



SUSTAINABILITY REPORT 2023

BUILDING A BETTER FUTURE

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CEO STATEMENT

Dear Stakeholders,

I am delighted to present our first sustainability report, which highlights the significant progress we have made in embedding sustainable development into the core of our operations. At ACC, sustainability is deeply integrated into our purpose, business strategy, and long-term vision, guiding our efforts to create value while managing our impacts on the economy, environment, and society. Our commitment to reducing greenhouse gas emissions, conserving natural resources, and promoting human rights across our operations and value chain reflects our broader goal of driving positive change and minimizing negative impacts. In 2023, we achieved several critical milestones, including receiving the "Award of Sustainability" from the World Cement Association in recognition of our leadership in reducing CO₂ emissions. Additionally, we demonstrated our commitment to renewable energy by signing a second Power Purchase Agreement (PPA) for Phase II of our solar station, which will increase renewable energy's share in our electricity mix to 11%. We also set a record in alternative fuel consumption, achieving our highest thermal substitution rate to date, and received Environmental Product Declaration (EPD) certification for three of our products, underscoring our dedication to sustainable production.

The Carbon Border Adjustment Mechanism (CBAM), which the European Union recently introduced, presents a potential challenge to our exports. In addition, securing a consistent, high-quality supply of alternative fuels remains a key priority as we seek to stabilize costs and further reduce our carbon footprint. Despite these challenges, we are committed to advancing our sustainability agenda. Looking ahead, we have set ambitious targets, including reducing our absolute carbon emissions by 31%, increasing our thermal substitution rate to 55%, and further integrating renewable energy sources by 2031. These objectives are aligned with both national priorities and global sustainability standards, demonstrating our dedication to contributing to Egypt's economic development while minimizing environmental impacts.

Over the next three to five years, we will focus on renewable energy, improving energy efficiency, and optimizing the use of alternative fuels, while enhancing social well-being and promoting economic opportunities within the communities where we operate. As we continue on this journey, we are committed to transparency and accountability in reporting our sustainability progress, ensuring that we create lasting value for all our stakeholders. Together, we are building a future that is environmentally sustainable, economically resilient, and socially inclusive.

Yours sincerely,



Sergio Alcantarilla
Chief Executive Officer



Sergio Alcantarilla
Chief Executive Officer
Arabian Cement Company (ACC)

ABOUT ACC

Established in 1997 through collaboration among Egyptian stakeholders, Arabian Cement Company (ACC) has evolved into a fully integrated cement plant and a prominent manufacturer and distributor of cement in Egypt's building materials and construction sector. Our unwavering focus on customer service and the incorporation of cutting-edge technologies into our operations have positioned us as a leader in cement production within the country. ACC's renowned product lines, "Al Mosalah" and "Al Nasr," known for their quality, are easily accessible across Egypt's governorates through our extensive network of sales offices and storage facilities.

ACC's journey took a significant turn in September 2004 when Cementos La Union (CLU), a Spanish cement company, invested in our enterprise, acquiring a 60% stake. This investment brought in technical expertise and advancements that enhanced the plant's capabilities. With 16% of ownership held by the Egyptian private sector and 24% as free float, ACC was listed on the Egyptian Exchange (EGX) in 2014, further solidifying our position in the market.



A major milestone was reached in 2006 when ACC secured a contract with the multinational engineering firm FLSmidth to construct the first clinker line. By 2008, ACC continued its growth trajectory with the installation of a second production line, significantly increasing the plant's production capacity. Currently, ACC has an annual production capacity of 5 million tons, producing high-quality cement for both domestic and international markets.

To ensure timely and efficient delivery, we provide transportation services through "Express Wassal," ensuring prompt product deliveries. Our commitment to customer satisfaction is reflected in our diverse product formats, including bagged, bulk, big bags, and containers.

ABOUT ACC

ACC's operations are complemented by two vital subsidiaries. Andalus Ready Mix Concrete, established in 2010, initially focused on mix design preparations and production trials before embarking on production for the New Giza project. By 2012, Andalus expanded its sales operations, significantly increasing its production volume by supplying over 30,000 m³ of concrete to more than 40 clients beyond the New Giza project, a substantial leap from the 4,000 m³ supplied in 2011. Evolve Investment & Project Management, founded in early 2016 under ACC's umbrella, concentrates on sourcing high-quality alternative fuels for the cement sector. Evolve aims to establish itself as a key player in waste management by sorting municipal solid waste, industrial waste, and agricultural waste.

Through strong partnerships with waste producers, Evolve ensures the safe disposal of waste and offers consulting services to local authorities to enhance waste management systems throughout Egypt.

Guided by continuous innovation, expansion, and a steadfast commitment to sustainability, ACC remains devoted to maintaining its leadership in the cement industry within the building materials and construction sector while contributing to the progress and well-being of the communities we serve.

ABOUT THIS REPORT

Arabian Cement Company (ACC) has prepared this sustainability report with reference to the GRI Standards, covering the period from January 1, 2023, to December 31, 2023. This report represents the first cornerstone in our sustainability path, demonstrating our commitment to transparency and our dedication to sustainability. As this is our first sustainability report, there are no prior restatements of information.

TIMELINE



Spanish Group CLU joined ACC.



Signature 2nd clinker line with FLSmidth.



Start up of 2nd clinker line.



- Signature HOTDISC Project.
- Signature 1st Coal Mill.
- Start up of 1st AF line.
- ACC Obtained OHSAS 18001 and ISO 14001.

ACC

2004

2005

2008

2010

2011

2012

2013

Arabian Cement Company founded by a group of Egyptian investors.



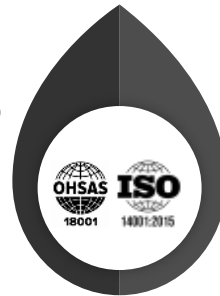
Signature of 1st clinker line with FLSmidth.

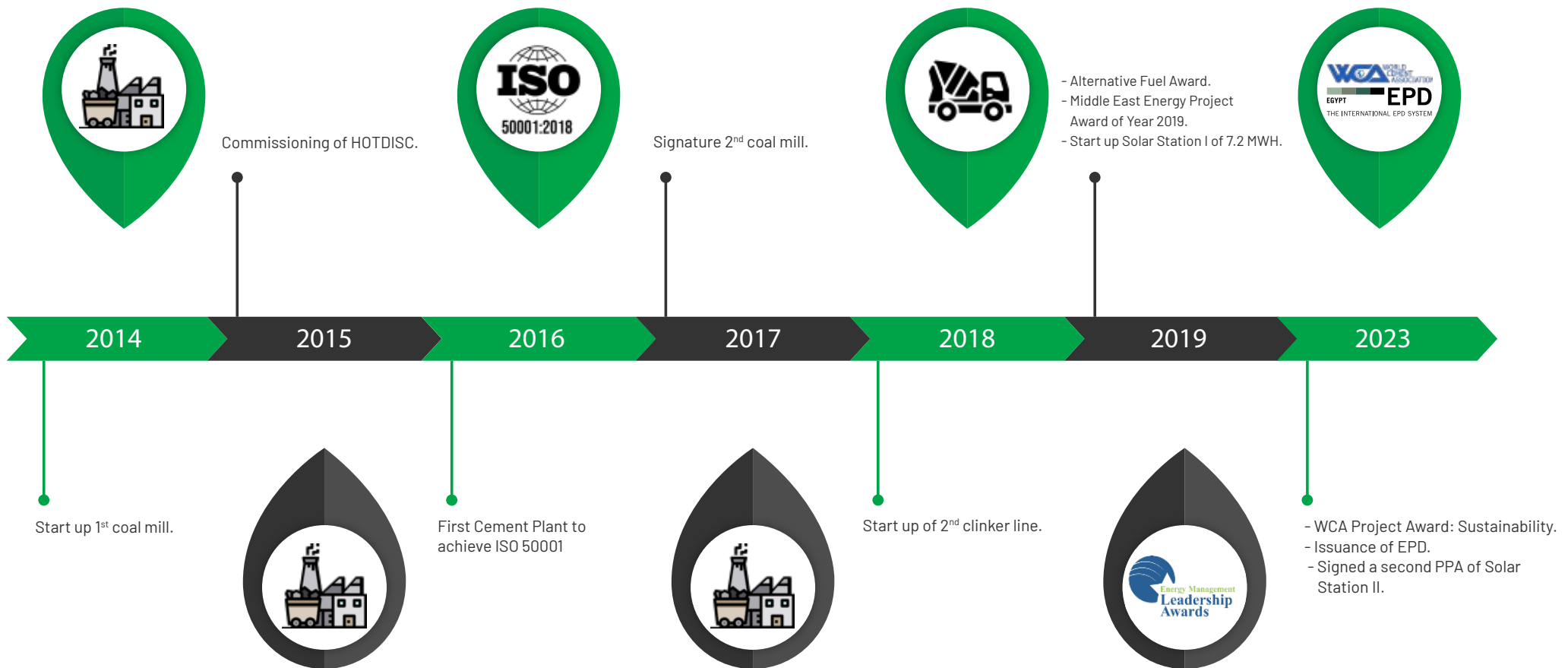


- Start up of Cement Mill Area.
- ACC Plant obtained ISO 9001.



ACC starts an energy program to shift from natural gas to solid fuels.





OUR PRODUCTS



**AL MOSALAH
CEMENT**



AL MOQAWEM



**AL NASR
CEMENT**



OPC CLINKER


























SRC CLINKER



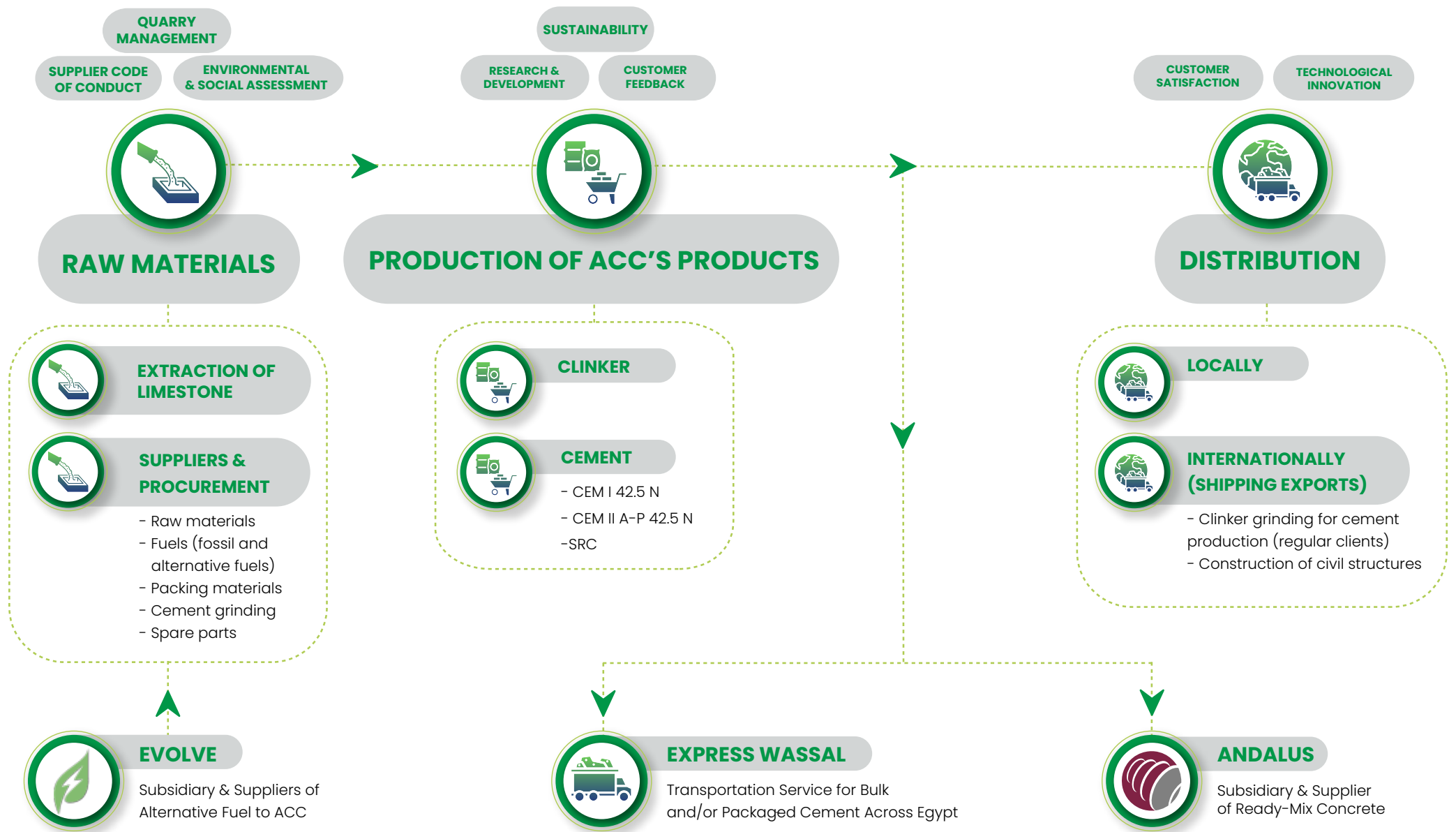
**READY-MIX
CONCRETE**

OUR MARKET



- | | | | | | |
|--|---|--|--|--|---|
|  Belgium |  Gabon |  Kenya |  Mexico |  Somalia |  Uganda |
|  Burkina Faso |  Ghana |  Libya |  Mozambique |  Spain |  USA |
|  Cameroon |  Guinea |  Madagascar |  Panama |  Sudan |  Yemen |
|  Dominican Republic |  Ivory Coast |  Mauritania |  Senegal |  Togo | |

VALUE CHAIN



OUR VALUES

We will execute our mission by standing firm around our core values and the beliefs that reflect what is truly important to us as an organization. These are not values that change from time to time but rather they are the foundations of our company culture:



STAKEHOLDERS

Our clients and stakeholders are the reason of our being and we work to meet their expectations and provide them with the added value products and services they need.

QUALITY

We stand for high quality standards in all our processes, products and services, knowing that excellence and high standards are the only possible way to succeed and deliver value to our clients.

SAFETY

A safe environment, a safe product and a safe organization are our commitments.

TRANSPARENCY

Long-term profitable growth can only be built on an organization that is clear and transparent in our dealings with customers, employees and any other stakeholders.

INTEGRITY

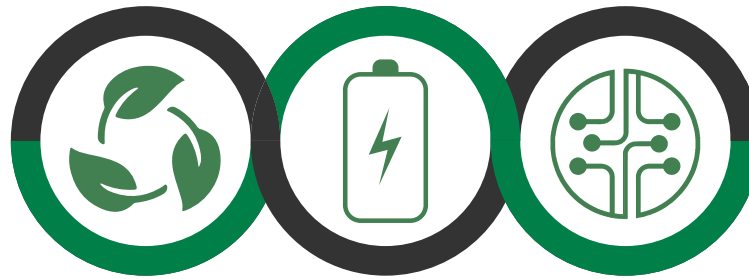
Committed to interact with our stakeholders according to our value system and principles.

TECHNOLOGY

We believe that innovation and high efficiency are part of our competitive advantage. That can only be achieved through the use of latest technologies.

OUR MISSION

At Arabian Cement Company (ACC), our mission is to embody sustainability in every aspect of our operations, contributing to the well-being of our society and the environment while maintaining excellence in our industry.



ENVIRONMENTAL POLICY

Our environmental policy prioritizes sustainable development by conserving energy, reducing CO₂ emissions, and complying with regulations. We use eco-friendly technologies, conduct environmental audits, and create wildlife habitats. Our focus is on minimizing environmental impact, reducing waste, and promoting recycling while maximizing renewable resources and fostering eco-friendly practices.

ENERGY EFFICIENCY

ACC is at the forefront of energy efficiency in the cement industry. In response to the Egyptian government's phase-out of energy subsidies in 2014, we implemented an Energy Management System (EnMS) in compliance with ISO 50001, recognized by awards from the Clean Energy Ministerial and the Association of Energy Engineers. We utilize renewable energy, including solar power, and have introduced innovative technologies such as the HOTDISC system for alternative fuel use, significantly reducing our carbon footprint and enhancing energy efficiency.

TECHNOLOGICAL INNOVATION

Our commitment to technological innovation ensures efficient and high-quality cement production. ACC's factory comprises two fully equipped clinker lines with a combined annual production capacity of 4.2 million tons. We utilize advanced machinery and automated systems for limestone and clay processing, raw mix preparation, and clinker production. Continuous monitoring and quality control are maintained by a centralized PLC system and a dedicated laboratory team, ensuring consistent product excellence.



HEALTH & SAFETY

Providing a healthy and safe work environment is paramount at ACC. We adopt and implement quality and safety management systems that comply with international standards, such as ISO 9001:2008 and OHSAS 18001:2007. Our health and safety principles focus on legal compliance, risk control, continuous improvement, and customer satisfaction. We are dedicated to exceeding our customers' expectations through a multi-skilled team supported by the latest technologies, ensuring operational excellence and maximum customer satisfaction.

MANAGEMENT SYSTEMS

Arabian Cement has established integrated management systems encompassing quality, safety, environmental, and energy management, certified by internationally accredited bodies. These systems ensure compliance with ISO 9001:2015, ISO 45001:2018, ISO 14001:2015, ISO 50001:2018, CE 197-1:2011, NF 197-1:2012 standards and EPD. We conduct regular audits and management reviews to ensure the effectiveness of these systems, striving for continuous improvement and maintaining world-class management practices.

ALTERNATIVE FUELS

ACC focuses on reducing greenhouse gas emissions by using alternative fuels like municipal solid waste, sewage sludge, and industrial waste. They showcase leadership in Egypt by installing a HOTDISC system. Evolve Investments, a subsidiary, specializes in waste treatment, providing alternative fuels and promoting environmental sustainability. ACC supports waste management development and encourages eco-friendly practices through Evolve, ensuring a sustainable future.

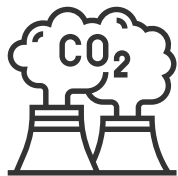
CORPORATE SOCIAL RESPONSIBILITY

We aim to contribute to Egyptian society by engaging in initiatives that promote personal growth, innovation, and self-development. Our efforts include partnering with universities, libraries, and cultural hubs for training programs and supporting sports teams to enhance community progress and welfare.



OUR STRATEGY

At Arabian Cement Company (ACC), our sustainability strategy is focused on advancing a low-carbon pathway while driving environmental responsibility across our operations by 2031. Central to this approach is the reduction of overall and specific emissions, with a commitment to lowering our carbon footprint and minimizing environmental impact. We are actively working to reduce waste sent to landfills by increasing the use of alternative fuels, such as municipal solid waste (RDF), agricultural waste (biomass), and industrial by-products, helping to decrease reliance on traditional fossil fuels. In addition, we are focused on reducing dust particle emissions, improving air quality, and implementing advanced technologies to enhance emission control. By integrating these measures, ACC is not only decreasing its emissions but also contributing to the global Sustainable Development Goals (SDGs), reaffirming our dedication to a cleaner, more sustainable future.



EMISSIONS

REDUCE TOTAL CO₂ EMISSIONS BY 31 %

REDUCE DUST EMISSIONS TO 20 mg/Nm³



ENERGY CONSUMPTION

INCREASE THE RENEWABLE ELECTRIC ENERGY MIX FROM 3.0% TO 11.0 %

INCREASE ALTERNATIVE FUEL RATE TO 55%



WASTE

INCREASE THE WASTE RECYCLED FROM 27% TO 80%

DECREASE THE WASTE GOING TO LANDFILL FROM 73% TO 20%

GOVERNANCE STRUCTURE



At ACC, our management hierarchy ensures effective leadership and coordination across the organization. The sustainability department, situated within the operations department, underscores our commitment to integrating sustainability into our core business functions. This arrangement facilitates a multidisciplinary approach, with sustainability efforts coordinated across all departments. By collaborating closely with various departments, we ensure that sustainable practices are embedded throughout our operations, addressing environmental, social, and governance challenges comprehensively and supporting our overall strategic objectives.

At ACC, the governance structure is designed to maintain high standards of transparency and accountability. The chair of the highest governance body also serves as the Chief Executive Officer (CEO), a role that necessitates strong governance mechanisms to manage potential conflicts of interest. To address this, ACC has implemented clear policies and procedures that ensure decision-making processes are transparent and accountable.

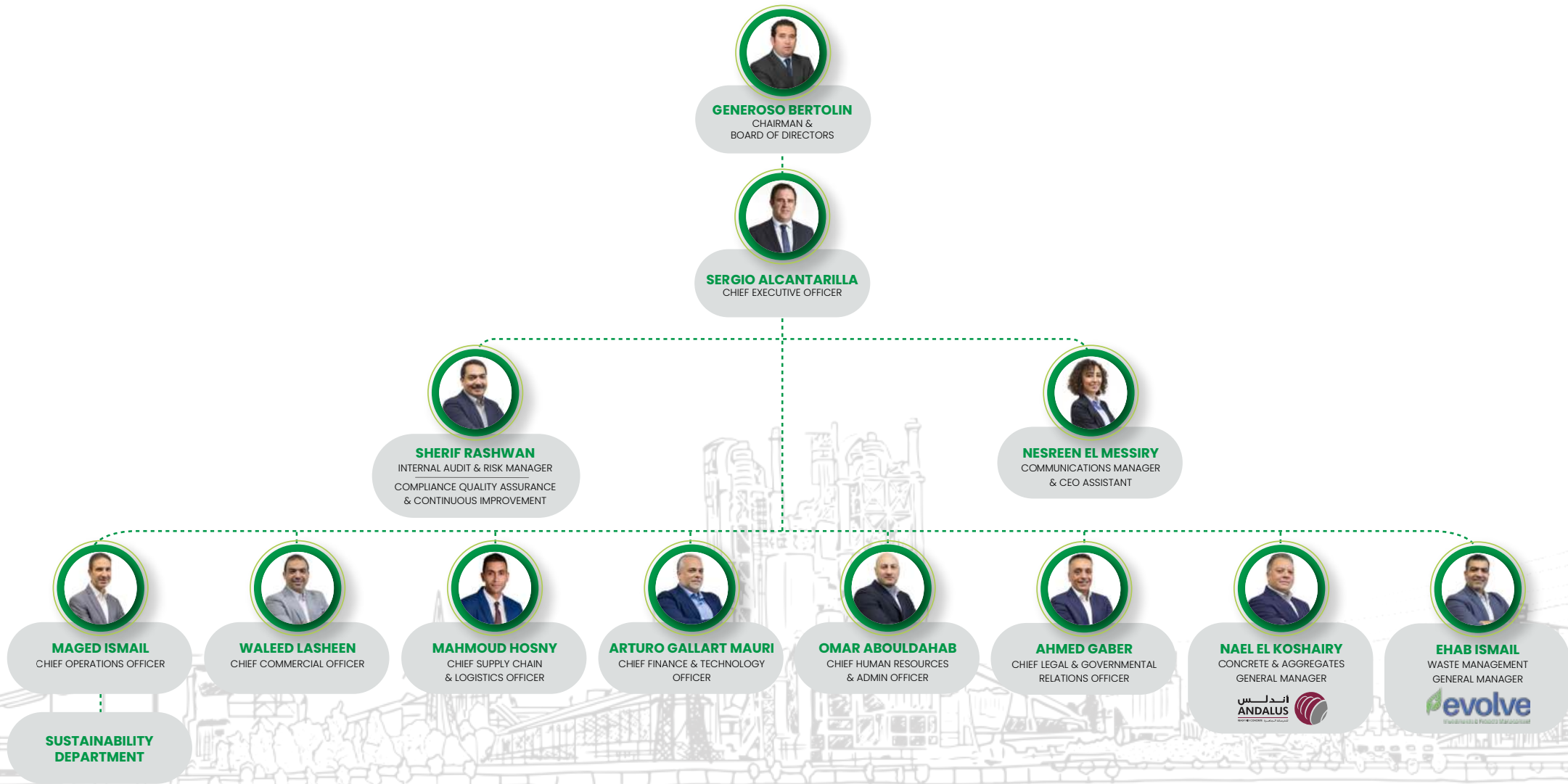
In terms of reporting, ACC's highest governance body reviews and approves the reported information, including material topics relevant to the organization. The CEO is actively involved in this process, starting with an inforatory session where key aspects of the report are discussed. Following this, the CEO reviews the detailed report to ensure that it is accurate and reflective of ACC's strategic goals and commitments before giving final approval.

ACC is also committed to responsible business conduct and addressing grievances or negative impacts resulting from its operations.

The company has established comprehensive grievance mechanisms, including hotlines, to allow individuals to report potential wrongdoing or breaches of law. These mechanisms are designed to be accessible and effective, incorporating stakeholder feedback for continuous improvement. When high-priority grievances require escalation, they are first reviewed by the relevant department and HR team before being forwarded to the Communications Department and then to the CEO. This structured approach ensures that critical concerns are thoroughly evaluated and addressed with transparency and accountability.

Beyond handling grievances, ACC actively identifies and remediates negative impacts through cooperation with affected stakeholders. The company systematically tracks and improves grievance mechanisms and remediation processes, regularly reviewing their effectiveness and providing examples of successful resolutions.

GOVERNANCE STRUCTURE

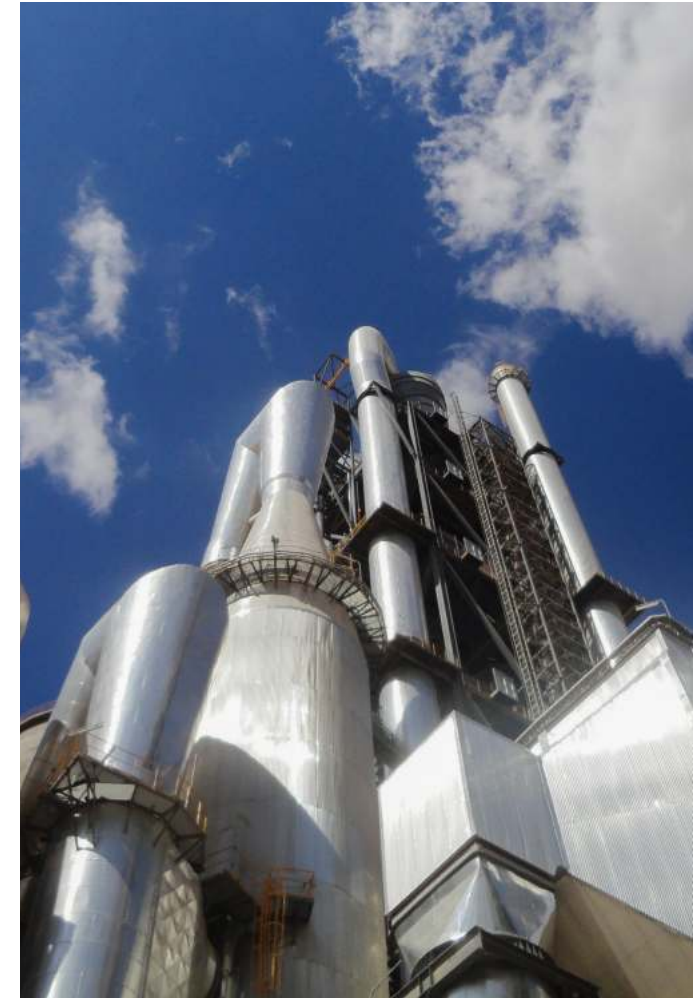


STAKEHOLDER ENGAGEMENT

In preparing this sustainability report, ACC made efforts to conduct a formal stakeholder engagement process but was unable to complete it for this reporting period. Recognizing the importance of identifying key sustainability issues, we instead referred to best practices and materiality assessments from other companies in the cement sector. This approach allowed us to identify the material topics most relevant to our operations while ensuring alignment with the GRI Standards.

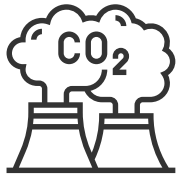
While direct stakeholder engagement could not be carried out, ACC remains committed to understanding and addressing the priorities of our stakeholders. We continue to assess industry trends and practices to ensure our sustainability strategy is aligned with the most pressing environmental, social, and governance (ESG) topics. This includes a review of external benchmarks to identify topics that are significant not only to our business but also to broader sustainability challenges faced globally.

Through this process, we identified the following material topics as most significant for ACC: climate-related issues such as emissions reduction, water management, and energy efficiency, as well as people-focused priorities like health and safety, employee and customer satisfaction, and community engagement. Additionally, the circular economy is a key area of focus, as we aim to enhance resource efficiency and reduce waste.



MATERIALITY

These material topics are integral to our sustainability strategy and are closely aligned with the United Nations Sustainable Development Goals (SDGs). By concentrating on these areas, ACC is dedicated to contributing to global sustainability efforts and generating long-term value for our stakeholders. Moving forward, we will continue to seek opportunities for direct stakeholder engagement to further refine our materiality assessment and ensure our sustainability efforts reflect the needs and expectations of all stakeholders.



EMISSIONS



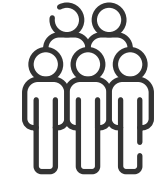
WATER



ENERGY



CIRCULAR ECONOMY



PEOPLE



2023 PERFORMANCE HIGHLIGHTS

	UNITS	2022	2023
NET SALES	EGP	4,548,943,979	5,933,160,524
CLINKER PRODUCTION	TONS	3,916,414	3,927,097
CEMENT PRODUCTION	TONS	3,253,589	2,762,605
EXPORT CLINKER SALES VOLUME	TONS	936,782	1,541,908
EXPORT CEMENT SALES VOLUME	TONS	65,930	159,314
DIRECT GROSS CO ₂ EMISSIONS	TONS CO ₂	3,243,993	3,308,187
INDIRECT GROSS CO ₂ EMISSIONS	TONS CO ₂	156,861	153,110
TOTAL CO ₂ SAVINGS	TONS CO ₂	427,894	578,241
WATER CONSUMPTION	m ³ /YEAR	805,896	861,007
ALTERNATIVE FUEL RATE	%	15	18
CLINKER FACTOR	%	81.5	76.2

OUR FINANCIAL PERFORMANCE

It is essential to monitor our business performance to pinpoint areas for enhancement, track our advancement, and guarantee the achievement of our company's objectives. By consistently monitoring and assessing our progress, we can modify our tactics to boost efficiency, minimize environmental impact, and maintain our dedication to corporate social responsibility. This ongoing enhancement plays a critical role in attaining long-term sustainability and operational excellence.

We recognize the importance of understanding financial implications and other risks and opportunities associated with climate change. As part of our commitment to comprehensive sustainability practices, we are actively working on implementing the Task Force on Climate-related Financial Disclosures (TCFD) framework. By 2025, we will integrate climate risk into our reporting processes to better manage and disclose these critical factors. This initiative will further support our efforts in achieving long-term sustainability and resilience.

	UNITS	2022	2023
REVENUE	EGP	4,548,943,979	5,933,160,523
COST OF SALES	EGP	(3,644,093,851)	(4,604,994,563)
NET PROFIT	EGP	342,504,926	687,982,358
PAYMENTS TO GOVERNMENTS	EGP	192,343,445	215,862,692
COMMUNITY INVESTMENTS	EGP	390,000	1,849,250
EBITDA	EGP	1,089,921,590	1,353,864,521
EBITDA MARGIN	%	24%	23%
CLINKER PRODUCTION	TONS	3,916,414	3,927,097
CEMENT PRODUCTION	TONS	3,253,589	2,762,605

OUR SALES

	UNITS	2022	2023
CEMENT SALES VOLUME	TONS	3,284,198	2,790,151
CLINKER SALES VOLUME	TONS	1,277,059	1,585,937
LOCAL CEMENT SALES VOLUME	TONS	3,218,268	2,630,837
LOCAL CLINKER SALES VOLUME	TONS	340,791	44,029
EXPORT CLINKER SALES VOLUME	TONS	936,268	1,541,908
EXPORT CEMENT SALES VOLUME	TONS	65,930	159,314
TOTAL SALES VOLUME	TONS	4,561,257	4,376,089

OUR SUPPLIERS

We are dedicated to promoting ethical and sustainable practices across our supply chain. To uphold this commitment, we are now giving preference to suppliers who comply with strict standards aligned with our code of conduct and anti-corruption policies. Supporting local suppliers can indirectly stimulate further investment in the local economy. Choosing local sources helps guarantee a stable supply, bolster the local economy, and foster positive community ties. By partnering with like-minded collaborators, we strive to ensure integrity, transparency, and social responsibility in all facets of our operations. This not only enhances our business partnerships but also contributes to a more ethical and sustainable industry.

	2022	2023
SUPPLIERS FROM NATIONAL MARKETS (%)	65%	15%
SUPPLIERS WITH SUPPLIER CODE OF CONDUCT (%)	3.29%	1.13%
NEW SUPPLIERS THAT WERE SCREENED USING ENVIRONMENTAL CRITERIA (%)	-	-

OUR PLANET

CO₂ EMISSIONS SAVINGS

ACC is dedicated to significantly reducing our carbon footprint and has developed a 2030 Low Carbon Pathway to guide our efforts. As part of this commitment, we have planned projects aimed at decreasing our CO₂ emissions by 31% by 2031. Currently, we are focusing on energy optimization, the use of cementitious materials, the adoption of alternative fuels instead of fossil fuels, and the integration of solar energy into our operations. These programs are pivotal to our strategy and will help ensure that we meet our reduction targets. Additionally, we are committed to exploring and implementing further initiatives to continue decreasing our emissions beyond these current projects. By maintaining a rigorous approach to tracking and reducing emissions, ACC is poised to make meaningful progress in the fight against climate change.

CO₂ EMISSIONS SAVINGS 2022



USING ALTERNATIVE FUEL

150,741 TONS CO₂



USING CEMENTITIOUS MATERIALS

206,410 TONS CO₂



ENERGY EFFICIENCY OPTIMIZATION

66,702 TONS CO₂*



SOLAR ENERGY

4,041 TONS CO₂

CO₂ EMISSIONS SAVINGS 2023



USING ALTERNATIVE FUEL

198,779 TONS CO₂



USING CEMENTITIOUS MATERIALS

305,853 TONS CO₂



ENERGY EFFICIENCY OPTIMIZATION

68,917 TONS CO₂*



SOLAR ENERGY

4,692 TONS CO₂

*SHC BASELINE OF 3800 MJ/ T CLINKER

CO₂ EMISSIONS

ACC is committed to reducing CO₂ emissions as a core aspect of our environmental policy. According to GCCA for Reporting CO₂ emissions, direct greenhouse gas emissions are almost entirely composed of CO₂ representing 99.5% from the total GHG emissions from the cement sector, with the contribution of other GHG emissions being negligible. Our CO₂ emissions are calculated using emission factors from the IPCC and EBRD, ensuring accuracy and adherence to international standards. While we have already implemented measures to track and reduce Scope 1 and Scope 2 emissions, we are still in the process of calculating Scope 3 emissions to gain a comprehensive understanding of our total environmental impact. Through regular environmental audits, we assess and optimize workplace conditions to ensure compliance with best practices. Sustainability remains at the forefront of our efforts, driving us to continuously innovate and implement practices that lower our CO₂ impact across all stages of our product lifecycle.

CO₂ EMISSIONS 2022



DIRECT GROSS CO₂ EMISSIONS

3,243,993 TONS CO₂



INDIRECT CO₂ EMISSIONS

156,861 TONS CO₂



TOTAL GROSS CO₂ EMISSIONS

3,400,854 TONS CO₂



SPECIFIC GROSS CO₂ EMISSIONS

856 TONS CO₂ / TON CLINKER



SPECIFIC GROSS CO₂ EMISSIONS

707 TONS CO₂ / TON CEMENT EQ.

CO₂ EMISSIONS 2023



DIRECT GROSS CO₂ EMISSIONS

3,308,187 TONS CO₂



INDIRECT CO₂ EMISSIONS

153,110 TONS CO₂



TOTAL GROSS CO₂ EMISSIONS

3,461,296 TONS CO₂



SPECIFIC GROSS CO₂ EMISSIONS

871 TONS CO₂ / TON CLINKER



SPECIFIC GROSS CO₂ EMISSIONS

672 TONS CO₂ / TON CEMENT EQ.

AIR POLLUTION

At ACC, we employ state-of-the-art continuous emissions monitoring systems to rigorously track our emissions, ensuring strict compliance with government regulations on air pollution. We are dedicated to reducing our greenhouse gas (GHG) emissions and regularly conduct thorough Environmental Impact Assessments (EIAs) for new projects to evaluate their environmental effects. Our plant is equipped with advanced dust suppression systems that effectively minimize both process and fugitive dust emissions, significantly improving air quality. To further reduce emissions, we are planning to switch from an electrostatic precipitator to a baghouse filter by 2025. This upgrade will significantly decrease emissions from our process and support our goal to lower dust particle emissions from 30 mg/Nm³ in 2023 to 20 mg/Nm³ by 2030, further minimizing our environmental impact.

EMISSIONS 2022



NO_x EMISSIONS

579 mg/Nm³



SO₂ EMISSIONS

12 mg/Nm³



TOTAL SOLID PARTICULATES

35 mg/Nm³

EMISSIONS 2023



NO_x EMISSIONS

502 mg/Nm³



SO₂ EMISSIONS

0 mg/Nm³



TOTAL SOLID PARTICULATES

33 mg/Nm³

RENEWABLE/CLEAN ENERGY

ACC uses the most updated technologies in the operation of our plant, and we are proud to be the first cement plant in Egypt to use solar energy. This not only provides financial benefits through cost savings but also offers significant environmental benefits by reducing our carbon footprint. Through regular internal audits and continuous monitoring, we strive to maximize energy efficiency across all our operations, enhancing both our sustainability and operational efficiency.

In 2017, ACC received the Award of Excellence in EnMS from the Clean Energy Ministerial (CEM), a platform promoting clean energy initiatives. This award is given to leading ISO 50001-certified organizations for their exceptional energy management. In 2019, ACC was honored with the "Middle East Region Energy Project Award of the Year" by the Association of Energy Engineers (AEE). In 2022, ACC received the Appreciation Award at the annual "Arab Energy Efficiency Day" by the Arab League. Continuing to ACC vision toward maximizing renewable energy role, in 2023 ACC signed the second PPA to construct solar station phase-2 with production capacity 16.85 MWh which will increase renewable energy contribution from total electrical energy consumption up to 11% with higher cost savings and more reduction for the carbon emission as an exceptional environmental approach.



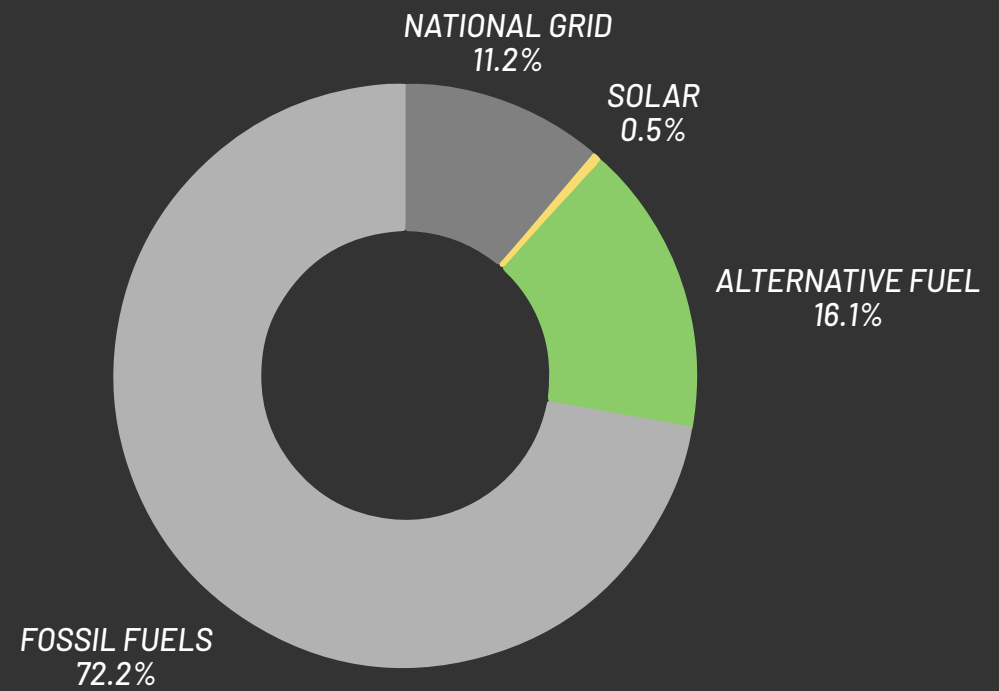
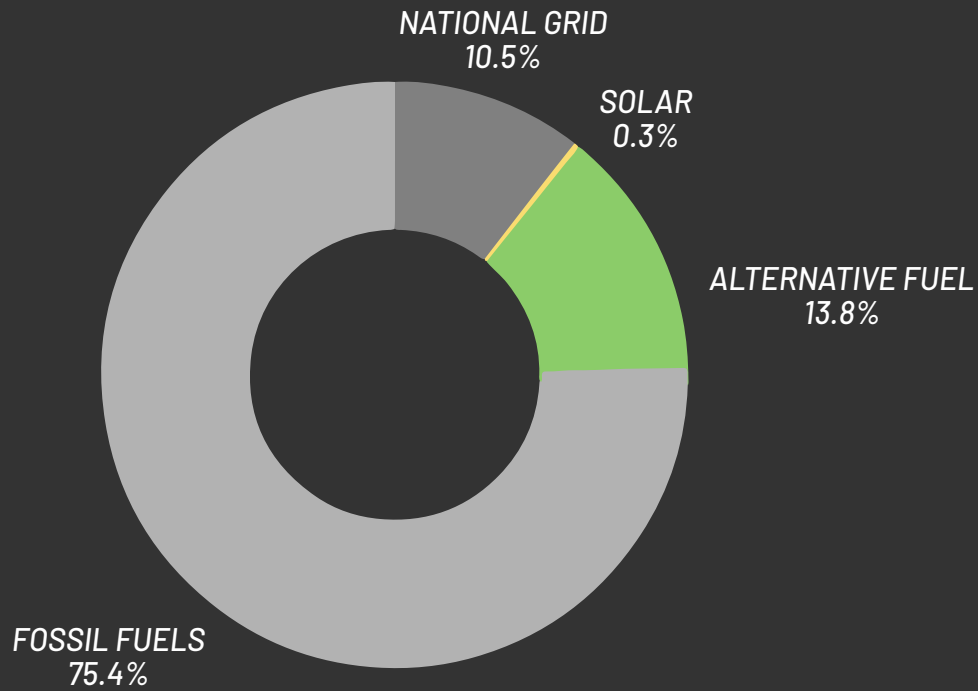
ACC SOLAR PANELS IN PLANT



ENERGY MANAGEMENT

At ACC, energy efficiency is a cornerstone of our sustainability strategy. In 2016, we became the first cement company in Egypt to achieve ISO 50001 certification, adhering to this standard to manage and improve our energy performance. This commitment has driven us to enhance our energy efficiency efforts further. ACC partnered with UNIDO through the industrial energy efficiency program to support the implementation of an Energy Management System (EnMS) in compliance with ISO 50001. We aim to enhance our energy mix by raising the contribution of alternative fuels with the fuel mix from 18% in 2023 to 55% by 2031, and increasing the share of solar energy in our electric energy mix from 3.0% to 11.0%.

As part of our ongoing efforts to comprehensively address our environmental impact, we are in the process of calculating Scope 3 emissions. This includes assessing energy consumption associated with upstream and downstream activities throughout our value chain. By integrating these calculations, we aim to gain a more complete understanding of our carbon footprint and identify further opportunities for improvement in our energy management and sustainability practices.



ACC ENERGY MIX 2022

TOTAL ENERGY CONSUMPTION

10,612 TJ

HEAT CONSUMPTION

TOTAL: 9458 TJ FROM RENEWABLE ENERGY: 323 TJ

ELECTRIC CONSUMPTION

TOTAL: 1154 TJ FROM RENEWABLE ENERGY: 36 TJ

SPECIFIC OVERALL ENERGY CONSUMPTION

3262 MJ/ T CEMENT

ACC ENERGY MIX 2023

TOTAL ENERGY CONSUMPTION

8,480 TJ

HEAT CONSUMPTION

TOTAL: 7488 TJ FROM RENEWABLE ENERGY: 486 TJ

ELECTRIC CONSUMPTION

TOTAL: 992 TJ FROM RENEWABLE ENERGY: 42 TJ

SPECIFIC OVERALL ENERGY CONSUMPTION

3070 MJ/ T CEMENT

CIRCULAR ECONOMY - ALTERNATIVE FUELS

We strive to enhance the use of renewable resources through alternative raw materials and fuels to adopt environmentally responsible practices among our suppliers, customers, and partners. ACC is dedicated to maintaining high standards of environmental responsibility by providing training and adhering to industry best practices, while encouraging open communication about environmental concerns from all stakeholders. Utilizing waste to reduce the use of non-renewable resources promotes a circular economy. We are hoping to replace 55% of our fuel mix with alternative fuels by 2031, reducing emissions from combustion of non renewable resources. This commitment reflects our dedication to advancing sustainable practices within the cement industry.

FUELS USAGE 2022



ALTERNATIVE FUELS

163,400 TONS



TONS OF FOSSIL FUELS SAVED

69,695 TONS



CO₂ EMISSIONS SAVINGS

150,741 TONS

FUELS USAGE 2023



ALTERNATIVE FUELS

170,342 TONS



TONS OF FOSSIL FUELS SAVED

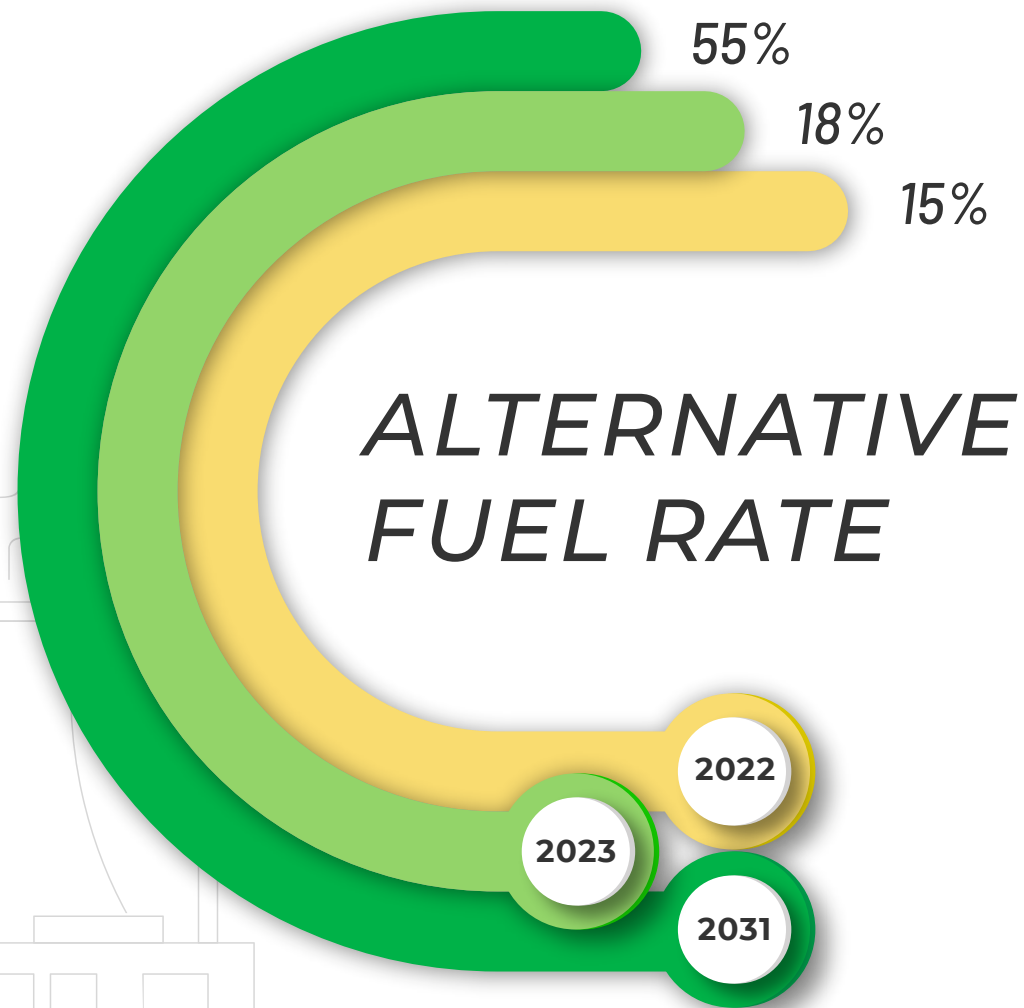
88,306 TONS



CO₂ EMISSIONS SAVINGS

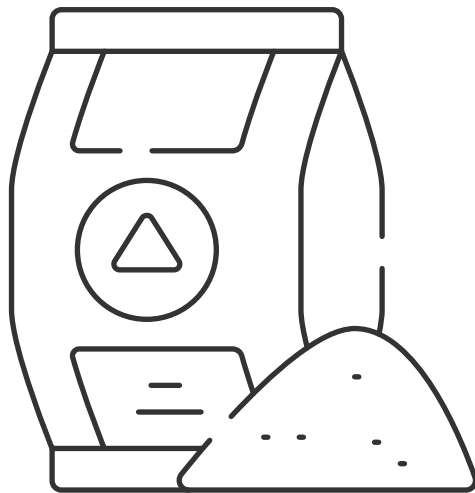
198,779 TONS

CIRCULAR ECONOMY - ALTERNATIVE FUELS



CIRCULAR ECONOMY - CEMENTITIOUS MATERIALS

At Arabian Cement Company (ACC), we are committed to advancing a circular economy by optimizing our production processes to reduce environmental impact. A key focus of our sustainability strategy is decreasing the production of Ordinary Portland Cement (OPC), which traditionally requires a high clinker factor (89%), contributing to significant carbon emissions. To address this, we are reducing the clinker content in our cement by incorporating other cementitious materials. This approach not only decreases the amount of clinker required but also enables us to produce a more environmentally friendly product. By embracing these innovations, we are minimizing our carbon footprint, conserving natural resources, and contributing to a more sustainable construction industry.



CEMENTITIOUS MATERIALS USAGE

2022

CO₂ SAVINGS FROM USING CEMENTITIOUS MATERIAL

206,410 TONS CO₂

ADDITIVES USED

602,777 TONS

CLINKER FACTOR

81.5 %

2023

CO₂ SAVINGS FROM USING CEMENTITIOUS MATERIAL

305,853 TONS CO₂

ADDITIVES USED

657,598 TONS

CLINKER FACTOR

76.2 %

WATER MANAGEMENT

ACC operates in a water-stressed area, making responsible water management a critical part of our sustainability strategy. We prioritize enhancing water usage efficiency while adhering to both local and international standards. Our operations involve withdrawing groundwater from wells and purchasing additional water, which is then subjected to rigorous treatment processes to meet strict quality standards. Annual testing ensures that the water maintains low contamination levels and acceptable mineral content.

To further reduce our water consumption, we continuously analyze usage trends and seek areas for improvement. We also repurpose wastewater from external sources to support our water needs, thereby maximizing resource efficiency. Additionally, we do not have discharge operations; all water is managed within our system, ensuring no water is released into the environment.

We conduct comprehensive assessments using international standards (GCCA for monitoring and reporting of water, GRI, and CSI Protocol) to identify and address water-related impacts, particularly in light of the water-stressed conditions in our region. To mitigate these impacts, we optimize processes for water consumption, ensure timely execution of maintenance tasks, and refurbish existing assets with advanced technologies aimed at reducing water consumption.

For example, we are planning to replace the electrostatic precipitator with a baghouse filter by 2025, which will not only decrease water consumption but also reduce emissions.

Through these efforts, we are dedicated to preserving vital water resources and advocating for sustainable water management practices, ensuring the long-term sustainability of our operations and the environments in which we operate.

	2022	2023
TOTAL WATER WITHDRAWAL (L)	810,519	861,486
TOTAL WATER CONSUMPTION (L)	805,896	861,007
SPECIFIC WATER CONSUMPTION (L/ T CLINKER)	238	253
SPECIFIC WATER CONSUMPTION (L/ T CEMENT)	199	197

WASTE MANAGEMENT

ACC is committed to effective waste management as a key part of our sustainability efforts. We repurpose waste as alternative fuels and implement waste-to-energy technologies to reduce reliance on non-renewable resources and enhance operational efficiency. Additionally, we have secure facilities for the safe storage of chemicals, including fuels, to prevent spills and accidental land contamination. We aim to increase the use of secondary materials and reduce waste sent to landfills from 60% in 2023 to 30% by 2030.

ACC WASTE MANAGEMENT 2022



TOTAL WASTE PRODUCED

376 TONS



HAZARDOUS WASTE

338 TONS



NON-HAZARDOUS WASTE

38 TONS



WASTE INTERNALLY RECYCLED

108 TONS



WASTE EXTERNALLY RECYCLED

26 TONS



WASTE GOING TO THE LANDFILL

241 TONS

ACC WASTE MANAGEMENT 2023



TOTAL WASTE PRODUCED

419 TONS



HAZARDOUS WASTE

3744 TONS



NON-HAZARDOUS WASTE

46 TONS



WASTE INTERNALLY RECYCLED

83 TONS



WASTE EXTERNALLY RECYCLED

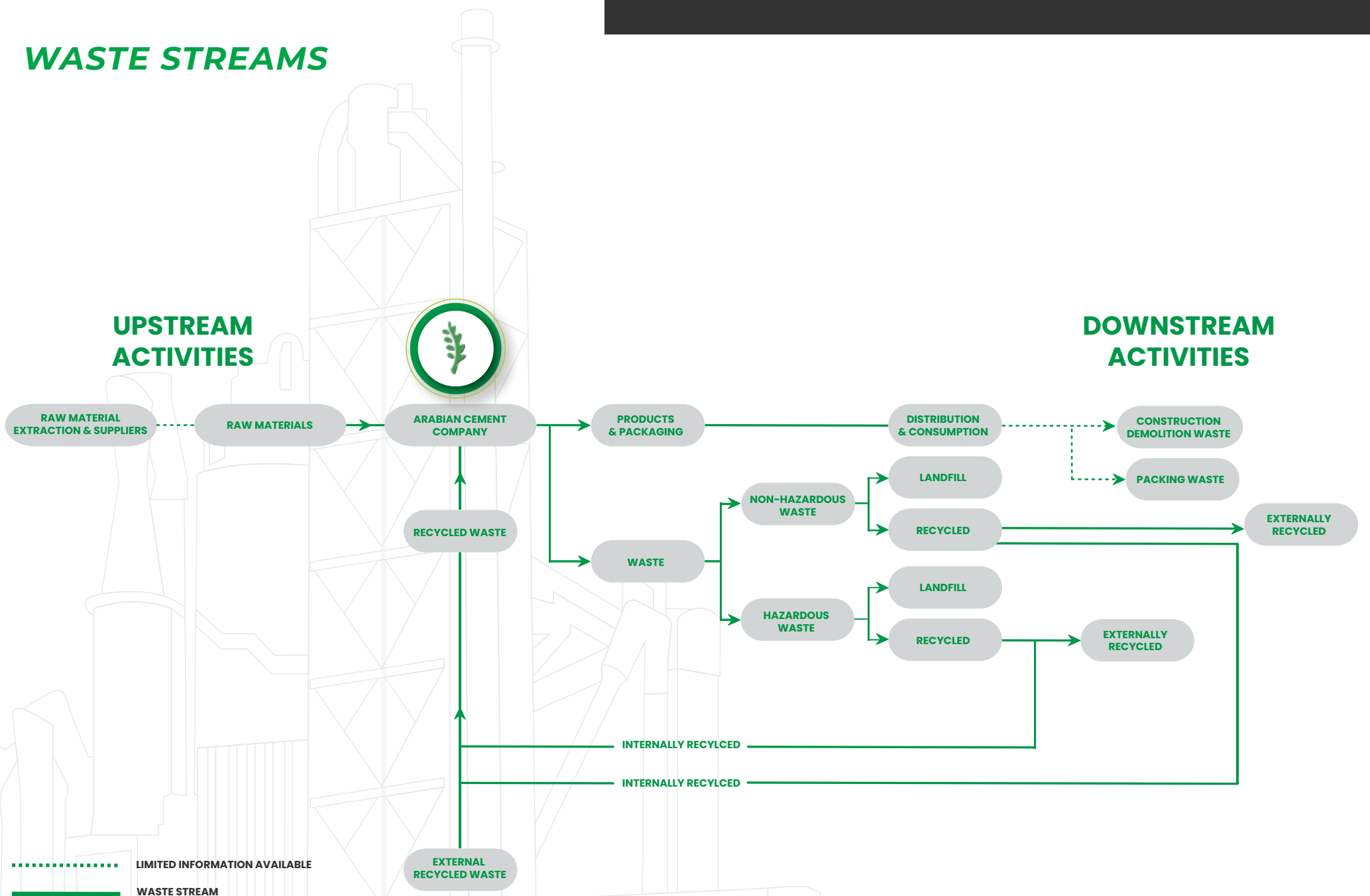
32 TONS



WASTE GOING TO THE LANDFILL

305 TONS

WASTE STREAMS



OUR PEOPLE

HEALTH AND SAFETY

ACC's approach to quality, occupational health, and safety is anchored in seven core principles, ensuring high standards while fostering a culture of continuous improvement and operational excellence. At the heart of ACC's operations is the safety of its employees. To safeguard their well-being, ACC has implemented a comprehensive Occupational Health and Safety (OHS) management system that covers all workers under its control. This system, grounded in legal requirements and recognized standards such as ISO 45001, applies to all workers, activities, and workplaces within ACC, with any exclusions clearly explained. Qualified professionals, whether employed or engaged as consultants, oversee the system to ensure compliance and enhance safety performance. The system is continuously refined through regular hazard identification, risk assessments, and incident investigations, following a systematic approach to eliminating hazards and minimizing risks.



HEALTH & SAFETY
WORK ENVIRONMENT



COMPLIANCE



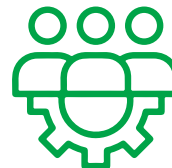
RISK
MANAGEMENT



CONTINUOUS
IMPROVEMENT



CUSTOMER
SATISFACTION



QUALIFIED
WORKFORCE



HIGH
STANDARDS

HEALTH AND SAFETY

At ACC, our Occupational Health and Safety Management System (OHSMS) is implemented based on the ISO 45001 standard, ensuring adherence to internationally recognized risk management practices. This comprehensive system covers all activities and workplaces within ACC that impact health, safety, and the environment (HSE), leaving no aspects excluded. We conduct thorough hazard identification and risk assessments both routinely and non-routinely through a specialized team comprising Unit Heads, HSE Officers, and key personnel. This team ensures the quality of these processes and uses the findings to continuously improve the OHSMS.

Worker participation is integral to our OHSMS. We actively involve employees in the development, implementation, and evaluation of safety practices, ensuring they reflect the insights of those directly affected. Workers can report hazards through various channels, such as verbal communication, email, or our safety observation system, and are protected against reprisals.

Our HSE Policy supports their right to withdraw from unsafe work situations. Incidents are investigated rigorously, with corrective actions determined and used to refine the OHSMS. Notably, there were no fatalities or high-consequence work-related injuries in the reporting year. Worker participation is further facilitated through the Safety Observation Program and monthly safety committee meetings, ensuring no workers are excluded.

Occupational health services are accessible and analyzed regularly to ensure their effectiveness. Training is provided both broadly and specifically to address work-related hazards, conducted during paid working hours, and is regularly evaluated for effectiveness. Non-occupational health-care is supported through external medical insurance for employees and their families, complemented by voluntary health promotion programs such as healthy food options.

We mitigate negative occupational health impacts through regular audits, monitoring, and collaboration with partners and stakeholders to maintain safety standards throughout the value chain. All employees, as well as workers whose work or workplace is controlled by ACC, are covered by our OHSMS, which is fully audited internally and certified externally, ensuring comprehensive compliance and safety.

	2022	2023
LOST TIME INJURY	2	-
LTI RATE	1.02*	-

*LTI RATE IS MULTIPLIED BY 1,000,000

EMPLOYMENT

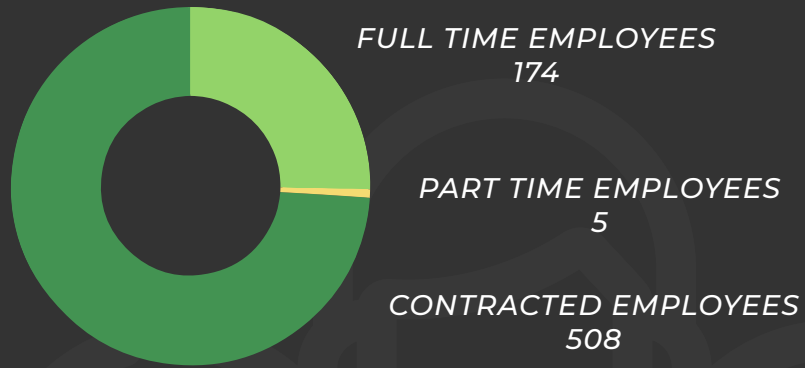
ACC prioritizes employee well-being and fair compensation through comprehensive policies and practices. We emphasize human rights, ensure a secure workplace, and foster engagement, demonstrating our commitment to stable employment with no fluctuations in employee numbers, thus underscoring job security. Although part-time employees, classified as consultants, are not entitled to benefits, we provide full-time staff with robust support and job security. Our dedication to our workforce is mirrored in our inclusive policies, such as parental leave for women, with one female employee successfully returning to her role after taking leave in 2023.

In terms of remuneration, ACC adopts a structured and equitable approach. We utilize data from a multinational third-party annual salary survey, which gathers information from over 300 companies across Egypt, to establish unbiased salary averages for various job positions.

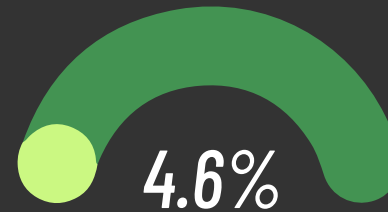
This market data, combined with our internal historical salary information and budgetary considerations, guides our salary determinations. Departmental chiefs review and recommend salary adjustments based on this data, with final proposals reviewed and approved by the CEO and confirmed by the Board of Directors. Our commitment to fair compensation reflects our core values and supports our dedication to sustainable success.

Regarding employment practices, ACC does not have employees covered by collective bargaining agreements. For employees not under such agreements, ACC independently determines working conditions and terms of employment, aligning them with industry standards and best practices. The company focuses on providing fair and competitive employment conditions through internal policies that reflect a commitment to employee well-being and satisfaction.

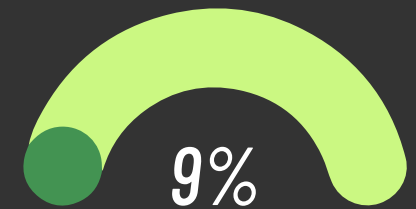
2022



NUMBER OF EMPLOYEES

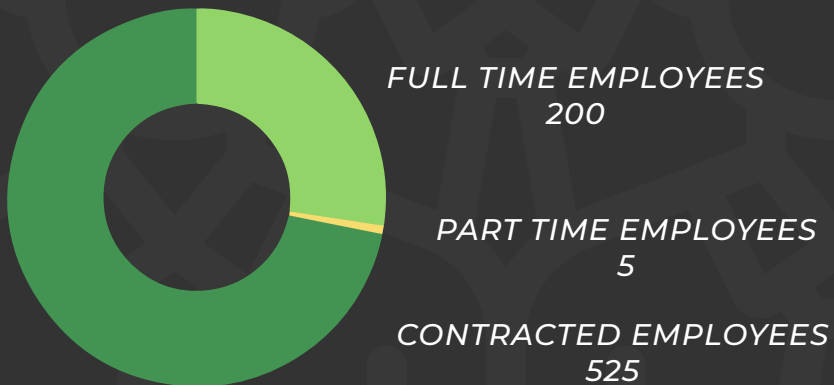


TURNOVER RATE

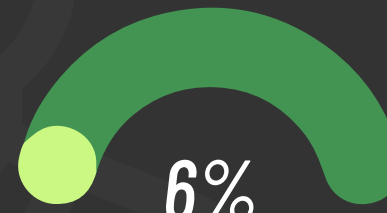


FEMALE (FULL TIME)
EMPLOYEES AT ACC

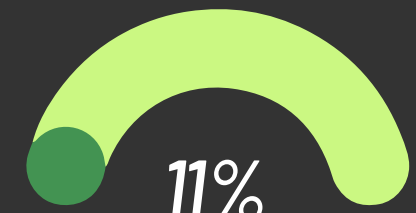
2023



NUMBER OF EMPLOYEES



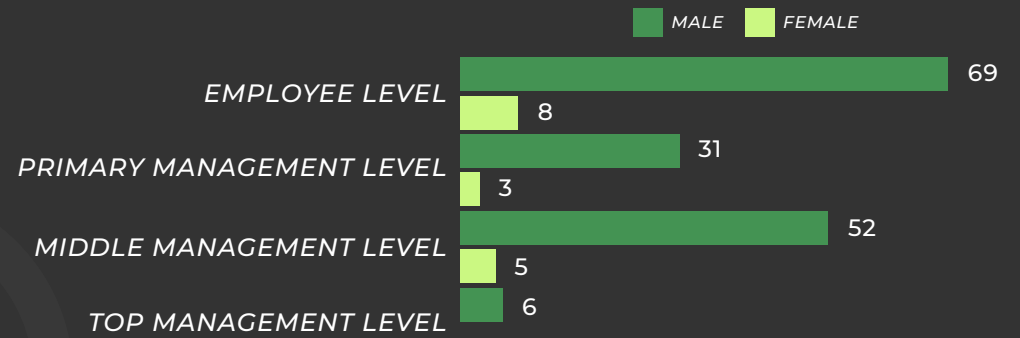
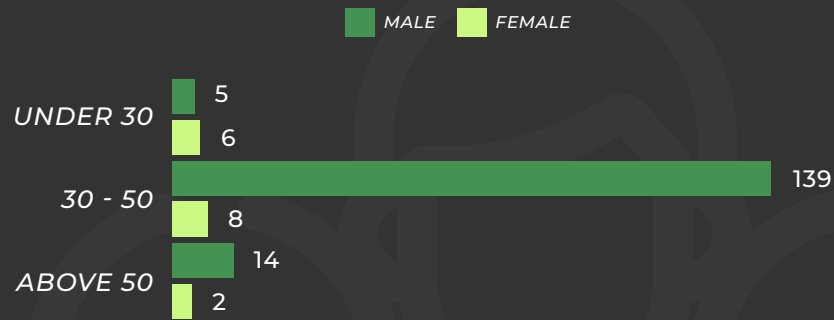
TURNOVER RATE



FEMALE (FULL TIME)
EMPLOYEES AT ACC

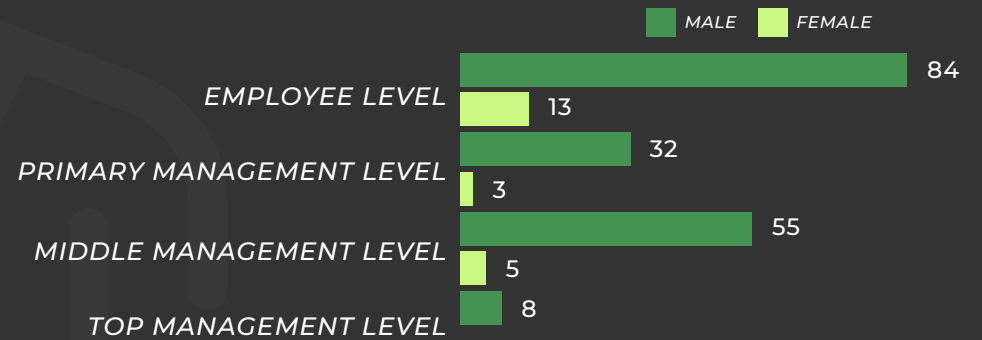
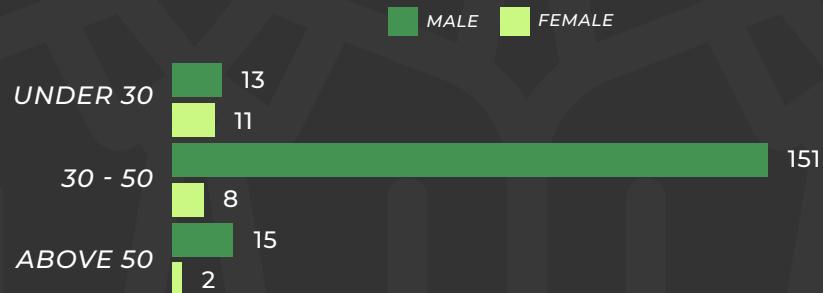
2022

GENDER DISTRIBUTION BY AGE



2023

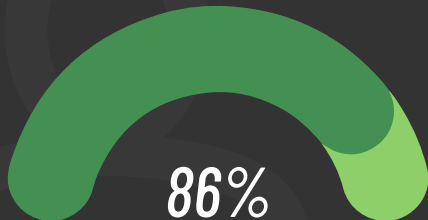
GENDER DISTRIBUTION BY AGE



TRAINING & DEVELOPMENT

Our focus on stakeholders upholds our core values and drives sustainable success. In line with this, we have implemented comprehensive training programs to upgrade employee skills, including soft skills, technical skills, computer skills, language skills, and opportunities for MBAs and diplomas. While we do not currently have formal transition assistance programs in place, we remain committed to continuously assessing and addressing the needs of our workforce to ensure their long-term employability and career development.

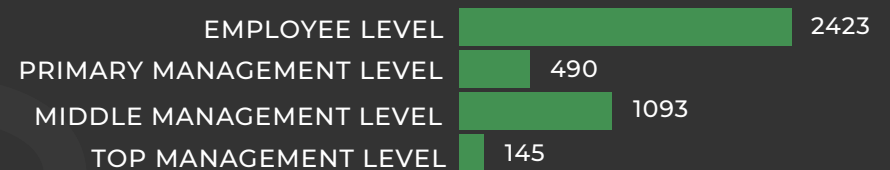
Regarding retirement benefits, we do not offer dedicated retirement plans for our employees. However, a portion of employees' salaries is allocated to the social insurance authority, which provides for retirement benefits. This ensures that our employees are contributing to a system that supports their long-term financial security.



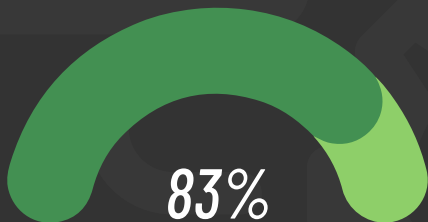
EMPLOYEES SUBJECTED TO ANNUAL PERFORMANCE REVIEW IN 2022



AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE IN 2022



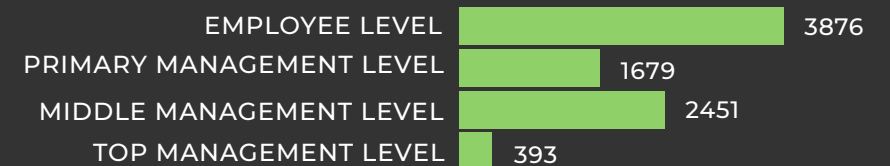
TRAINING HOURS BY MANAGEMENT LEVEL IN 2022



EMPLOYEES SUBJECTED TO ANNUAL PERFORMANCE REVIEW IN 2023



AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE IN 2023



TRAINING HOURS BY MANAGEMENT LEVEL IN 2023

EMPLOYEE EVENTS

Employee events at ACC aim to boost staff well-being and productivity by fostering a positive work environment through regular engagement activities, enhancing motivation, performance, and commitment to company goals.

END OF YEAR LUNCH



ACC marked the end of 2022 and the start of 2023 by appreciating employees' efforts at HQ and Sokhna plant, anticipating future accomplishments.

TEAM BUILDING



In March 2023, the ACC staff had a team-building event at Adrenaline Park, participating in an exciting paintball game.

MOTHER'S DAY



ACC's Mother's Day event empowers women with sessions on setting boundaries and celebrating their strengths as mothers.

IFTAR 2023



Arabian Cement Company hosted its annual Iftar with team members from ACC, Andalus Ready Mix Concrete, and Evolve Investments & Project Management.

WORLD ENVIRONMENT DAY



In celebration of World Environment Day, ACC employees planted trees at our Sokhna plant and headquarters, reflecting our commitment to sustainability and a greener future.

OUR COMMUNITY

CORPORATE SOCIAL RESPONSIBILITY



Arabian Cement Company proudly supports the "Khalihha Suessi" program, which is sponsored by ACC and delivered by Nahdet El Mahrousa. This initiative, which began in 2015, focuses on aiding high-potential social entrepreneurs in Suez to start and grow their social enterprises, aiming to expand their social impact.



"Khalihha Suessi" offers support through two main programs. The first program helps idea-stage entrepreneurs develop their business ideas, enhance their entrepreneurial skills, learn about social entrepreneurship, and identify social and environmental opportunities in Suez. The second program supports early-stage social enterprises, providing customized financial and non-financial services to help them advance to the next level.



Since its inception, "Khalihha Suessi" has supported 70 startups and more than 200 social entrepreneurs. The initiative provides various support services, including a customized capacity-building program and non-equity funding of up to 80,000 EGP. These efforts aim to foster social startups in Suez, showcasing the pitches from the Khalihha Suessi incubation round.

OUR ACHIEVEMENTS

Arabian Cement Company proudly received the "WCA Project Award 2023 - Sustainability" from the World Cement Association for our significant carbon footprint reduction and climate action efforts. This prestigious award, presented in Dubai in October 2023, underscores our commitment to sustainability and environmental impact. Thank you to the World Cement Association and our dedicated team for making this achievement possible.



OUR COLLABORATIONS

ACC has been a delegate of Egypt since 2022 in ongoing collaboration with UNIDO under the ITPO program, exchanging information to advance industrial sector development in developing countries.

Their combined efforts have focused on promoting sustainable industrial growth, fostering innovation, and enhancing the competitiveness of local industries. Through a series of workshops, training sessions, and technical assistance programs, they have empowered small and medium-sized enterprises (SMEs) to adopt modern technologies and improve their production processes.



UNIVERSITY COLLABORATIONS

ACC partners with the British University in Egypt on October 2023 for an informative session on the cement industry and collective efforts towards environmental conservation.



ACC welcomed a delegation from the British University in Egypt on March 2023 to explore reducing carbon footprints in cement production through renewable energies, solar power, and solid waste recycling.



We are proud to highlight our collaboration with Al-Azhar University in support of Dr. Sama Saeed's PhD research focused on carbon footprint measurement and the implementation of effective control systems for managing carbon cost risks. Over the past year, our Energy & Sustainability Manager has actively engaged with Dr. Saeed, providing essential data and expertise to enhance the accuracy and effectiveness of carbon footprint assessments and control mechanisms. This partnership exemplifies our commitment to advancing research in sustainability and addressing environmental challenges. A significant aspect of our contribution included assisting Dr. Saeed in calculating the financial impact and risks associated with reducing carbon emissions, reinforcing our dedication to sustainable development and comprehensive risk management.

EMPLOYMENT FAIRS INTERNSHIPS

At ACC, we are committed to nurturing the future generation through our annual winter and summer internship programs. These internships provide valuable hands-on experience and industry knowledge to students, preparing them for successful careers. We actively participate in employment fairs to engage with students, inform them about internship opportunities, and highlight potential job offerings within our company. This approach ensures a continuous influx of fresh talent and reinforces our dedication to educational and professional development.



MAR 2023 **AIN SHAMS EMPLOYMENT FAIR**

In March 2023, ACC participated in an employment fair at Ain Shams University, connecting with students and showcasing career opportunities

MAY 2023 **ESLESCA CAREER FAIR**

ACC participated in the ESLESCA Career Fair in May 2023, connecting with talented professionals and showcasing opportunities for growth within our organization.

DEC 2023 **AMCHAM EVENT**

ACC attended the AmCham event in December 2023, engaging with industry leaders and reinforcing our commitment to collaboration and innovation in the business community.

OUR FUTURE



At Arabian Cement Company (ACC), we report our sustainability practices with a commitment to transparency and accuracy with reference to GRI standards to the best of our knowledge. Sustainable development is one of ACC's core values, embedded in our approach to business and reflected in our ongoing efforts to align operations with global environmental objectives. Recognizing the critical importance of environmental responsibility, we have made considerable strides in reducing our carbon footprint and improving resource efficiency across our operations.



As we look ahead, ACC remains committed to further reducing our environmental impact and driving meaningful sustainability initiatives. One of our current projects involves obtaining approval for the use of medical waste as an alternative fuel, which marks a significant milestone in our sustainability journey. This innovative approach will not only decrease our reliance on traditional fossil fuels but also help reduce emissions, positioning ACC as a leader in the transition toward cleaner energy alternatives within the cement industry.



Through these actions, we aim to contribute positively to global SDGs and ensure that our operations have a lasting, positive impact on the environment. By embracing such forward-thinking initiatives, ACC is aligning its operations with international standards and reaffirming its commitment to the low-carbon pathway. This strategic focus highlights our determination to continue advancing sustainability and playing an active role in creating a cleaner, more sustainable future.