



# **CORPORATE GOVERNANCE REPORT FOR YEAR 2021**

## **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:

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



On 2/20/2021 Mr. Basil Saad Al-Rashed passed away, May God rest his soul.

On 9/26/2021, Resolution No. 108 of 2021 was issued by the Capital Markets Authority to amend Article Two of Chapter Two of the Governance Rules so that the number of independent board members shall be at least 20%, to be applied maximum at the first Ordinary General Assembly Meeting to be held after the end of the year 2021.

### **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, which are as follows:

#### **Mr. Rashed Abdulaziz Al-Rashed - Chairman**

- Graduated with Bachelor 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 a member in Kuwait Cement Company since its establishment in 1968.
- First Chairman of the company since convening of the Articles 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 experiences includes many Ministries and positions he held:
  - Assistant Director of Technical Affairs at Ministry of Public Works.
  - 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 from 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's 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 8/11/2017. Also, he is a Member of Audit Committee.
- Chairman of Kuwait Drilling Company.
- Board of Directors' member of Contracting and Marine Services Company.
- Board of Directors' member of National Industries Company.



# CORPORATE GOVERNANCE REPORT

## FOR YEAR 2021

### **Mrs. Tamadhor 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. Tamadhor 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:
  - \* Attended specialized courses in human resources from England and the United States.

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

- He holds a 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, in 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).

- Attended 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:

- Vice Chairman and CEO at Cap Corp Investment Company - from March 2021 until today.

- 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.

### **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 Diplomat 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 in 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 the 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 worked as 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 degree of Military collage from Egypt as of 1957 and certified in theoretical and training study in different sections of 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 many leadership positions through the service period in Ministry of Interior from year 1957 till 1998 from First lieutenant, Captain, Reconnoiterer, Lieutenant Colonel, Colonel, Brigadier, Major General, Lieutenant General and then advanced to General at 1998. Also, he held many Management responsibilities in Ministry of Interior from period 22/5/1974 till the date of retirement on 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 Articles 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 manage as a financial and administrative director and responsible 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.



# CORPORATE GOVERNANCE REPORT

## FOR YEAR 2021

### Kuwait Cement Company (K.P.S.C) Board of Directors meetings during the year 2021.

The Board of Directors has held six (6) meetings during the year 2021, and the following schedule representing the details and number of the meetings including presence of each member:

| Member's Name   | Meeting NO.            | Meeting NO.            | Meeting NO.            | Meeting NO.            | Meeting NO.            | Meeting NO.             | Number Of Meetings |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|-------------------------|--------------------|
|   | 1/2021 Dated 30/3/2021 | 5/2021 Dated 1/11/2021 | 4/2021 Dated 10/8/2020 | 3/2021 Dated 24/6/2021 | 2/2021 Dated 11/5/2021 | 6/2021 Dated 21/12/2021 |                    |
| <b>Rashed Abdulaziz Al-Rashed</b><br>Chairman of the Board of Directors |                        |                        | ✓                      | ✓                      |                        | ✓                       | 3                  |
| <b>Dr. Abdulaziz Rashed Al-Rashed</b><br>Vice Chairman of the Board     | ✓                      | ✓                      | ✓                      | ✓                      | ✓                      | ✓                       | 6                  |
| <b>Basil Saad Al-Rashed</b><br>Member of the Board of Directors         |                        |                        |                        |                        |                        |                         | 0                  |
| <b>Tamadhor Ahmad Al-Houti</b><br>Member of the Board of Directors      | ✓                      | ✓                      |                        | ✓                      |                        | ✓                       | 4                  |
| <b>Khaled Abdullah Al-Rabiah</b><br>Member of the Board of Directors    | ✓                      | ✓                      | ✓                      |                        | ✓                      | ✓                       | 5                  |
| <b>Rasha Abdulrahman Al-Melhem</b><br>Member of the Board of Directors  | ✓                      | ✓                      | ✓                      | ✓                      | ✓                      |                         | 5                  |
| <b>Ziyad Tariq al-Mukhaizim</b> Member of the Board of Directors        | ✓                      | ✓                      | ✓                      | ✓                      | ✓                      | ✓                       | 6                  |
| <b>Abdullah Mohammad Al-Saad</b><br>Member of the Board of Directors    | ✓                      | ✓                      | ✓                      | ✓                      | ✓                      | ✓                       | 6                  |
| <b>Yacoub Yousef Al-Saqer</b><br>Member of the Board of Directors       | ✓                      | ✓                      | ✓                      | ✓                      | ✓                      | ✓                       | 6                  |
| <b>Yousef Bader Al-Kharafi</b><br>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 the Minutes of the Board of Directors of Kuwait Cement Company and recorded it in a special register containing information on the agenda of each meeting, its date, location, starting and ending timing, and 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, with 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 to the Secretary of the Board 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 was described and 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 putting the strategic goals for the Company, Risk strategies and the Governance standards and supervisions responsibilities on Executive Management and keeping the Shareholder rights, creditors, employees and all of stakeholders, making sure that the Company's Management are effectively within the framework of the regulators, article of association, regulations and company's internal policies. The following are a brief for the general duties for the Board of Directors:

- The final responsibility for the Company's operations and financial position, safety, completion of the requirements of Capital Market Authority, keeping of the shareholder rights, minority Creditors, Investors, Clients, Employees, stakeholders related and ensuring the Company's Management are in accordance to the law, regulation, policies, and internal procedures in force.
- Ensure that the related parties transactions are reviewed and making sure that it's honest and clear of these transactions.
- Approval of the objectives, strategies, plans, important policies for the Company included but not limited to:
  - Approval of the Interim and Annual financial information.
  - Supervision of the significance of expenditure expenses for the Company, the assets Ownership and the disposals.
  - Ensure that the Company's commitment in policies and procedures includes company respect for the organization and internal regulation in force.





# CORPORATE GOVERNANCE REPORT

## FOR YEAR 2021

- Guarantee the accuracy and clearly all 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 clarifying the Time of Committee, Authorization and responsibility and the Board of Directors Monitoring.
- Ensure that Company's Organization Structure is characterized to integrity and clarity to decide and achieve the governance principles and segregation of responsibility and powers between the Board of Directors and the Executive Management.
- Determine the powers that are authorized to Executive Management and the procedures of decision making and duration of authorization. Also, the Board determines the topics i.e. safety authorization for decision making.
- Monitoring and supervising the performance of Executive Managements and ensuring the responsibilities due to them.

Also, the Board of Directors approved the policies and procedures for Executive Management duties and following is the summary of the general duties for Executive Management:

- Company's business administration and submission of the guidance to executive department to be matched with the Company's strategic goals and the policies that are determined by Board of Directors and laws and other legislation awards related to the Company's business and activities.
- Providing the Board of Directors the 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 suggesting mechanism of special Recommendations that is necessary to the Company business.
- Providing the Monitoring Authorities any information and required documents according to the laws, systems, instructions, and the decisions issued for any of them.

### **The Board of Directors achievements during the year 2021**

Kuwait Cement Board of Directors keenness to follow up the plans implementation and strategic goals that is setting up continued communication with the Executive Management to achieve its goals and compliance with the legal instructions from the Capital Market Authority and full compliance with the requirements of Corporate Governance rules and adherence to the strategic work approach within the Company. The most significant achievements of the Board of Directors during the year 2021:

1. Follow-up of Company's work with the Executive Management and discussion of all the topics that are related to Company's financial, administrative and technical work, and its effect on the business and production.
2. Reviewing the Minutes of the three Committees' sessions emanating from the Board of Directors for the year 2021.
3. Review and approve the results of the work of the Audit Committee and the recommendations submitted by them 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 Audit Committee's recommendation to appoint and re-appoint the external Auditors and submit the recommendation to the General Assembly.
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 to 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), these 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 an Independent member, 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. The Audit Committee held 4 Meetings during the year 2021 and the following schedule represents the committee formulation and meeting details:

| Member's Name                  | Title                 | Category                     | First<br>30/3/2021 | second<br>11/5/2021 | Third<br>10/8/2021 | Fourth<br>10/11/2021 |
|--------------------------------|-----------------------|------------------------------|--------------------|---------------------|--------------------|----------------------|
| Yacoub Yousef Al-Saqer         | Head of the committee | Non- Executive               | ✓                  | ✓                   | ✓                  | ✓                    |
| Dr. Abdulaziz Rashed Al-Rashed | Member                | Non- Executive               | ✓                  | ✓                   | ✓                  | ✓                    |
| Rasha Abdulrahman Al-Melhem    | Member                | Non- Executive               | ✓                  | ✓                   | ✓                  | ✓                    |
| Yousef Bader Al-Kharafi        | Member                | Non- Executive – Independent | ✓                  | ✓                   | ✓                  | ✓                    |

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



## **The Tasks of the Committee:**

This Committee performs its monitoring role which is lending assistance and support to the Board of Directors in their responsibilities towards the representation of the 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 the independency 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 the Board of Directors in this field.

## **The most significant Achievements of Audit Committee during the year 2021:**

- 1- Discussion and approving the reports from the internal audit manager according to the approved audit plan in 2021.
- 2- Review annual and interim financial information, and submit the opinion and recommendations to the Board of Directors.
- 3- Periodical meetings with the external auditor and discussion with them of any pending issues, and notes appeared during the audit period.
- 4- Preparation and approval of the Audit Committee report to be presented to the Company Shareholders through holding General Assembly Meeting for the 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 to the Board of Directors to appoint or re-appoint the Auditor.
- 7- Approval of the audit plan submitted by the director of the internal audit unit.

## **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 an Independent member, 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 approves the formation of the Risk Management Committee, and the Risk Management Committee held (4) meetings during the year 2021 and the following table shows the formation of the Committee and meetings details:



| Member's Name             | Title                 | Category                     | First<br>9/6/2021 | second<br>10/8/11/2021 | Third<br>15/12/2021 | Forth<br>21/12/2021 |
|---------------------------|-----------------------|------------------------------|-------------------|------------------------|---------------------|---------------------|
| 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 passed away to the mercy of God Almighty - May God bless his soul.

### The Tasks of Committee

This Committee assumes the responsibility of assisting the Board of Directors in its tasks of managing risk by advising and reviewing 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, preparing 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 the Risk Management Committee during the year 2021:

- 1- Review the risk valuation report that is submitted from the consultancy office.
- 2- Review and approval of the risk plan for 2021.
- 3- Supervising and controlling the work of the risk management unit.



# CORPORATE GOVERNANCE REPORT FOR YEAR 2021

### 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 an Independent member, 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, the Nomination and Remuneration Committee held (1) Meeting during the year 2021 and the following schedule is representing to the Committee formulated and meetings details:

| Member's Name              | Title                    | Category                        | First1<br>28/3/2020 |
|----------------------------|--------------------------|---------------------------------|---------------------|
| Rashed Abdulaziz Al-Rashed | Head of<br>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 –<br>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 a 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 the Nomination and Remuneration Committee during the year 2021:

- 1- Preparation of the 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 for approval.



2- Supervision of the annual valuation for Members of the Board of Directors and Executive Management.

3- Review and ensure independency of the Board of Directors member.

### The mechanism for providing the Board of Directors with the information and data accurately at the right time.

The Company provides the mechanisms and tools which enables the Board of Directors to obtain the required information and data at the right time, and that is through developing the information technology environment inside the Company, as well as create direct contact channels between the Secretary of the Board of Directors and Board of Directors. Also, provide special reports in the meetings with high degree of quality and accuracy, and to provide 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 are 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

On 9/26/2021, Resolution No. 108 of 2021 was issued by the Capital Markets Authority to amend Annex No. 2 (Corporate Governance Report Form Structure) from Chapter Two of the Governance Rules. The following table shows the details of the rewards and benefits granted to Members of the Board of Directors (in Kuwaiti Dinars):

| Remunerations and benefits for board members  |              |  |                   |   |              |                            |               |
|---|--------------|--|-------------------|---|--------------|----------------------------|---------------|
| Remunerations and benefits through affiliates |              |  |                   | Remunerations and benefits through the parent company |              |                            | Total Members |
| Variable bonuses and benefits                 |              | Fixed bonuses and benefits               |                   | Variable bonuses and benefits                         |              | Fixed bonuses and benefits |               |
| Committee's bonus                             | Annual bonus | Monthly salaries (total during the year) | Medical insurance | Committee's bonus                                     | Annual bonus | Medical insurance          |               |
| -   | -            | -  | -                 | 179,000   | -            | -                          | 10            |



# CORPORATE GOVERNANCE REPORT FOR YEAR 2021

## - Remuneration of the Executive Management and Financial Manager:

| Remunerations and benefits through affiliates |                            |                           |                    |                   |                       |  | Remunerations and benefits through the parent company |                            |                      |                           |                    |                   |                   | Number of executives |
|---|----------------------------|---------------------------|--------------------|-------------------|-----------------------|--|---|----------------------------|----------------------|---------------------------|--------------------|-------------------|-------------------|----------------------|
| Annual bonus                                  | Fixed bonuses and benefits |                           |                    |                   |                       |  | Variable bonuses and benefits                         | Fixed bonuses and benefits |                      |                           |                    |                   |                   |                      |
|   | Education allowances       | Transportation allowances | Housing allowances | Annual air ticket | Travelling allowances | Monthly salaries (total during the year) |   | Annual bonus               | Education allowances | Transportation allowances | Housing allowances | Annual air ticket | Medical insurance |                      |
| 79,822  | -                          | -                         | -                  | -                 | -                     | -  | 125,000   | 17,000                     | 18,540               | 13,200                    | 413                | -                 | 314,400           | 9                    |

The following table, in accordance with the decision referred to above, shows the details of the remunerations and benefits granted to the Executive Management and the Financial Manager (in Kuwaiti Dinars):

There were no deviations or material changes to the application of the remuneration policy for the year 2021 from the policy approved by the Board of Directors. These remunerations are subject to the approval of the Ordinary General Assembly of Shareholders.

Nominations & Remunerations Committee  
Kuwait Cement Company

16/3/2022

## Board of Directors and Executive Management written pledges for the amendment of the 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 2021 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 26/5/2021 the Company's General Assembly Meeting had approved for re-appointment of Messrs. BDO Al-Nisf & Partners; and appoint Deloitte & Touche office - Al Wazzan & Co. for 2021 as external auditors and both are certified and registered in the 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 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 depends on a group of preciseness systems and internal control that covers all 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 authority, full separation for duties and avoids conflict of interest, double test and control.

- Audit Committee in the Company reviews on internal audit management activities in the Company and discusses 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 the appointment of the Director of the Internal Audit Unit on 6/20/2016.





# CORPORATE GOVERNANCE REPORT

## FOR YEAR 2021

### **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 includes the general rules for professional ethics and covers 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 is committed to develop policies and procedures for a fair representation of the Company in which the current and potential investors are informed of substantive decisions that was taken by the Company. Also, Shareholders affairs department in the Company have the necessary independence, as it working to provide information, data and reports at 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 this information is updated as soon as it is available to the Company.



### **General rights of shareholders and limitation of 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, in which the guide states that all shareholders of the Company have general and clear rights as follows:

- 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 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 address 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 Kuwait Clearing Company to provide him with data from this register.

In addition to the above policy, the Company's Articles of Association clarify that the above is in line with the requirements of the Capital Markets 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 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 Assembly 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 for 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



# CORPORATE GOVERNANCE REPORT FOR YEAR 2021

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 to increase the skills and knowledge to achieve a better level of management and competence at work. During the year 2021, a training program for all Members of the Board of Directors was organized on Strategies for planning and crisis management in the light of global epidemic. 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 the 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's 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:

**\* Environmental Fuel Project (RDF).**

Within the framework of Kuwait Cement Company's endeavors to maintain a healthy environment based on our societal responsibilities, and after periodic meetings and meetings with the responsible brothers in the Kuwait Municipality and its request for the co-operation of the Kuwait Cement Company to treat the municipal solid waste and convert it into environmental fuel, and the response and interest shown by the Company in line with the Company's future vision and future strategy to obtain alternative sources of energy for the general benefit of the Company and the State.

A Memorandum of Co-operation was signed with the Kuwait Municipality on 4/4/2021 with the aim of disposing of municipal solid waste in a safe and sustainable manner by recycling it in Cement factory kilns, within the framework of Kuwait Municipality's endeavors and its future vision in implementing an integrated management of municipal waste as well as achieving partnership between the two sectors. In light of the Memorandum of Co-operation, it was agreed to establish a factory for the production of Refused Derived Fuel (RDF), through which municipal solid waste will be converted into an environmental fuel product used in clinker production kilns.

There is no doubt that the initiative of the Kuwait Cement Company to dispose of municipal solid waste, which resulted in the signing of a Memorandum of Co-operation with the Kuwait Municipality, reflects concerted efforts and cooperation between the public and private sectors to address environmental problems in the State of Kuwait.

**\* Quality mark and ISO 9001: 2015 Quality Control Certificate.**

Kuwait Cement Company is the only national integrated cement company that manufactures the Cement product as a complete process in the State of Kuwait. Hence, it shoulders the responsibility of meeting the needs of all citizens, governmental 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 Certification 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 to operations, which distinguishes our products of Cement with high quality, strength and



# CORPORATE GOVERNANCE REPORT FOR YEAR 2021

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 being the Cement as a national product.

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



### \* Training of national cadres.

Kuwait Cement Company is always keen to train national Cadres by providing opportunities for outstanding University Degree holders in various engineering disciplines, as well as Graduate Degree holders and Diploma holders of commercial and applied institutes or those who are about to graduate for training in various technical and administrative fields, in order to gain practical and scientific experiences .

During the year 2021, officials at the cement factory in the eastern Shuaiba Industrial Area received several people wishing to train in the factory. For example, a program was organized for one of the trainees to help him obtain the necessary information for the research he is preparing entitled "Exploitation of waste heat energy from rotary thermal kilns in the cement factory." to desalinate sea water.

### \* Contribute to facing the global epidemic, Corona.

Proceeding from the national and humanitarian duty and as a commitment of the Kuwait Cement Company to its social responsibility to confront the Corona pandemic, the Company continued this year to take all precautionary measures and measures related to combating the emerging corona virus (Covid-19) in the various departments and sections in the public administration. The cement factory in Shuaiba industrial area and the bulk cement filling terminal in the port Abdullah and all its work sites, and the administration of Administrative Affairs, under the directives of the Executive Administration, continued to issue the necessary circulars and administrative circulars, and to supervise and follow



up on the implementation of these procedures.

And from the principle of adopting the rules of health precautions to ensure the health and safety of everyone, the Company's Management decided to conduct free PCR test for all its employees in the public administration, where, praise be to God and His grace, all results appeared negative. It also addressed the Ministry of Public Health to vaccinate the unvaccinated workers in the cement factory and bulk cement filling terminal, where a successful vaccination campaign was carried out over two full days at the vaccination center at Sheikh Jaber Bridge.

In this regard, we extend our sincere thanks to the officials of the Ministry of Public Health for their quick response to the Company's request, which helped the workers to do their work to the fullest in a safe and healthy environment.

---

Rashed Abdulaziz Al-Rashed  
Chairman of the Board of Directors



## BOARD OF DIRECTORS DECLARATION AND ACKNOWLEDGMENT CONCERNING

### THE CONSOLIDATED FINANCIAL STATEMENTS OF KUWAIT CEMENT COMPANY FOR YEAR 2021

The Board of Directors of Kuwait Cement Company K.S.C.P declares its 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 2021, 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, its 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