

CORPORATE GOVERNANCE REPORT FOR YEAR 2020

Composition of the Board of Directors:

According to the provisions of Article (18) of the Articles of Association of Kuwait Cement Company, which has appointed ten members of the Board of Directors, the Board of Directors of Kuwait Cement Company (KPSC) approved the formation of the Council for the current session (2019-2021) at its meeting held on 14/5/2019 In light of the fifty-first ordinary general meeting of the company's shareholders on April 23, 2019.

Therefore, the current Board of Directors composition as follows:

Name	Category (Executive/Non-Executive/Independent), Secretary	Date of Election / Secretary appointment
Rashed Abdulaziz Al-Rashed Chairman of the Board of Directors	Non-Executive	23/4/2019
Dr. Abdulaziz Rashed Al-Rashed Vice Chairman of the Board	Non-Executive	23/4/2019
Basil Saad Al-Rashed Member of the Board of Directors	Non-Executive	23/4/2019
Tamadhur Ahmad Al-Houti Member of the Board of Directors	Non-Executive	23/4/2019
Khaled Abdullah Al-Rabiah Member of the Board of Directors	Non-Executive	23/4/2019
Rasha Abdulrahman Al-Melhem Member of the Board of Directors	Non-Executive	23/4/2019
Ziad Tariq al-Mukhaizeem Member of the Board of Directors	Non-Executive	13/11/2019
Abdullah Mohamad Al-Saad Member of the Board of Directors	Non-Executive	23/4/2019
Yacoub Yousef Al-Saqer Member of the Board of Directors	Non-Executive	23/4/2019
Yousef Bader Al-Kharafi Member of the Board of Directors	Non-Executive Independent	23/4/2019
AbdulMutaleb Ismael Behbehani	Secretary of the Board	28/12/2015

On 20/02/2021 Mr. Basil Saad Al-Rashed passed away May God rest his soul.

Board of Directors' and secretary's 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 a member in Kuwait Cement Company since its establishment in 1968 and first Chairman of the company since convening of the article of association on 20/1/1969 till 1978, also the Chairman and Managing Director from 1996 till 27/12/2015, and the Chairman since 28/12/2015 till today. He is also Chairman of the Nominations & Remuneration Committee.

His work experience includes many ministries and positions he held:

- Assistant Director of technical affairs at ministry of public work.
- Secretary of state for political affairs.
- Director of political affairs in 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 since 1967 to 1985.
- Minister of state for cabinet affairs 1985 to 1990.
- Participated 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 (master 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 a 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. Basil Saad Al-Rashed – Board of Directors member.

- Bachelor of Business Administration from United States of America at 1988.
- 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 until he passed away on 20-2-2021.
- Member of National Assembly of Kuwait from 2003 to 2006.

- He held many management and executive positions also his experience including working in many local companies.

Mrs. Tamadhur Ahmad Al-Houti - Member of the Board of Directors

- BA in Political Science and Economics from Kuwait University, 22/1/1980.
- Certified Human Resources Advisor (CIC) certificate from the Cape Breton University-Canada.
- Mrs. Tamdhur Ahmad Al-Houti joined the Board of Directors represented by the General Authority for Investment on 25/4/2018 till today. She is also a member of the Nominations and Remuneration Committee.
- Member of the Board of Directors of a number of companies affiliated with the General Investment Authority.
- Ministry of Finance from June 14, 1980 to June 30, 1984.
- General Authority for Investment from 1/7/1984 until 6/1/1992 management of local and Arab investments.
- From 7/1/1992 until today, Assistant Director of Personnel Affairs at the General Authority for Investment - Operations Sector - Administrative, Financial and Personnel Affairs Department.
- Her previous experience included:
 - * Attend specialized courses in human resources from England and the United States.

Mr. Khaled Abdullah Al-Rabiah- Member of the Board of Directors.

- He hold certificate of Kuwait University in 1977.
- Member of the Board of Directors of Kuwait Cement Company representative of National Industries Holding Company from 1998 till now, also member of Risk Management Committee.
- General Directors of Gulf International Company for General Trading & Contracting and in Mohamad Abdullah Al-Rabiah and his Partners Company.

Mrs. Rasha Abdulrahman Al-Melhem- Member of the Board of Directors.

- 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 from 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 several companies affiliated to Public Investment Authority locally and externally.
- Previous experience included:
- 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 three months training program at Union Bank of Switzerland – London.

Mr. Ziad Tariq Al-Mukhaizeem- Member of the Board of Directors.

- MBA from DePaul University, Illinois, USA in 2006.

- Bachelor of Science in Civil Engineering, University of the Pacific, California, USA, 2004.

- Mr. Ziad Tariq Al-Mukhaizeem joined the Board of Directors as a representative of the General Investment Authority on 13/11/2019 until today. Also, he is a member in Risk Management Committee.

- His experiences (Financial and Investment) experiences included:

- Lakewood Capital - Managing Partner - May 2018 to date.

- Aref Investment Group - CEO - Head of Investment Sector from January 2011 to January 2017.

- KFH, Investment Manager, from August 2007 to December 2010.

- KMC & Bovis Lend Lease, Bahrain and Kuwait, including: Planning Manager, Project Manager, from June 2004 to July 2007.

- He has served on the Board of Directors in many companies, institutions and banks, including:

- The General Foundation for Social Insurance - Kuwait, member of the Investment Committee (2017 till date).

- Facilities Real Estate Projects Company - Kuwait - Chairman of the Board of Directors and Chairman of the Executive Committee (2013-2017), Chairman of the Remunerations and Nominations Committee (2013-2016).

- Bank of London and Middle East UK (2013-2017), member of the Audit Committee, Risk Committee and Remuneration Committee.

- Ibdar Bank Bahrain (2013-2015), member of the Executive Committee.

- Elenmaa Real Estate Company - Kuwait - (2008-2013), member of the Audit Committee.

- Arab Capital Investment and Finance Company - Kuwait - (2010-2012), member of the Board of Directors and member of the Executive and Investment Committee.

- Also, a member in several companies, funds and committees inside and outside Kuwait.

- He has several professional qualifications during his career as associate value specialist, professional project manager (PMP) and certified valuation analyst.

Mr. Abdullah Mohamad Al-Saad- Member of the Board of Directors.

- Bachelor degree in Business Administration from Cairo University - grade Good, in 1969.
- Member of Board of Directors at Kuwait Cement Company from 1998 until now, as well as a member at Nomination and Remuneration Committee.
- His experience includes several positions:
 - *Worked at the Ministry of Foreign Affairs as a diplomatic in 1970.
 - * Director of Kuwait Office in Dubai until 1972.
 - * Acting in Embassy of Kuwait in Abu Dhabi 1973.
 - * Acting in Embassy of Kuwait in Nairobi, Kenya, 1974.
 - * Acting in Embassy of Kuwait in Mogadishu / Somalia 1975.
 - * Completed his work at the Foreign Ministry and returned to Kuwait in 1976.
 - * Started his Commercial trade 1977.
 - * Joined the Board of Directors of Kuwait Food Company (Americana) from 1977 until 2017.
 - *Chairman and Managing Director of Sefury Americana International in 1984.
 - * Member of the Board of Directors of Al-Ahlia Insurance Company from 1999 until today.

Mr. Yacoub Yousef Al-Saqer - Member of the Board of Directors

Member of Kuwait Cement Company Board of Directors, represented in National Industries Group Holding from 2007 till date. Also, Head of Audit Committee.

- Member of Board of Directors in Projects Tourism for the years 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 gradually 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 Manager of Civil Aviation at the rank of deputy Minister, and then Head of Civil Aviation at the rank excellent.

Mr. Yousef Bader Al-Kharafi - Member of the Board of Directors

- He is a holder of the bachelor of Military 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 from 2007 till date, and Head of Risk Management Committee.

- He held for many leadership positions through the service period in Ministry of Interior from year 1957 till 1998 from First lieutenant, Capitan, Reconnoiterer , lieutenant Colonel, Colonel, Brigadier, Major General, lieutenant General and then advance to General at 1998. Also, he hold too 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 from year 1981 till the date of retirement in 1998.

Mr. AbdulMutaleb Ismael Behbehani- Chief Executive Officer-Secretary of Board of Director.

- 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 perform 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 from 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 tenders prepared by the Purchasing Department were canceled.
 - Holds several certificates and training courses in Statistics / Accounting / Business Administration / Warehouse Management / Procurement Management.

Kuwait Cement Company (K.P.S.C) Board of Directors meetings during the year 2020.

The Board of Directors has held six (6) meetings during the year 2020, and the following schedule representing the details and number of the meetings that's presence for each member:

Member's Name	Meeting NO. 1/2020 Dated 27/1/2020	Meeting NO. 2/2020 Dated 1/4/2020	Meeting NO. 3/2020 Dated 13/8/2020	Meeting NO. 4/2020 Dated 15/11/2020	Meeting NO. 5/2020 Dated 1/12/2020	Meeting NO. 6/2020 Dated 30/12/2020	Number Of Meetings
Rashed Abdulaziz Al-Rashed Chairman of the Board of Directors	✓			✓	✓	✓	4
Dr. Abdulaziz Rashed Al-Rashed Vice Chairman of the Board	✓	✓	✓	✓	✓	✓	6
Basil Saad Al-Rashed Member of the Board of Directors	✓	✓		✓	✓	✓	5
Tamadhor Ahmad Al-Houti Member of the Board of Directors	✓	✓	✓	✓	✓	✓	6
Khaled Abdullah Al-Rabiah Member of the Board of Directors		✓	✓	✓	✓	✓	5
Rasha Abdulrahman Al-Melhem Member of the Board of Directors	✓	✓	✓	✓	✓	✓	6
Ziyad Tariq al-Mukhaizim Member of the Board of Directors	✓	✓	✓	✓	✓	✓	6
Abdullah Mohammad Al-Saad Member of the Board of Directors	✓	✓	✓	✓	✓	✓	6
Yacoub Yousef Al-Saqer Member of the Board of Directors	✓	✓	✓	✓	✓	✓	6
Yousef Bader Al-Kharafi Member of the Board of Directors	✓	✓	✓	✓	✓	✓	6

- This Mark (✓) is refer to Members of Board Directors presence.

Recording, coordinating and keeping minutes of the Board of Directors meetings:

The Board of Directors secretary prepared the registration requirements and kept for 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, Location, 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, by a 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. As well as remote communication (according to the Companies Law, Article No. "190"), according to the rules and instructions of government to confront the spread of the new Corona virus, records are signed by all the participating members, in addition the Secretary of the Board works to coordinate and clarify all information to all members of the Board of Directors.

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 parties 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 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 is authorized to executive management and the procedures of decision making and duration of authorization. The Board also determine 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 is 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 2020.

Kuwait Cement Board of Directors keenness to follow up the plans implementation and strategic goals that is setting up continued communication the executive management to achieve its 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 2020:

1. Following up Company's 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.
2. Reviewing the minutes of the three committees' sessions emanating from the Board of Directors for the year 2020.
3. Review and approve the results of the work of the Audit Committee and the recommendations submitted by it regarding the company's interim and annual Financial Statements.

4. Approving the annual reports including the Corporate Governance report and the Audit Committee report.
5. Approval of the reappointment of the external auditors, Mr. Faisal Saqr Al-Saqr, from Messrs. BDO Al-Nisf and Partners, and the appointment of Mr. Talal Yousef Al-Muzaini as the representative of the Deloitte and Touche Al-Wazzan and Partners.
6. Reviewing reports and recommendations issued by the Nomination and Remuneration Committee, including the annual evaluation process for members of the Board of Directors and Executive Management.

Board of Directors committees:

According with the Board of Directors decision No. 1277/3/2019 as of 14/5/2019, 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 (2019 – 2021) this committees are:

1- Audit Committee:

Committee formation:

The Board of Directors forming the Audit Committee so that the number of its members shall not be less than three, and at least one of its members shall be independent members, as well as the membership of the Committee shall not be occupied by the Chairman of the Board of Directors or one of the Executive Board members. Also The member of the committee must possess the qualification and experience that suits the work of the committee, in addition he must be familiar with the necessary financial, accounting and administrative aspects. Also the Board of Directors determines the membership period of the members of the committee and its method of work, as the membership period of the members of the committee ends with the end of their membership in the Board of Directors, also the Board of Directors has approved the formation of the Audit Committee as well as the Audit Committee held 4 Meetings during the year 2020 and the following schedule is represent the committee formulation and meeting details

Member's Name	Title	Category	First 1/4/2020	second 13/8/2020	Third 15/11/2020	Forth 22/12/2020
Yacoub Yousef Al-Saqr	Head of the committee	Non- Executive	✓	✓	✓	✓
Dr.Abdulazizi Rashed Al-Rashed	Member	Non- Executive	✓	✓	✓	✓
Rasha Abdulrahman Al-Melhem	Member	Non- Executive	✓	✓	✓	✓
Yousef Badr Al-Kharafi	Member	Non- Executive – Independent	✓	✓	✓	✓

This Mark (✓) is refer to presence Head of the Audit Committee and Members.

The Tasks of Committee:

This Committee performs its 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 2020:

- 1- Discussion and approved the reports from internal audit manager according to the approved audit plan in 2020.
- 2- Review annual and interim financial information, submit the opinion and recommendations to Board of Directors.
- 3- Periodically meetings with the external auditor and discuss with them any Pending and notes appeared during the audit period.
- 4- Prepared and approved the Audit Committee report to be represented to company shareholders through holding general assembly meeting for shareholders.
- 5- Ensuring the independence of the internal audit unit and that all internal audit activities were safe from any interference in determining the scope of the audit, carrying out audits or reporting the results of the audit work to the Committee.
- 6- Recommend of Board of Directors to appointed or reappointed the auditor.
- 7- Approving of the timetable amendment for the audit plan for the year 2020 due to the spread of the global epidemic (Corona), which affected the previously approved dates for the plan implementation.

2- Risk Management Committee:

Committee formation:

The Board of Directors shall form the Risk Management Committee so that the number of its members shall not be less than three, also at least one of its members shall be independent members, as well the membership of the Committee shall not be occupied by the Chairman of the Board of Directors or one of the members of the Executive Board of Directors. The Board of Directors determines the term of membership of the members of the Committee and its method of work, as the term of membership of the Committee members ends with the end of their membership in the board of directors, and the board of directors approved the formation of the Audit Committee, and the Risk Management Committee held (4) meetings during the year 2020 and the following table shows the formation of the Committee and meetings details:

Member's Name	Title	Category	First 18/3/2020	second 6/8/2020	Third 13/11/2020	Forth 11/12/2020
Yousef Bader Al-Kharafi	Head of the committee	Non- Executive – Independent	✓	✓	✓	✓
Basel Saad Al-Rashed	Member	Non- Executive	✓	✓	✓	✓
Ziad Tariq al-Mukhaizeem	Member	Non- Executive	✓	✓	✓	✓
Khaled Abdullah Al-Rabiah	Member	Non- Executive	✓	✓	✓	✓

- This Mark (✓) is refer to Members of Board Directors presence.
- On 2/20/2021, Member / Basil Saad Al-Rashed has passed away to the mercy of God Almighty - May God bless his soul.
- Mr. Ziad Tariq Al-Mukhaizeem joined the committee on 1/27/2020 based on Board Decision No. 1285/1/2020.

The Tasks of Committee

This Committee assumes the responsibility of assisting the Board of Directors in its 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 to submit recommendations to the Board of Directors to take appropriate corrective actions

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 2020:

- 1- Review the risk valuation report that is submitted from consultancy office.
- 2- Review and approval of the risk plan 2020.
- 3- Supervising and controlling the work of the risk management unit.

3- The Nominations and Remuneration Committee:

Formation of the Committee:

The Board of Directors shall form the Nomination and Remuneration Committee of at least three members, provided that at least one of its members shall be independent members, and the Chairman of the Committee shall be a non-executive Board member. The Board of Directors determines the term of membership of the members of the Committee and its method of work, as the term of membership of the members of the committee ends with the end of their membership in the Board of Directors, and the Board of Directors has approved the formation of the Nominations and Remuneration Committee also Nomination and Remuneration Committee held (1) Meeting during the year 2020 and the following schedule is representing to the Committee formulated and meetings details:

Member's Name	Title	Category	first 1/4/2020
Rashed Abdulaziz Al-Rashed	Head of the committee	Non- Executive	
Tamador Ahmad Al-Houti	Member	Non- Executive	✓
Abdullah Mohamad Al-Saad	Member	Non- Executive	✓
Yousef Bader Al-Kharafi	Member	Non- Executive – Independent	✓

- This Mark (✓) is refer to presence head and the Meeting committee members.

The Tasks of Committee:

This Committee assumes the responsibility of assisting the Board of Directors in its 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 In addition to supervising the evaluation of the members of the Board of Directors and the executive management.

The most significant Achievements of Nomination and Remuneration Committee during the year 2020:

- 1- Preparation annual report for all the remunerations and benefits that is 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.

Remuneration report granted to members of the Board of Directors and executive management.

- Rewards and incentives policy.

The remuneration policy pursued by the company is in line with the specific strategic objectives that aim to attract, retain and motivate all its employees, especially those with scientific and professional competence, skills and knowledge, which is reflected in the enhancement of risk management and ongoing profitability, considering all relevant laws. The Nomination and Remuneration Committee works within the framework of that policy and in accordance with the applicable annual performance and evaluation rates, as it recommends rewards to both the Board of Directors and the Executive Management taking into account the company's success in achieving its goals and in line with the Companies Law Article No. (198) and Article No. (29) Of the system the basic principle of Kuwait Cement Company, and it is the responsibility of the Board of Directors to take final decisions in approving these bonuses and incentives.

- Remuneration of the members of the Board of Directors.

The total remuneration of the members of the Board of Directors for the fiscal year ending on 31/12/2020 amounted to ZERO Kuwaiti dinars for their membership in the Board of Directors and amounted to 179,000 Kuwaiti dinars for their membership in the Committees emanating from the Board of Directors.

- Remuneration of the Executive management and financial manager:

The table below shows the remuneration details in Kuwaiti Dinar:

Staff Categories	Number Of Staff	Salaries & Privileges	Annual Remuneration
Executive management & Financial manager	9	300,375	412,000

The remuneration are subject to the approval of the shareholders' general Assembly

Nominations & Remunerations Committee
Kuwait Cement Company

28 March 2021

Board of Directors and executive management written pledges for the amendment's 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.

Recommendations of the Audit Committee to the company's Board of Directors.

In accordance with the responsibilities mentioned in the corporate governance rules, which are related to the supervision, review and follow-up of all the company's auditors' work and internal audit activities, and other tasks that ensure the compliance and the fairness and transparency of financial reports, as well as ensuring the effectiveness of the applied internal control systems, where the committee is committed Periodically, to submit any observations or recommendations related to its work to the Board of Directors, and during the year 2020 there was no conflict between the recommendations of the Audit Committee and the decisions issued by the Board of Directors of the company.

Independency and impartiality of external auditors.

On 23/6/2020 the Company's General Assembly Meeting had approved for re-appointing Messrs. BDO Al-Nisf & Partners and appoint Deloitte & Touche office - Al Wazzan & Co. for 2020 as external auditors and both is certified and registered in Capital Market Authority register, also both have full independency from the company and its Board of Directors.

Risk Management Unit.

Considering the company's keenness to abide by the instructions issued by the Capital Markets Authority, the Board of Directors adopted its decision No. 1264/6/2018 by agreeing that the risk management unit should be directly affiliated to the Risk Management

Committee, according to Resolution No. 124 of 2018 (No. 124) Issued by the Capital Markets Authority, during 2021 the resignation of Mr. / Director of the Risk Management Unit has been accepted furthermore the director of the Risk Management Unit was appointed on 27/2/2021.

Preciseness and internal control systems.

- The company depend on a group of preciseness systems and internal control that covers all company's activities and its management, as well as systems and rules is keeping the company financial position safe and its data accurate and its operations efficiency 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.

- Audit 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 9 – 6, an independent consultancy office approved by the Capital Markets Authority was commissioned to review the Company's Internal Control Systems (ICR).

Internal Audit Unit.

The internal audit unit enjoys full technical independence and follows the Audit Committee. The internal audit unit provides assurances and advisory services with a view to adding value to the company and improving its operations. The audit unit also helps in achieving the company's goals through a systematic approach to assess and improve the effectiveness of governance, risk management and control processes,

As has been Appointment of the Director of the Internal Audit Unit on 20/06/2016.

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.

Register of Board Members and Executive Management disclosures.

The company has prepared a record of the disclosures of members of the board of directors and the executive management, and this record is updated immediately in the event of any disclosure by members of the board or the executive management, and the shareholders of the company are entitled to see the record during the official working hours without any fees.

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 developed the company website in line with the requirements of the Capital Markets Authority as well as singled out a section for corporate governance from the website, in addition all information, data, financial reports, disclosures and others on the company's website are added and 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 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.
- 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 needs in order to increase the skills and knowledge to achieve a better level of management and competence at work. During the year 2020, a training program for all members of the Board of Directors was organized on Preparing strategic plans and action plan according to the company's activity. At the end of the program, the board members received the certificate of attendance approved by the coordinator and presenter of the program Humanfox.

The general framework for evaluating the performance of the board of directors and the executive management.

A clear and comprehensive mechanism has been set up to conduct the annual evaluation process for members of the Board of Directors and the Executive Management, based on objective foundations that measure performance in a general, impartial and objective manner. The evaluation is conducted through the Nomination and Remuneration Committee.

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:

Alternative fuel project.

As part of Kuwait Cement Company's efforts from many years to benefit from the use of used tires as a source of alternative fuel in clinker production furnaces, during 2019, the company obtained the approval of the General Authority for Industry and the Public Authority for Environment to cut and burn used tires. With the grace of God , the operations of cutting tires in the company's cutting plant which in allocated in Al-Rahiya into small chips (tire chips) and moving them to the factory in the Eastern Industrial Area Shuaiba and feeding them to burning with furnaces for the production of clinker are successfully carried out according to the latest technologies and modern scientific and environmental methods that are developed and used internationally To manage and treat waste, which is considered a positive indication of the ability of Kuwait Cement Company to contribute effectively to getting rid of the accumulation of these tires and the resulting environmental damage, as well as taking care of the safety of the environment and working to ensure the sustainable development of the cement industry, in line with the national trend of the State of Kuwait .

Quality mark and ISO 9001: 2015 Quality Control Certificate.

Kuwait Cement 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 9001:2015 certificate for Quality Control, By DNV-GL, an independent organization that conducts field visits to follow up and test the working mechanisms and to view the infrastructure and technical processes. The company follows strict procedures in the application of all international standards in terms of its fields of operation and conforms to internationally approved standards, Technological means and the best and finest types of raw materials for the cement industry and the establishment of a special culture that will contribute to the development of the appropriate work system and develop in a manner that is compatible with the company's strategy at the environmental level by giving special importance operations, which distinguish our products from cement high quality, strength and stability of the specifications and granting worthily excellence and leadership over the past fifty years under the slogan (Quality means Kuwaiti cement), and the adoption of the General Organization for Housing Welfare and the Ministry of Public Works for its products from the cement product national.

On 6/12/2018, the company obtained the quality certificate approved by the American Petroleum Institute (API), which allows it to produce Oil Well Cement with special specifications for use in the oil fields and petroleum services to make this type of cement a new addition to the product group of Kuwait Cement Company. This is in line with the company's objectives in developing the cement industry in Kuwait and offering the new and distinctive Kuwaiti market of high-quality cement products. The company has launched an advertising and promotional campaign in local and foreign newspapers and in social networking sites about this product and its readiness to supply petroleum well cement to the specialized companies that use this type of cement in the projects under implementation.

Quality Mark Logo



ISO 9001:2015 LOGO



Implementation of training programs for national employment in the company.


Kuwait Cement Company seeks to raise the level of performance of its Kuwaiti workers, develop their skills and raise their functional and cognitive abilities to increase their affiliation and motivate them to work, through programs and courses that suit its work needs, believing in the importance of the Kuwaiti element and its effective participation in building the dear homeland, as the company coordinated with the Authority. The General Manpower Authority has trained a number of Kuwaiti employees who are at the head of their work in the general administration of the company, as part of a distinguished training program for the year 2020, and Kuwait Cement Company will continue to follow this approach in 2021 and periodically, God willing, to reflect positively on improving performance and quality at work, and that will come back good for the company and the shareholders.

Contribute to facing the global epidemic, Corona.

Based on the national and humanitarian duty and commitment of Kuwait Cement Company to social responsibility towards our dear country, and in support of it in the efforts of the State of Kuwait in all its ministries, institutions and agencies concerned to confront the global health crisis represented by the spread of the new Corona virus (Covid-19), the Board of Directors took its decision to donate 250,000 Two hundred fifty thousand (Kuwaiti dinars) for a contribution fund to counter the spread of this virus in the country, and the company's management has taken all proactive measures and activated an emergency plan to reduce the repercussions of this pandemic, and focused its focus on a number of basic axes that included maintaining the safety and health of its employees by providing all precautions Precaution and full compliance with the recommendations submitted by the Ministry of Health, and the company has provided all materials that help in the processes of limiting the spread of the repercussions of the Corona pandemic, and the Administrative Affairs Department has been tasked with issuing the necessary administrative bulletins and circulars, and supervising and following up on the implementation of these measures. Provide logistical support for The various departments and divisions in the General Administration and the cement factory in Shuaiba and the bulk cement Terminal station in Mina Abdullah to ensure the continuity of work, provide services to its customers and secure their cement needs with the usual quality, with an emphasis on that communication between employees and customers is through the use of communication means that ensure social distancing and that is from The principle of adopting the rules of health precautions and the care and safety of our employees and customers.



Rashed Abdulaziz Al-Rashed
Chairman of the Board of Directors



Cement bags transfer for loading on the trucks





BOARD OF DIRECTORS DECLARATION AND ACKNOWLEDGMENT CONCERNING

THE CONSOLIDATED FINANCIAL STATEMENTS OF KUWAIT CEMENT COMPANY FOR YEAR 2020

The Board of Directors of Kuwait Cement Company K.S.C.P declares it's responsibility for the reliability and integrity of all consolidated annual financial reports and statements which include the consolidated financial positions, consolidated income statements, consolidated comprehensive income, consolidated statements of change in equity, consolidated cash flow statements, and notes to the consolidated financial statements as of 31 December 2020, and that they have been prepared according to the international accounting standards approved by the Capital Market Authority, and that the company keeps the accounting records and documents appropriately. Also, it's responsibility for providing an effective control system in the company, and that the Board members bear the responsibility if any of the company's consolidated financial reports and statements fail to honestly reflect its actual consolidated financial positions as well as the results of its business and its consolidated cash flow.

Moreover, the Board of Directors declares that the executive management has made available for auditors all the reports, records, documents and information necessary to conduct the audit on the company consolidated financial statements, and enable them to examine all the papers and documents, and also made available all the information the auditors deemed necessary to carry out their task. They also declared that the company's consolidated financial statements reflect honestly and clearly the actual consolidated financial position of the company, as well as the results of its business and its consolidated cash flow.

Furthermore, the Company's Board of Directors acknowledges the correctness, accuracy and completeness of the information and reports revealed in the company's consolidated financial reports and statements as well as its attachments, and that they were presented properly and fairly, and that they are considered in accordance with international accounting standards approved by the Capital Markets Authority.



Rashed Abdulaziz Al-Rashed
Chairman of the Board of Directors