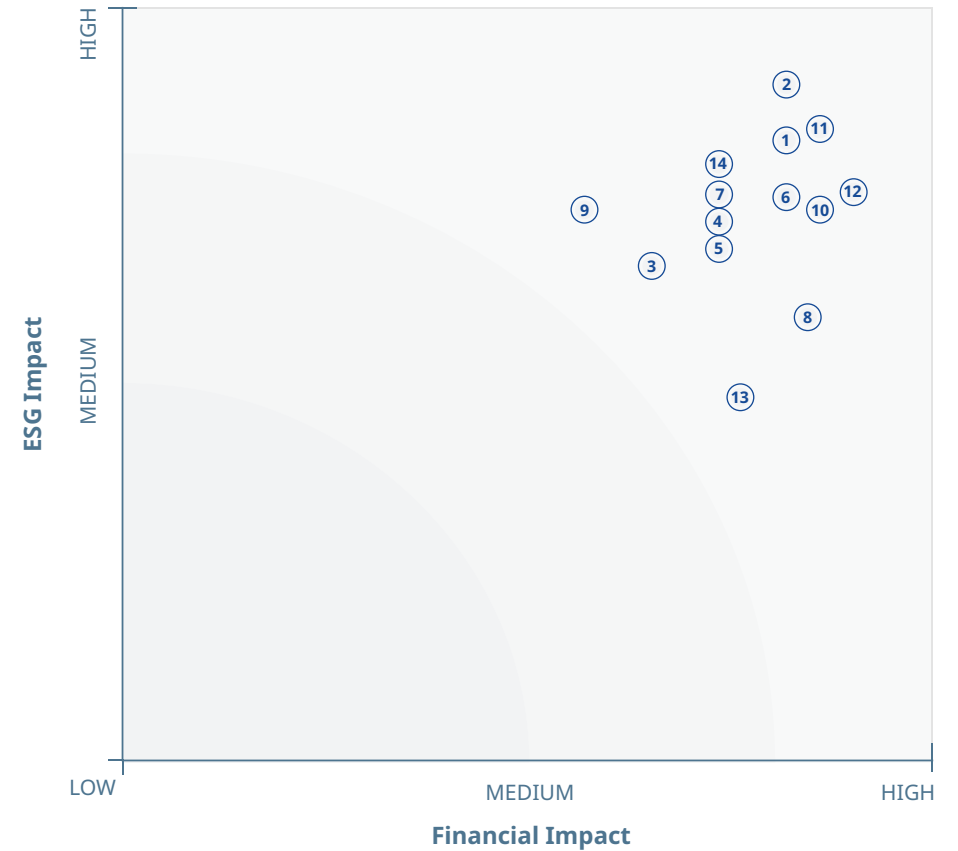
Definition	Business Impact	ESG Impact	Management Approach
Environmental and Climate Change Management			
Managing the environmental footprint of cement production by reducing greenhouse gas (GHG) emissions, optimizing resource use, and mitigating environmental risks. This includes addressing emissions generated during raw material calcination and fossil fuel combustion, and implementing strategies for air quality control, water conservation, waste reduction, and energy efficiency to support climate resilience.	H	H	Read more: Environmental and Climate Change Management (P127)
Circular Economy			
The circular economy presents an alternative to the traditional linear model by emphasizing reuse, recycling, and the recovery of materials and energy. In cement production, this concept is implemented by using secondary materials from other industries, recycled waste, and alternative fuels derived from the waste minerals of clinker production.	H	MH	Read more: Circularity and Waste Management (P138)
Health and Safety			
Ensuring a safe and healthy work environment by minimizing risks, preventing accidents, and promoting the well-being of all employees and stakeholders involved in cement production.	H	MH	Read more: People at the Heart of Safety (P161)

Definition	Business Impact	ESG Impact	Management Approach
Employee Engagement and Development			
Fostering a motivated and skilled workforce through effective training and learning at all levels. This is vital for career growth, job satisfaction, employee loyalty, and continuous performance improvement.	H	MH	Read more: Developing Talents and Driving Performance (P155)
Responsible Supply Chain			
Managing the full network of suppliers, manufacturers, distributors, and logistics providers to ensure efficient material and service flow, while aligning with environmental and social standards. This includes requiring ethical sourcing, sustainability, and transparency throughout the supply chain, including transport and logistics across the production process.	H	MH	Read more: Responsible Supply Chain (P115)
Cybersecurity			
Protecting the company's digital assets, data, and operational systems from cyber threats that could disrupt production. This is achieved by having robust security infrastructure, risk management practices, and employee awareness to ensure business continuity and data integrity.	H	MH	Read more: Data Privacy and Protection (P73) and Augment cybersecurity protocols within SPCC (P177)

Definition	Business Impact	ESG Impact	Management Approach
Business Model Resilience			
Adapting to changes, withstanding market disruptions, and sustaining long-term profitability by diversifying operations, managing risks, and aligning with evolving market and environmental conditions.	H	MH	Read more: Risk Management (P57) and Financial Performance and Resilience (P88)
Biodiversity			
Cement manufacturing begins with raw material mining (e.g., limestone, silica), which significantly impacts land use and biodiversity—especially when operations are near protected areas or habitats.	H	MH	Read more: Biodiversity (P145)
Diversity and Inclusion			
Promoting equal opportunities and a culture of respect by fostering a diverse and inclusive workplace where all individuals are valued, empowered, and encouraged to thrive—regardless of race, gender, age, nationality, religion, or physical ability.	MH	MH	Read more: The People Behind Our Progress (P150)

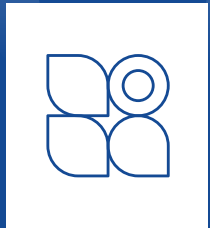
Definition	Business Impact	ESG Impact	Management Approach
Positive Social/Community Impact			
Contributing to the development and well-being of local communities through job creation, infrastructure development, and initiatives that enhance social and environmental conditions.	MH	MH	Read more: Fostering Social Value and Community Well-being (P183)
Research and Development (Innovation)			
Conducting research and implementing innovative technologies to improve production efficiency, reduce environmental impacts (e.g., CO2 emissions), and develop advanced cement products. This includes innovations in raw material usage, energy efficiency, and product performance—supporting sustainability and market competitiveness.	H	M	Read more: Research and Development (P171)
Marketing, Labeling, Communication, and Competitiveness			
Effectively promoting and branding cement products while ensuring accurate and transparent product information (e.g., use; disposal; and economic, environmental, and social impacts). Maintaining market competitiveness by enhancing efficiency; reducing costs; adopting innovative technologies; and adapting to customer needs, industry trends, and regulations.	H	M	Read on: Strategic Marketing and Transparent Communication (P185)

SPCC Materiality Matrix



- | | | |
|---|---|---|
| ① Environmental and Climate Management | ⑥ Responsible supply chain | ⑪ Product Quality |
| ② Governance, Transparency, Compliance and Ethics | ⑦ Employee Engagement and Development | ⑫ Health and Safety |
| ③ Positive Social/Community Impact | ⑧ Research and Development (Innovation) | ⑬ Marketing, labelling, Communication and competitiveness |
| ④ Cybersecurity | ⑨ Diversity and inclusion | ⑭ Circular economy |
| ⑤ Biodiversity | ⑩ Business Model Resilience | |

03



FINANCIAL CAPITAL

3.1 Financial Performance and Resilience

3.2 Distribution of Economic Value

**3.3 Assurance and Advisory for
Responsible Growth**

Effective financial management is essential to SPCC’s ability to create, sustain, and share value over time. Financial capital occupies a key position in our integrated thinking model, enabling us to sustain operations, respond to economic and environmental uncertainties, and invest in innovations and practices that support long-term sustainability.



At SPCC, we recognize that financial capital is not an isolated metric of success; it is a vehicle for enabling broader impacts, including responsible resource use, community development, and economic inclusion.

Our financial strategies are therefore closely linked to our sustainability priorities, allowing us to deliver value not just to shareholders, but to all stakeholders. We continue to enhance our financial systems and internal controls to ensure transparency, accuracy, and efficiency.

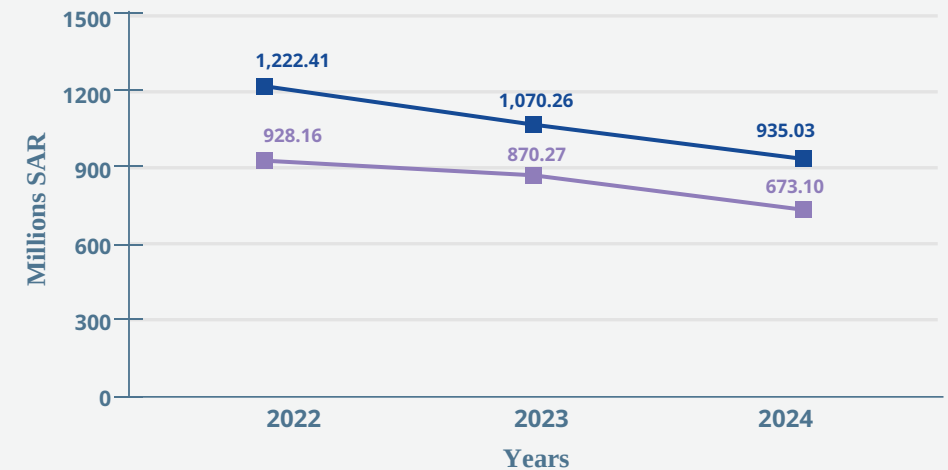
Our finance team provides timely insights and strategic guidance to support informed decision-making. Their output includes monthly and year-end closing activities, reconciliations, and preparation of financial statements aligned with International Financial Reporting Standards (IFRS). Our accounts are independently audited by KPMG, reinforcing accountability and trust. SPCC did not record any provisions related to fines or settlements for ESG matters during the reporting period, reflecting our commitment to responsible conduct and regulatory compliance.

3.1 Financial Performance and Resilience

Despite market fluctuations and operational challenges, SPCC has demonstrated resilience through prudent cost management and strategic resource allocation.



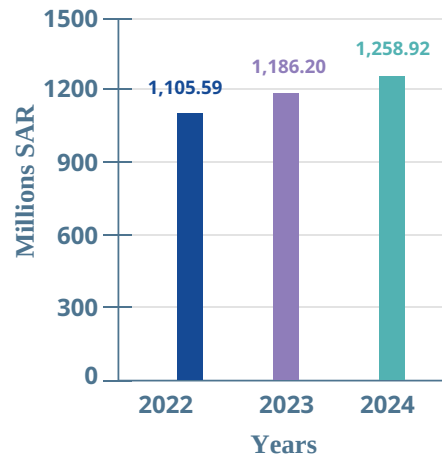
While revenues have decreased from SAR 1,222.41 million in 2022 to SAR 935.03 million in 2024, our focus on operational efficiency has helped to reduce operating costs from SAR 924.45 million to SAR 673.10 million over the same period. These actions underpin our capacity to remain agile and continue delivering value in a dynamic environment.



Operational Efficiency and Revenue Trends ■ Revenue ■ Operating Costs

Our retained earnings increased steadily from SAR 1,105.59 million in 2022 to SAR 1,258.92 million in 2024, underscoring SPCC’s financial resilience and our ability to reinvest in long-term growth and sustainability priorities.

This healthy retention reflects disciplined capital management and provides the foundation for future innovation and value creation.



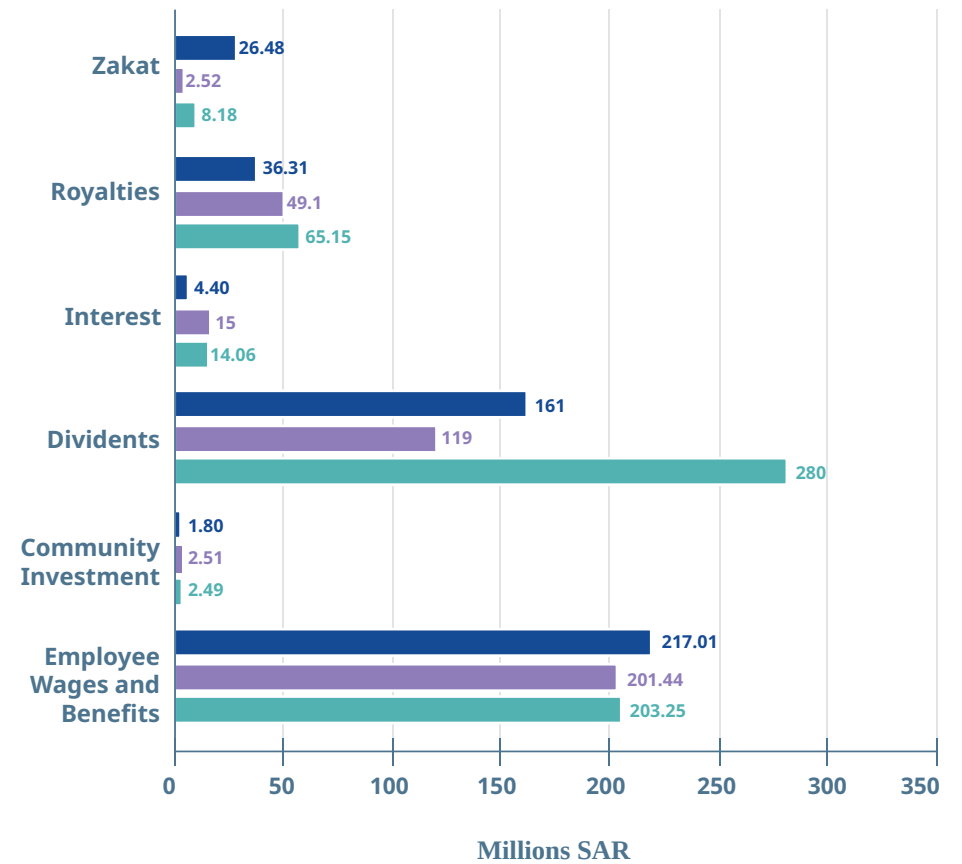
Retained Earnings

3.2 Distribution of Economic Value

Our financial capital is not only demonstrated through profit generation, but also through the equitable and purposeful distribution of economic value among our stakeholders. Over the past three years, SPCC has maintained consistent investments in employee compensation and community development, while also delivering shareholder value through dividends. We believe that sustainable value creation must be inclusive extending beyond business continuity and shareholders’ return to actively support our people and the wider community.

Our ongoing investment in employee wages and benefits reflects our commitment to human capital as a core driver of long-term resilience and performance. Although community contributions remain modest, they align with our values of social responsibility and regional development. A cornerstone of our socio-economic impact is zakat, a mandatory charitable contribution in Islamic finance. At SPCC, zakat is more than a compliance requirement.

It is a strategic mechanism for advancing social justice and alleviating poverty. In 2024, zakat contributions rebounded sharply to SAR 26,48 million, after a temporary dip in 2023, signaling our renewed capacity to support vulnerable populations. Together with wages and community investments, zakat forms a vital component of our approach to integrating financial performance with positive societal outcomes, in line with Saudi Arabia’s vision for inclusive and sustainable economic development.



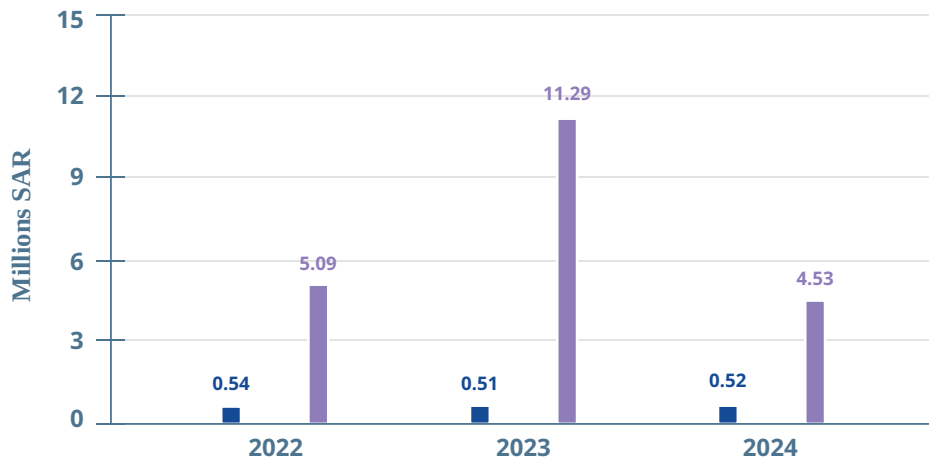
Economic Value Distribution

■ 2024
 ■ 2023
 ■ 2022

3.3 Assurance and Advisory for Responsible Growth

To ensure sound governance and informed financial practices, SPCC engages external advisors as needed. While audit fees have remained consistent, consulting expenses have varied based on the scope of transformation projects and strategy reviews.

In 2023, the sharp increase in consultancy fees was a strategic investment to strengthen our resilience amid evolving market challenges. This support enabled us to better navigate uncertainties and adapt effectively to rapid changes. Building on this foundation, we have made significant progress in 2024, enhancing our capabilities and positioning ourselves for sustained growth.



Audit and Consulting Fees Overview

■ Audit Fees
 ■ Consulting Fees



04



Manufactured Capital

4.1 Responsible Mining

**4.2 Responsible Production
and Operation**

4.3 Responsible Procurement

4.4 Quality Control

4.5 Maintenance

At SPCC, manufactured capital forms a cornerstone of our value creation process. It includes our plants, production lines, technologies, equipment, and operational processes, all of which enable efficient, high-quality, and sustainable cement production. We strategically invest in enhancing and modernizing our manufactured capital to maintain competitive advantage, support environmental goals, and create long-term value for stakeholders.

4.1 Responsible Mining

From the first stage of cement production, SPCC has been committed to responsible mining practices, ensuring compliance with legal, environmental, and social standards. Accordingly, SPCC applies for permits through an online platform, submitting detailed applications that include technical data, environmental studies, safety plans, and operational details.

Regulatory fees and required documentation are carefully reviewed before submission to ensure compliance with local, national, and international standards. Once submitted, authorities conduct thorough evaluations to verify adherence to all legal and environmental requirements. Taking these steps, we obtain the necessary permits and licenses, securing the legal rights to the land and resources used for mining activities.

To uphold the highest standards of compliance and operational integrity, SPCC conducts regular audits and reviews.

Internal audits are carried out by dedicated teams, while third-party auditors independently assess environmental and safety practices. The audit findings are carefully analyzed to identify areas for improvement, and corrective actions are promptly implemented where necessary.

Finally, SPCC submits compliance reports to regulatory bodies and stakeholders, reinforcing the company's commitment to transparency, accountability, and sustainable mining operations.

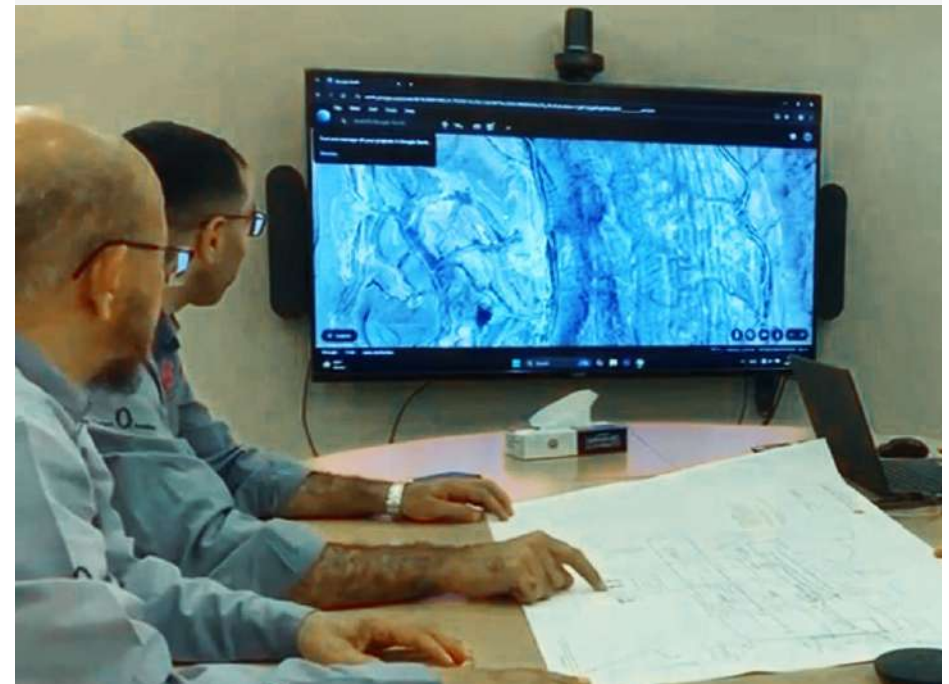
Beyond regulatory requirements, SPCC recognizes the environmental and social sensitivities associated with the extraction of raw materials, including its impacts on biodiversity, resource depletion, and the health and safety of employees and local communities. Thus, we implement a well-structured rehabilitation and closure plan to ensure that mining operations are conducted safely, efficiently, and with minimal long-term environmental impact.

These efforts reflect SPCC's dedication to sustainable mining and responsible resource management. Safety and risk management is imperative for allowing SPCC's mining operation to deal with potential or actual incidents and prevent their recurrence.

Accordingly, we established a structured process that includes adherence to safety, environmental, and legal standards, as well as clear protocols for incident identification, reporting, and documentation.

In the sense that, if an incident occurs, the company conducts thorough investigations and root cause analyses to determine the original causes.

Then it implements corrective actions to prevent recurrence, complemented by ongoing training and awareness programs for our employees. Furthermore, SPCC conducts regular monitoring and auditing to ensure continuous adherence to safety and compliance requirements.



Employees' safety and working conditions

Under the umbrella of ISO standards 45001 and 14001 for HSE and Occupational Health & Safety, respectively, we maintain that SPCC employees are our main asset and thus it is of paramount importance to prevent or mitigate the risks or hazards to which they could be exposed, such as injuries or dangerous incidents during the mining process.

SPCC established an occupational health and safety system to prevent and mitigate mining operation-related risks. These measures include regular inspections and operator training to ensure machinery safety; ensuring the structural stability of the mine by assessing its design and monitoring collapses; and developing response plans and training workers to deal with hazardous situations. The company has a monitoring and reporting system for work-related injuries and illnesses.

The system incorporates tracking injury trends to identify high-risk areas, in addition to performing medical surveillance for early detection of occupational diseases. It is mandatory to follow the reporting protocols regarding accidents and health issues, so that appropriate personnel can take the necessary corrective actions.



SPCC collaborates with its stakeholders, such as industry bodies and labor organizations, to enhance the safety of our employees.

At SPCC, we enforce strict measures to verify and uphold fair employment conditions for workers, including contractors. Legal compliance is ensured by aligning our labor practices with labor laws and safety regulations. We review our employment contracts to confirm fair wages, benefits, and working hours. Worker registration and documentation prevent unethical employment practices. We conduct regular worksite inspections to assess safety compliance and labor rights as well as strictly enforce health and safety standards.

Additionally, grievance mechanisms are in place to allow workers to report violations, and we apply enforcement measures such as penalties and license revocations for non-compliance. Adherence to labor rights is not limited to our direct operations; SPCC holds subcontractors and suppliers responsible for labor law compliance as well.

Managing environmental impacts

To ensure environmental accountability, SPCC integrates strict compliance measures into its mining operations. We conduct Environmental Impact Assessments (EIAs) before project approval, identifying potential risks and mitigation strategies.

We perform regular inspections and audits to verify adherence to environmental laws and the industry's best practices. In cases of non-compliance, we enforce penalties and corrective actions to uphold regulatory standards. These monitoring efforts ensure that mining activities align with sustainability objectives and legal frameworks.

Mining activities generate dust and air pollutants, affecting both workers and surrounding communities.

To mitigate these effects, SPCC enforces strict dust control measures, such as water spraying and the use of suppressant agents. We continuously monitor emissions from mining equipment and processes to ensure compliance with air quality standards.

Additionally, we promote the adoption of cleaner technologies and proper ventilation systems to minimize airborne pollutants, reducing environmental and health risks.



Water is a critical resource in mining operations, and its responsible management is essential for environmental sustainability. SPCC establishes clear guidelines for water use and protection, ensuring that extraction and consumption are regulated to minimize waste.

The company uses advanced treatment and recycling technologies to prevent contamination and reduce overall water usage. It regularly monitors groundwater and surface water quality to safeguard local ecosystems. Additionally, it explores desalination as a viable solution in water-scarce regions, helping to secure a sustainable water supply.

Furthermore, there is a collaboration between SPCC & the water sector to support sustainable development goals and enhance responsible water management practices. SPCC is actively working toward reducing energy consumption and transitioning to cleaner energy sources. Our energy efficiency measures include upgrading equipment, automating processes, and minimizing power usage. The company’s investments in renewable energy, such as solar and wind, further support our sustainability goals.

We always monitor our greenhouse gas emissions by using sensors and energy meters, with internal teams reviewing real-time data. Third-party audits verify emissions figures, and comprehensive reports are submitted to regulators, demonstrating accountability and commitment to reducing our carbon footprint.

Mining and Community

Mining operations inevitably influence local communities, both socially and environmentally. At SPCC, we prioritize active community engagement and responsible practices to ensure that our operations generate lasting positive impacts. To this end, we conduct social impact assessments to understand and mitigate potential disruptions during mining operations, as well as holding public meetings and forums to discuss mining projects to guarantee community participation, foster transparency, and address community concerns.

Recognizing the importance of environmental stewardship, the company implements land rehabilitation and biodiversity conservation programs that promote sustainable land use and protect ecosystems for future generations. Beyond engagement, SPCC is committed to driving economic and social development by:

 <p>Creating local employment opportunities within mining operations.</p>	 <p>Supporting local businesses through procurement practices that prioritize local sourcing.</p>	 <p>Investing in infrastructure, including roads, electricity, schools, and healthcare facilities.</p>	 <p>Providing training in both technical and entrepreneurial skills to empower local communities.</p>
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Transparency and accountability are fundamental to responsible mining. SPCC has established grievance mechanisms to ensure that affected individuals can safely raise concerns and provide feedback. To safeguard community rights, we operate under legal frameworks mandated by the Ministry of Mining (MoM). These include:

- Submitting official reports on social and environmental impacts.
- Regular meetings with community stakeholders.
- Designating a dedicated social and environmental liaison for each mining license, to manage community relations and ensure compliance.

Through these measures, SPCC ensures that its mining activities contribute meaningfully to local well-being, uphold community rights, and support long-term environmental sustainability.



4.2 Responsible Production and Operation

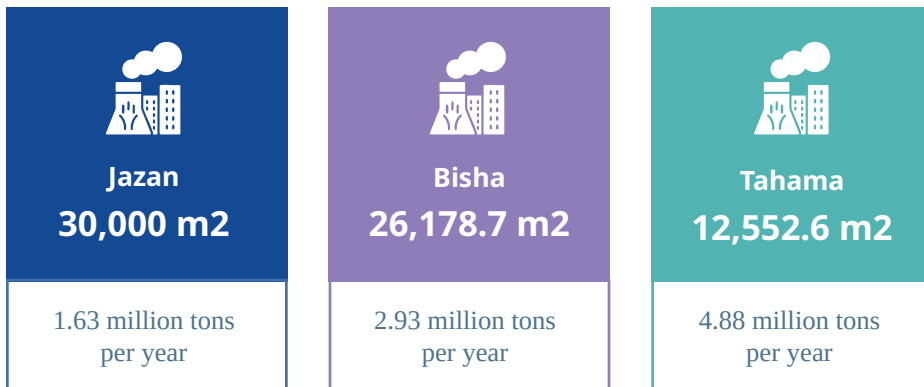
Our approach to production and operations is not only efficiency-driven but also aligned with sustainable development in terms of its three interconnected dimensions: economical, environmental, and social sustainability.

It also aligns with Saudi Vision 2030’s three main pillars, as well as the United Nations Sustainable Development Goals (SDGs), particularly Goal 9 (Industry, Innovation, and Infrastructure), Goal 12 (Responsible Consumption and Production), and Goal 13 (Climate Action).



Production Facilities and Capacity

SPCC operates three major production plants with the following capacities:



These facilities are equipped with modern technology and robust control systems, allowing SPCC to maintain efficient, safe, and high-quality production processes across different regions of Saudi Arabia.

Production Process

SPCC’s cement production follows a structured and standardized process to ensure quality, efficiency, and sustainable practices at each step:





Raw Material Acquisition and Preparation

Extraction and preparation of limestone, clay, and additives through responsible mining practices



Raw Material Mix

Optimization of raw mix composition using advanced technology to minimize waste and reduce the environmental footprint.



Kiln Operation, Clinker Cooling, and Storage

High-efficiency kiln processes reduce energy consumption and minimize emissions. Clinker is cooled and stored using best available techniques.



Cement Grinding and Distribution

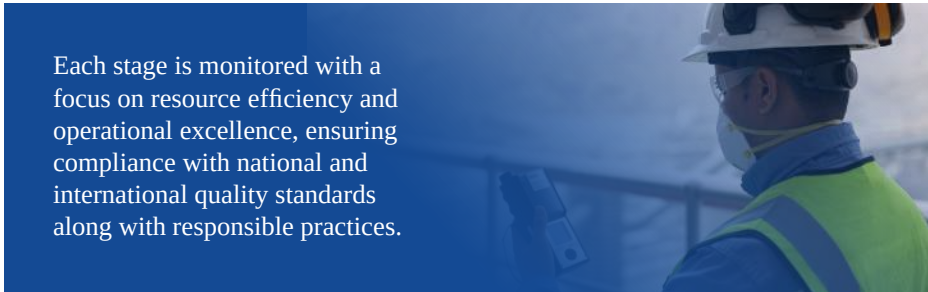
Use of energy-efficient grinding mills and transport systems to ensure high-quality cement production.



Final Product Delivery

Cement distribution is managed through optimized logistics to minimize emissions and energy use.





Each stage is monitored with a focus on resource efficiency and operational excellence, ensuring compliance with national and international quality standards along with responsible practices.

Throughout the production process, each SPCC facility hosts an integrated Quality Department responsible for real-time monitoring and control. It performs automated sampling, X-ray analysis, and wet chemistry analysis hourly to ensure that all outputs meet both national and international quality standards consistently. This continuous monitoring guarantees that production remains compliant, efficient, and reliable.

SPCC’s equipment effectiveness remains high, supported by rigorous, scheduled preventive maintenance programs. We sustain Overall Equipment Effectiveness (OEE) through proactive planning and real-time tracking systems, including PLC systems and SAP ERP, which together enhance performance management, operational efficiency, and strategic decision-making.

[\(Read more under: Quality and Maintenance\)](#)

We implement strict Health, Safety, and Environmental (HSE) standards across all production facilities. SPCC’s HSE Management System incorporates:

- ⌵
 Daily HSE Observations
- ⌵
 Monthly HSE Statistical Reporting
- ⌵
 Annual HSE Inspection Plans
- ⌵
 QR Code-Based Hazard Identification System
- ⌵
 Bi-daily Operational Safety Meetings

In line with our goal of achieving zero incidents, SPCC continues to foster a strong HSE culture by increasing safe man-hours without accidents or injuries. Additionally, we are working to enhance our Emergency Response Culture through both theoretical and practical training, as outlined in the HSE-approved annual plan.

These protocols foster a culture of continuous safety compliance, proactive risk management, and environmental stewardship, aligning with SPCC’s broader commitment to sustainable and responsible operations. [\(Read more under: Health and Safety\)](#)

The production workforce undergoes regular training and skills development programs, using periodic performance evaluations to identify individual and team development needs. [\(Read more under: Human Capital\)](#)

SPCC also promotes cross-functional collaboration through structured meetings between the R&D, procurement, and quality control teams, encouraging innovation, operational excellence, and alignment with sustainability goals.

SPCC conducts inventory management through a just-in-time system integrated with an annual budgeting and production planning process. This approach ensures the consistent availability of raw materials and spare parts while minimizing excess inventory, supporting operational efficiency, and reducing waste.

As of 2024, resource availability, including raw materials, personnel, and equipment—continues to be rated as high, with production teams reporting full access to the necessary inputs to meet operational targets. This strong resource foundation allows SPCC to maintain resilience, support reliable production levels, and contribute to responsible and sustainable industrial practices.

Production Output

SPCC’s product range includes:

Ordinary Portland Cement (OPC)

Sulfate Resisting Cement

Green Cement for General Use

The launch of the Green Cement

The company has begun producing green cement, which is characterized by a low percentage of carbon dioxide emissions due to its reduced clinker content.

We aim to introduce PPC Cement to the market, with industrial trials and SASO certification processes already successfully completed. The product is now in the final preparation stages, with a planned launch in 2025.

[For more details on product properties, refer to Section 5.1.5 – Life Cycle Assessment \(LCA\), page 134](#)

Jazan Plant:

Achieved an actual production rate equivalent to **106.77%** of its designed clinker capacity of **1,500,000** tons, displaying outstanding performance and operational resilience.

100%

Raw Material Compliance:

Complete adherence to raw material standards, enhancing product consistency and reducing defects.

Bisha Plant:

Operated at **66.87%** of its designed clinker capacity of **2,700,000** tons, strategically adjusting production levels to align with market demand and inventory management policies.

100%

Compliance with Chemical and Physical Specifications:

All products fully comply with Saudi and international standards for chemical and physical properties, ensuring high-quality production.

Tahama Plant:

Reached **64.70%** of its designed clinker capacity of **4,500,000** tons, maintaining flexibility to ensure sustainable production practices.

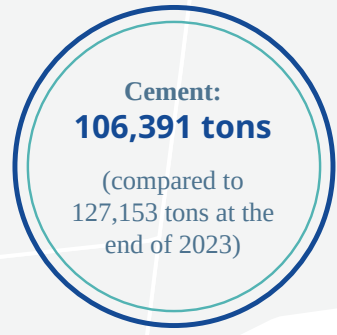
100%

Defect-Free Products:

Achieved a defect-free product rate, reflecting effective control and supervision of the production processes.

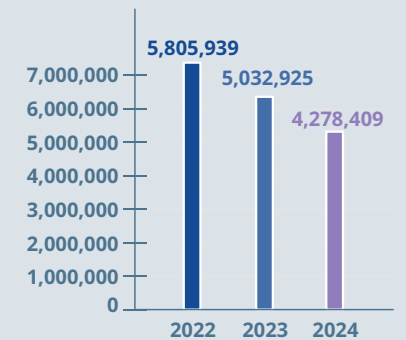
Collectively, SPCC's three plants produced a total of 6,318,404 tons of clinker in 2024, compared to 6,624,965 tons in 2023 and 7,083,129 tons in 2022.

The year-on-year fluctuations reflect the company's adaptive production strategy responding to evolving market conditions, as also evidenced by corresponding trends in local sales figures. By the end of 2024, SPCC's inventories stood at:

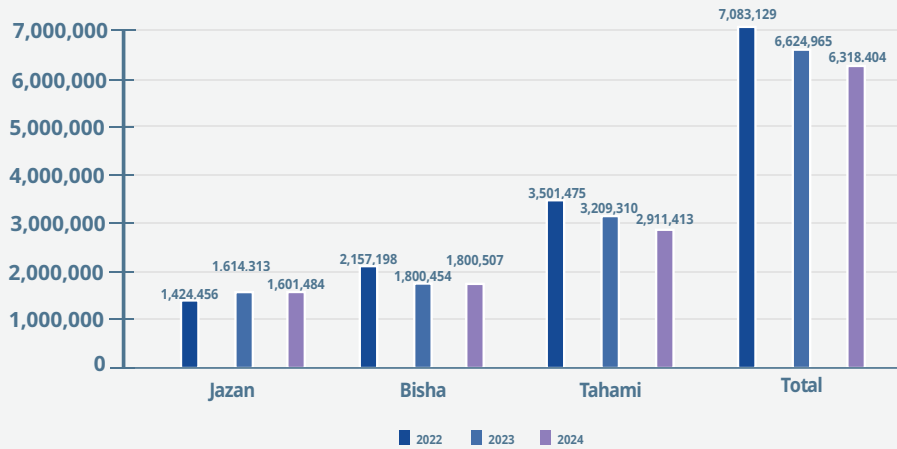


These inventory levels are the result of deliberate production planning aimed at balancing supply with demand while supporting operational efficiency and environmental stewardship.

All production sites consistently achieved daily and weekly output targets, highlighting SPCC's robust operational planning, efficient resource utilization, and strong responsiveness to market needs. This agile operational distribution not only optimizes asset performance but also ensures that production remains aligned with actual demand, minimizing the environmental impacts associated with excessive clinker stockpiling, energy consumption, and related emissions.



Local cement sales (in tons)



SPCC CLINKER PRODUCTION (in tons)

Innovation and Sustainability in Production

SPCC continuously integrates innovation and sustainability into its manufacturing operations, reinforcing its commitment to environmental stewardship, operational excellence, and sustainable development goals.



Green Cement and Low-Carbon Innovations

- **Expanding Green Cement Production:** We increased production of green cement by incorporating natural pozzolanic materials, effectively reducing the overall carbon footprint associated with traditional cement production.
- **Low-Carbon Cement Development (GU Cement):** We launched the development of Low Carbon cement, which features a reduced clinker content of 71.5%, significantly promoting environmental sustainability by lowering carbon intensity per ton of cement produced.
- **High-Strength Cement (Grade 52.5 N):** We successfully produced high-strength cement at the Jazan plant to meet the requirements of advanced and demanding construction projects, offering enhanced structural durability and efficiency.

Emissions Reduction Commitment

- **CO2 Emissions Reduction Target:** SPCC is actively working toward a targeted 25% reduction in carbon dioxide (CO2) emissions by 2028, aligning with global climate goals and national sustainability strategies.

Sustainable Production Practices

SPCC embeds sustainability principles within its core manufacturing processes through:

- **Emission Control:** Installation of high-efficiency filter bags across all plants to significantly reduce particulate emissions.
- **Agricultural Enhancement:** Engagement in responsible resource utilization to support agricultural growth and enhance ecosystem benefits.
- **Energy Management:** Monitoring & optimizing energy consumption continuously, ensuring reductions are achieved without compromising product quality.
- **Environmental Compliance:** Full compliance with national environmental regulations through structured audits and robust internal control systems.

Operational Excellence and Resilience

- **Process Improvement:** Conducting regular process reviews in alignment with global improvement frameworks, such as Lean and Six Sigma, to drive operational excellence and long-term resilience.
- **Shutdown Management:** Managing scheduled and unscheduled shutdowns by means of clearly defined protocols, ensuring minimal disruption to operations and maintaining maximum preparedness across all facilities.

Quality Improvements and Certifications

- **Improved Raw Material Composition:** Enhancement of raw material formulations at the Jazan plant, leading to the production of clinker and ordinary cement with advanced specifications and high operational durability.
- **External Audit Compliance:** Successful completion of 2024 external audits conducted by the Saudi Standards, Metrology, and Quality Organization (SASO) for all three plants (Jazan, Bisha, and Tahama) without any remarks, maintaining the prestigious Saudi Quality Mark for our products.
- **ISO Certification Renewal:** Achieving renewal of ISO 9001 certifications across all our production facilities, reaffirming SPCC's commitment to best practices in total quality management and continuous improvement.

Enhancing our Sustainable Production

SPCC's production strategy focuses on optimizing resources, enhancing operational efficiency, and supporting Saudi Arabia's environmental and industrial goals.

A Expansion of Production Capacity

To optimally utilize its available production capacities, SPCC has approved the establishment of a new production line at the Jazan plant, with a design capacity of 5,000 tons of clinker per day.

- The new line will leverage the latest cement manufacturing technologies, with a strong focus on energy efficiency and carbon emissions reduction.
- The project is aligned with global sustainability standards. We expect to complete it by the first quarter of 2026.

B Transition Toward Cleaner Energy

In alignment with Saudi Vision 2030 and the target of achieving carbon neutrality by 2060, SPCC is actively implementing a program to:

- **Replace Liquid Fuel with Gas:** We are transitioning from fuel oil to natural gas at the Jazan and Tahama plants, with full conversion targeted by 2028.
- **Connect to the National Electricity Grid:** We are collaborating with the Saudi Electricity Company to connect the Jazan and Bisha plants to the national grid, enhancing energy efficiency and lowering environmental impacts. We expect to complete the project by the end of Q1 2026.

C Exploration of Renewable Energy

SPCC is also conducting feasibility studies on the installation of solar energy systems at its plants.

- This initiative supports the company's renewable energy and sustainability strategy and reinforces SPCC's leadership role in implementing innovative environmental solutions in the industrial sector.

D Implementing the Surpac System for Sustainable Quarries

As part of SPCC's commitment to promoting sustainability and innovation in natural resource management, the company has implemented the Surpac system, a leading global solution specialized in 3D geological modeling and precise quarry planning.

The system is a part of SPCC's strategic initiatives, relying on accurate geological data and advanced analytical tools to guide drilling and extraction operations efficiently and effectively. Its adoption has led to a significant transformation in the environmental and operational performance of the company's quarries through:

Reinforcing Sustainable Environment by:

- Reducing environmental impact caused by unplanned excavation and minimizing affected areas.
- Improving raw material utilization and minimizing waste.
- Supporting quarry rehabilitation plans after the end of operational life, in line with environmental standards.

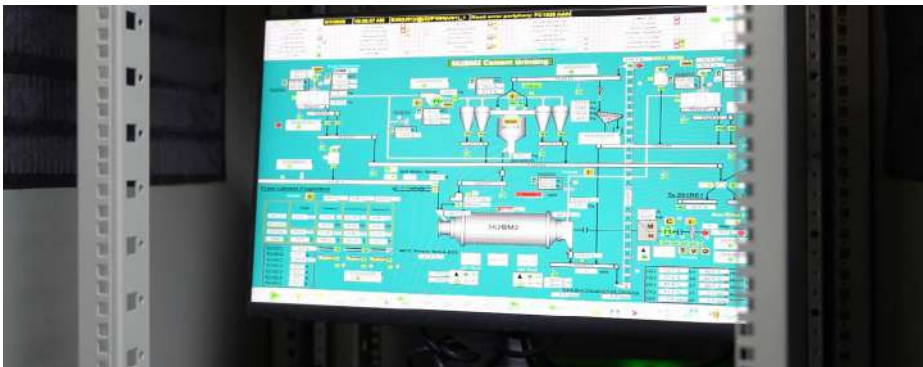
Achieving Economic Sustainability by:

- Extending quarry lifespan through improved geological inventory management.
- Reducing costs related to transportation, equipment, and extraction.
- Enhancing raw material quality, leading to more efficient production and less need for corrective processes at the plant.

Achieving Economic Sustainability by:

- Enabling real-time, data-driven decision-making.
- Strengthening operational integration among quarry, quality, and production departments.
- Improving compliance with environmental (ISO 14001) and quality (ISO 9001) management systems.

The implementation of the Surpac system marks a pioneering step in integrating technology with sustainability, reflecting SPCC's commitment to adopting global best practices to ensure resource continuity, environmental protection, and long-term economic and social value



Strategic Partnerships for Sustainability and Industrial Integration

In a major step towards supporting industrial sustainability and enhancing integration between production sectors, SPCC signed a tripartite partnership with the Royal Commission for Jubail and Yanbu—represented by Jazan City for Primary and Downstream Industries—and Solb Steel Company. The partnership aims to reuse secondary resources in innovative and sustainable ways.

The agreement was signed under the patronage of His Excellency Eng. Khalid Al-Salem, Chairman of the Royal Commission for Jubail and Yanbu, and witnessed by Dr. Hosni Al-Fadhli (the representative for the Royal Commission), Eng. Aqeel Bin Kadasah (the CEO of SPCC), and Eng. Misfer Al-Hajri (the CEO of Solb Steel Company).

Key Objectives of the Partnership:

- **Converting Industrial By-products:** Transform industrial by-products into sustainable materials that contribute to the national economy.
- **Reducing Environmental Impact:** Recycle industrial waste and reduce carbon emissions through innovative reuse methods.
- **Enhancing Production Efficiency:** Develop eco-friendly solutions and improve production processes' operational efficiency.
- **Strengthening Logistics and Operations:** Enhance logistics services in Jazan, facilitating efficient storage and transport through the port.
- **Data-Driven Sustainability:** Exchange data and analytics to improve production efficiency and develop integrated sustainability solutions.
- This collaboration reflects SPCC's strategic vision to lead the industry in promoting sustainability and operational efficiency; developing innovative, eco-friendly solutions; and expanding its impact in managing industrial resources to create added value for the national economy.

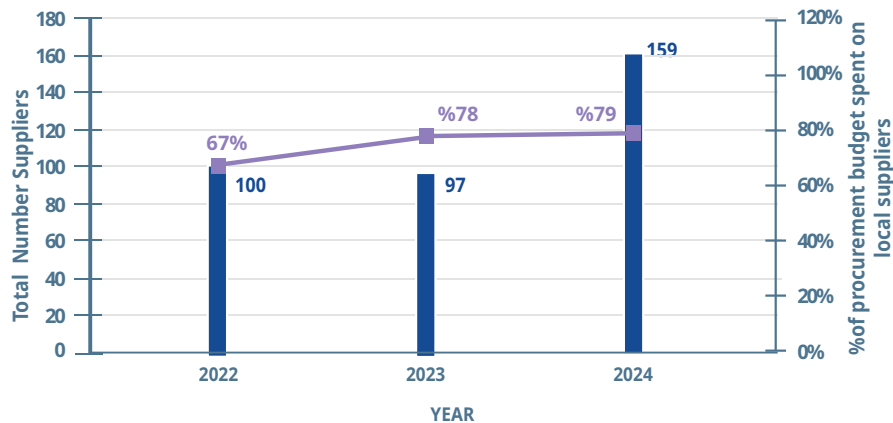
Key Impacts:

- Supporting the objectives of Saudi Vision 2030 in promoting circular economy practices and reducing industrial waste.
- Enhancing industrial innovation in the cement sector by transforming traditionally discarded resources into valuable inputs.
- Reducing operational costs through innovative reuse and waste

4.3 Responsible Supply Chain

The figure below represents SPCC’s total number of suppliers over the last three years, demonstrating the increase in the number of suppliers, especially in 2024. This growth reflects our commitment to building a resilient supply chain, mitigating potential disruptions through supplier diversification and securing multiple sourcing options.

During these three years, SPCC increased its spending on local suppliers significantly, from 67% in 2022 to 79% in 2024. This highlights our reliance on our local suppliers, our adherence to the local content policies and our efforts to promote local economic growth and contribute to the development of the communities in which we operate.



Total Suppliers and % of procurement budget spent on local supplier

SPCC conscientiously follows its policies and procedures manual, which are designed to manage its supply chain and guarantee responsible Supply Chain practices by preserving social and environmental rights.

Our Supply Chain strategy is based on a long-term plan to secure the required supplies efficiently, by engaging with qualified vendors who deliver high-quality goods on time. It relies on several factors, including the purchasing schedule and available budget, while prioritizing cost reduction and risk mitigation.

Beneficiaries submit purchase requests for approval to department management. These requests are either accepted or rejected by the Supply Chain department. In the case of approval, the requests are automatically submitted through the electronic system to the Supply Chain department for review and final approval. The Supply Chain team then proceeds with the purchasing process per the approved request details, ensuring the selection of a suitable and authorized supplier.

However, the purchase requests can be rejected for various reasons, including:

- Non-compliance:** The request does not comply with policies or regulatory requirements, such as the requested materials not complying with safety regulations or industry standards.
- Timing Issues:** The requested goods or services are urgently needed, but the purchase request was not submitted immediately.
- Budget Constraints:** If the requested purchase exceeds the allocated budget, it may be rejected or postponed until additional funding is available.

Supply Chain Risk Management

In addition to sourcing the most qualified suppliers to ensure high-quality deliveries in a timely manner, SPCC strongly emphasizes identifying and evaluating potential and existing risks. These include supply chain disruptions, fluctuations in market conditions, and challenges in contract negotiations, all of which are critical to the effectiveness and resilience of SPCC’s supply chain.

Furthermore, SPCC’s Supply Chain department deals promptly with any risk related to suppliers’ non-compliance with regulatory requirements, such as environmental or labor laws. SPCC maintains a strong and ethical supply chain to safeguard its credibility and stakeholder trust by not tolerating reputational risks resulting from supplier underperformance, ethical violations, or other procurement-related challenges.

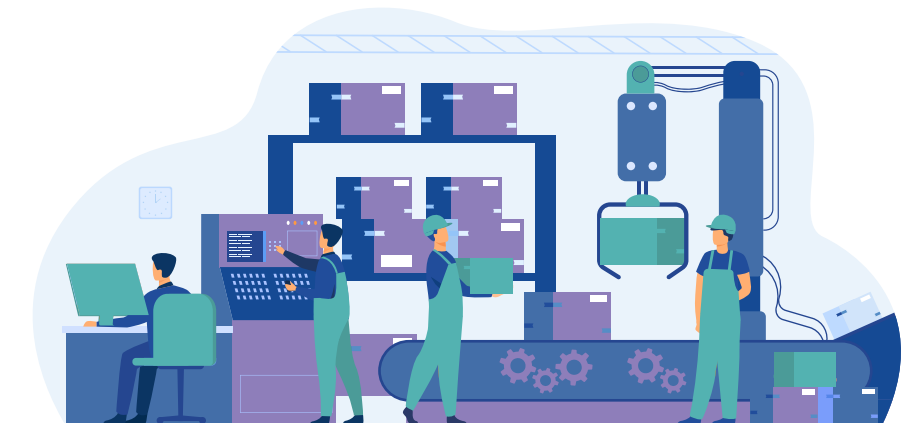
SPCC’s Anti-corruption policy is communicated to our suppliers to prohibit any act of bribery, fraud, or any other form of corrupt action. Suppliers are prohibited from offering, attempting to offer, or engaging in any behavior that may be interpreted as bribery or illegal reward. In this regard, SPCC conducts risk assessments to evaluate its exposure to fraud and corruption, analyzing risks related to its operations, suppliers, customer base, products, services, and geographical locations.



4.4 Quality Control

SPCC is committed to delivering superior product and service quality through a robust Quality Management System (QMS) that aligns with ISO 9001:2015 standards. This system ensures compliance with regulatory requirements, industry’s best practices, and customers’ expectations, while promoting a strong culture of continuous improvement and operational excellence.

We implement and regularly conduct comprehensive training programs for quality personnel across all three plants to maintain and enhance quality performance.



Quality Management System Structure

SPCC's QMS is built on key principles that drive efficiency and quality across operations:

Leadership Commitment:

Senior management ensures that quality objectives align with corporate goals.

Customer Focus:

The processes are designed to meet and exceed customers' requirements.

Risk-Based Thinking:

Proactive measures are taken to identifying and mitigate potential risks in production and service delivery.

Process-Based Approach:

Standardized workflows ensure efficiency, consistency, and regulatory compliance.

Continuous Improvement:

Data-driven decision-making and performance monitoring guide enhancements in quality.

Compliance and Monitoring

To maintain compliance with ISO 9001:2015 and other regulatory or customer-specific requirements, such as established by SASO (Saudi Arabian Standards Organization), SPCC implements the following measures:

- Periodic internal and external audits to evaluate quality performance and compliance.
- Corrective and Preventive Actions (CAPA) to resolve and prevent non-conformities.
- Regular management reviews to evaluate risks, opportunities, and overall QMS performance.
- Accessible documented procedures for quality control, ensuring consistency and reliability.



Audits and Inspections

SPCC conducts rigorous audits and inspections to uphold product and service quality:

Process Audits:

Daily internal checks across production and service areas.

External Audits:

Annual third-party certifications, including from SASO.

Supplier Audits:

Routine assessments to ensure supply chain quality compliance.



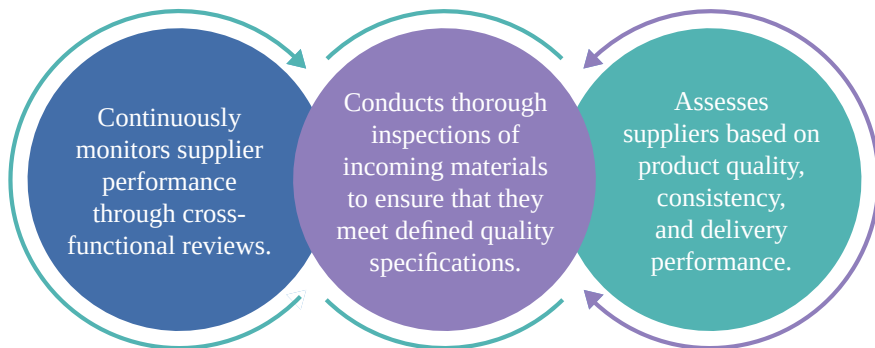
Non-Conformance Management and CAPA Procedure

SPCC has a structured Corrective and Preventive Action (CAPA) procedure to identify, document, investigate, and correct non-conformities while implementing preventive measures to avoid their recurrence. This includes:



Supplier Quality Assurance

SPCC enforces strict supplier quality standards to maintain consistency and reliability in its supply chain. The organization:



Through its commitment to continuous improvement, SPCC’s QMS reinforces the company’s dedication to quality excellence across all areas of operation.

4.5 Maintenance

SPCC ensures the integrity, reliability, and performance of its assets by means of a well-documented and proactive maintenance management system, leveraging advanced tools and digital platforms.

Asset Management and Data Systems

The SAP system records and maintains all asset specifications and lifecycle data, ensuring real-time updates and secure data storage.

Preventive and Predictive Maintenance

SPCC implements a structured maintenance plan for all critical assets:

Preventive Maintenance

through planning & managing scheduled interventions through SAP to minimize downtime and extend asset life.

Predictive Maintenance

through advanced diagnostic tools to detect potential issues early, enabling timely action. These include:

- Thermographic Cameras for thermal analysis
- Rion VA12 for vibration analysis
- VT 60 for fan balancing
- Ultrasonic Thickness Gauges for wear measurement
- Temperature Scanners for thermal monitoring



Maintenance Tracking and Planning

- Each asset has a detailed maintenance history log.
- We conduct root cause analysis of recurring issues using the 6M method, leading to corrective action plans, clear responsibilities, and follow-up to prevent recurrence.
- Our Risk-Based Inspection (RBI) methodologies prioritize inspections based on their potential impact, using tools like thermography, vibration monitoring, and shell scanning.



Minimizing Disruption

We plan maintenance activities carefully to ensure minimal operational disruption. We complete preparations, such as organizing spare parts, manpower, and tools, before equipment shutdowns to reduce maintenance time and improve efficiency. We also review inventory levels to ensure readiness.



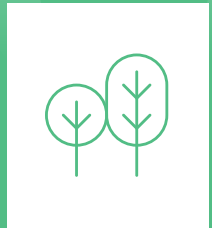
Environmental Considerations in Asset Integrity

SPCC integrates environmental responsibility into its maintenance strategies by:

- Operating baghouse and ESP systems in plant to control dust emissions.
- Monitoring and reporting emissions regularly.
- Ensuring the proper disposal of waste materials through well-defined environmental management plans.



05



NATURAL CAPITAL

**5.1 Environmental and Climate Change
Management**

5.2 Circularity and Waste Management

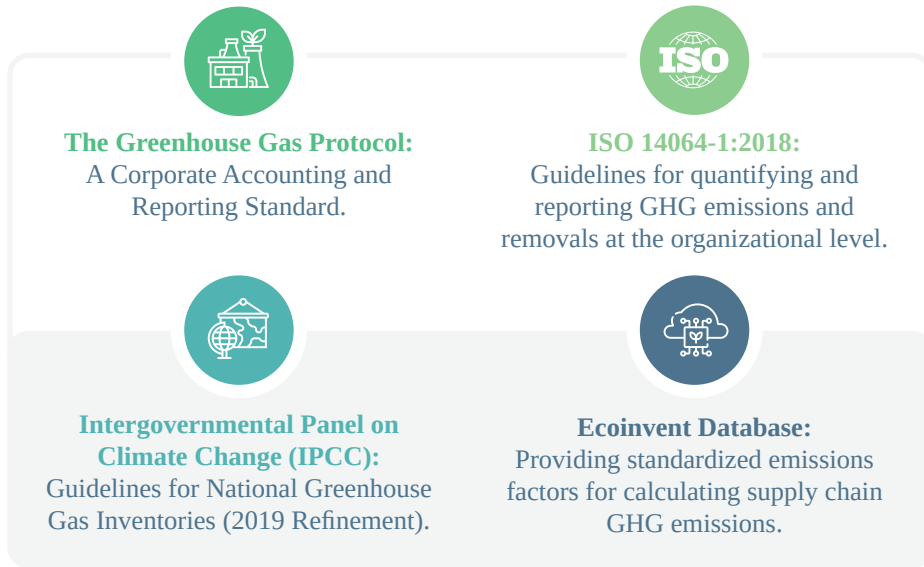
5.3 Biodiversity

5.1 Environmental and Climate Change Management

GHG Emissions

Adopted GHG Calculation Methodology and Standards

SPCC adheres to internationally recognized methodologies and standards to ensure accurate and consistent calculation of its greenhouse gas (GHG) emissions. The main references include:



Scope and Boundaries of the GHG Inventory

Reporting Period: January 1, 2024–December 31, 2024.

Organizational Boundary: SPCC employs an operational control approach, which ensures that all emissions from operations under SPCC’s direct control are accounted for in the GHG inventory.

Geographical Scope: SPCC facilities and workforce, including production plants, administrative buildings, and warehouses within the Kingdom of Saudi Arabia.

Operational Boundaries: The inventory encompasses Scope 1, Scope 2, and selected categories from Scope 3 emissions, detailed as follows:

Scope 1 Emissions:

- **Stationary Emissions:** resulting from fuel combustion in cement kilns and on-site generators.
- **Mobile Emissions:** resulting from vehicles owned or controlled by SPCC.
- **Process emissions:** resulting from the chemical and physical processes involved in cement production, such as CO₂ calcination during the conversion of limestone into clinker.
- **Fugitive Emissions:** resulting from refrigerant and suppressants leakage and fertilizer use.



Scope 2 Emissions:

Purchased Electricity: Emissions resulting from electricity use across SPCC’s sites. Data was obtained from utility invoices.



Scope 3 Emissions:

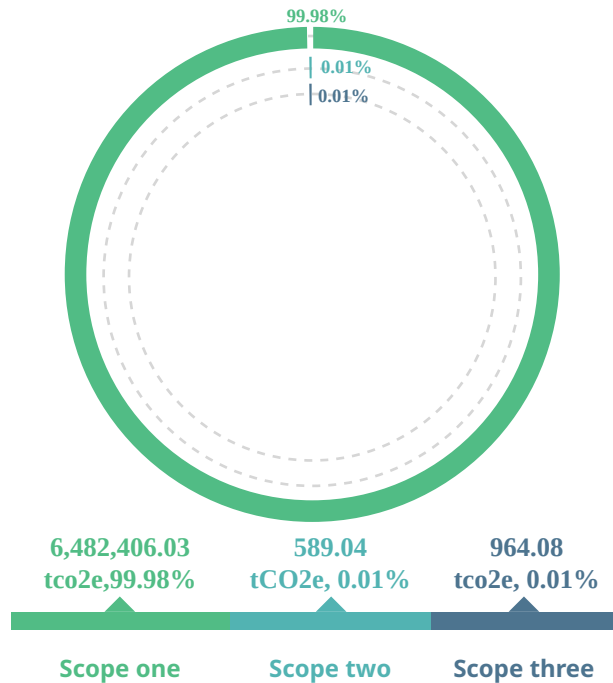
- **Waste Generated:** Emissions resulting from operational waste such as packaging, office waste, and manufacturing losses.
- **Water Consumption:** Emissions associated with the use of water in cement production and administrative operations.



GHG Results and Analysis

In 2024, SPCC’s total greenhouse gas (GHG) emissions were 6,483,959.16 metric tons of CO₂e. 99.98% of these emissions (6,482,406.03 tCO₂) came from Scope 1 activities, primarily stationary fuel combustion. Scope 2 emissions, which include the electricity purchased, made up 0.01% (589.04 tCO₂e) of the total emissions.

Finally, Scope 3 emissions, which cover selected categories like water consumption and waste generated in operations, accounted for 0.01% (964.08 tCO₂e) of the overall emissions.



GHG Results and Analysis

SPCC prioritizes emissions reduction across all scopes as part of its climate strategy.

Scope	GHG Emissions (tCO ₂ e)	% of total emissions	Emission Source	GHG Emissions (tCO ₂ e)
Scope 1	6,482,406.03	99.98%	Stationary Combustion	2,309,173.17
			Mobile Combustion	47,864.48
			Fugitive Emissions	1,980.38
			Process Emissions	4,123,388.00
Scope 2	589.04	0.01%	Purchased Electricity	589.04
Scope 3	964.08	0.01%	Category 1—Water consumption	622.57
			Category 5—Waste generated in operations	341.51
Total Scope 1 & 2				6,482,995.08
Total Scope 1, 2 & 3				6,483,959.16
Scope 1 & 2 emissions intensity per ton of clinker (tCO₂e/ton clinker)				1.026
Scope 1 & 2 emissions intensity per ton of cement (tCO₂e/ton cement)				1.521

Energy Management

SPCC recognizes its environmental responsibility and is committed to minimizing its ecological footprint. By systematically tracking and reporting its energy consumption and the intensity of its usage, SPCC evaluates its operational energy performance in the context of broader environmental challenges.

This enables the company to identify areas for improvement, enhance energy efficiency, and reduce its reliance on non-renewable energy sources, supporting a more sustainable and responsible operational model.

	2022	2023	2024
Total Energy Consumption in Kwh	819,150,111	754,144,709	701,823,284
Energy Intensity Ratio Kwh/Million Revenue	0.61	0.62	0.66
Energy Intensity Ratio Kwh/Employee	504,402.8	470,458.3	434,565.5

Water Management

SPCC achieved a 100% water recycling rate in 2024, demonstrating its strong commitment to sustainable water resource management.

This efficient water reuse not only conserves vital water resources but also contributes to addressing regional water scarcity challenges and supports global Sustainable Development Goals (SDGs) related to water conservation and responsible resource management.



Air Quality

Protecting air quality is a top priority for SPCC. The company continuously monitors emissions and implements effective measures to minimize environmental impact.

Through third-party assessments and external measurements, SPCC actively tracks key environmental indicators that affect air quality. By maintaining diligent air quality monitoring and management, SPCC works to reduce its environmental footprint, ensuring safer atmospheric conditions and supporting the health and well-being of the surrounding community.

SPCC has a program for addressing fugitive emissions of Volatile Organic Compounds (VOCs) and Hazardous Air Pollutants. This program uses a Leak Detection and Repair (LDAR) system to monitor VOCs and/or hazardous air pollutants leaking from process components, in accordance with regulatory authority requirements.

The aim is to repair leaking components to reduce VOC and/or hazardous air pollutant emissions into the atmosphere, where they can compromise the safety and health of employees and process equipment. In addition, SPCC collaborates with International Environmental Services (IES) Company Lab and Monitoring Point Environmental Services to conduct air quality monitoring across its industrial sites.

These partners implement rigorous quality control and assurance procedures, including equipment calibration, routine maintenance, and thorough documentation, to guarantee the accuracy and reliability of all analytical data.





Life Cycle Assessment (LCA) of Cement Products

As part of SPCC's commitment to sustainable development and reducing the environmental impact of its operations, a Life Cycle Assessment (LCA) was conducted for the company's three key cement products. The assessment identifies each product's environmental footprint across its entire lifecycle, from raw material extraction and manufacturing to end-use, and offers insights for continuous improvement in environmental performance.

This LCA study supports SPCC's Environmental Product Declarations (EPDs), which were developed in accordance with EN 15804+A2 and ISO 14025 standards under the EPD International AB program. The EPDs follow the core Product Category Rules (PCR) outlined in EN 15804 and the International EPD System PCR 2019:14 for Construction Products, version 1.3.4, with no additional product-specific complementary PCRs applied. Prepared by DCarbon Consultancy, the EPDs underwent external and independent third-party verification in line with ISO 14025:2006.

SPCC produces the following three types of cement, each developed to meet specific construction needs and aligned with high standards of quality and sustainability:

Ordinary Portland Cement (OPC)

Product Description:

Ordinary Portland Cement (OPC) is a general-purpose Portland Pozzolanic cement known and found all over the world. It is widely used in construction due to its good strength and durability.

Properties:

- High compressive strength, making it suitable for general structural applications.
- Good setting characteristics with adequate hardening time.
- Generates moderate heat during hydration.

Main Applications:

- Used in general construction work like foundations, beams, slabs, and columns.
- Suitable for architectural finishes and interior work.
- Applied in core structural tasks such as casting foundations, pillars, and ceilings.
- Used in infrastructure and civil works.





Sulfate-Resistant Cement (SRC) Product Description

Product Description:

SRC is a specialized Sulfate Resisting Portland Cement developed for use in environments with high sulfate concentrations. It offers enhanced durability and resistance to chemical attacks, particularly from sulfates found in soil, groundwater, or seawater. SRC is produced by carefully controlling the chemical composition, especially by reducing the content of tricalcium aluminate (C₃A), and complies with relevant technical standards.

Properties:

- High sulfate resistance, ideal for aggressive environmental conditions.
- Low content of tricalcium aluminate (C₃A), minimizing chemical reactivity with sulfates.
- Good mechanical strength and long-term durability.

Main Applications:

- Foundations and tunnels in sulfate-rich soils.
- Marine structures like ports and seawalls.
- Pipelines for industrial effluents.
- Sewage and treatment plants.



General Use Cement (GU)

Product Description:

GU Cement is a versatile, high-quality cement suitable for general construction. Ideal for projects without specialized needs like sulfate resistance or heat control, it offers durability, eco-friendly benefits, and consistent strength for residential and commercial use.

Properties:

- Eco-Friendly Construction – Formulated to support sustainable building practices with lower environmental impact.
- Highly Versatile – Suitable for a wide variety of general construction applications.
- Reliable Strength and Durability – Delivers consistent performance and structural integrity for standard use.

Main Applications:

- Used in general construction work like foundations, load bearing, slabs, and columns.
- Suitable for architectural finishes, tiling, flooring, repair, and interior work.
- Applied in paving and flooring of sidewalks, driveways, and industrial flooring.
- Used as precast and barriers in concrete barriers, kerbstones, and drainage systems.





Certification

To ensure the highest standards of safety, quality, and sustainability, all SPCC factories are certified under internationally recognized ISO standards:

ISO 45001:2018
Occupational Health & Safety

ISO 14001:2015
Environmental Management

ISO 9001:2015
Quality Management

ISO 50001:2018
Energy Management

ISO 37000:2021
Governance of Organizations

ISO 31000:2018
Risk Management

These certifications reflect SPCC’s integrated approach to sustainable operations, responsible governance, and continuous improvement across environmental, social, and operational dimensions.



Standards Compliance

All SPCC cement products carry the Saudi Standards, Metrology and Quality Organization (SASO) Quality Mark, ensuring consistent quality, safety, and environmental compliance.

The products conform to the following standards:

SASO-ASTM-C595M/2022

SASO-GSO-1914/2022

SASO-ASTM-C1157/C1157M:2022

This compliance underscores SPCC’s dedication to producing high-performance products while meeting national and international benchmarks for sustainability and quality.

5.2 Circularity and Waste Management

SPCC is dedicated to reducing the environmental impact of its operations through a robust circularity and waste management strategy.

The company actively works to minimize waste generation at source by optimizing raw material use, improving production processes, and enhancing operational efficiency. These efforts aim to prevent unnecessary resource depletion and reduce the volume of waste requiring treatment or disposal.

Wherever possible, SPCC promotes the reuse and recycling of materials, thereby extending the lifecycle of resources and reducing reliance on virgin materials. In managing waste that cannot be avoided, SPCC ensures that it complies fully with national environmental regulations and best international practices.

All hazardous and non-hazardous waste is carefully classified, labeled, stored, transported, and treated in accordance with applicable standards. The company utilizes certified waste carriers and disposal facilities and adheres to strict documentation requirements, including the use of manifest systems and periodic waste audits.

To monitor progress and identify areas for improvement, SPCC continuously tracks the quantities and types of waste generated, as well as the proportion that is reused, recycled, or disposed of. This data-driven approach supports transparency, accountability, and informed decision-making. Through these ongoing efforts, SPCC contributes to a more circular economy, conserves natural resources, and safeguards environmental and human health.



	2023	2024
Total Waste Generated Metals	2590 KG	5710 KG + Includes Shutdowns in plants
Total Glass Waste	N/A	N/A
Total Plastic Waste	270 KG	219 KG
Total Paper Waste	447.003 KG	446.564 KG
Recycled Metal Waste	3238 KG	3176 KG
Recycled Glass Waste	1000 KG	700 KG
Total Disposal of Hazardous Waste	301.280 KG	300.272 KG

Removal of Contamination from the Worksite

SPCC provides clear and robust guidelines for effective decontamination procedures, ensuring compliance with safety standards. These standards apply to individuals working in Basic and Advanced Life Support roles in pre-hospital settings.

The guidelines include instructions for establishing a unified decontamination zone and outline procedures for the effective decontamination of both protected emergency responders and unprotected victims exposed to hazardous materials.



The primary goal is to ensure sufficient decontamination to ensure the safety of all personnel involved in hazardous materials incidents. Key procedures include:

Determining Decontamination Requirements

Assess the nature and chemical composition of the hazardous materials involved, using resources such as the Material Safety Data Sheet (MSDS).

Pre-Entry Setup

Ensure the decontamination area is fully established before allowing emergency response team personnel to enter the hot zone.

Use of Triage Systems

Conduct decontamination using established medical triage systems such as START (Simple Triage and Rapid Treatment/Transport).

EMS Involvement


Emergency Medical Services (EMS) personnel must be trained and prepared to respond to hazardous materials incidents in accordance with these decontamination protocols.


Hazardous Waste Management


SPCC is committed to minimizing environmental impact through strict adherence to hazardous waste management protocols, in line with local regulatory requirements and international best practices. These protocols apply to all employees at SPCC and its plants, reinforcing the company’s health, safety, and environmental (HSE) standards.

The protocols are designed to prevent and reduce the generation of hazardous waste associated with the company’s activities, products, and services. Each department and production facilities must develop and implement a waste management system consistent with the SPCC Health, Safety, and Environment Manual.


Core practices include:

- 
Regulatory Compliance

All local regulatory requirements related to safe work practices are embedded into the waste management system and must be strictly followed.
- 
Comprehensive Waste Management

The waste management process encompasses the identification, segregation, packaging, labeling, storage, transportation, treatment, and disposal of hazardous waste. Emphasis is placed on source reduction wherever possible.
- 
Waste Segregation and Storage

Hazardous waste generated from industrial processes must be segregated based on its type. Waste must initially be stored at the generation site in accordance with company procedures and packaged in appropriate containers clearly labeled in line with national and international standards. Classification is conducted based on testing or process knowledge, with sampling protocols followed when process knowledge is unavailable.

- 
Designated Storage Facilities

SPCC and its plants must establish and maintain dedicated hazardous waste storage areas with secondary containment systems to protect human health and the environment. These storage zones must remain secure and closed, except when materials are being added or removed. Access must be restricted through fencing, and incompatible materials must be stored separately.
- 
Storage Standards

Drums or mobile storage containers must be spaced adequately to allow for safe inspection and movement. Containers should be stacked on pallets or skids, with a maximum of two drums per stack.
- 
Emergency Preparedness

All sites handling hazardous waste must have an emergency response plan integrated into the facility’s overall emergency strategy. Adequate equipment and materials must be available onsite to control spills and manage both potential and actual emergencies.
- 
Transport Restrictions and Approvals

In accordance with local regulatory authority requirements, hazardous waste must not be transferred outside the industrial city for storage or disposal unless it is intended for recycling, reuse, recovery, or treatment, and has received prior approval. All waste must be placed in compatible containers and be accompanied by a properly completed waste manifest.



Routine Inspections

Waste storage areas and associated monitoring and emergency equipment must be inspected regularly, based on a written inspection schedule.



Labeling and Carrier Requirements

Containers must be clearly labeled with the waste type and relevant hazard information. Only registered and authorized waste carriers may transport hazardous and non-hazardous industrial waste. Transport vehicles must display appropriate hazard placards in accordance with the United Nations chemical classification system, and waste containers must be secured during transport.



Time-Bound Disposal

All industrial waste not designated for recycling or reuse must be treated at authorized waste disposal facilities within the industrial city, within 180 days of generation. A complete copy of the waste manifest must be received within 30 days of the waste's acceptance at the disposal facility.



Periodic Reporting

SPCC and its plants must submit a detailed waste audit form to both the local regulatory authority and the SPCC committee every six months, to ensure transparency and accountability.

For any clarification regarding these requirements, employees and departments are encouraged to consult the SPCC Health, Safety, and Environment Department.

5.3 Biodiversity

SPCC fully complies with the environmental regulations and laws established by the Kingdom of Saudi Arabia, including those governing nature protected and reserved areas. The company supports and aligns with the Kingdom’s national environmental priorities, particularly through its engagement with the Saudi Green Initiative.

Launched in March 2021 by Crown Prince Mohammed bin Salman, the Saudi Green Initiative is one of the Kingdom’s flagship environmental efforts, demonstrating its strong commitment to sustainable development and environmental preservation. This initiative sets ambitious goals for reducing carbon emissions, promoting renewable energy, and safeguarding biodiversity by mitigating the negative effects of human activities on natural ecosystems.

In support of this national vision, SPCC, operating in the southern region of Saudi Arabia and specializing in cement production using limestone, has launched its own afforestation program: The Green Print Initiative. This project aims to plant 500,000 trees within the company’s operational areas by 2030, contributing directly to the restoration of local ecosystems and the enhancement of biodiversity.



The Green Print Initiative adheres to rigorous standards to ensure its environmental, technical, economic, legal, and social success:

- 

Environmental Standards
The initiative aims to improve air and soil quality, create new green spaces, and preserve biodiversity by selecting local plant species that are well-suited to the regional climate and environment.
- 

Technical Standards
To ensure its long-term success, the project focuses on selecting appropriate sites that enhance the visibility of the initiative, as well as developing a detailed implementation plan that outlines specific phases and timelines for planting and maintenance.
- 

Economic Standards
The initiative seeks to maximize its impact through extensive media coverage across traditional and digital platforms, while also ensuring that the trees are provided at low cost to support affordability and scalability.
- 

Legal Standards
SPCC’s responsibility is limited to supplying the trees, with other designated entities assuming their ongoing care and maintenance. Legal access to planting sites is secured to prevent any obstacles to the initiative’s implementation.
- 

Social Standards
The project promotes local community engagement and supports local content by raising awareness about the initiative. It prioritizes environmental preservation to ensure its sustainability for future generations while enhancing the company’s community service efforts and contributing meaningfully to the objectives of the Saudi Green Initiative.

Through these standards, SPCC demonstrates a holistic and responsible approach to biodiversity conservation and sustainable development, aligning with national and global environmental goals.

06



HUMAN CAPITAL

6.1 The People Behind Our Progress

6.2 People at the Heart of Safety



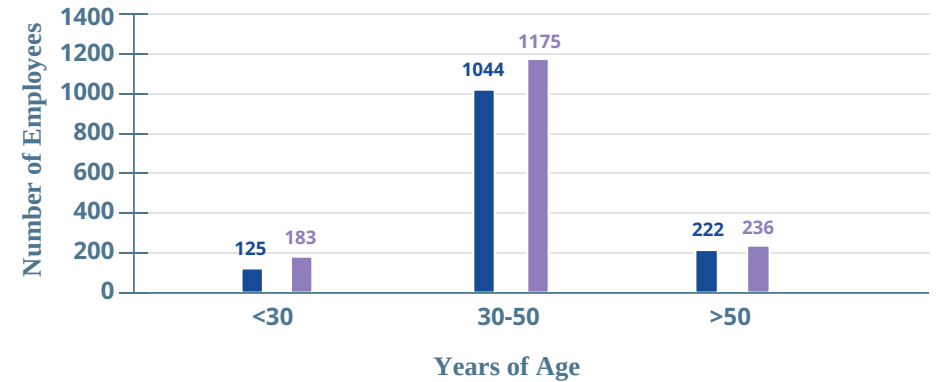
At the center of our organization is a workforce shaped by diverse backgrounds, skills, and perspectives, an essential driver of our progress and resilience. We believe that fostering an inclusive environment is fundamental to unlocking the full potential of our people. By encouraging a sense of belonging and ensuring equal growth opportunities, we create the conditions necessary for innovation and collaboration to thrive.

This section presents a snapshot of our workforce and highlights the measures we take to promote inclusivity, support employee well-being, and nurture talent across all company levels.



6.1 The People Behind Our Progress

Our Inclusive Workforce Overview



Total Number of Employees by Age

■ 2023 ■ 2024

At SPCC, our workforce reached 1,594 employees in 2024, reflecting a 14.6% increase from 2023, supported by a 28% increase in our Hiring Fill Rate. In line with our commitment to fostering an inclusive and diverse workplace, our proportion of non-Saudi employees grew by 25.2% year-over-year.

As a result, non-Saudi employees now constitute 46.4% of our total workforce. Furthermore, we are committed to fostering an inclusive and welcoming workplace environment that supports people of all abilities. To facilitate accessibility and comfort for employees with disabilities, we have implemented various supportive measures, including:

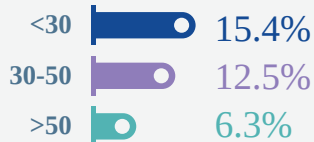
- An online attendance tool is provided by Menaitech.
- Ergonomic sitting tools such as appropriate chairs and backrests.
- Specialized restrooms, appropriate lighting, and automatic entrance doors.
- Alarm systems and comprehensive safety tools.

These initiatives reflect our dedication to inclusivity and underscore our broader commitment to building a diverse, dynamic, and multicultural organizational culture.

the graph above represents SPCC’s growth across all age groups, reflecting a balanced and expanding workforce. Employees under 30 increased by 46.4%, indicating successful engagement with younger talent.

The 30–50 age group, which remains the largest segment, grew by 12.5% across the entry and middle levels, reinforcing its role as the core of the workforce by bringing a valuable balance of experience and agility.

Employees over 50 also increased by 6.3%, highlighting the continued retention of experienced professionals and a commitment to maintaining age diversity.



At SPCC, we are proud of our progress in empowering women in the workplace, aligning with the Kingdom of Saudi Arabia’s National Women Empowerment Principle. The number of female employees increased significantly, by 56.52% from 2023 to 2024. This growth was primarily driven by an increase in entry-level hires, where the number of women rose from 23 to 34.

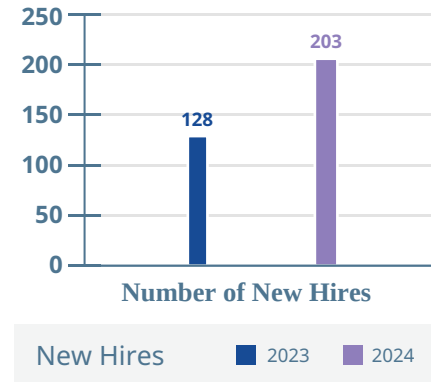


In addition, the company saw progress at higher organizational levels, with the inclusion of one female employee at both the mid and senior levels, respectively, reflecting a broader commitment to improving gender representation across the company hierarchy.

SPCC provides the same entry wage for both genders, aligning with the National Minimum Wage defined by local laws and regulations and our HR policy.

Furthermore, our commitment to local engagement is highlighted by the fact that 77% of our senior management in key operational locations is sourced from our local community.

Our New Hires



In 2024, SPCC saw a significant increase of 58.59% in new hires, specifically at the entry level, reflecting an approximate growth of 86.7%.

This increase highlights our deliberate focus on early-career talent acquisition. In contrast, mid-level hiring decreased substantially, from 19 to 5, indicating a possible shift toward internal promotions or a cautious approach to mid-tier recruitment.

Senior-level hiring also declined, from 4 new hires in 2023 to 2 in 2024. Notably, the senior-level hires in 2024 were for newly created critical roles introduced as part of SPCC’s new five-year strategy. These positions were filled through external headhunting, reflecting targeted recruitment efforts while maintaining a high internal stability rate. This hiring pattern aligns with our internal policy of investing in employee growth and career development as a core component of our retention strategy.



In terms of gender diversity, SPCC recorded a 62.5% increase in the number of newly hired female employees in 2024 compared to the previous year, reflecting ongoing efforts to promote gender inclusivity in recruitment.



62.5%
INCREASE

We are looking forward to identifying numerical targets to increase gender diversity by mid-2025. Currently, we are providing our female employees with development programs to encourage them to strive for promotion to senior positions.

SPCC witnessed a positive trend in employee retention, as full-time employee turnover decreased by 9.3% in 2024. Notably, male employees under 30 contributed significantly to this decline. These improvements reflect SPCC's continued efforts to enhance employee satisfaction and engagement.



9.3%
DECREASE

SPCC conducts exit interviews as a vital part of its offboarding process, aiming to engage with departing employees to gather feedback and understand the underlying reasons behind both voluntary and involuntary resignations. Through these interviews, we can identify areas for improvement and implement positive changes within the company, as it also serves as an opportunity to express appreciation for the contributions and efforts of our former employees.

Our People's Benefits and Well-Being

At SPCC, we are committed to supporting our employees' personal and professional growth through a comprehensive range of benefits and well-being initiatives. Our approach includes continuous investment in health, safety, and employee support programs that reflect our dedication to creating a positive and inclusive work environment. We offer a competitive health insurance program that covers employees and their families, aligning with benchmark companies' offerings and ensuring access to essential medical services.

While we do not currently provide education allowances, we are actively exploring the addition of new employee support programs, such as the "WalaPlus" program and other similar initiatives.

As part of our support for employees during parenthood, we offer three paid days of paternity leave to all employees.



911
MALES
were intitled to parental leave

In 2024, a total of 911 male employees were entitled to parental leave, 68 of whom took it; so too did one female employee. These employees returned to work and were still employed 12 months later.

To further strengthen employee engagement and retention, we are also working on enhancement plans for career progression and the development of career opportunities, in addition to including a High Potential Development Program (HIPO) to accelerate the development of future leaders and top performers.

Through these initiatives, employees are given opportunities to engage in meaningful causes, fostering a sense of purpose and belonging. Additionally, by enhancing SPCC's role in Corporate Social Responsibility (CSR) initiatives, we not only support the broader community but also enhance collaboration and engagement.

In parallel, SPCC is collaborating with experts to provide the best total rewards system to retain talent. Employees are also granted a minimum two-week notice period prior to any significant operational changes that may affect them, ensuring transparency and stability during times of transition.

Beyond the workplace, SPCC actively promotes employee well-being by encouraging participation in charitable activities and community service initiatives held annually.



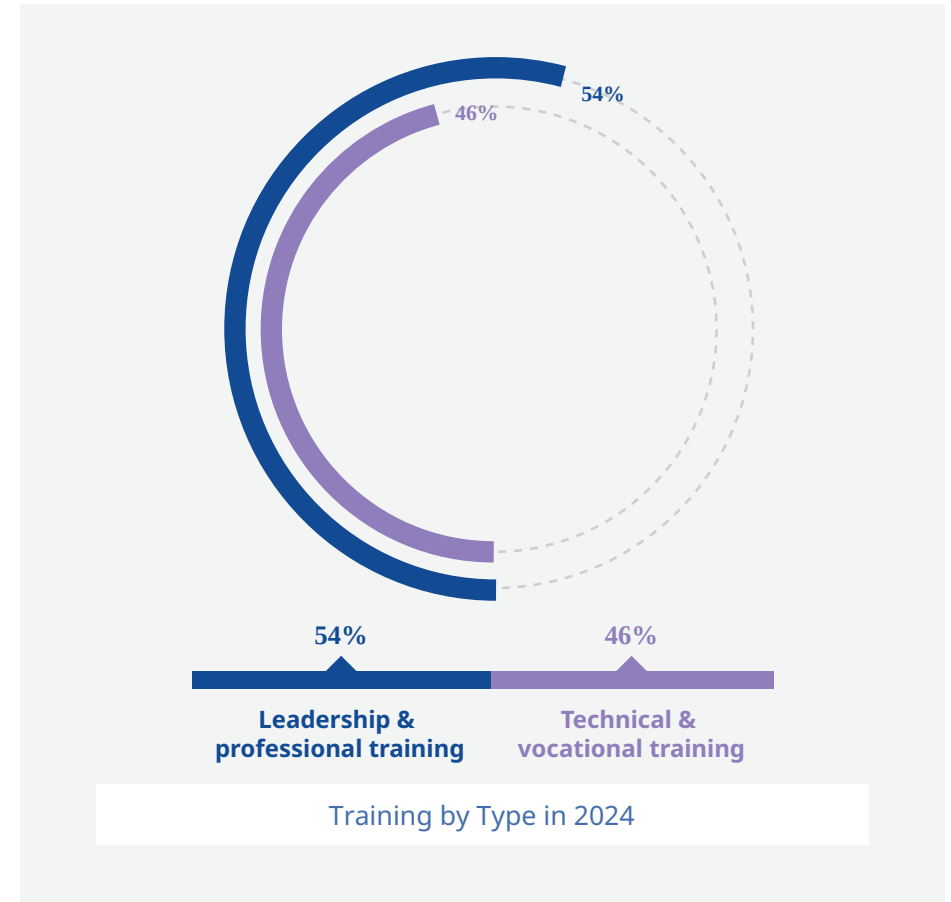
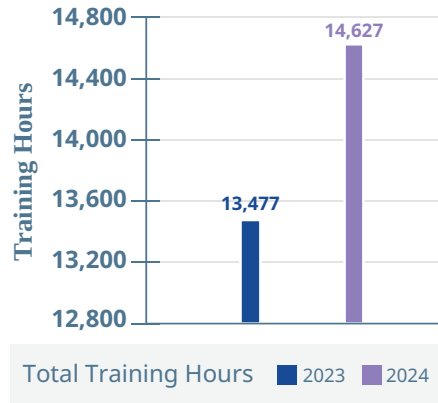
Developing Talents and Driving Performance

In line with its commitment to workforce development, SPCC implemented a series of targeted training programs during the reporting period. We categorized the training activities into five main areas: Administrative, Production, Mechanical, Laboratory Courses, and Health and Safety programs.

These programs aimed to enhance employees' technical skills, improve operational efficiency, and reinforce safety practices across all business units.

We conduct continuous monitoring and evaluation by providing our employees with a training evaluation form to ensure the training programs' effectiveness and relevance to their professional development. Through these efforts, SPCC affirms its commitment to supporting national competencies and contributing to achieving the goals of Saudi Vision 2030 by enhancing the local labor market with qualified talent.

The corresponding figure illustrates that a total of 657 employees have completed 97% of training courses internally or externally. The notable increase in total training hours underscores the company's ongoing commitment to workforce development, enhancing employee capabilities, and supporting organizational performance through targeted learning initiatives. On average, male employees have completed 21.32 training hours, while female employees have completed 13 hours.



The figure above represents the types of training with which we provided our employees, highlighting SPCC's strong emphasis on technical and vocational development as well as leadership and professional growth. We provided a total of 85 training programs, with 46% focused on technical and vocational skills and 54% dedicated to leadership and professional development. This distribution demonstrates SPCC's commitment to equipping employees with the expertise required to excel in their current roles, while also building a strong pipeline of future leaders within the company.

SPCC is committed to providing a professional and advanced training environment across its plants in Jazan, Bisha, and Tahama, as part of its strategic efforts to build capabilities and develop the technical and managerial skills of its workforce.

The company has established fully equipped, high-quality training rooms that feature:

- Smart and interactive display systems (including smart screens, advanced projectors, and digital boards)
- Tools for evaluating individual and group performance, designed to accurately measure training outcomes and drive continuous performance improvement.

These facilities are used to deliver a wide range of training programs, including:

Occupational and industrial safety programs	Equipment operation and maintenance training	Quality and process control training programs	Leadership, management, and career development programs
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Training is delivered by certified in-house trainers, in addition to partnerships with local and international training centers and universities to ensure the transfer of global best practices into the workplace. This integrated training at SPCC’s plants plays a vital role in enhancing the readiness of national talent and achieving sustainable operational excellence across all work sites.

Additionally, our training opportunities are not limited to full-time employees. We supported young talent by providing internships and student programs in partnership with King Khalid University in 2020.



Furthermore, we delivered formal training to 56 security personnel, who completed a diverse suite of programs covering insurance fundamentals; risk management; firefighting; and fire-system inspection, maintenance, and testing. These initiatives were all designed to bolster their technical expertise and emergency-response capabilities.

At SPCC, evaluating and measuring our employees’ performance is essential to fostering their growth and motivation. Consequently, through these measures, we can outline their career path while providing them with opportune career development and improvement plans.

To conduct these measures, SPCC defines its main strategic objectives by the end of the year and determines objectives for each department that align with the company’s objectives. Consequently, SPCC breaks down these objectives into SMART KPIs and targets that are defined for measurement. Accordingly, we discuss the achievements and results of the performance cycle and then conduct appraisal meetings with all employees to highlight the main successes and the “pain points.”

These steps result in an action plan that should be implemented for improvement. Furthermore, 100% of our employees, regardless of gender, receive regular performance and career development reviews. These reviews are conducted through dedicated meetings aimed at discussing and developing Individual Development Plans (IDPs) to support each employee’s growth and progression.

Succession planning

SPCC’s succession policy is designed to ensure business continuity and sustain organizational productivity. The policy focuses on assessing and identifying critical roles, including leadership, managerial, and supervisory positions that require structured succession planning. It establishes clear mechanisms and criteria for selecting successors, ensuring a consistent and strategic approach.

Accordingly, we have developed tailored personal development plans for successors, particularly those progressing from department manager roles to higher leadership positions, along with the necessary data to inform decision-making. The succession process may also involve internal or external secondments to strengthen technical expertise and leadership capabilities. SPCC reviews and updates the succession plan annually to maintain its relevance and effectiveness.

Employees' Satisfaction Snapshot

At SPCC, we ensure that we consider our employees' insights and perspectives, contributing to our continuous improvement in providing a healthy work environment. In this regard, we assess our employees' satisfaction through annual surveys to measure their overall satisfaction. This survey is provided in both Arabic and English, through a dedicated platform.

Our survey not only includes satisfaction measures, but it also includes the company's objectives and total rewards. To accurately analyze the survey's results, we use advanced statistical tools to measure the overall satisfaction index. The analysis revealed a 15.4% increase in employee satisfaction and engagement index.



15.4%
INCREASE
in employee
satisfaction

As part of its dedication to fostering a stable and fully integrated work environment, SPCC provides comprehensive residential compounds for employees at its plant locations in Jazan, Bisha, and Tahama. These residential communities are equipped with high-quality infrastructure and essential services, contributing to employees' well-being and family stability.

SPCC emphasizes social and recreational aspects of employee life. The company offers dedicated recreational and sports facilities for employees and their families, including playgrounds, gyms, and social clubs, designed to enhance quality of life and encourage family and community engagement within the workplace environment.

To further support employees, especially working parents, SPCC ensures the provision of safe and reliable school transportation for employees' children to and from the residential compounds. This service helps employees fulfill their professional and parental responsibilities. SPCC firmly believes that offering such integrated services directly enhances employee satisfaction and reflects its ongoing commitment to employee welfare as a core pillar of organizational success and long-term sustainability.



Communicating Unethical Behavior

In addition to conducting employee satisfaction surveys, we have established dedicated grievance mechanism channels to ensure that employees can confidently express their concerns. When the grievance is submitted in writing or by email to a manager, we promptly investigate its validity.

If it is valid, we will take immediate and appropriate action to resolve the issue. If the matter remains unresolved, it is escalated to the legal department for further handling. Notably, only one grievance was reported in 2023 and another in 2024, both of which have been successfully resolved.



6.2 People at the Heart of Safety

At SPCC, occupational health and safety (OHS) is a top priority, with the company making a dedicated effort to create a safe working environment that adheres to the highest standards. In this regard, the company has a dedicated Health, Safety, and Environment (HSE) committee responsible for our employees' safety and well-being. In 2023, the HSE committee met each month with executive management to discuss health and safety issues. This year, health and safety matters are communicated to the CEO, plant managers, and HSE director during the monthly meeting.

In 2023, our technical health and safety policies and procedures underwent multi-level approval. They are endorsed by the CEO, the Deputy CEO, and the Director of the HSE Department. In 2024, they were fully implemented, resulting in a significant improvement in the health, safety, and environmental performance across the cement plants.

The implementation of these procedures is discussed in the monthly operations meetings attended by the CEO and the plant managers to improve and inspect health, safety, and environmental matters. Accordingly, the CEO is committed to overseeing these procedures, while the plant managers are responsible for ensuring their effective implementation. SPCC communicates these procedures and policies to our technical workers through the annual internal training program and through awareness campaigns facilitated via weekly e-mails, text messages on phones, and the company's internal electronic screens.



Occupational health and safety management

SPCC established an Occupational Health and Safety Management System based on ISO 45001:2018 across all our cement plants, which enables the company to effectively manage and mitigate occupational health and safety risks and enhance performance.

SPCC conducts an incident and accident investigation program across its cement operations to avoid or reduce the recurrence of incidents and provides strategic and tactical mitigation plans.

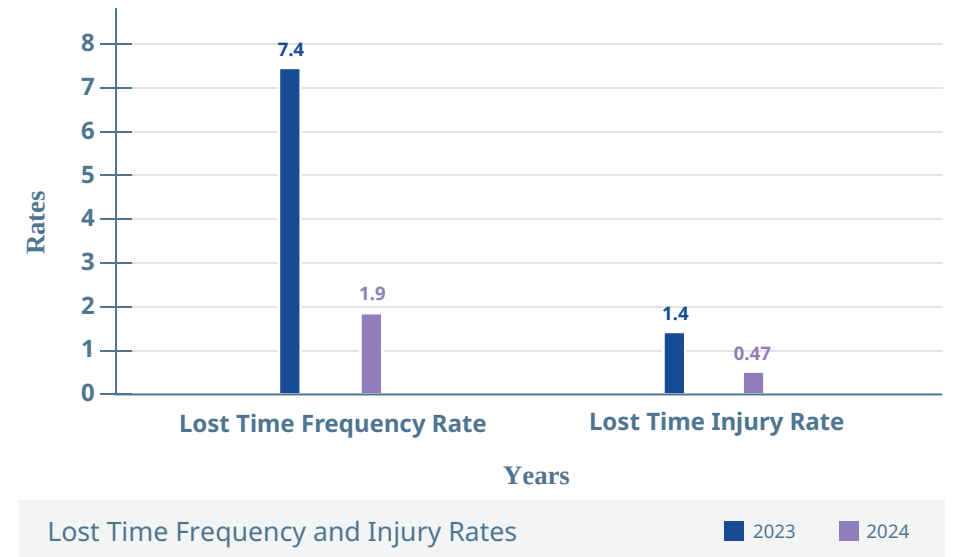
Our health, safety, and environment procedures are aligned with international regulations and with the regulations established by the Civil Defense, as well as the standards set by the Saudi National Center for Health and Safety, and the Saudi National Center for Environmental Compliance.

SPCC encourages its employees to communicate and report, through the various available channels, any incidents or potential hazards, to mitigate their risks and prevent their recurrence. Our Hazard Identification and Safety Reporting System actively enables employees to report potential hazards, equipment failures, unsafe conditions, and Near-Miss incidents.

To enhance communication on technical health and safety issues, the HSE department approved the QR Code System by the end of 2023 and officially activated it in 2024. This system serves as a communication mechanism, enabling employees to communicate risks and hazards, including near-miss incidents and HSE observations such as unsafe conditions or behavior, with relevant departments effectively.

The system plays a vital role in strengthening SPCC’s safety culture across its plants. It supports ongoing safety initiatives such as weekly safety meetings, Toolbox Talks (TBTs), and the dissemination of lessons learned from incidents.

Additionally, we regularly issue HSE alerts via official email to ensure the continuous awareness and reinforcement of best safety practices. Furthermore, SPCC has launched a safety alert program across all its plants. This serves as a learning tool to help prevent the recurrence of past accidents. Finally, the HSE department regularly issues detailed accident and incident investigation reports.



The corresponding figure illustrates that the improvement in the Lost Time Frequency Rate (LTFR) dropped by 74.32% in 2024 across all our plants, according to the HSE department’s incident reports. Consequently, the lost time injury rate decreased by 66.43%. This sharp decline highlights the effectiveness of SPCC’s safety measures, improved risk management practices, and a stronger commitment to fostering a safer working environment. Additionally, during 2023 and 2024, SPCC achieved a record of zero work-related ill-health incidents. In terms of work-related injuries, 10 minor incidents were recorded across the three plants in 2023, a number that significantly decreased to 5 minor incidents in 2024.

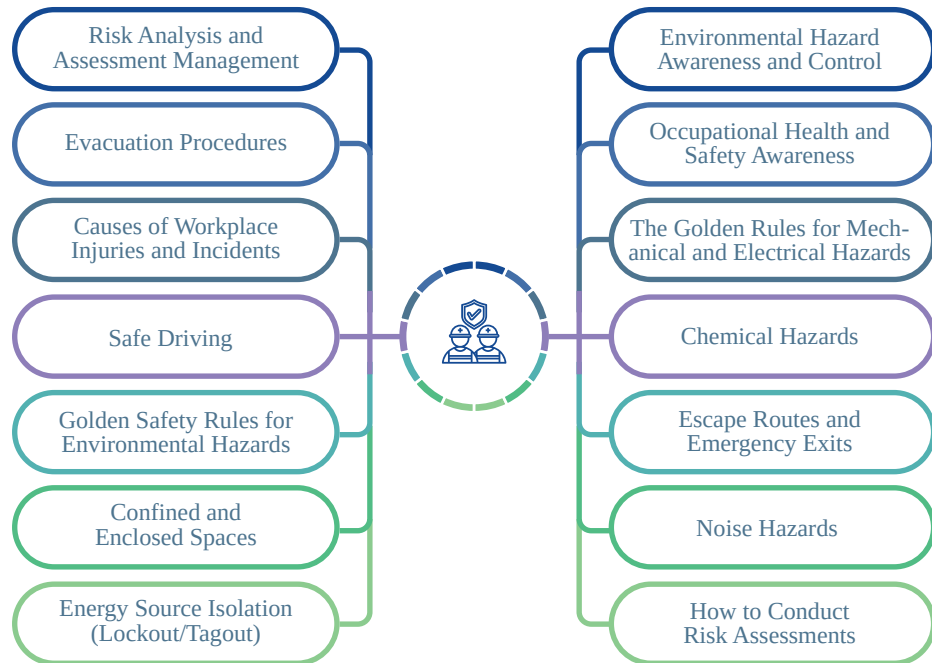


Our employees' health and safety training

SPCC is dedicated to fostering a safe and healthy work environment by providing our employees with the necessary knowledge and skills. Accordingly, we developed a comprehensive training and awareness campaign plan in 2023 and implemented it throughout 2024, resulting in a total of 4,796 training hours delivered during the year.

This plan was reviewed and approved by the Board of Directors and the Director of the HSE Department and is scheduled for full implementation in 2024. Our internal training programs enable our employees to recognize hazards across all stages of the cement production process. These programs are designed to encourage proactive risk mitigation, enhance overall performance, and minimize exposure to potential occupational hazards.

During 2024, the company provided a range of health and safety training across its plants, including on such topics as:



Protecting Our Employees Against Workplace Accidents and Contamination

As our employees are frequently exposed to hazardous materials resulting from the cement production process, SPCC has documented guidelines and procedures to establish a standardized decontamination process. These procedures ensure sufficient decontamination to protect the safety of all personnel involved in a hazardous materials incident.

The decontamination area should be fully equipped before deploying emergency response personnel into the hot zone. We aim to identify, document, and protect all employees who may have been exposed to hazardous materials during an emergency event. Members of the emergency response team exposed to biological or chemical hazards undergo post-exposure monitoring to ensure their safety.

To ensure an effective response during emergencies, SPCC has adopted the Incident Command System (ICS) as a structured approach for managing incidents on site. This system is applied in all scenarios involving emergencies, hazardous materials, or rescue operations, providing a clear framework for command and control.

We have defined minimum requirements for implementing ICS, in line with fire department standards, to support consistent and effective incident management.

These requirements also include role-specific expectations for employees involved in emergency response at the facility. As part of its preparedness for emergencies, SPCC has developed guidance on how to establish a triage area in the event of a mass casualty event.

It aims to ensure that the area is set up effectively to support medical teams, facilitate assistance efforts, and coordinate with relevant authorities, including the Ministry of Transport and the Ministry of Trade and Investment. These steps aim to support the development of a safe and functional system for managing such incidents. Furthermore, a medical officer will be assigned to oversee the response in any mass injury scenario.

The triage area will be located upwind from the incident site, ideally near a water source and in a space that allows for organized intervention. A triage system will be implemented at the scene to help prioritize cases based on their urgency. This includes identifying victims, recording names and injuries, providing initial care, and arranging for safe transportation to medical facilities or care centers.

In cases where work takes place near suspected or marked unexploded ordnance, we have adopted clear safety and emergency procedures. These guidelines outline the necessary steps to ensure proper assessment and response while prioritizing the safety of our employees. The procedures are designed to support both the incident commander and emergency response teams in managing such situations effectively and with minimal risk.

This approach aims to maintain a safe working environment and ensure that all actions are taken in accordance with established safety protocols.

Fugitive Emissions Monitoring for a Secure Work Environment

To preserve a clean and safe working area, SPCC's annex for fugitive emission monitoring and controlling outlines the necessity to have a program for detecting and repairing fugitive emissions of volatile organic compounds (VOCs) and/or hazardous air pollutants.

The program should monitor leaks, conduct timely repairs, and prevent emissions from process components following regulatory requirements. The annex also includes measures for repairing faulty components to reduce the release of VOCs and/or hazardous air pollutants. These pollutants can pose risks to safety and health if released into the atmosphere near workers or operational equipment.

This annex applies to SPCC and its production facilities by implementing a health, safety, and environmental standard related to the storage, use, and production of volatile organic compounds and/or hazardous air pollutants. It includes identifying hazardous air pollutants and sources of emissions from processed equipment.

The scope covers various sources such as valves, seals, pumps, flanges, pressure relief devices, open drains, sampling connections, compressors, and any other potential leak points. It also includes emissions from gas vent systems, pressure relief mechanisms, and access doors that may leak or serve as points of release.

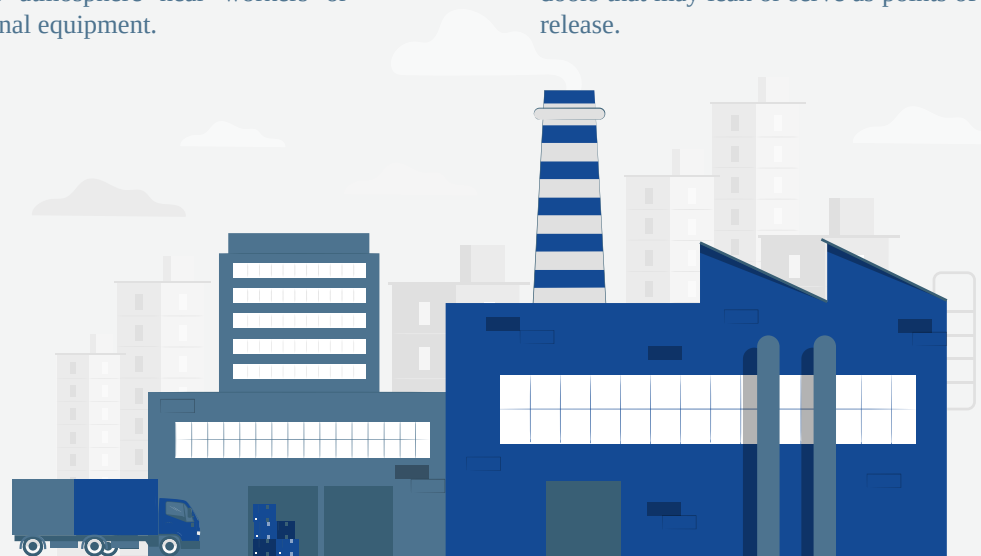
To comply with local environmental and safety regulations, safe work practices must be integrated into the site's management system, particularly in the handling and disposal of waste generated from cement production operations.

This includes identifying and classifying various waste streams, labeling them appropriately, and ensuring their safe storage, transportation, and disposal in line with regulatory requirements.

In addition to managing waste responsibly, we try to minimize waste generation at the source through process optimization and operational efficiency.

In parallel, all activities that may result in hazardous air emissions must be continuously monitored and documented. Emissions monitoring follows applicable local environmental standards and is subject to review and approval by the relevant regulatory bodies.

In Saudi Arabia, this refers to compliance with guidelines issued by the National Center for Environmental Compliance (NCEC). Where applicable, international benchmarks such as the U.S. Environmental Protection Agency's standards, specifically 40 CFR Part 60, serve as a reference framework for emissions tracking and risk assessment.



07



INTELLECTUAL CAPITAL

7.1 Research and Development

7.2 Our digital transformation journey



7.1 Research and Development



At SPCC, Research and Development (R&D) is a core pillar of the company’s operations, driving innovation, operational excellence, and sustainable growth. The Development and Manufacturing Department operates within a structured innovation framework aligned with ISO 9001:2015, ensuring the systematic planning, execution, and improvement of new products and processes.

Budget Allocation and Financial Oversight

SPCC allocates a specific annual budget to R&D activities, including technology upgrades and skills development. Budget decisions are guided by project priorities, cost-benefit analysis, and alignment with strategic objectives. Expenditures are monitored through regular financial reviews.

Innovation Management and Frameworks

Innovation projects at SPCC are driven by structured processes that emphasize strategic planning, risk management, and performance monitoring.

Each project undergoes comprehensive risk assessments and involves collaborative planning with relevant stakeholders to ensure alignment with organizational goals.

SPCC follows a formal product development framework that integrates key clauses from ISO 9001:2015, ensuring quality and consistency throughout the innovation lifecycle. The company also adopts a hybrid approach by incorporating key principles from agile and stage-gate methodologies, allowing flexibility while ensuring that project timelines and quality benchmarks are met.

Project Monitoring and Metrics

SPCC ensures the effective execution of R&D projects through rigorous monitoring and performance evaluation. All project timelines are tracked using advanced project management software and milestone-based tracking systems.

To maintain project alignment and quality, the SPCC implements the following measures:

- | | | |
|--|--|--|
| Weekly progress meetings to assess status and coordinate actions | KPI reviews to evaluate R&D objectives and quality performance | Risk assessments to identify potential issues and implement timely mitigations |
|--|--|--|

The Return on Investment (ROI) from R&D initiatives is measured using key financial indicators, including cost reduction, revenue growth, and market share expansion. Key monitoring tools include:

- Key Performance Indicators (KPIs): Track the achievement of R&D goals and product quality standards.
- Corrective and Preventive Action (CAPA) Logs: Record, analyze, and resolve deviations effectively.
- ROI Analysis Tools: Quantify financial outcomes and support continuous improvement, in line with ISO 9001:2015 Clause 10.3—Continual Improvement.

Technology and Tools Driving R&D

SPCC invests significantly in modern R&D tools and infrastructure to foster innovation. Key technologies include:

- PLC Operations Tools
- 3D Modeling Software
- Advanced Laboratory Testing Equipment: These technologies enhance research accuracy, accelerate prototype development, and improve product performance validation.

Data-Driven Decision Making

SPCC leverages data analytics, lab trials, and predictive modeling to guide R&D decision-making. Data sources include customer feedback, internal performance metrics, and industry reports. This approach ensures objective assessment and maximizes the success rate of our innovation initiatives.



Sustainable Innovation

Sustainability is integrated into every phase of the R&D process. SPCC promotes and initiates ESG-oriented projects that focus on reducing waste; optimizing energy consumption; and developing eco-friendly, green products. These initiatives are measured through internal sustainability metrics and performance benchmarks.



Collaboration, Market Integration, and Knowledge Sharing

Cross-functional collaboration is a hallmark of SPCC's R&D operations. The team works closely with the production, quality assurance, and sales departments through integrated product development cycles, shared documentation, and regular interdepartmental meetings. This synergy ensures that innovation is both technically sound and commercially viable.

Our R&D efforts are also informed by continuous market research on customer preferences, competitor actions, and emerging industry trends. These insights directly influence our product pipeline decisions. Moreover, SPCC amplifies innovation through partnerships with institutions such as King Khaled University and external consultants. These collaborations facilitate joint research, shared lab resources, and knowledge exchange that drive operational and technological advancements.

7.2 Our Digital Transformation Journey

As outlined in SPCC's strategic plan, digital transformation is a key strategic goal for SPCC, as we aim to lead the cement industry in Saudi Arabia towards digital transformation. We strive to be trusted strategic partners, guiding the industry towards digital advancement and sustainable success. SPCC has built its strategic digitalization plan to achieve this goal. The plan prioritizes enhancing beneficiaries' digital experience while also boosting operational efficiency through digital transformation.

These priorities are supported by a set of foundational enablers that guide the integration of digital technologies across the organization. SPCC's efforts include strengthening infrastructure and technological capabilities, optimizing processes through the effective use of cross-functional resources, and equipping employees with the skills necessary to support digital initiatives.

At the same time, we are implementing improvements in data management and governance to ensure accuracy and security, as well as enhancing our cybersecurity protocols to safeguard digital assets.



Our Digital Initiatives

As part of SPCC's digital transformation plan, we launched a series of strategic initiatives in 2023 aimed at enhancing operational performance, improving service delivery, and strengthening internal capabilities through digital transformation. Each initiative is supported by a set of specific projects designed to address specific functional areas or business needs; these are managed by the strategic management team for digital transformation.

The initiatives are as follows:



Boosting our operational efficiency through digital transformation:

This initiative was initiated in February 2023 and terminated in November 2024. It was supported by targeted projects to achieve its objectives, including the roll-out of required IT tools to support new cross-functional processes, a digital document system, and the execution of the SPCC dashboard deployment initiative. Through this initiative, SPCC implemented SAP S/4HANA, the latest Enterprise Resource Planning (ERP) system, intending to streamline operations and improve data management through a centralized ERP system while also enhancing the overall user experience.

We are introducing the SAP Analytics Cloud (SAC) to support daily and monthly reporting, which will enable more informed managerial decisions through real-time data visualization through interactive dashboards. SPCC has also deployed the Document Management System (DMS) to establish a secure digital repository for the efficient storage and retrieval of various types of documents.

To support the identification and resolution of production process inefficiencies, SPCC aims to implement SAP Manufacturing Integration and Intelligence (MII), which provides analytics and workflow tools. It will also enable SPCC to monitor and compare plant and asset performance across different automation systems. The planned outcomes for SAP MII include integrating PLC and SCADA systems with SAP to enable real-time data to be captured from production systems and to support equipment performance benchmarking.



Enhance the beneficiaries' digital experience:

This initiative is led by the IT department under the Head of Infrastructure and Networks. We aim to provide our beneficiaries with a seamless and smooth service experience. We took the first step in achieving this goal in November 2024 by automating the Supply Chain operation through the SAP Ariba digital procurement platform, which is under a licensing agreement from 2024 to 2026.

This platform enables fully digital sourcing and invoice management processes. It allows suppliers to receive and submit quotations online, as well as to submit invoices digitally; these activities are all seamlessly integrated with SAP S/4HANA. Implementing this initiative enables us to enhance efficiency and transparency in procurement operations. We are also progressing with a second initiative aimed at improving customer experience and automating delivery office functions. This project is currently at the supplier evaluation stage, with the vendor selection process actively underway.

We are looking forward to implementing a B2B platform by 2025. This project aims to streamline the end-to-end transaction process by improving coordination and enabling more efficient, digital interactions between all involved parties. Through these projects, SPCC will be able to increase its customer database and access.





Augment cybersecurity protocols within SPCC:

SPCC adheres to internationally recognized standards and best practices for information security, including ISO/IEC 27001 and National Institute of Standards & Technology (NIST) frameworks. These standards guide SPCC in establishing, implementing, maintaining, and continuously improving its Information Security Management System (ISMS). The primary scope includes risk management, data protection, incident response, access control, and overall governance of information security across its systems and operations.

In 2024, SPCC developed an initiative to achieve this, which it expects to complete fully by 2027. The initiative focuses on strengthening SPCC's information security framework, improving threat detection and response capabilities while ensuring alignment with national cybersecurity standards. Through the patch management project, which applies to all the latest patches, SPCC is equipped with the necessary IT tools to keep systems up-to-date and secure.

Additionally, SPCC implemented an Endpoint Detection and Response (EDR) project to enhance endpoint security. This initiative ensures the development of relevant cybersecurity strategies by engaging cybersecurity experts, particularly in operational technology (OT) environments.



Digitalization Risk Management

SPCC identified a range of risks that could affect the success and sustainability of its initiatives. One of the key challenges is to manage large volumes of data while ensuring high quality and accuracy, particularly when data is sourced from multiple systems. Additionally, ensuring the smooth adoption of new processes by end users requires careful oversight.

The absence of a data culture across the company may hinder effective data utilization, while migrating legacy data to new systems presents technical and time-related challenges. Also, the shortage of skilled talent may hinder the execution of the initiatives, potentially leading to disruptions in service delivery and project timelines. Further risks include cyberattacks, interruptions in services, and issues related to payment gateway integration, all of which necessitate proactive mitigation planning.

Accordingly, we have systematically assessed each project under the digital transformation initiative for potential risks, defining corresponding mitigation measures that we then integrate into the project planning process. SPCC maintains a structured approach to risk management through three key registers captured in the General Risk Register: regulatory compliance, legal obligations, and project-related risk. Managing these ensuring alignment with national cybersecurity standards and internal governance policies.

We periodically review these risks in accordance with regulatory changes, internal governance mandates, and industry best practices.

The Strategic & Project Risk Register focuses on risks related to SPCC's cybersecurity strategy and digital transformation efforts, helping us to evaluate and mitigate potential threats across digital transformation projects' lifecycles. At the departmental level, we use a 360° GRC and Cybersecurity Risk Register to assess specific risks across governance, cybersecurity, and operations, supporting targeted mitigation planning. We regularly review and update all registers as part of SPCC's Risk Management Framework, with oversight from the GRC and Cybersecurity Department and support from automated tools for real-time monitoring and compliance tracking.

Future Digitalization Plans

SPCC is planning to continue its digitalization efforts by enhancing SPCC's infrastructure and technological capabilities. Through this initiative, SPCC will establish a comprehensive Enterprise Architecture (EA) using the TOGAF methodology to support business transformation and assess the current architecture to identify gaps across the business, technology, and cybersecurity domains. In parallel, we will conduct a SIRI evaluation to assess readiness for future Plant standards, including compliance with Industry 4.0.

We will also develop a digital transformation roadmap that aligns with business priorities, focusing on operational efficiency and the integration of advanced technologies. Cybersecurity remains a principal component of this effort, with several projects planned to ensure compliance with the controls outlined by the National Cybersecurity Authority, in line with our broader strategy under the GRC management plan.

In line with the previously outlined initiatives, the following projects represent the next phase of SPCC's digital transformation efforts. These projects are scheduled for completion between 2025 and 2027 and serve as key steps toward achieving the broader objectives of each initiative:

1

Boost operational efficiency through digital transformation

- Integrate the production line with the SAP system

2

Enhance the beneficiaries' digital experience

- Evaluate the opportunity to set up a B2B platform to create a connection between customers and transporter/ financing institution.
- Enhance customer experience within the plants.

3

Enhance the company's infrastructure and technological capabilities

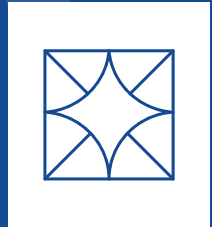
- Have an enterprise architecture consultant evaluate the As-Is enterprise architecture and identify the To-Be.

4

Augment cybersecurity protocols within the organization

- Ensure compliance with National Cybersecurity Authority controls.
- Develop cybersecurity consulting and strategic planning initiatives.
- Implement Multi-Factor Authentication (MFA).
- Deploy a Security Information and Event Management (SIEM) system.
- Establish Mobile Device Management (MDM).
- Conduct security posture testing.
- Strengthen Operational Technology (OT) security.

08



SOCIAL AND RELATIONSHIP CAPITAL

- 8.1 Fostering Social Value and
Community Well-being**
- 8.2 Strategic Marketing and
Transparent Communication**
- 8.3 Customer Privacy and Fair
Treatment**



In line with ISO 26000 guidelines on social responsibility, SPCC recognizes its role in contributing to sustainable development by actively supporting community well-being and fostering social value. We are committed to making a positive impact on society by addressing the needs of vulnerable groups and promoting inclusive development.

8.1 Fostering Social Value and Community Well-being

At SPCC, we are committed to having a significant positive impact beyond the realms of our core business operations. Accordingly, we provide financial support to accredited organizations and charitable entities specializing in the distribution and management of funds, to ensure that we benefit target communities effectively. All our contributions are formally documented through the Social Responsibility Platform managed by the Ministry of Human Resources.

We demonstrate our commitment to creating a positive impact within the Saudi community, particularly in the regions where we operate, by partnering with the Ministry of Human Resources and Social Development. We supported 51 charitable organizations across Jazan, Asir, and Mecca. These initiatives contribute to the well-being of local communities.

In 2024, SPCC disbursed SAR 1,803,625 to a variety of charitable associations that support vulnerable groups, including people with disabilities and orphans. The funds are also directed at volunteer-based nonprofit organizations that offer both financial and non-financial assistance, such as educational, cultural, health, and training services, in order to support vulnerable families.



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 CHARITABLE ORGANIZATIONS

Mowaama Program



SPCC is an active participant in the Mowaama program, which seeks to empower individuals with disabilities by providing them with accessible job opportunities. The program ensures that individuals have access to the necessary facilities and tools for success, while also supporting organizations across all sectors in creating a work environment that meets specific criteria and requirements tailored to people with disabilities.

“El Ber” Charitable Association



SPCC funds the “El Ber” Charitable Association, which operates across several regions, including Bisha, Jazan, Asir, and Makkah, to support disadvantaged groups. The association provides essential medical services and assists vulnerable families by empowering them to become producers rather than merely consumers, fostering their financial independence alongside meeting their basic needs.

Our positive social impact efforts have been recognized by our securing first place in the Bronze Category for the Social Responsibility Logo, reaffirming our commitment to sustainable development and community initiatives. We also won three awards at the 2024 International Social Responsibility Forum, competing in the large company category against 201 companies. The awards included:



Most Active on the Platform



Most Opportunity Adopter



Added Most Initiatives to the Platform

8.2 Strategic Marketing and Transparent Communication

SPCC's unwavering commitment to transparency and quality is evident in our marketing strategy and adherence to labeling practices, ensuring that all the required information about our products is communicated effectively to our customers.

Our strategy is designed to ensure that detailed information about our products is communicated clearly and smoothly to our clients through various communication channels, while maintaining ethical marketing and communication practices.

Our marketing and communication materials undergo internal reviews by the marketing department, in addition to receiving multi-level approval before publication to ensure the accuracy and credibility of our communicated information.

Our cement bags prominently showcase the product features, including certifications such as the Saudi quality mark "SASO" that highlight SPCC's adherence to Saudi technical regulations and standards, ensuring safety, quality, and performance.

Additionally, as SPCC prioritizes the safety of its cement users, we provide detailed usage and safety guidelines on the cement package, empowering our customers to make informed decisions and enhancing their awareness. SPCC focuses on building strong connections with both internal and external stakeholders by emphasizing exceptional customer service: our engagement is responsive and value driven. Our commitment to sustainability and social responsibility is embedded in our messaging, reflecting our dedication to ethical and environmentally conscious practices.

Through innovation and continuous development, we strive to enhance our market presence while maintaining financial stability and growth. We recognize our employees as key contributors to marketing success; they play a crucial role in communicating our values and achievements. Additionally, we highlight our high product quality and strong production capabilities, reinforcing trust and credibility in the market.

Reaching our audience

SPCC is leveraging its communication and marketing approach through both digital and traditional channels to reach and engage effectively with its omnichannel customers and enhance its brand visibility.

As we are keen to be able to reach all our stakeholders, we use different approaches for each region and the target audience we deal with—not only our customers, but also laborers, transporters, and end users.

We also recognize the importance of using a common language to smoothly transfer the intended information; we use Arabic and English as our main languages for communication, but we also include Urdu and Hindi.

For our digital customers, SPCC launched digital campaigns on our website, on our profile on LinkedIn, and the X platform (formerly Twitter) to strengthen brand recognition and awareness. These campaigns included content that reflects our values, goals, and key developments.

By leveraging these platforms, we aimed to introduce the brand to a broader audience, increase our number of followers, enhance online presence, and promote our products and services effectively. SPCC offers comprehensive information about its products and services, such as their technical specifications, chemical compositions, and quality, as well as the delivery terms and price list.





The marketing department's head reviews and ensures the accuracy of the information we share. SPCC is reaching out to its green consumers by providing information on its website about its green cement product, which uses recyclable materials like steel slag in its production. Furthermore, with customer satisfaction as our top priority, we continuously evaluate the impact of our marketing campaigns through customer feedback, surveys, and social media performance analysis.

These insights help us to refine our strategies to better align with customer expectations and needs. In 2023, we achieved a customer satisfaction rate of 86%, which declined to 70% in 2024 due to rising energy costs that led to price increases. Aside from digital marketing, SPCC believes in direct communication with its clients through traditional marketing strategies such as printed materials, brochures, and engaging with our customers during events such as trade fairs to understand their needs.

Our Marketing Campaigns, Initiatives, and Participation

In 1979, SPCC partnered with Abha and Jazan chambers to strengthen business relations and support local enterprises through joint marketing initiatives and networking events. This partnership has resulted in improved trade facilitation.

Building on SPCC's strategic marketing efforts, the company has actively engaged in various campaigns and initiatives, and in 2023 and 2024 it participated in key industry events to enhance its brand presence, foster strategic partnerships, and promote its role in economic and real estate development.

In 2023, we participated as a key sponsor in the "Jazan Investment Forum" and "Asir Real Estate and Construction Exhibition." In 2024, SPCC dedicated its efforts to reaching a wider audience in the construction and infrastructure sector through its sponsorship of the "Jeddah International Building Exhibition," which reinforced our position as an industry leader.



Jazan Investment Forum

SPCC participated as a key sponsor in the Jazan Investment Forum, highlighting its role in supporting economic growth and investment. This initiative aimed to enhance our image as a major investment supporter, build relationships with investors and potential partners, and expand our business network. Additionally, the event provided an opportunity to increase brand awareness and showcase our contributions to economic development.



Asir Real Estate and Construction Exhibition

SPCC strategically sponsored this initiative to highlight its contributions to the industry, target potential clients in the real estate sector, and strengthen local partnerships. Through our presence at this exhibition, we reinforced our position in the market and expanded our professional network.



Jeddah International Building Exhibition

SPCC participated as a sponsor in the Jeddah International Building Exhibition (JIBX), showcasing its involvement in construction and infrastructure projects. This event enhanced our company's visibility in the real estate and construction sectors, attracted potential clients, and fostered relationships with key industry players.

8.3 Customer Privacy and Fair Treatment

At SPCC, safeguarding customer privacy is an essential pillar of ethical business conduct and a reflection of our broader commitment to fairness, transparency, and responsible engagement. We implement structured policies and practices to ensure the secure, equitable, and respectful treatment of all customers at every point of interaction.

Fair Treatment of Customers

SPCC is committed to the fair and equitable treatment of all its clients. To eliminate discrimination, strengthen trust, and promote long-term collaboration, we have established transparent and non-discriminatory pricing structures and incentive programs, including:



Fixed Pricing for Plant Customers:

We offer fixed pricing agreements to plant-based customers, assuring them of clarity, price predictability, and protection from market volatility.



Fixed Pricing for Transporters:

Our transport partners also benefit from fixed pricing models that support logistical planning and promote equity across the value chain.



Slab-Based pricing:

We structure discounts based on purchase volume, with higher quantities qualifying for progressively greater discounts. This approach promotes fairness and encourages long-term collaboration.



Volume-based Incentives:

We implement clear, performance-based incentives, rewarding loyal customers through a transparent and criteria-driven process based on their purchasing volumes.

These mechanisms ensure that all customers are treated with fairness, consistency, and economic equity, regardless of scale or location.

Transparency and comprehensive communication

Transparent, two-way communication is central to SPCC’s customer engagement approach. We openly communicate information related to pricing structures, contractual terms, marketing practices, and data privacy through formal agreements, customer outreach, and digital channels.

SPCC’s marketing policies and procedures ensure that all promotional activities are consent-based, accurate, and respectful of customer preferences:

- No marketing communications are sent without prior approval.
- Clear opt-out options are embedded in all communication materials.
- No customer data is shared, traded, or disclosed to third parties without explicit consent.

These measures reflect SPCC’s dedication to responsible data use and clarity in all customer interactions.





GRI INDEX

Statement of use	The Southern Province Cement Company (SPCC) has reported in accordance with the GRI Standards for the period from January 1, 2023, to December 31, 2024.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	[Titles of the applicable GRI Sector Standards]

DISCLOSURE	SECTION	PAGE NUMBER
General disclosures		
GRI 2: General Disclosures 2021		
2-1 Organizational details	About SPCC	Page 21
2-2 Entities included in the organization’s sustainability reporting	About this Report	Page 19, 20
2-3 Reporting period, frequency and contact point	Reporting Period	Page 19, 20
2-4 Restatements of information	Throughout the report	-
2-5 External assurance	Assurance letter	
2-6 Activities, value chain and other business relationships	Responsible Supply Chain	Page 27
	Value Creation Model	Page 115
2-7 Employees	Human Capital	Page 147
2-8 Workers who are not employees	Employees’ safety and working conditions	Page 97
2-9 Governance structure and composition	Corporate Governance	Page 41
2-10 Nomination and selection of the highest governance body	Corporate Governance	Page 41

DISCLOSURE	SECTION	PAGE NUMBER
2-11 Chair of the highest governance body	Corporate Governance	Page 41
2-12 Role of the highest governance body in overseeing the management of impacts	Corporate Governance	Page 41
2-13 Delegation of responsibility for managing impacts	Corporate Governance	Page 41
2-14 Role of the highest governance body in sustainability reporting	Corporate Governance	Page 41
2-15 Conflicts of interest	Legal and Compliance	Page 52
2-16 Communication of critical concerns	Whistleblowing Policy	Page 49
	Communicating Unethical Behavior	Page 60
	Employees’ safety and working conditions	Page 74
	Handling customers’ complaints	Page 96
	Risk Governance and Escalation	Page 160
2-17 Collective knowledge of the highest governance body	Board Training and Capacity Building	Page 45
2-18 Evaluation of the performance of the highest governance body	Board performance evaluation	Page 43
2-19 Remuneration policies	Remuneration and Performance Committee	Page 51
2-20 Process to determine remuneration	Remuneration and Performance Committee	Page 51
2-21 Annual total compensation ratio	(Information unavailable/incomplete)	-

DISCLOSURE	SECTION	PAGE NUMBER
2-22 Statement on sustainable development strategy	Strategic Direction	Page 23
2-23 Policy commitments	Corporate Governance	Page 41
	Legal and Compliance	Page 52
2-24 Embedding policy commitments	Corporate Governance	Page 41
	Legal and Compliance	Page 52
2-25 Processes to remediate negative impacts	Corporate Governance	Page 41
	Legal and Compliance	Page 52
	Risk Management	Page 57
2-26 Mechanisms for seeking advice and raising concerns	Whistleblowing Policy	Page 49
	Communicating Unethical Behavior	60
	Employees' safety and working conditions	74
	Handling customers' complaints	96
	Risk Governance and Escalation	160
2-27 Compliance with laws and regulations	Legal and Compliance	Page 52
2-28 Membership associations	Throughout the report	
2-29 Approach to stakeholder engagement	Stakeholder Engagement	Page 75
2-30 Collective bargaining agreements	<i>(Not applicable)</i>	-
Material topics		
GRI 3: Material Topics 2021		
3-1 Process to determine material topics	Stakeholder Engagement and Materiality Assessment	Page 75

DISCLOSURE	SECTION	PAGE NUMBER
3-2 List of material topics	Stakeholder Engagement and Materiality Assessment	Page 75
Economic performance		
GRI 3: Material Topics 2021		
3-3 Management of material topics	Financial Capital	Page 85
GRI 201: Economic Performance 2016		
3-3 Management of material topics	Financial Capital	Page 85
201-1 Direct economic value generated and distributed	Distribution of Economic Value	Page 89
201-2 Financial implications and other risks and opportunities due to climate change	Management of Climate-Related Physical and Transitional Risks	Page 64
201-3 Defined benefit plan obligations and other retirement plans	SPCC does not provide retirement plans.	
201-4 Financial assistance received from government	<i>(Not applicable)</i>	-
Market presence		
GRI 3: Material Topics 2021		
3-3 Management of material topics	Throughout the report	
GRI 202: Market Presence 2016		
202-1 Ratios of standard entry level wage by gender compared to local minimum wage	The People Behind Our Progress <i>(SPCC provides the same entry wage for both genders)</i>	Page 150
202-2 Proportion of senior management hired from the local community	The People Behind Our Progress <i>(77% of our senior management in key operational locations is sourced from our local community)</i>	Page 150

DISCLOSURE	SECTION	PAGE NUMBER
GRI 3: Material Topics 2021		
3-3 Management of material topics	Throughout the report	
GRI 203: Indirect Economic Impacts 2016		
203-1 Infrastructure investments and services supported	Fostering Social Value and Community Well-being	Page 183
203-2 Significant indirect economic impacts	Responsible Mining	Page 95
	Responsible Production and Operation	101
	Research and Development	171
	Fostering Social Value and Community Well-being	183
Customer privacy and fair treatment	189	
Procurement practices		
GRI 3: Material Topics 2021		
3-3 Management of material topics	Responsible Supply Chain	Page 115
GRI 204: Procurement Practices 2016		
204-1 Proportion of spending on local suppliers	Responsible Supply Chain <i>(SPCC increased its spending on local suppliers significantly, from 67% in 2022 to 79% in 2024)</i>	Page 115
Anti-corruption		
GRI 3: Material Topics 2021		
3-3 Management of material topics	Governance	Page 39
GRI 205: Anti-corruption 2016		
205-1 Operations assessed for risks related to corruption	Anti-Corruption and Anti-Bribery Policy	Page 46

DISCLOSURE	SECTION	PAGE NUMBER
205-2 Communication and training about anti-corruption policies and procedures	Anti-Corruption and Anti-Bribery Policy	Page 46
205-3 Confirmed incidents of corruption and actions taken	Anti-Corruption and Anti-Bribery Policy	Page 46
Anti-competitive behavior		
GRI 3: Material Topics 2021		
3-3 Management of material topics	Governance	Page 39
GRI 206: Anti-competitive Behavior 2016		
206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	SPCC had no pending or resolved legal cases related to anti-competitive behavior.	Page 53
Tax		
GRI 3: Material Topics 2021		
3-3 Management of material topics	Governance	Page 39
GRI 207: Tax 2019		
207-1 Approach to tax	<i>(Not applicable)</i>	
207-2 Tax governance, control, and risk management	Legal and Compliance	Page 52
207-3 Stakeholder engagement and management of concerns related to tax	Stakeholder engagement (ZATCA)	Page 75
207-4 Country-by-country reporting	<i>(Not applicable)</i>	-
Materials		
GRI 3: Material Topics 2021		
3-3 Management of material topics	Natural Capital	Page 125



DISCLOSURE	SECTION	PAGE NUMBER
GRI 301: Materials 2016		
301-1 Materials used by weight or volume	Circularity and Waste Management	
301-2 Recycled input materials used	Circularity and Waste Management	
301-3 Reclaimed products and their packaging materials	Circularity and Waste Management	
Energy		
GRI 3: Material Topics 2021		
3-3 Management of material topics	Natural Capital	Page 125
GRI 302: Energy 2016		
302-1 Energy consumption within the organization	Energy Management	Page 131
302-2 Energy consumption outside of the organization	<i>(Information unavailable/incomplete)</i>	-
302-3 Energy intensity	Energy Management	Page 131
302-4 Reduction of energy consumption	Energy Management	Page 131
302-5 Reductions in energy requirements of products and services	Energy Management	Page 131
Water and effluents		
GRI 3: Material Topics 2021		
3-3 Management of material topics	Natural Capital	Page 125
GRI 303: Water and Effluents 2018		
303-1 Interactions with water as a shared resource	Water Management	Page 131

DISCLOSURE	SECTION	PAGE NUMBER
303-2 Management of water discharge-related impacts	Water Management	Page 131
303-3 Water withdrawal	<i>(Information unavailable/incomplete)</i>	
303-4 Water discharge	<i>(Information unavailable/incomplete)</i>	
303-5 Water consumption	GHG Results and Analysis	Page 130
Biodiversity		
GRI 3: Material Topics 2021		
3-3 Management of material topics	Natural Capital	Page 125
GRI 304: Biodiversity 2016		
304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Production Facilities and Capacity	Page 101
304-2 Significant impacts of activities, products and services on biodiversity	Responsible Mining Biodiversity	Page 95, 145
304-3 Habitats protected or restored	<i>(Information unavailable/incomplete)</i>	
304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	<i>(Information unavailable/incomplete)</i>	
Emissions		
GRI 3: Material Topics 2021		
3-3 Management of material topics	Natural Capital	Page 125



DISCLOSURE	SECTION	PAGE NUMBER
GRI 305: Emissions 2016		
305-1 Direct (Scope 1) GHG emissions	GHG Results and Analysis	Page 129
305-2 Energy indirect (Scope 2) GHG emissions	GHG Results and Analysis	Page 129
305-3 Other indirect (Scope 3) GHG emissions	GHG Results and Analysis	Page 129
305-4 GHG emissions intensity	GHG Results and Analysis	Page 129
305-5 Reduction of GHG emissions	<i>(Information unavailable/incomplete)</i>	
305-6 Emissions of ozone-depleting substances (ODS)	<i>(Information unavailable/incomplete)</i>	
305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	<i>(Information unavailable/incomplete)</i>	
Waste		
GRI 3: Material Topics 2021		
3-3 Management of material topics	Natural Capital	Page 125
GRI 306: Waste 2020		
306-1 Waste generation and significant waste-related impacts	Circularity and Waste Management	Page 138
306-2 Management of significant waste-related impacts	Circularity and Waste Management	Page 138
306-3 Waste generated	Circularity and Waste Management	Page 138
306-4 Waste diverted from disposal	Circularity and Waste Management	Page 138
306-5 Waste directed to disposal	Circularity and Waste Management	Page 138

DISCLOSURE	SECTION	PAGE NUMBER
Supplier environmental assessment		
GRI 3: Material Topics 2021		
3-3 Management of material topics		
GRI 308: Supplier Environmental Assessment 2016		
308-1 New suppliers that were screened using environmental criteria	<i>(Information unavailable/incomplete)</i>	
308-2 Negative environmental impacts in the supply chain and actions taken	<i>(Information unavailable/incomplete)</i>	
Employment		
GRI 3: Material Topics 2021		
3-3 Management of material topics	Human Capital	Page 147
GRI 401: Employment 2016		
401-1 New employee hires and employee turnover	Our New Hires	Page 152-153
401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Our People's Benefits and Well-Being	Page 153-154
	Employees' Satisfaction Snapshot	Page 159
401-3 Parental leave	Our People's Benefits and Well-Being	Page 154
Labor/management relations		
GRI 3: Material Topics 2021		
3-3 Management of material topics	Human Capital	Page 147



DISCLOSURE	SECTION	PAGE NUMBER
GRI 402: Labor/Management Relations 2016		
402-1 Minimum notice periods regarding operational changes	Our People’s Benefits and Well-Being <i>(minimum two-week notice period prior to any significant operational changes that may affect them, ensuring transparency and stability during times of transition.)</i>	Page 154
Occupational health and safety		
GRI 3: Material Topics 2021		
3-3 Management of material topics	Human Capital	Page 147
GRI 403: Occupational Health and Safety 2018		
403-1 Occupational health and safety management system	Occupational health and safety management	Page 163
403-2 Hazard identification, risk assessment, and incident investigation	People at the Heart of Safety	Page 161
	Risks Identified During 2024	Page 62
403-3 Occupational health services	People at the Heart of Safety	Page 161, p.62
403-4 Worker participation, consultation, and communication on occupational health and safety	People at the Heart of Safety	Page 161
403-5 Worker training on occupational health and safety	Our employees’ health and safety training	Page 165
403-6 Promotion of worker health	Our People’s Benefits and Well-Being <i>(We offer a competitive health insurance program that covers employees and their families, aligning with benchmark companies’ offerings and ensuring access to essential medical services.)</i>	Page 153

DISCLOSURE	SECTION	PAGE NUMBER
403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	People at the Heart of Safety	Page 161
403-8 Workers covered by an occupational health and safety management system	Occupational health and safety management <i>(SPCC established an Occupational Health and Safety Management System based on ISO 45001:2018 across all our cement plants)</i>	Page 163
403-9 Work-related injuries	Occupational health and safety management <i>(In terms of work-related injuries, 10 minor incidents were recorded across the three plants in 2023, a number that significantly decreased to 5 minor incidents in 2024.)</i>	Page 164
403-10 Work-related ill health	Occupational health and safety management <i>(SPCC achieved a record of zero work-related ill-health incidents)</i>	Page 164
Training and education		
GRI 3: Material Topics 2021		
3-3 Management of material topics	Human Capital	Page 147
GRI 404: Training and Education 2016		
404-1 Average hours of training per year per employee	Developing Talents and Driving Performance	Page 155
404-2 Programs for upgrading employee skills and transition assistance programs	Developing Talents and Driving Performance	Page 155



DISCLOSURE	SECTION	PAGE NUMBER
404-3 Percentage of employees receiving regular performance and career development reviews	Developing Talents and Driving Performance <i>(100% of our employees, regardless of gender, receive regular performance and career development reviews.)</i>	Page 158
Diversity and equal opportunity		
GRI 3: Material Topics 2021		
3-3 Management of material topics	Human Capital	Page 147
GRI 405: Diversity and Equal Opportunity 2016		
405-1 Diversity of governance bodies and employees	Our Inclusive Workforce Overview	Page 150-153
405-2 Ratio of basic salary and remuneration of women to men	The People Behind Our Progress <i>(SPCC provides the same entry wage for both genders)</i>	Page 151
Non-discrimination		
GRI 3: Material Topics 2021		
3-3 Management of material topics	Governance	
GRI 406: Non-discrimination 2016		
406-1 Incidents of discrimination and corrective actions taken	Whistleblowing Policy <i>(No discrimination cases were recorded in 2023 or 2024.)</i>	Page 49
Freedom of association and collective bargaining		
GRI 3: Material Topics 2021		
3-3 Management of material topics		

DISCLOSURE	SECTION	PAGE NUMBER
GRI 407: Freedom of Association and Collective Bargaining 2016		
407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	<i>(Information unavailable/incomplete)</i>	
Child labor		
GRI 3: Material Topics 2021		
3-3 Management of material topics	Throughout the report	
GRI 408: Child Labor 2016		
408-1 Operations and suppliers at significant risk for incidents of child labor	Employees' safety and working conditions <i>(SPCC conducts regular worksite inspections to assess safety compliance and labor rights as well as strictly enforce health and safety standards.)</i>	Page 97
	Supply Chain Risk Management <i>(SPCC maintains a strong and ethical supply chain to safeguard its credibility and stakeholder trust by not tolerating reputational risks resulting from supplier underperformance, ethical violations, or other procurement related challenges.)</i>	Page 117
Forced or compulsory labor		
GRI 3: Material Topics 2021		
3-3 Management of material topics	Throughout the report	



DISCLOSURE	SECTION	PAGE NUMBER
GRI 409: Forced or Compulsory Labor 2016		
409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Employees' safety and working conditions <i>(SPCC conducts regular worksite inspections to assess safety compliance and labor rights as well as strictly enforce health and safety standards.)</i>	Page 97
	Supply Chain Risk Management <i>(SPCC maintains a strong and ethical supply chain to safeguard its credibility and stakeholder trust by not tolerating reputational risks resulting from supplier underperformance, ethical violations, or other procurement-related challenges).</i>	Page 117
Security practices		
GRI 3: Material Topics 2021		
3-3 Management of material topics	Human Capital	
GRI 410: Security Practices 2016		
410-1 Security personnel trained in human rights policies or procedures	Developing Talents and Driving Performance <i>(we delivered formal training to 56 security personnel)</i>	Page 158
Rights of indigenous peoples		
GRI 3: Material Topics 2021		
3-3 Management of material topics		

DISCLOSURE	SECTION	PAGE NUMBER
GRI 411: Rights of Indigenous Peoples 2016		
411-1 Incidents of violations involving rights of indigenous peoples	SPCC recorded no incidents of violations involving rights of indigenous peoples	
Local communities		
GRI 3: Material Topics 2021		
3-3 Management of material topics	Throughout the report	
GRI 413: Local Communities 2016		
413-1 Operations with local community engagement, impact assessments, and development programs	Fostering Social Value and Community Well-being	Page 183
413-2 Operations with significant actual and potential negative impacts on local communities	Mining and Community	Page 99
	Air Quality <i>(By maintaining diligent air quality monitoring and management, SPCC works to reduce its environmental footprint, ensuring safer atmospheric conditions and supporting the health and well-being of the surrounding community.)</i>	Page 132
Supplier social assessment		
GRI 3: Material Topics 2021		
3-3 Management of material topics		
GRI 414: Supplier Social Assessment 2016		
414-1 New suppliers that were screened using social criteria	<i>(Information unavailable/incomplete)</i>	



DISCLOSURE	SECTION	PAGE NUMBER
414-2 Negative social impacts in the supply chain and actions taken	<i>(Information unavailable/incomplete)</i>	
Public policy		
GRI 3: Material Topics 2021		
3-3 Management of material topics		
GRI 415: Public Policy 2016		
415-1 Political contributions	<i>(Information unavailable/incomplete)</i>	
Customer health and safety		
GRI 3: Material Topics 2021		
3-3 Management of material topics	Natural Capital	
GRI 416: Customer Health and Safety 2016		
416-1 Assessment of the health and safety impacts of product and service categories	Environmental and Climate Change Management <i>(SPCC did not quantify the percentage of significant product and service categories for which health and safety impacts are assessed for improvement.)</i>	Page 133-146
416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	no incidents were recorded	
Marketing and labeling		
GRI 3: Material Topics 2021		
3-3 Management of material topics	Social and Relationship Capital	

DISCLOSURE	SECTION	PAGE NUMBER
GRI 417: Marketing and Labeling 2016		
417-1 Requirements for product and service information and labeling	Strategic Marketing and Transparent Communication	Page 185
417-2 Incidents of non-compliance concerning product and service information and labeling	No incidents of non-compliance were recorded	
417-3 Incidents of non-compliance concerning marketing communications	No incidents of non-compliance were recorded	
Customer privacy		
GRI 3: Material Topics 2021		
3-3 Management of material topics	Governance	
GRI 418: Customer Privacy 2016		
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	SPCC recorded no substantiated complaints related to customer privacy breaches.	Page 74

LIMITED ASSURANCE STATEMENT

To the Board of Directors

Southern Province Cement Company

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

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

Scope, Boundary, and Limitations

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

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

The Assurance scope excludes:

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

Responsibilities of the Company's Management

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

Responsibilities of the Assurance Provider

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

Assurance Methodology

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

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

Limited Assurance

Limited Assurance was obtained for disclosures on stakeholder engagement, materiality assessment, and governance.

We advise stakeholders to review the annual report for assurance of financial performance and other standards of practice.

Conclusion

We have reviewed Southern Province Cement Company's 2024 Sustainability Report. Based on the activities performed and evidence received, the Sustainability Report has been compiled, in all material's respect, in accordance with the GRI Standards 2021 and Integrated Reporting Framework (IR) of the IFRS Foundation.

DR. *Ehab Shalaby*

Ehab Shalaby, Ph.D.
Chairman





شركة أسمنت المنطقة الجنوبية
SOUTHERN PROVINCE CEMENT COMPANY

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