



شركة اسمنت الكويت
KUWAIT CEMENT COMPANY

CORPORATE GOVERNANCE REPORT FOR YEAR 2017

Composition of the Board of Directors:

The Board of Directors of Kuwait Cement Company K.P.S.C. approved the composition of the Board in the meeting dated 2/5/2016 after the end of Extra Ordinary and Ordinary General Assembly meeting No. Forty Eight.

As of 31/10/2017 Dr. Abdulaziz Rashed Al-Rashed has been recalled, as he is the first reserve member to attend the Ordinary General Assembly meeting dated 2/5/2016, as he has been elected in the Board of Directors meeting as of 8/11/2017 Vice Chairman unanimously.

Therefore, the Board of Director composition is the following as:

Name	Category (Executive/ Non-Executive/ Independent), Secretary	Date of Election/ Secretary appointment
Rashed Abdulaziz Al-Rashed	Non-Executive	2/5/2016
Dr. Abdulaziz Rashed Al-Rashed	Non-Executive	8/11/2017
Basel Saad Al-Rashed	Non-Executive	2/5/2016
Jamal Yousef Al-Babtain	Non-Executive	2/5/2016
Khaled Abdullah Al-Rabiah	Non-Executive	2/5/2016
Rasha Abdulrahman Al-Melhem	Non-Executive	2/5/2016
Rasha Fahad Al-Ameer	Non-Executive	2/5/2016
Abdullah Mohammed Al-Saad	Non-Executive	2/5/2016
Yacoub Yousef Al-Saqer	Non-Executive	2/5/2016
Yousef Bader Al-Kharafi	Non-Executive – Independent	2/5/2016
AbdulMutaleb Ismael Behbehani	Secretary of the Board	28/12/2015

Kuwait Cement Company (K.P.S.C) Board of Directors meetings during the year 2017

Member's Name	Meeting No. 1/2017 Dated 15/2/2017	Meeting No. 2/2017 Dated 15/3/2017	Meeting No. 3/2017 Dated 1/5/2017	Meeting No. 4/2017 Dated 15/5/2017	Meeting No. 5/2017 Dated 9/8/2017	Meeting No. 6/2017 Dated 8/11/2017	Number Of Meetings
Rashed Abdulaziz Al-Rashed	√	√	√	√		√	5
Dr. Abdulaziz Rashed Al-Rashed						√	1
Basel Saad Al-Rashed	√	√	√			√	4
Jamal Yousef Al-Babtain	√	√	√	√	√	√	6
Khaled Abdullah Al-Rabiah	√	√	√	√		√	5
Rasha Abdulrahman Al-Melhem	√	√	√	√	√	√	6
Rasha Fahad Al-Ameer	√	√		√	√	√	5
Abdullah Mohammed Al-Saad	√	√	√	√	√	√	6
Yacoub Yousef Al-Saqer	√	√	√	√		√	5
Yousef Bader Al-Kharafi	√	√	√	√	√	√	6

The Board of Directors has held six (6) meetings during the year 2017, the following schedule represents the details, and Number of the meetings and Presence of each member:

- This Mark (√) refers to Members of Board of Directors presence.
- The Board of Directors meetings presence from No. (1/2017) to No. (5/2017) before the passing away of, the late Sulaiman Khaled Al-Ghunaim.

Recording, co-ordinating and keeping minutes of the Board of Directors meetings:

The Board of Directors secretary prepared the registration requirements and kept the minutes of the Board of Directors of Kuwait Cement Company, and record it in a special register containing information on the agenda of each meeting, its date, venue, starting and ending timing, each meeting has a serial number according to the year. Further, special files are prepared in which the minutes of the meetings are kept, and the deliberations and discussions held in the meetings. Members of the Board are furnished with the agenda, supported with the relevant documents, sufficient time in advance in order to permit the members to study the agenda items. The minutes of the meeting are signed by all those present and the Secretary. Minutes of the meetings held by passing are signed by all members. The secretary acts for the proper coordination and distribution of information among the members.

Board of Directors' and Secretary qualifications, experiences and positions:

Board of Directors should be of Kuwaiti nationality, also, they should have the qualifications and the experiences for their positions, and they are:

Mr. Rashed Abdulaziz Al-Rashed - Chairman.

- Graduating with Bachelors of Business Administration from Clermont University in United States of America in year 1958, and Master of Business Administration and Economy from the same university in 1959.

- He is also member in Kuwait Cement Company since its establishment in 1968 and the first Chairman of the company since convening of the Article of Association on 20/1/1969 till 1978. Also the Chairman and the Deputy Member since 1996 till 27/12/2015, and the Chairman since 28/12/2015 till today, as he is also Chairman of the Nominations & Remuneration Committee.

His work experience includes many Ministries and Positions he held:

- Assistant Director of Technical Affairs Ministry of Public Works.
- Secretary of State for Political Affairs.
- Director of Political Affairs Ministry of Foreign Affairs.
- Kuwaiti Ambassador for the United Nations (first ambassador).
- Vice President of the General Assembly of the United Nations.
- Deputy Foreign Minister 1967 to 1985.
- Minister of State for Cabinet Affairs 1985 to 1990.
- Participating in many International and National meetings.
- Holding a number of international & national charters.
- In 1990 worked in private business.

Dr. Abdulaziz Rashed Al-Rashed - Vice Chairman.

- Holds M.S (Masters degree) in Electrical engineering from Wisconsin University in United States of America.
- Dr. Abdulaziz Rashed Al-Rashed was elected to be Vice Chairman at the Board of Directors meeting dated at 8/11/2017, also he is Member of Audit Committee.
- Chairman of Kuwait Drilling Company.
- Board of Directors' Member at Contracting and Marine Services Company.
- Board of Directors' Member at National Industries Company.

Mr. Basel Saad Al-Rashed – Board member.

- Bachelor of Business Administration from United States of America in 1988.
- Has held many Management and Executive positions, also, has experience including working in many companies.

And from the positions he currently occupies:

- Board of Directors' Member in Kuwait Cement Company representative from Al-Rashed Trading, Industry and Contracting Co. Ltd. since 1995 till now, also holds the Membership of the Risk Management Committee.
- General Manager of Al-Rashed International Shipping Company since 2007 till now.

His previous positions are as follow:

- Chairman at Hempel Paints Company from 2007 to 2010.
- Board of Directors' Member for Cable for TV Company from 1998 to 2003.
- Director of Communications Department for Abdulaziz Abdulmohsin Al-Rashed sons. Co from 1992 to 2003.
- Member of National Assembly of Kuwait from 2003 to 2006.

Mr. Jamal Yousef Al-Babtain – Board member.

- Bachelor of Management, Political Science from Portland State Oregon in United States of America.
- Board of Directors' Member at Kuwait Cement Company representative of Public Investment Authority since 2013 till now. Also, he is a member at the Committee of Risk Management.
- He holds Board of Directors' membership of Rohing and Jukcca Group, First Capita and Watros AUE Group.
- He has also worked in Oxsan Bank (Bahrain) from 1987 to 1992, and in the Kuwaiti Investment Office (London) from 1993 to 2013, also in the Public Authority of Investment since 2014 until now.

Mr. Khaled Abdullah Al-Rabiah – Board member.

- He holds Certificate of Kuwait university in 1977.
- Member of the Board of the Directors of Kuwait Cement Company representative of National Industries Holding Company since 1998 till now, also Member of Risk Management Committee.
- General Director of the Gulf International Company for General Trading & Contracting and in Mohammed Abdullah Al-Rabiah and his partners company.

Ms. Rasha Abdulrahman Al-Melhem – Board member.

- Bachelor in Business Administration - Finance from Kuwait University in 1997.
- She joined the membership of the Board of Directors as representative of public investment authority since 2015 till now, also Member of the audit committee.
- Currently, the position of Investment Audit Manager at the General Authority for Investment, which includes the internal audit work to design the control of the administrative and financial policies and procedures and the management of local and international portfolios of public investment authority.
- Member of the Board of Directors of a number of companies affiliated to public investment authority locally and externally.

Previous experience includes:

- Attending courses for the period from April 1998 to November 1999 in various fields including (financial equations and accounting, corporate finance, macro-economics, credit analysis, securities analysis, financial market projections, project finance, time management, problem solving and decision making, communication skills and writing reports, Financial designs using Excel, stocks and bonds, proposed markets, job training in the management of public investment Authority , financial designs in portfolio management).
- Courses from November 2000 to May 2015 in many areas including (writing reports, operating strategies of the investment fund, preparation and writing of reports, audit, audit plan, English language, portfolio study and investment funds, Methods and basics of internal auditing, Certified Internal Auditor, Finance, Risk Management and Corporate Governance).
- Attend two months of local training programs at Commercial Bank of Kuwait, National Petroleum Company, Kuwait Fund for Arab Economic Development, Real Estate Investment Union, and a three months training program at union bank of Switzerland – London.

Ms. Rasha Fahad A-Amir – Board member.

- Bachelor of Computer Science and Accounting, Ms. Rasha Fahad Al-Amir joined the Board of Directors represented by public investment Authority in 2015 and is also a member of the Nomination and Remuneration Committee
- Currently works as a manager of portfolio management unit in Asset Management - General Reserve Sector at public investment Authority.
- Member of the Board of Directors of Kuwait-Egypt Investment Company.

And previous practical experience:

- The first investment manager in the management of contributions
- General reserve sector in public investment Authority.
- Head of the follow-up team listed in the markets of the Arab region.
- Member of the Board of Directors of the Livestock Transport and Trading Company.

Mr. Abdullah Mohamed Al-Saad – Board member.

- Bachelor degree in Business Administration from Cairo University with a good grade in 1969.

His experience included several positions including:

- Worked at the Ministry of Foreign Affairs as a diplomatic attach in 1970.
- Director of Kuwait Office in Dubai until 1972.
- Charged in Embassy of Kuwait in Abu Dhabi 1973.
- Charged in the Embassy of Kuwait in Nairobi, Kenya, 1974.
- Charged in the Kuwaiti Embassy in Mogadishu / Somalia 1975.
- Completed his work at the Foreign Ministry and returned to Kuwait in 1976.
- Started his free trade 1977.
- Joined the Board of Directors of Kuwait Food Company (Americana) from 1977 until 2017.
- Chairman and deputy member of Sefury Americana International 1984.
- Joined the Board of Directors of Kuwait Cement Company from 1998 until today, and is also a member of the Nomination and Remuneration Committee.
- Member of the Board of Directors of Al-Ahlia Insurance Company from 1999 until today.

Mr. Yacoub Yousef Al-Saqer – Board member.

Member of Kuwait Cement Company Board of Directors, represented in National industries group Holding since 2007 till date and also head of audit committee.

- Member Board of Directors in projects tourism through years from 1976 Till 1982 and from 1998 Till 2004 , Board member in Warba insurance company from 31/3/1987 till 13/3/1993 , and work in Directorate General of Civil Aviation from September 1969 till 1/12/2007 gradation through this period to different positions from researcher , Monitor , financial and administration Director affairs , vice general manager at the rank of assistant under-secretary , General manger of Civil Aviation at the rank of deputy Minister And then head of Civil Aviation at the rank excellence.

Mr. Yousef Bader Al-Kharafi – Board member.

- He is a holder of the bachelor of Military college from Egypt as of 1957 and certified in theoretical and training study in different sections Ministry of interior in EGYPT in the same year.
- Member of Kuwait cement Company Board of Director since year 2007 till date, and head of risk management committee.
- He held for many leadership positions through the service period in Ministry of interior since year 1957 till 1998 from First lieutenant, Captain, Reconnoiterer, Lieutenant Colonel, Colonel, Brigadier, Major General, Lieutenant General and then advance to General at 1998. Also he assume to much of management responsibilities in Ministry of interior from period 22/5/1974 till the date of retirement at 14/11/1998. Head of employees affairs committee, Head of general committee of police affairs, Chairman of Police faculty, Vice head of emergence committee, Supreme council of traffic, Chairman officer club, Assistant ministry under – secretary and then under-Secretary Ministry of interior since year 1981 till the date of retirement at 1998.

Mr. Abdulmutaleb Ismael Behbehani - CEO - Secretary of Board of Directors.

- The first employee selected by the Chairman on the second day of the article of association meeting and the formation of the first Board of Directors on 21/1/1969 to do the following:
 - Working on the preparation of publications related to the activities of administrative affairs - financial and shares affairs.
 - Hiring competent staff and conducting the necessary tests for them to managing as a financial and administrative Director and reasonable for stock affairs officer.
- He was also appointed Secretary of the Board of Directors two years after the establishment of the company.
- Continuous follow-up at the establishment of the plant and preparation of all documents required for operation and stores of materials and spare parts, and the exchange of cement.
- He has been fully employed by Kuwait Cement Company since 1974 and has been appointed to the position of Chief Executive Officer and Assistant Secretary General for Financial and Administrative Affairs.
- His experience includes working in several companies, where he heads the Board of Directors of Shuwaikh Cement Company (Shuwaikh Crusher), owned by Kuwait Cement Company in Fujairah since 1983 until today.
- Member of the Board of Directors of Gulf Energy Holding Company representing Kuwait Cement Company since 2007 until today.
- Formerly a member of the Board of Directors of Oman Cement / Muscat and a member of the Board of Directors of the Land Transport Company / Kuwait for two sessions representing Kuwait Cement Company From his previous experience: employee at the ministry of works of which (6) years in construction materials and cement stores, then an employee of the Purchasing Department for (4) years, and then head of purchasing department for a period of (10) years.
- Among his duties was a representative of the Ministry of Works in the meeting of the Central Tenders Committee when the tender tenders prepared by the Purchasing Department were canceled.
- Holds a number of certificates and training courses in statistics / accounting / business administration / warehouse management / procurement management.

The tasks policy and responsibility for the Board of Directors, Duties of each member of the Board of Directors and the executive management as well as the authorities has been mandated to the executive management:

The List of tasks and authorities for Board of Directors described that's was approved by Board of Directors as of 15 /11/ 2016 to afford the Board of Directors all responsibilities for the Company in addition to put the strategic goals for the Company , Risk strategies and the governance standers and supervisions responsibility on executive management and keeping for the shareholder rights , creditors , employees and all of stakeholders, making sure the company's management are effectively and within framework regulators, article of association, Regulations and company's internal policies . the following is a brief for the general duties for Board of Directors:

- The final responsibility for the company's operations and financial position safety, completion the requirements of Capital Market Authority, keeping for the shareholder rights, Minority, Creditors, Investors, Clients, Employees, stakeholders related and ensure the company's management in a wise manner according to the law, Regulation, policies and internal procedures in force.
- Ensure the related parities transactions are reviewed and making sure the honestly and clearly of these transactions.
- Approval of the objectives, strategies, plans, important policies for the company that's included at least:
 - Approve the Interim and Annual financial information.
 - Supervision of the substantial of expenditure expenses for the Company, the assets ownership and the disposals.
 - Ensure the company commitment in policies and procedures which included company respect for the organize and internal regulation in force.
 - Guarantee the accuracy and clearly the financial information that's must be disclosed as per policies and mechanism of disclosure & integrity in force.
 - Composition of Specialized committees according to the charter clarify the time of committee, Authorization and responsibility and the Board of Directors Monitoring.
 - Ensure that Company's organization structure characterized to integrity and clarity to make a decision and achievement the governance principles and segregation of responsibility and powers between the Board of Directors and the executive management.
 - Determine the powers that's authorized to executive management and the procedures of decision making and also duration of authorization. The Board determine also the topics that's safety authorization for decision making.
 - Monitoring and supervising the performance of executive managements and ensure from the responsibilities due to them.

Also the Board of Directors approved the policies and procedures for executive management duties and the following is summery of the general duties for executive management:

- Company's business administration and submit the guidance to executive department to be match with company strategic goals and the policies that determined by Board of Directors and laws and other legislation award related to the company's business and activities.
- Providing the Board of Directors by accurate annual reports for the financing positions, it's business and procedures taken in risk management and internal control system, to enable Board of Director review the goals, plans and policies implemented and asking for the performance of executive management.
- Providing the Board of Directors by suggestion mechanism of special Recommendations that's necessary to company business.
- Providing the Monitoring Authorities for any information and required documents according to laws award, systems, instructions and the decisions issued for any of them.

The Board of Directors achievements during the year 2017

Kuwait Cement Board of Directors keenness to follow up the plans implementation and strategic goals that's setting up continued communication the executive management to achieve it's goals and compliance with legal instruction from Capital Market Authority and full compliance with the requirements of corporate governance rules and adherence to the strategy work approach inside the company, The most significant achievements of the Board of Directors during the year 2017:

- Approved the renewal of company organization structure as per the Capital Market Authority requirements.
- Follow up company work with the executive management and discuss all of the topics that's related to company financial, administrative and technical work, and its effect on business and production after reviewing the executive management studies.
- Approved of required necessary steps of using the alternative of oil types for burring in Clinker kilns production and the main material in cement industry.
- Review the result of audit committee and recommendation submitted in the interim financial statements for the year 2017 and Minutes of meeting of three committees that's emerging from the Board, audit committee, Risk management committee and Nomination and remuneration committee.
- Approved the project of produce white cement (Packed and Bulk), to cover the development projects that's related to state for this kind of cement.
- Approved to sell its shareholding in Kuwait Food Company.

Board of Directors committees:

According with the Board of Directors decision No. 1214/4/2016 as of 15/5/2016 , three specialized committee were formulated from the Board of Directors for three years ending at the end of the current period of Board of Directors (2016 – 2018) as well as approved the tasks Board and responsibilities of each of this committees .This committees are:

1- Audit Committee:

Audit committee held 4 Meetings during the year 2017 and the following schedule is represent to the committee formulated and meetings details :

Member's Name	Title	Category	First 13/3/2017	Second 15/5/2017	Third 9/8/2017	Fourth 8/11/2017
Yacoub Yousef Al-Saqer	Head of the committee	Non-Executive	✓	✓		✓
Dr. Abdulazizi Rashed Al-Rashed	Member	Non-Executive				
Yousef Badr Al-Kharafi	Member	Non-Executive – Independent	✓	✓	✓	✓
Rasha Abdulrahman Al-Melhem	Member	Non-Executive	✓	✓	✓	✓

This Mark (✓) refers to Head of the audit committee and Members presence.

Dr. Abdulaziz Rashed Al-Rashed joined audit committee's membership as per Board of Directors decision in its meeting dated on 8/11/2017 (After audit committee meeting).

Mr. Sulaiman Khaled Al-Ghunaim has been attending the three audit committee meetings before he passed away.

The Tasks of committee :

This committee performs it's monitoring role which is lending assistance and support the Board of Directors in his responsibilities towards the representation of shareholders with respect to the correctness and integrity of the financial statements and supervision, auditing the company's accounts and financial statements for the company and the internal controls and risk management, setting the policy of contracting with external Auditors and ensuring from the independent and integrity of the external auditor , effectiveness of the internal control system and its effectiveness as per the approved audit standards through the audit work carried out by the company's internal audit unit . In addition to ensuring the company's compliance with the rules of professional conduct, and the guarantee of implementing laws and policies, systems and relevant instructions and approval as per the approved policies from Board of Directors in this field.

The most significant Achievements of audit committee during the year 2017:

- Discussion and approved the reports from internal audit manager according to the approved audit plan at 2017.
- Review annual and interim financial information, submit the opinion and recommendations to Board of Directors.
- Periodically meetings with the external auditor and discuss with them any Pending and notes appeared during the audit period.
- Prepared and approved the audit committee report to be represented to company shareholders through holding general assembly meeting for shareholders.
- Recommend of Board of Directors to appointed or reappointed the auditor.

2- RiskManagement Committee:

Risk Management committee held 4 Meetings during the year 2017 and the following schedule is representing to the committee formulated and meetings details:

Member's Name	Title	Category	First 15/5/2017	Second 24/5/2017	Third 8/11/2017	Fourth 25/12/2017
Yousef Bader Al-Kharafi	Head of the committee	Non-Executive – Independent	✓	✓	✓	✓
Basel Saad Al-Rashed	Member	Non-Executive		✓	✓	✓
Gamal Yousef Al-Babtain	Member	Non-Executive	✓	✓	✓	
Khaled Abdullah Al-Rabiah	Member	Non-Executive	✓	✓	✓	✓

This Mark (✓) refers to Head of the risk management committee and Members presence.

The Tasks of committee

This committee assumes the responsibility of assisting the Board of Directors in it's tasks of managing risk by advising and review the strategies and policies of risk management prior to being endorsed by the Board , as well as ensuring the implementation consistent with the nature and size of the company's business in addition to evaluating the system and mechanisms of determining , measuring and monitoring the types of risks which the company could be exposed to, as well as identifying and rectifying the shortcomings therein in order to avoid any losses that may occur , and presenting them to the Board of Directors to reviewing and approval.

It is worth mentioning that the company has sought assistance from one of the consultancy offices approved by the Capital Market Authority in order to help in identifying the types and nature of the risks which the company could be exposed to , preparation a record thereto and submitting semi-annual reports to preserve the company's assets , and ensuring the continuity of conducting it's activity positively.

The most significant Achievements of risk management committee during the year 2017 :

1. Review the risk reports that's submitted from departments managers directly to it's committee and discussing it with the executive management.
2. Review the risk standers reports that's submitted from consultancy office to determine the mechanisms business that's should be used when determine the type , volume , nature and risk result which may faces the company , the risk standards are send to the Board of Directors to approving and start to work.
3. Review the risk valuation report that's submitted from consultancy office which was recommended to the Board of Directors approval according to governance requirements.

3- Nomination and remuneration committee:

Nomination and remuneration committee held one Meeting during the year 2017 and the following schedule is representing to the committee formulated and meetings details:

Member's Name	Title	Category	14/3/2017
Dr. Rashed Abdulaziz Al-Rashed	Head of the committee	Non-Executive	✓
Rash Fahad Al-Amir	Member	Non- Executive	✓
Abdullah Moahmed Al-Saad	Member	Non- Executive	✓
Yousef Bader Al-Kharafi	Member	Non- Executive - independent	✓

This Mark (✓) refer to presence of head of the Nomination and remuneration committee and Members

The Tasks of Committee:

This committee assumes the responsibility of assisting the Board of Directors in it's tasks of nominating and remunerating the Board's members and executive management, reviewing the scope and plan of remuneration applicable at the company, preparing an separate annual report on all remunerations granted to the Board members and the executive management whether in cash, benefits or privileges, moreover, the committee assumes the responsibility of ensuring autonomy of the independent Board member.

The most significant Achievements of nomination and remuneration committee during the year 2017 :

1. Preparation annual report for all the remunerations and benefits that's granted to Members the Board of Directors, executive management and employees and send the report to Board of Directors to approval.
2. Supervision in annual valuation for members of Board of Directors and executive management.
3. Review and ensure of Non-absence for Board of Directors member independence.

The mechanism of obtaining Board of Directors on the information and data accurately in the right time.

The company provide the mechanisms and tools which enables Board of Directors to obtain on the required information and data in the right time, and that is through developing the information technology environment inside the company, as well as create direct contact channels between secretary of Board of Directors and Board of Directors, also provide special reports in the meetings with high degree of quality and accuracy and that before enough time to discuss it and take decision about it.

Board of Directors and executive management remunerations report.

Board of Directors remunerations.

By virtue of Article No. (198) of the Companies Law and Article No. (29) of Kuwait Cement Company's Articles of Association, the total remuneration of the Board's members may not exceed 10% (Ten Percent) of the Company's net profit after deducting depreciation, reserves and profit distribution of at least 5% (five Percent) of capital to the shareholders. The independent Board member may be excluded from the maximum limit of remuneration upon decision from the Ordinary general Assembly. The members of the Company's Board have been earning remuneration for attending the Board's sessions and for their membership in the committees emanating from the Board, which has been less than the specified limit as they used to earn nearly 5% (five Percent) for many years. Taking into account the Board's efforts and scope of work, including the number of meetings to be attended, the remuneration granted to the Board's members shall in all cases be subject to the Companies Law in the State of Kuwait.

The total remuneration of the Board members for the fiscal year ended on 31/12/2017 amounted to KD.358,000/-, of which KD.208,000/- is for their membership on the Board of Directors, and KD.150,000/- for their membership in the committees emanating from the Board of Directors.

Remuneration of the Executive management and financial manager:

The remuneration policy prevailing at the Company is consistent with the specified strategic objectives, which aims at attracting, maintaining and encouraging all its staff and chiefly those with educational and professional competence and also skills and knowledge, thus reflecting on the enhancement of risk management and constant profitability, in accordance with the performance standards and annual assessment being applied. The table below shows the remuneration details in Kuwaiti Dinar:

Staff Categories	Number Of Staff	Salaries & Privileges	Annual Remuneration
Executive management & Financial manager	8	370,745	246,000

The remuneration are subject to the approval of the Shareholders' General Assembly

5 March 2018

Nominations & Remunerations Committee
Kuwait Cement Company K.P.S.C

Board of Directors and executive management written pledges for the amendments financial reports safety and integrity.

In line with the requirements of corporate governance, the Executive Management has submitted a declaration and undertaking on its responsibility towards the Board of Directors with respect to presenting the annual financial statements and reports, as well as the correctness, accuracy and inclusiveness of the information and data contained therein and also its attachments, and that such financial statements and reports are presented in a correct and fair manner according to the international accounting standards. After discussing and endorsing the financial statements, the Board of Directors in turn presented a declaration and undertaking on the financial reports as well as its responsibility for the correctness and integrity of all annual financial statements and reports of the Company.

Independency and impartiality of external auditors.

On 26/4/2017 the company ordinary public assembly had approved for re-appointment of Messrs. BDO Al-Nisf & Partners and Messrs. Al-Salhiya Auditing Office (Prime Global) as external auditors and both of them are certified and registered in Capital market authority register, also both of them have full independency from the company and its Board of Directors.

Risk management.

Board of Directors adopted the updated organizational structure, as in resolution no. (2017/2) in which dependency of the risk management unit according with book fifteenth (governance rules) article no. (3/3-6), directly to company Board of Directors, also appointed manager of risk management unit as of 20/6/2016.

Preciseness and internal control systems.

- The company depends on a group of preciseness systems and internal control that covers all the company's activities and its management, as well as systems and rules in keeping the company financial position safe and its data accurate and its operations efficient from various aspects, also the organizational structure in the company reflects on dual control systems (four eyes principles) and it contains the right specifications for responsibilities and authorities full separation for duties and avoids conflict of interest, double test and control.
- Auditing committee in the company reviewing on internal audit management activities in the company and discuss its reports to ensure the safety, sufficiency and effectiveness of preciseness systems and internal control.
- Emanating from Kuwait Cement Company's keenness to comply with the requirements of corporate governance - 15th Edition - Articles 6 - 9, an independent consultancy office approved by the Capital Markets Authority was commissioned to review the Company's Internal Control Systems (ICR).

Professional Conduct and Ethical values guidance.

The company applying the prepared system for the codes and ethics of professional conduct of the Board of Directors, executive management and staff which including the general

rules for professional ethics and covered a wide range of procedures and practices while consistent with regulatory requirement, relevant legislation and local customs to limit the incidences of conflict of interest. For this purpose, the Board is keen on implementing the highest standards and values that provide integrity to the Company as whole, the Executive Management and the staff, as they indicate the codes of conduct and ethical standards to be followed by the various stakeholders in the course of executing the Company's business. The Board of Directors also assumes the task of monitoring and managing any potential conflict of interest which the Company may encounter, including the exploitation of the Company's resources and the misuse of jurisdictions and powers.

Transparency and disclosure of information:

The Company is committed to provide accurate, complete and updated information to the shareholders, in line with the legislative and regulatory requirements within the framework of transparency. The Company guarantees implementing integrated practices and procedures on disclosure of substantial information, and the possibility of providing the public with the announced information instantly and accurately.

Shareholders affairs (investors' affairs).

The company committed to develop policies and procedure for fairly representing the company in which the current and potential investors be informed of substantive decisions that taken by the company, also shareholders affairs department in the company have the necessary independence, as it working to provide information, data and reports in the right time and by necessary accuracy through tools of disclosure commonly known.

Information Technology Infrastructure in the Company

The company had updated its website as well as established a special section for corporate governance, and all information, data, financial reports and others on the company's website also these information updated as soon as it is available to the company.

General rights of shareholders and limit conflict of interest cases.

The policy of the relations and rights of stakeholders and shareholders was approved by the Board of Directors on 15/11/2016, which the guide states that all shareholders of the company have general and clear rights as following:

- Disposal of shares from registration, transfer or transfer of ownership.
- The right to review and participate in decisions regarding the amendments of the articles of association and articles of association of the company, as well as decisions regarding unusual transactions that may affect the company's future or activity, such as mergers and sale of a large part of its assets or liquidation of subsidiaries.
- The right to participate in meetings, make observations and recommendations.
- Rights to express opinions on the appointment and election of Board of Directors.
- The right to monitor the performance of the company in general and the work of the Board of Directors in particular.
- The right to receive dividends, participation and voting at the General Assembly meetings.

- Shareholders' rights to be treated on an equal basis and to give them the opportunity to rectify any abuse of their rights.
- The right to request sufficient time before the General Assembly, and to obtain all information related to the meeting schedule, in particular Board of Directors reports, auditor and financial information.
- Shareholders who own 5% and above of the company's capital have the right to add items to the agenda of the general assembly.

A special register was also provided to the Kuwaiti Clearing Company, listing the names, nationality, home and number of shares owned by the Kuwait Clearing Company, Any changes in the data recorded in this register shall be recorded in the register as received by the Company or the Kuwait Clearing Company, Any interested party may request the Company or the clearing company to provide him with data from this register.

In addition to the above policy, the Company's Articles of Association clarify the above in line with the requirements of the capital market authority and the regulatory bodies.

There is a related party transaction policy that clarifies the guiding principles on how to execute and manage dealings with the affiliated parties, whether such dealings are between the Company and the Board members, or with its subsidiaries, affiliated parties, Executive management or staff. Such policy abides by the regulatory standards as well as the international accounting standards for financial reporting.

Meeting of the General Assemblies of the Company.

Kuwait cement Company is keen to organize meetings of the general assembly of shareholders as set forth in the corporate governance rules, laws and rules regulating the same. The agenda items shall include the minimum items required according to the rules. Details and information of the agenda shall be furnished to shareholders in advance of the date of holding the assembly by a sufficient time. Shareholders are permitted effective participation in the general assembly meetings, discussion of the topics listed therein and raise questions. Further, the company is keen that all shareholders practice the right of voting without any hurdles.

Stakeholder's rights.

The company has set clear policies and procedures in the management of open dialogue and communication with its stakeholders, transparency in communicating with them and the level and degree of information that can be disclosed. The rights of stakeholders include, but are not limited to:

- The right to be treated on a fair and equitable basis.
- The right to compensation in the event of any violations of their rights.
- The right to obtain relevant company information that is necessary for the stakeholders.
- Inform stakeholders of the company's violations reporting program and should provide them with adequate protection in accordance with the requirements of the violations policy.

Training programs and courses.

Kuwait Cement Company guarantees to all Members of the Board of Directors and Executive Management, the required Training Courses in order to increase the skills and knowledge to achieve a better level of Management and Competence at work. During 2017, workshops were provided by international companies specialized in Cement Industry for the development of the activities of the Company's business related to the Members of the Board of Directors. Also, the Company's performance in terms of technical and administrative subjects were analyzed and compared with international companies in accordance with international standards followed in the field of Cement Industry and leading Companies in the world in order to develop the technical and administrative performance for all departments of the Company, in accordance with the requirements of the Governance rules. The Members of the Board of Directors have not received the attendance certificates of the mentioned workshops and this will be considered in 2018.

Institutional values of the Company personnel.

The Kuwait Cement Company Board of Directors on 15/11/2016 outlined in the professional and ethical code of conduct the fundamental principles which creates corporate values on the basis that the company's reputation is based on the behavior of the Board members, executive management and staff. Everyone should play a role in safeguarding the Company reputation by compliance

With the highest ethical standards, the Board of Directors assumes the responsibility of laying down the criteria and specifications of the company's ethical values. Each member of the senior management and staff shall assist to enforce this manual as part of his function and ethical responsibility and report any violation to the Board of Directors.

The company contribution for social Responsibility and environmental conservation.

Among the other similar companies, Kuwait Cement Company has been the pioneer in lending attention to social responsibility, where the Company is seriously striving to abide to by developing and deepening its role in the society, and by realizing social development as one of the key aspects of its mission and objectives. Among the key achievements of the Company, for example but not limited to, are the following:

Project on utilizing the used tires as source of conventional fuel in the kilns for Clinker production:

Kuwait Cement Company has succeeded in utilizing the used tires as a source for conventional Fuel without causing environmental or operational changes, through a trial considered the first of its kind to be carried out by an industrial company in Kuwait, thus it was the pioneer in doing that. This accomplishment was realized through a training program held in the Company's plant at Shuaiba area, with participation from the Public Authority for Environment and the Public Authority for Industry, and under the supervision of "Fraunhofer" Institute for Environment, Safety and Energy Technology which is the largest organization of applied research in Europe, based in Germany.

Considering that Kuwait is one of the largest sites of accumulation of used tires in the world, As reports indicate that there are more than 20 million used tires on lands of high-value In the Arhiya district, and this number is increasing daily at a rate of three thousand tires. Hence, Kuwait Cement Company is contributing effectively to dispose of the accumulation of these tires and its harmful impact on safety, public health and environment in the State of Kuwait.



A Group photo of the first training program in Kuwait for the burning of used tires in the Shuaiba industrial area.

Company's attainment of the quality mark and ISO 9001: 2008 certificate

Kuwait Cement Company is the only national company that manufactures the cement product as complete in the State of Kuwait, hence, it shoulders the responsibility of meeting the needs of all citizens, government projects and others. As such, the Company has been striving to continue providing a product of global efficiency and quality.

In order to enhance confidence and ensure standard specifications for quality control, the Company has attained the Quality Mark from the Public Authority for Industry for its cement products. Moreover, in year 2012, it attained the ISO 9001:2008 certificate for Quality Control, which is based on using the latest means of technology as well as the best and finest raw materials required for the manufacture of cement. Therefore, our cement products are distinct as being of high quality, strength and stability in terms of specifications, and also granted such products the merit of excellence and leadership throughout the past forty-eight years under the theme "Quality means ... Kuwaiti Cement", in addition to the accreditation of the Public Authority for Housing Welfare and the Ministry of Public Works for its cement products as national product.

Quality Mark Logo



ISO 9001:2008 Logo



National Cadres Training:

According to Chairman of the Board of Directors instructions, Kuwait Cement Company is always keen to provide Trainee national cadres by providing opportunities to holder of university degrees who are certified in engineering disciplines (Electrical, Mechanical, Chemistry, etc.) and also who are certified in Diplomas, Commercial and Applied Institute or in the near future to graduate training in different technical fields including administration, to get the practical and scientific experience, as well as the participation and contribution in events of exhibitions, seminars, conferences of job opportunities that's invites from universities and institutes, it's responsibilities sense of responsibility to meet the national duty to recruit the qualified Kuwaiti youth in the jobs available to them. During the year 2017 a number of qualified Kuwaiti youths were trained in the Management of Information System in public administration, as well as in the departments and different sections in Shuaiba Cement factory.



Rashed Abdulaziz Al-Rashed
Chairman