



Company's Governance Report for Year 2023

• Formation of the Board of Directors:

Pursuant to the provisions of Clause (18) of the Articles of Association of Kuwait Cement Company, which has specified the Members of Board of Directors to be Ten members, thus the Board of Directors of Kuwait Cement Company (K.S.C.P) has approved formation of the Board of Directors for the current term (2022 - 2024) at its Session held on 20/ 04 /2022 during the Fifty-Fourth Ordinary General Assembly meeting of the Company's shareholders dated 20/ 04 /2022.

As such, the formation of the current Board of Directors is as follows:

Member's Name	Member's Rank (Executive/ Non-Executive/ Independent, Secretary)	Date of Election/ Appointment/Secretary Appointment
Rashed Abdulaziz Al-Rashed Chairman of Board of Directors	Non-executive	20/04/2022
Dr. Abdulaziz Rashed Al-Rashed Vice-Chairman of Board of Directors	Non-executive	20/04/2022
Khaled Abdullah Al-Rabiah Board Member	Non-executive	20/04/2022
Ziad Tariq Al-Mukhaizeem Board Member	Non-executive	20/04/2022
Abdullah Manea Al-Ajmi Board Member	Non-executive	20/04/2022
Abdullah Mohamad Al-Saad Board Member	Non-Executive - Independent	20/04/2022
Mishal Abdulmohsen Al-Rashed Board Member	Executive	20/04/2022
Waleed Abdullah Al-Roumi Board Member	Non-executive	20/04/2022
Yacoub Yousef Al-Saqer Board Member	Non-executive	20/04/2022
Yousef Bader Al-Kharafi Board Member	Non-Executive -Independent	20/04/2022
Mishal Abdulmohsen Al-Rashed	Board Secretary	22/12/2022

• **Qualifications, Experiences and Positions of Board Members:**

All members of the Board of Directors are of Kuwaiti nationality, who possess academic credentials and experience for assuming their positions:

Mr. Rashed Abdulaziz Al-Rashed – Chairman of Board of Directors

- He holds a Bachelor's degree in Business Administration and Economics from Claremont University in the United States of America in 1958, and a Master's degree in Business Administration from the same university in 1959.
- Founding member of Kuwait Cement Company since its inception in 1968, the first Chairman of Board of Directors from the convening date of the Constituent Assembly on 20 /01 /1969 till 1978. He assumed the post of Board Chairman and Managing Director from 1996 till 27/12/2015, and Board Chairman since 28/12/2015 until now. He also holds the post of Head of the Nominations and Remunerations Committee.
- His experiences include working at several ministries. Among the posts he assumed are the following:
 - * Assistant Director of Technical Affairs at Ministry of Public Works.
 - * State Secretariat for Political Affairs.
 - * Director of Political Affairs at the Ministry of Foreign Affairs.
 - * Ambassador of the State of Kuwait to the United Nations (first ambassador).
 - * Vice-President of the United Nations' General Assembly.
 - * Undersecretary of Ministry of Foreign Affairs from 1967 till 1985.
 - * Minister of State for Council of Ministers Affairs during the period 1985- 1990.
 - * Participated in large number of international and regional meetings.
 - * Received a number of Arab and international medals.
 - * In 1990, he dedicated himself to private business.

Dr. Abdulaziz Rashed Al-Rashed - Vice Chairman

- He holds a doctorate degree in Electrical Engineering from the University of Wisconsin in the United States of America.
- Dr. Abdulaziz Rashed Al-Rashed was elected as Vice Chairman at the Board meeting on 08/11/2017. He is also a member of the Audit Committee.
- He chairs the Board of Directors of Kuwait Drilling Company.
- Member of Board of Directors of the Contracting and Marine Services Company.
- Member of Board of Directors of the National Industries Holding Group.

Mr. Khaled Abdullah Al-Rabiah –Board Member

- He holds a university degree from Kuwait University in 1977.
- Member of Board of Directors of Kuwait Cement Company, representing the National Industries Holding Group since 1998 until today. He is also a member of the Risk Management Committee.
- He held the post of General Manager of the Gulf International General Trading Corporation and, also, at Mohammed Abdullah Al-Rabiah Company & Partners.



Mr. Ziad Tariq Al-Mukhaizeem- Board Member

- * He holds Bachelor's Scientific degree in Civil Engineering from the University of the Pacific, California - United States of America, 2004.
- * He holds Master's degree in Business Administration from DePaul University, Illinois, - United States of America, 2006.
- * Mr. Ziad Tariq Al-Mukhaizeem joined the Board of Directors as representative of Investment Public Authority as on 13/11/2019 until now. He also holds the post of member of the Risk Management Committee.
- His professional experience (financial and investment) covers many entities, including:
 - * Kuwaiti Manager Company and Bovis Lend Lease (KMC & Bovis Lend Lease) in the Kingdom of Bahrain and in the State of Kuwait, where he progressed in several posts: Planning Manager and Project Manager, during the period June 2004 till July 2007.
 - * Kuwait Finance House - Investment Manager, during the period August 2007 till December 2010.
 - * AREF Investment Group - Executive Officer - Head of Investment Sector, during the period January 2011 till January 2017.
 - * Cap Corp Investments Company - Vice-Chairman and Executive Officer from March 2021 till now.
- He held the post of member of Board of Directors at many companies, institutions and banks, namely:
 - * Arab Capital Investment and Finance Company - Kuwait (2010 - 2012), member of Board of Directors and member of the Executive and Investment Committee.
 - * Elenmaa Real Estate Company - Kuwait – (2008 - 2013), member of the Audit Committee.
 - * Ibdar Bank Bahrain (2013 - 2015 - member of the Executive Committee.
 - * Bank of London and Middle East - United Kingdom (2013 – 2017) - Member of the Audit Committee, the Risk Committee and the Remuneration Committee.
 - * Munshaat Real Estate Projects Company, Kuwait - Chairman of Board of Directors, Head of the Executive Committee (2013 - 2017), Head of Remuneration and Nominations Committee (2013 -2016).
 - * The Public Institution for Social Security - Kuwait - member of the Investment Committee (2017 till 2023).
- He also assumed membership in a number of companies, investment funds and committees inside and outside the State of Kuwait.

Mr. Abdullah Manea Al-Ajmi -Board Member

- * He holds a Bachelor's degree in Accounting major from Kuwait University in year 1999.
- * He holds a Master's degree in Business Administration major (Accounting) from Delmont University, 2010.
- * He holds a Certificate of Judicial Server approved by the Ministry of Justice - Supreme Court, 2014.
- * Mr. Abdullah Manea Al-Ajmi joined the membership of the Board of Directors as representative of the Investment Public Authority on 20/04/2022 until now, and he also holds the post of Member of the Nominations and Remuneration Committee.

- His previous and current practical and professional experiences covers many entities, namely:
 - * Kuwait Cement Company - Accountant - from 1999 till 2002.
 - * Investment Public Authority - Assistant Director - from 2002 till now.
 - * Ibrahim Al-Raqam Company - Participating Member in the Liquidation Committee from 2004 until now.
 - * National Technology Projects Company, where he held many posts, namely:
 - Member of Board of Directors from 2015 till 2018.
 - Member of the Audit and Risks Committee from 2015 till 2018.
 - Vice-Chairman of Board of Directors from 2018 till 2020.
 - Head of the Audit and Risks Committee from 2018 till 2020.
 - * Aluminum Extrusions Company - Chairman of Board of Directors from 2018 till now.

Mr. Abdullah Mohammed Al-Saad - Board Member (Independent)

- * He holds a Bachelor's degree in Business Administration from Cairo University in 1969.
- * Member of Board of Directors of Kuwait Cement Company since 1998 until today. He also holds the post of member of the Nomination and Remuneration Committee.
- His work experiences covered several posts including:
 - * Worked at the Ministry of Foreign Affairs as a Diplomatic attaché in 1970.
 - * Director of Kuwait Office in Dubai until 1972.
 - * Chargé d'affaires of the Embassy of Kuwait in Abu Dhabi, 1973
 - * Chargé d'affaires of the Embassy of Kuwait in Nairobi, Kenya, 1974.
 - * Chargé d'affaires of the Embassy of Kuwait in Mogadishu, Somalia, 1975.
 - * Completed his work at the Ministry of Foreign Affairs and returned to Kuwait in year 1976.
 - * He started his private business in year 1977.
 - * He Joined the Board of Directors of Kuwait Food Company (Americana) from 1977 till 2017.
 - * Board Chairman and Managing Director of Sefury Americana International, 1984.
 - * Member of the Board of Directors of Al-Ahlia Insurance Company from year 1999 until today.

Mr. Mishal Abdulmohsen Al-Rashed - Board Member

- * He holds a Bachelor's degree from the American University in Washington as on 12/05/1996 majoring in International Business.
- * He worked for Wafra International Investment Company – European Stocks Department, during the period 19/10/1997 till 14/11/1998.
- * He worked for Global Investment House Company - American Stocks Department, during the period 15/11/1998 till 31/12/2002.



- * He held the post of Executive Director of Financial and Administrative Affairs at Kuwait Cement Company, during the period 01/01/2003 till 27/12/2015.
- * He held the post of Deputy Chief Executive Officer of Kuwait Cement Company during the period 28/12/2015 till 21/12/2022.
- * Mr. Mishal Abdulmohsen Al-Rashed was appointed as Chief Executive Officer and Secretary of Board of Directors as on 22/12/2022.
- * Mr. Mishal Abdulmohsen Al-Rashed was elected as member of Board of Directors of Kuwait Cement Company as on 20/04/2022 and continued till year 2024. He also held the post of member of the Risk Management Committee during the period 20/04/2022 till year 2024.

Mr. Waleed Abdullah Al-Roumi -Board Member

- * He holds a Bachelor of Commerce, majoring in Business Administration and Marketing from Kuwait University, 1983.
- * He works at the Investment Public Authority since 1983 till today.
- * Mr. Waleed Abdullah Shamlan Al-Roumi joined the Board of Directors as representative of the Investment Public Authority on 20/04/2022 till today. He also holds the post of member of the Audit Committee.
- His current membership covers several companies, amongst them are:
 - * Equity Holding Company – Egypt, Board Chairman from 2015 till now.
 - * Livestock Transport and Trade Company, Member of Board of Directors from 2013 till now, and also Chairman of Board of Directors during the period 2020 till 2022.
 - * Kuwait Cement Company, Member of Board of Directors from 2022 till 2024.
- He assumed Board membership in several companies during previous periods, which included the following:
 - * Nakheel Agricultural Production Company – Vice Chairman of Board of Directors during the period 1992 till 1995.
 - * Kuwait Cement Company, Member of Board of Directors during the period 1995 till 1998.
 - * Misr Cement Company (Qena), Member of Board of Directors during the period 2002 till 2007.
 - * The Tunisian Kuwaiti Development Group, Member of Board of Directors during the period 2001 till 2007.
 - * International Investment and Tourism Group - Chairman of the Board, during the period 1999 till 2007.
 - * Zamalek Investment and Tourism Company, Chairman of Board of Directors, during the period 1999 till 2007.
 - * Aslon Company - Egypt (plastic pipes factory affiliated to Kuwait Egyptian Investment Company), Chairman of Board of Directors during the period 1997 till 2007.
 - * Kuwaiti Egyptian Investment Company, Vice Chairman and Managing Director (Executive), during the period 1997 till 2007.

- * Moroccan Kuwaiti Development Group, Chairman of Board of Directors during the period 2008 till 2013.
- * Kuwait Investment Company, Member of Board of Directors during the period 2013 till 2015, and also Chairman of Board of Directors during the period 2015 till 2018.

Mr. Yacoub Yousef Al-Saqer –Board Member

- * Member of the Board of Directors of Kuwait Cement Company representing the National Industries Holding Group from 2007 till today, and also holds the post of Head of the Audit Committee.
- * Member of the Board of Directors of the Tourism Projects Company during the years 1976 till 1982, and from 1998 till 2004. He was also a member of the Board of Directors of Warba Insurance Company from 31/03/1987 till 13/03/1993. Also, he worked at the Directorate General of Civil Aviation from September 1969 till 01/12/2006, where he progressed in several posts such as researcher, supervisor, director of financial and administrative affairs, Deputy Director General at the rank of Assistant Undersecretary, Director General of Civil Aviation with the rank of Ministry Undersecretary, and then Director of Civil Aviation at the Excellence Level.

Mr. Yousef Bader Al-Kharafi -Board Member (Independent)

- * He holds a Military College degree from Egypt in 1957, and a certificate of Theoretical and Training Studies in the various Departments of the Ministry of Interior in Egypt in the same aforesaid year.
- * Member of Board of Directors of Kuwait Cement Company since 2007 until today, he also holds the post of Head of the Risk Management Committee.
- * He held many leadership posts during his service at the Ministry of Interior from 1957 till 1998, namely: First-Lieutenant, Captain, Major, Lieutenant-Colonel, Colonel, Brigadier-General, Major-General, Lieutenant-General, then promoted to the rank of General in 1998. Moreover, he assumed responsibility of several departments in the Ministry of Interior during the period from 22/05/1974 until retirement on 14/11/1998, of which he was the Director of Administration, Head of Personnel Affairs Committee, Head of General Committee for Police Affairs, Board Chairman of Police Academy, Deputy Head of the Emergency Committee, President of Traffic Higher Council, Board Chairman of Police Officers' Club, Assistant Ministry Undersecretary, then Undersecretary of Ministry of Interior in year 1981 until retirement in year 1998.



• Meetings of the Board of Directors of Kuwait Cement Company During 2023

The Board of Directors of Kuwait Cement Company has held (6) meetings during year 2023.

The following table shows the details and number of those meetings attended by each member:

Member's Name	Meeting No.1/2023 dated 14/03/2023	Meeting No. 2/2023 dated 03/05/2023	Meeting No. 3/2023 dated 10/05/2023	Meeting No. 4/2023 dated 13/08/2023	Meeting No. 5/2023 dated 01/11/2023	Meeting No. 6/2023 dated 27/12/2023	Number of Meetings
Rashed Abdulaziz Al-Rashed Chairman of Board of Directors		✓			✓		2
Dr. Abdulaziz Rashed Al-Rashed Vice-Chairman of Board of Directors	✓	✓	✓	✓	✓	✓	6
Khaled Abdullah Al-Rabiah Board Member	✓	✓	✓	✓	✓	✓	6
Ziad Tariq Al-Mukhaizeem Board Member	✓	✓	✓	✓	✓	✓	6
Abdullah Mohamad Al-Saad Board Member	✓	✓	✓	✓	✓		5
Abdullah Manea Al-Ajmi Board Member	✓	✓	✓	✓	✓	✓	6
Mishal Abdulmohsen Al-Rashed Board Member	✓	✓	✓	✓	✓	✓	6
Waleed Abdullah Al-Roumi Board Member	✓	✓	✓		✓		4
Yacoub Yousef Al-Saqer Board Member	✓	✓	✓	✓	✓	✓	6
Yousef Bader Al-Kharafi Board Member	✓	✓	✓			✓	4

* Marking with the sign (✓) denotes attendance of the meeting by the member of board of directors.

• Recording, Coordinating and Keeping the Minutes of Meetings of the Company's Board of Directors:

The Secretary of the Board of Directors applies the requirements of recording, coordinating, and keeping the minutes the meetings of the Board of Directors of Kuwait Cement Company, using special register that contains information about the agenda of each meeting, its date and venue, as well as the meeting starting and ending times. Each meeting is kept under a serial number according to the respective year, and special files are prepared in which the minutes of meetings are kept, together with the deliberations and discussions that take place therein. The Board members are provided with the agenda together with its relevant documents before the date of the meeting with sufficient time, in order for the members to study the agenda items. The minutes of meetings are signed by the Board members and its Secretary who are present at that meeting. In the meetings that take place by passing the minutes are signed by all members. As regards the means of remote communication (according to the Companies Law, Article No.«190»(and pursuant to the rules and directives of government bodies, the minutes of its meetings

must be signed by all participating members, and the Board Secretary works on the coordination and clarifying all information to each Board member.

- **The Policy of Tasks and Responsibilities of the Company's Board of Directors, Duties of each Board Member and the Executive Management, and the Powers Delegated to the Executive Management**

The Regulation of tasks and specializations of the Board of Directors approved by the Board on 15/11/2016 and updated on 31/08/2022, has stipulated that the Company's Board of Directors bears comprehensive responsibility for the Company, including setting strategic goals for the Company as well as the risks strategy, governance standards, responsibility of supervising the Executive Management, preserving interests of the shareholders, creditors, employees and all stakeholders, and ensuring that management of the Company is carried out effectively and within the framework of the laws of the regulatory authorities, the Articles of Association, and the internal regulations and policies of the Company. Here below is an overview of the general duties of the Board of Directors:

- The Board bears ultimate responsibility for the Company's operations and the soundness of its financial position, fulfilling the requirements of the Capital Markets Authority, protecting the interests of shareholders, protecting the rights of minority, creditors, investors, customers, employees and stakeholders, and also ensuring that the Company is managed in a prudent manner and in accordance with the applicable laws and the internal regulations, policies and procedures.
- Ensure reviewing the dealings with the relevant parties, and verify the accuracy and soundness of these dealings.
- Approve the important goals, strategies, plans and policies of the Company, which include the following, as minimum:
 - Endorsing the interim and annual financial statements.
 - Overseeing the key capital expenditures of the Company, and the ownership of the assets and disposing them.
 - Ensuring the Company's adherence to the policies and procedures that guarantee the Company's compliance with the applicable internal systems and regulations.
 - Ensuring the accuracy and soundness of the data and information to be disclosed, in accordance with the applicable systems of disclosure and transparency.
 - Formation of specialized committees in accordance with a charter that clarifies the committee's duration, powers and responsibilities, and monitoring it by the Board.
 - Ensuring that the organizational structure of the Company is transparent and clear, which allows for a process of decision making and realization of the principles of judicious governance and separation of powers and merits between the Board of Directors and the Executive Management.
 - Determining the powers delegated to the Executive Management, the decision-making procedures, and the duration of delegation. Moreover, the Board determines the subject matters for which it retains merit to take decisions thereon.
 - Monitoring and supervising the performance of the Executive Management, and ensuring that it fulfills the roles entrusted to it.



- Moreover, the Board of Directors has also approved the policies and procedures regulating the work of the Executive Management. The following is an overview of the general duties of the Executive Management:
- Manage the Company's business and provide directions to the Executive Departments in a manner consistent with the Company's strategic goals and the policies established by the Board of Directors, as well as the provisions of the law and those of the other legislations related to the Company's business and activities.
- Furnish the Board of Directors with accurate periodic reports on the Company's financial conditions and its business, as well as the measures taken on risk management and the internal control system, so that the Board of Directors can review the established goals, plans and policies, and to question the Executive Management about its performance.
- Provide the Board of Directors with recommendations regarding any suggestions it deems necessary that relate to the Company's business.
- Provide the regulatory bodies with any information, data and documents required in accordance with the provisions of the law, the systems, directives and resolutions issued regarding any of them.

• **Tasks and Achievements of the Company's Board of Directors During 2023**

The Board of Directors of Kuwait Cement Company was keen to monitor implementation of the plans and strategic goals set out by the Board, and to communicate constantly with the Executive Management in order to achieve these goals, and to comply with the regulatory directives of the Capital Markets Authority, as well as responding completely to the requirements of Corporate Governance rules and adhering to them, and make this practice as business strategy within the Company. Among the most prominent tasks and achievements carried out by the Board of Directors during year 2023 are:

- 1- Follow up the Company's work progress with the Executive Management, and discuss all issues related to the Company's financial, administrative and technical activities, as well as the extent of their impact on the work and production.
- 2- Examine the sessions' minutes of the three committees emanating from the Board of Directors for the year 2023.
- 3- Review and approve the work results of the Audit Committee and the recommendations submitted by it regarding the interim and annual financial statements of the Company.
- 4- Endorse the annual report for year 2023, including the Corporate Governance report and the Audit Committee's report.
- 5- Approve the Audit Committee's recommendation to re-appoint the external auditor - Mr. Qais Mohammed Al-Nisef for the office of Messrs. BDO Al-Nisef & Partners.
- 6- Review and endorse the reports and recommendations issued by the Nominations and Remuneration Committee, including the annual evaluation process of the Board Members and the Executive Management.

• **Board's Committees**

Pursuant to the Board of Directors' Resolution No.13 29/2/2022 dated 20/04/2022, three specialized committees emanating from the Board of Directors were formed for a period of Three years ending at the end of the current term of the Board of Directors (2022-2024), and these committees are as follows:

1- Audit Committee:

• Formation of the Committee:

The Board of Directors shall form the Audit Committee, where the number of its members shall not be less than three, and at least one of its members must be from among the independent members. Membership in the committee cannot be taken by the Board Chairman or any of the Board Executive members. Moreover, the Committee member must possess the academic qualification and practical experience appropriate for the work of the committee. Among the members of the Committee there must be at least one member with academic qualifications and/or practical experience in the fields of accounting and finance. The committee shall have the right to seek the assistance of external experts after the approval of the Board of Directors on that. The Board of Directors shall determine the term of membership of the Committee members as well as the method of its work, as the term of membership in the Committee ends with the end of their membership in the Board of Directors. Furthermore, the Board of Directors has endorsed formation of the Audit Committee, and his Committee has already held (4) meetings during year 2023. The table below illustrates formation of the Committee, and details of those meetings:

Member's Name	Capacity	Rank	First 14/03/2023	Second 10/05/2023	Third 13/08/2023	Fourth 01/11/2023
Yacoub Yousef Al-Saqer	Head of Committee	Non-Executive	✓	✓	✓	✓
Dr. Abdulaziz Rashed Al-Rashed	Member	Non-Executive	✓	✓	✓	✓
Waleed Abdullah Al-Roumi	Member	Non-Executive	✓	✓		✓
Yousef Bader Al-Kharafi	Member	Non-Executive - Independent	✓	✓	✓	

* Marking with the sign (✓) denotes attendance of the meeting by the Head and Members of the Committee.

• Committee's Tasks:

The Committee carries out its controlling role by means of backing up and supporting the Board of Directors in its responsibilities of representing the shareholders with respect to accuracy and integrity of the financial statements, supervision and review of accounts and financial statements for both the Company and the Internal Control, and implementation of the policy of contracting an external auditor, while ensuring its independence and integrity. Added to that, ensuring efficiency of the internal control systems and extent of its efficacy according to the audit standards approved through the audit works conducted by the Internal Audit Unit of the Company, and also ensuring the extent of the Company's compliance to the rules of professional conduct, as well as guaranteeing implementation of the relevant laws, policies, systems and directives and endorsing them in accordance with the policies approved by the Board of Directors in this domain.

• Tasks and Achievements of the Audit Committee during year 2023:

- 1- Discuss and approve the reports submitted by the Manager of the Internal Audit Unit in accordance with the Audit Plan approved for year 2023.



- 2- Review the interim and annual financial statements, and submit opinion and recommendation to the Board of Directors.
- 3- Meet regularly with the external auditor, and discuss any pending matters and notes that came up during the audit phase.
- 4- Prepare and endorse the Audit Committee report in preparation for presenting it to the Company's shareholders while holding the General Assembly of the shareholders.
- 5- Ensure the independence of the Internal Audit Unit, and that all internal audit activities were safe from any interference in determining the scope of audit or completion of the audit work or reporting the results of the audit work to the Committee, in addition to evaluating the performance of the Manager of Internal Audit Unit.
- 6- Recommend to the Board of Directors the appointment and re- appointment of the Auditor.
- 7- Approve the audit plan for years 2024 that are submitted by the Manager of Internal Audit Unit.
- 8- Discuss developments on the previously submitted reports to ensure compliance of all departments to the approved recommendations.

2- Risk Management Committee:

• Formation of the Committee:

The Board of Directors shall form a Risk Management Committee whose members must not be less than three, and at least one of its members must be independent. The Chairman of Board of Directors may not be a member of the Committee. The Board of Directors shall determine the term of membership of the Committee members and the method of its work, where the term of membership of the Committee members ends with the expiry of their membership in the Board of Directors. The Board of Directors has approved formation of the Risk Management Committee, and the Risk Management Committee has held (4) meetings during 2023. The following table illustrates the formation of the Committee and the details of these meetings:

Member's Name	Capacity	Rank	First 10/05/2023	Second 12/09/2023	Third 19/11/2023	Fourth 27/12/2023
Yusef Bader Al-Kharafi	Head of Committee	Non-Executive – Independent	✓	✓	✓	✓
Khaled Abdullah Al-Rabiah	Member	Non-Executive	✓	✓	✓	✓
Ziad Tariq Al-Mukhaizeem	Member	Non-Executive	✓	✓	✓	✓
Mishal Abdulmohsen Al-Rashed	Member	Executive	✓	✓	✓	✓

* Marking with the sign (✓) denotes attendance of the meeting by the Head and Members of the Committee.

• Committee's Tasks:

The Committee assumes the responsibility of assisting the Board of Directors in carrying out its responsibilities towards Risk Management by preparing and reviewing the strategies and policies of managing the risks, before being endorsed by the Board, and ensuring that its implementation and that it

is consistent with the nature and size of the Company's activities. In addition to evaluating the systems and mechanisms of identifying, measuring and following up the types of risks the Company may be exposed to, so as to determine the deficiencies therein and rectify them in a timely manner, hence avoid any losses that may be exposed to, as well as submitting recommendations to the Board of Directors to take appropriate corrective measure.

It is worth mentioning that the Company has sought assistance from one of the consultancy offices accredited by the Capital Markets Authority to help identify the types and nature of risks the Company may be exposed to, and prepare a special register for that, and also submit quarterly reports about them in order to preserve the Company's assets and ensure continuity of practicing its activity in a positive manner.

• Most Important Achievements of the Risk Management Committee during 2023:

- 1- Review the Risk Assessment Report submitted by the Consultancy Office.
- 2- Review and endorse the Risk Plan for the two years 2024 and 2025.
- 3- Meeting periodically with the Consultancy Office and discuss any pending matters and notes.
- 4- Supervise and monitor the works of the Risk Management Unit.

3- Nominations and Remunerations 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 must be from among the independent ones, and the Head of the Committee must be from among the non-executive Board members. The Board of Directors shall determine the term of membership of the Committee members and its method of work, where the term of membership of the Committee members ends with the expiry of their membership in the Board of Directors. The Board of Directors has endorsed formation of the Nominations and Remuneration Committee. The Nomination and Remuneration Committee has held (2) meetings during year 2023. The following table illustrates formation of the Committee and the details of those meetings:

Member'sName	Capacity	Rank	First 14/03/2023	Second 01/11/2023
Rashed Abdulaziz Al-Rashed	Head of Committee	Non-executive		✓
Abdullah Manea Al-Ajmi	Member	Non-executive	✓	✓
Abdullah Mohamad Al-Saad	Member	Non-executive - Independent	✓	✓
Yousef Bader Al-Kharafi	Member	Non-executive - Independent	✓	

* Marking with the sign (✓) denotes attendance of the meeting by the Head and Members of the Committee.



- **Committee's Tasks:**

The Committee assumes the responsibility of assisting the Board of Directors with respect to its responsibilities towards the nominations and remuneration of the members of Board of Directors and the Executive staff, and also reviewing the framework and plan of the remuneration plan applied at the Company, as well as preparing a detailed annual report on all remunerations granted to members of the Board of Directors and the Executive Management, whether as salaries, benefits, privileges or incentives. The Committee also assumes the responsibility of ensuring that the capacity of independence is not removed from the Board member who is independent, in addition to supervising evaluation of the members of Board of Directors and the Executive Management.

- **Most Important Achievements of the Nominations and Remuneration Committee during 2023:**

- 1- Prepare an annual report on all remunerations and privileges granted to members of the Board of Directors and the Executive Management as well as the employees, and submit this report to the Board of Directors for approval.
- 2- Supervise conducting the annual evaluation process on the members of the Board of Directors and the Executive Management.
- 3- Review and ensure that the capacity of independence is not removed from the Board member who is independent.

- **Mechanism for Members of Board of Directors to Obtain the Information and Data Accurately and in Due Time:**

The Company has made available equipment and tools that enable the Board members to obtain the required information and data in a timely manner, by means of developing information technology environment inside the Company, establishing direct communication channels between the Board's Secretary and Members, and furnish reports of the meetings, which must be of high quality and accuracy, and to do this in advance so as to discuss them and take decisions thereon.

- **Report on the Remunerations Granted to Members of the Board of Directors and the Executive Management**

- **Remunerations and Incentives Policy**

The remuneration policy applied in the Company is consistent with the determined strategic goals, which aims to attract, retain and motivate all its workers especially those with academic and professional competence as well as skills and knowledge, thus enhance the risk management and perpetual profitability, while taking into account all relevant laws.

The Nominations and Remunerations Committee operates within the framework of this policy and in accordance with the ratings of the annual performance and evaluation applicable at the Company, where it recommends the remunerations for both the Board of Directors and the Executive Management, taking into consideration the Company's success in realizing its objectives and in line with the Companies Law, Article No. (198) and Article No. (29) of the Articles of Association of Kuwait Cement Company. Moreover, it is the responsibility of the Board of Directors to take the final decisions in approving those remunerations and incentives.

- Board Members' Remunerations

On 26/09/2021, the Resolution No. 108 of 2021 was issued by the Capital Markets Authority to amend Appendix No. 2 (Structure of the Corporate Governance Report Form) in Chapter Two of the Governance Rules. The following table illustrates details of the Remunerations and Privileges granted to members of the Board of Directors (in Kuwaiti Dinar):

Remunerations and Privileges of the Members of Board of Directors							
Total Number of Members	Remunerations and Privileges through Mother Company			Remunerations and Privileges through Subsidiary Companies			
	Fixed Remunerations and Privileges	Variable Remunerations and Privileges		Fixed Remunerations and Privileges		Variable Remunerations and Privileges	
	Health Insurance	Annual Bonus	Committees' Bonus	Health Insurance	Monthly Salaries (annual total)	Annual Bonus	Committees' Bonus
10	-	-	184,000	-	-	-	-

• - Remunerations of the Executive Management and the Finance Manager

The following table illustrates, in accordance with the decision referred to above, details of the remunerations and privileges granted to the Executive Management and the Finance Manager (in Kuwaiti Dinar):

Total Number of Executive Posts	Remunerations and Privileges through Mother Company								Remunerations and Privileges through Subsidiary Companies						
	Fixed Remunerations and Privileges							Variable Remunerations and Privileges	Fixed Remunerations and Privileges					Variable Remunerations and Privileges	
	Monthly Salaries (annual total)	Health Insurance	Annual Tickets	Housing Allowance	Transport Allowance	Education Allowance	Others	Annual Bns	Monthly Salaries (annual total)	Travel Allowance	Annual Tickets	Housing Allowance	Transport Allowance	Education Allowance	Annual Bns
5	186,600	-	1,450	13,200	17,240	18,135	-	150,000	-	-	-	-	-	-	18,000

There were no material deviations or changes in the application of the Remunerations Policy for year 2023 from the policy approved by the Board of Directors. Moreover, these remunerations are subject to the approval of the Shareholders' Ordinary General Assembly.

14/02/2024

Nominations and Remunerations Committee
Kuwait Cement Company



• **Written Undertakings by both the Board of Directors and the Executive Management on Soundness and Integrity of the Prepared Financial Reports**

In line with the Corporate Governance requirements, the Executive Management has submitted a declaration and undertaking on its responsibilities towards the Board of Directors for presenting the Company's annual financial statements and reports, and the correctness, accuracy and completeness of the information and data contained therein and its attachments, and that they are displayed in a sound and fair manner, and that they are prepared in accordance with the International Financial Reporting Standards.

In turn, the Board of Directors, after discussing and approving the financial statements, has submitted a declaration and undertaking to the General Assembly of the shareholders on the financial reports and its responsibility for the soundness and integrity of all Company's annual financial statements and reports.

• **Recommendations of the Audit Committee to the Company's Board of Directors**

In accordance with the powers and responsibilities outlined in the Corporate Governance Rules, which relate to supervising, reviewing and following up all works of the Company's auditors, the activities of the internal audit, and the other tasks that ensure instilling the culture of commitment and guaranteeing fairness and transparency of the financial reports, as well as ensuring the effectiveness of the applied internal control systems, the Committee undertakes to periodically submit any observations or recommendations related to its work to the Board of Directors. During year 2023, there was no contradiction between the recommendations of the Audit Committee and decisions issued by the Company's Board of Directors.

• **Independence and Impartiality of the External Auditor**

The Ordinary General Assembly of the Company, held on 03/05/2023, has approved re-appointment of the external auditor - Mr. Qais Mohammed Al-Nisef for Messrs. BDO Al-Nisef & Partners, for the year 2023, which is one of the registered and accredited auditors in the special register with the Capital Markets Authority, and enjoys complete independence from the Company and its Board of Directors.

• **Risk Management Unit**

Emanating from the Company's keenness to comply with the directives issued by the Capital Markets Authority, the Board of Directors took its Decision No. 1264/6/2018 on approving that the Risk Management Unit shall be affiliated directly to the Risk Management Committee, pursuant to the Decision No. (124) for year 2018 issued by the Capital Markets Authority.

• **Control and Internal Control Systems**

* The Company relies on a set of control systems and monitoring rules that cover all activities of the Company and its Management. These systems and rules work to maintain the soundness of the Company's financial position, accuracy of its data, and efficiency of its operations from various aspects. The organization structure in the Company reflects the dual control restrictions (Four Eyes Principles), which includes the proper description of powers and responsibilities, complete segregation of duties, no conflict of interest, and dual screening and control.

* The Company's Audit Committee assumes reviewing the work of the Internal Audit Unit in the Company, and discusses its reports to ensure soundness, efficacy and effectiveness of the control and internal control systems.

* The Company commits to the requirements of the Corporate Governance, Book Fifteen - Article (6 - 9). Moreover, an independent consultancy office, accredited by the Capital Markets Authority, was assigned to review the internal control systems (ICR) of the Company.

- **Internal Audit Unit**

The Internal Audit Unit enjoys complete technical independence and reports to the Audit Committee. The Internal Audit Unit provides assurances and advisory services with the aim to add value to the Company and improve its operations. Moreover, it assists the Audit Unit in realizing the Company's objectives, by means of adopting an organized systematic methodology to evaluate and improve the effectiveness of governance, risk management and control processes.

- **Guide to Professional Conduct and Ethical Values**

The Company applies the already made Scheme of Rules and Ethics of professional conduct for the Board of Directors, the Executive Management and the employees, which includes the general rules of professional ethics, and also covers a wide range of procedures and practices consistent with the regulatory requirements, the relevant legislations and the local traditions, in order to limit the cases of conflict of interest. Emanating from the Board of Directors keenness, it has applied the highest standards and values that bestow integrity upon the whole Company, the Executive Management and the other employees. Moreover, it defines the Company's Code of Conduct and the Ethical Standards to be applied on the various stakeholders while executing the Company's operations. Moreover, the Board of Directors assumes the task of monitoring and managing any potential conflict of interest the Company may face, including exploitation of the Company's resources as well as the misuse of powers and jurisdictions.

- **Disclosure and Transparency of Information**

The Company is committed to providing accurate, complete and up-to-date information to the shareholders, in line with the legislative and regulatory requirements within the framework of transparency. Also, the Company guarantees applying integrated practices and procedures for disclosure of material information, and for the public to be able to obtain the announced information in a prompt and accurate manner.

- **Register of Disclosures by the Members of Board of Directors and Executive Management**

The Company has prepared a register for the disclosures by the members of Board of Directors and Executive Management, which is updated instantly in the event of any disclosure by the members of Board of Directors and Executive Management. Moreover, the Company's shareholders have the right to examine the register during official working hours without paying any fees.

- **Shareholders Affairs Section (Investors Affairs)**

The Company is committed to developing policies and procedures to represent the Company fairly, so that the existing and potential investors are informed of the major decisions taken by the Company. The Shareholders Affairs Section in the Company enjoys the necessary independence, as it works to provide data, information and reports in a timely manner and with the necessary accuracy through the generally accepted means of disclosure.

- **Information Technology Infrastructure in the Company**

The Company has developed its website in line with the requirements of the Capital Markets Authority, and dedicated part of the website to Corporate Governance, and also posted all information, data, financial statements and reports as well as disclosures and others on the Company's website, noting that such information are updated as soon as it becomes available to the Company.



• General Rights of Shareholders and Limiting Cases of Conflict of Interest

The policy of the Stakeholders and Shareholders Relations and Rights has been approved by the Board of Directors on 15/11/2016, and updated on 20/03/2022, where the Guide stipulates that all Company's shareholders enjoy general and clear rights that include, for example but not limited to, the following:

- * Disposing of the shares by means of registering, assigning or transferring the ownership thereof.
- * The right to review and participate in making the decisions related to amending the Company's Articles of Association and Memorandum of Incorporation, as well as the decisions regarding unusual transactions that may affect the Company's future or business, such as mergers, sale of large part of its assets or liquidation of subsidiary companies.
- * The right to participate in meetings and make remarks and recommendations thereon.
- * The right to express opinion on the appointment and election of members of the Board of Directors.
- * The right to monitor the Company's performance in general and the actions of the Board of Directors in particular.
- * The right to receive dividends, participate and vote in the General Assembly meetings
- * The shareholders' rights to be treated on equal basis and given the opportunity to rectify any mishandling of their rights.
- * The right to request sufficient time before the meeting of the General Assembly, and access all information related to the meeting agenda, especially the reports of the Board of Directors and the auditor, as well as the financial statements.
- * The right of shareholders who own 5% and above of the Company's capital to add items to the agenda of the General Assembly meeting.

Moreover, a special register about the Company has been provided and kept with Kuwait Clearing Company, in which the shareholders' names, nationalities, domicile and number of shares owned by them are recorded. Furthermore, this register is marked in the event of any changes to the data therein, in accordance with what the Company or Kuwait Clearing Company receive, and any interested party may request from the Company or from Kuwait Clearing Company to furnish it with data from this register.

In addition to the above policy, the Company's Articles of Association explains the above in line with the requirements of the Capital Markets Authority and the regulatory authorities.

The Company has a policy of dealings with affiliated parties, which clarifies the guiding principles on ways to conduct and manage the dealings with the affiliates, and also the cases of conflict of interest, whether those dealings are between the Company, Board members, subsidiary companies, other affiliates, Executive Management and the employees. Besides, the policy adheres to the monitoring standards and the international financial reporting standards.

• The Company's General Assembly Meeting

Kuwait Cement Company is keen to organize the meetings of the General Assemblies of shareholders in accordance with what is stated in the Corporate Governance Rules as well as the laws and regulations governing the same, where the agenda items would contain the minimum required items according to the Rules of Governance. The data and information of the agenda are provided to the shareholders in advance prior to holding the General Assembly meeting. Moreover, the shareholders are permitted to actively participate in the meetings of the General Assemblies, and to discuss all listed topics. The Company is also keen to grant opportunity for all shareholders to exercise all their voting rights without any obstacles.

• Stakeholders' Rights

The Company has prepared clear policies and procedures for managing the open dialogue and communication with its stakeholders, and adopting transparency in communicating with them, and also the level and degree of information that can be disclosed. The stakeholders' rights include the following matters, for example but not limited to:

- * The right to be treated on a just and equitable basis
- * The right to receive compensation in the event of any violations to their rights.
- * The right to access the Company's relevant information that are necessary for the stakeholders.
- * Must inform the stakeholders about the Company's Violation Reporting Program, and they must be provided adequate protection in accordance with the requirements of the policy of Reporting Violations.

• Training Programs and Courses

Kuwait Cement Company guarantees providing all members of the Board of Directors and the Executive Management with the training courses necessary to increase their skills, knowledge and efficiency at work. During the year 2023, a training program was organized for all members of the Board of Directors and the Executive Management on "Business Continuity through Sustainable Development", and at the end of the program the members of the Board of Directors and the Executive Management received certificates of attendance approved by the program's producer and presenter - "Focus-Human".

• General Framework for Evaluating Performance of the Board of Directors and the Executive Management

A clear and comprehensive mechanism has been prepared to conduct the annual evaluation process for members the Board of Directors and the Executive Management, which is founded on practical principles that measure the performance in a comprehensive, impartial and substantive manner. Besides, the evaluation is carried out by the Nomination and Remunerations Committee.

• Corporate Values of the Company's Employees

On 15/11/2016, the Board of Directors of Kuwait Cement Company approved the Rules and Ethics of Professional Conduct, which are founded by establishing the corporate values on the basis that the Company's reputation is based on the conduct of the members of Board of Directors, Executive Management and staff, and everyone must play a role in preserving the Company's reputation by adhering to the highest ethical standards. Moreover, the Board of Directors assumes the responsibility of setting the standards and specifications of the Company's ethical values, and every member of the Executive Management and staff must assist in implementing this Guide as part of his job and ethical responsibility, and must report any violation to the Board of Directors.

At another aspect of reaffirming by the Board of Directors the importance of establishing corporate values for the workers at the Company, Kuwait Cement Company initiated the development of Integrated Report as one of the most effective tool to achieve the Company's strategic objectives, and later enhance the corporate values and take decisions in a systematic and appropriate manner, and thus realize the interests of the shareholders in accordance with the stipulations of the Corporate Governance Rules.

On the other hand, in order for the Board of Directors to emphasize the importance of establishing institutional values among the Company's employees, Kuwait Cement Company developed the Integrated Report as one of the effective tools in achieving the Company's strategic objectives, thus enhancing institutional values and making decisions in a systematic and sound manner, and hence achieving the interests of shareholders in accordance with what is stated in the Corporate Governance Rules.



• **Company's Contribution to Social Responsibility and Preservation of Environment**

The Board of Directors of Kuwait Cement Company was keen to adopt a clear Guide to Policies and Procedures that ensure achieving a balance between both the Company's objectives and those that society seeks to achieve, and that this policy works to develop the living, social and economic conditions of the community in which it operates, in accordance with what is stated in the of Corporate Governance Rules.

Kuwait Cement Company had the precedence among similar companies in addressing social responsibility, which the Company diligently seeks to adhere to by developing and deepening its role in the society, and achieving social development as one of the main aspects of the Company's mission and objectives. Among the Company's most important achievements include, for example but not limited to, the following:

* **Alternative Fuels Project (RDF)**

In continuation of the efforts exerted by Kuwait Cement Company in solving the problem of disposing of municipal solid waste from local sources, treating it, making use of it, and converting it into environmentally friendly dry fuel (Refuse-Derived Fuel) that is used in the kilns of the cement production plant, and what these efforts have resulted in namely the State's interest in implementing this project as being one of important development projects in the country, and one of the best modern solutions to provide a safe and sustainable environment, similar to the practice in many developed countries, by getting rid of the harm caused by these wastes to the environment, whereby the respected Council of Ministers issued the Resolution No. (1271) on 13/11/2023, assigning Kuwait Municipality to coordinate with the Environment Public Authority, Kuwait Cement Company, as well as other parties it deems appropriate, to take the necessary measures to enable the Company to implement its initiative thus contribute to solving part of the problem of solid waste disposal and treatment, in addition to the two decisions issued on 12/09/2022 and 15/09/2023 on the same topic.

Negotiations for the project have been completed with Kuwait Municipality and other concerned parties, where Kuwait Municipality signed the final draft contract and sent it to the Ministry of Finance/State Property Department to address the Audit Bureau to express its opinion and approval in preparation for signing the contract.

It is worth mentioning that the Company has previously contracted with an international consultant specialized in the field of circular economy and waste management, and with a local engineering consulting office to carry out architectural and structural design work, supervise the project implementation work, and complete the basic engineering plans and designs for the project. Final negotiations were also held with one of the leading specialized European companies in the field of supplying the necessary equipment for the project in preparation for starting implementation once the contract is signed.

* **Quality Mark and ISO 9001:2015 Certification for Quality Control**

Kuwait Cement Company is considered the only national Company that has the ability to manufacture cement through all phases in the State of Kuwait, as it has taken upon itself to meet the needs of all citizens, government projects and others. For this purpose, the Company has worked diligently to maintain the provision of a product of international efficiency and quality.

In order to enhance confidence and ensure the standard specifications of quality control, the Company is working to renew the quality mark issued by the Public Authority for Industry on its cement products. Moreover, the ISO 9001:2015 Certificate of Quality Control it obtained in year 2012 is being updated by one of the independent institutions, namely DNV-GL, which conducts field visits to follow-up and test the work mechanisms, and to examine the infrastructure and the technical processes. Furthermore, the Company follows strict procedures in applying all international standards in the domains of its operations, and it conforms to internationally approved standards, relying on the use of the latest technological means

and the best and finest types of raw materials needed for the cement production. In addition to establishing a special culture that would contribute to set the appropriate work system and developing it in a way that is compatible with the Company's strategy on the environmental level by giving special importance to its operational processes, the matter which distinguished our cement products with high quality, strength and stability of specifications, thus awarding it the merit of excellence and leadership over the past Fifty years, under the slogan (Quality Means Kuwaiti Cement), and approval by the Public Authority for Housing Welfare and the Ministry of Public Works for its cement products as a national product.

Kuwait Quality Mark Logo



Quality Management System Logo

ISO 9001:2015



It is worth noting that it was previously mentioned in the Governance Report for year 2022, as part of the Company's contribution in the Social Responsibility and preservation of environment, that the Company has obtained an Environmental Conformity Certificate through the International Environmental Product Declaration (EPD) System, Stockholm Sweden, for the Company's products according to the ISO 14025 Certificate and the EN15804- 2012 + A2:2019 Certificate for both Ordinary Portland Cement (OPC Type 1) and the Sulfate-Resistant Cement Type 5 (SRC Type V), and the substance named Ground Granulated Blast Furnace Slag (GGBS) produced at the Company's plants located in the Eastern Industrial Shuaiba district.

**Environmental Conformity Certificate
for the Ordinary Portland Cement**



**Environmental Conformity Certificate
for Sulfate-Resistant Cement Type 5**





Environmental Conformity Certificate for the Ground Granulated Blast Furnace Slag (GGBS)



Kuwait Cement Company is considered the first industrial Company in Kuwait to obtain these accredited certificates for a period of five years that are updated successively, which is considered an official documented international environmental accreditation for its advanced products that reduce the impact on the environment, and confirms your plant's commitment to providing its cement products for use in sustainable green buildings. These environmentally friendly products help achieving the lowest percentage of carbon gas emissions in the buildings, and contribute to achieving a healthy environment free of pollution. There is no doubt that the Company's attainment of these certificates confirms its keenness to keep pace with developments and innovations in the cement industry and its interest towards safety of the urban environment, as well as following the standards of reducing environmental pollution, and being one of the environment friendly industrial companies.

* Providing Training Programs for National Workforce in the Company

Based on the directives of the Board Chairman, Kuwait Cement Company is always keen to provide training to the administrative and technical national cadres working for it, whether in general administration or at Shuaiba cement plant, in order to acquire practical and scientific experience, out of a sense of social responsibility towards fulfilling the national duty and out of its belief in the Kuwaiti nationals in managing and consolidating the wheel of local industry in the country.

This year, a number of Kuwaiti youth and other workers in the various departments of the plant, such as the mechanical and electrical maintenance department, the production department, and other departments, were trained through the training center, which includes all the devices and tools designated for such work, so that they can keep pace with the latest technological developments in the cement industry, raise their abilities and develop their skills, which reflects positively on improving the performance and the quality of work, the matter which brings good to the Company and the shareholders.

It is worth mentioning that the administrative and technical leaders are Kuwaiti nationals, whether in the administration or at the cement plant, who showed creative energies that won everyone's approval and satisfaction.

Rashed Abdullaziz Al-Rashed
Chairman of Board of Directors