CORPORATE GOVERNANCE REPORT

FOR YEAR 2018

Composition of the Board of Directors:

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

As of 08/11/2017 Dr. Abdulaziz Rashed Al-Rashed has been elected as Vice Chairman of the board of director unanimously.
On 25/4/2018, Ms. Tamadhor Ahmad Al-H outi was appointed as a representative of the General Authority for Investment in the Board of Directors instead of Ms. Rasha Fahad Al-Ameer. Accordingly, the current Board of Directors composition is as follows:

Name	Category (Executive/ Non-Executive/ Independent),Secretary	Date of Election / Secretary appointment
Rashed Abdulaziz Al-Rashed	Non-Executive	2/5/2016
Dr. Abdulaziz Rashed Al-Rashed	Non-Executive	8/11/2017
Basil Saad Al-Rashed	Non-Executive	2/5/2016
Tamadr Ahmed Al-Houti	Non-Executive	25/4/2018
Jamal Yousef Al-Babtain	Non-Executive	2/5/2016
Khaled Abdullah Al-Rabea	Non-Executive	2/5/2016
Rasha Abdulrahman Al-Melhem	Non-Executive	2/5/2016
Abdullah Mohammed Al-Saad	Non-Executive	2/5/2016
Yacoub Yousef Al-Saqer	Non-Executive	2/5/2016
Yousef Bader Al-Kharafi	Non-Executive – Independent	2/5/2016
AbdulMutaleb Ismael Behbehani	Secretary of the Board	28/12/2015

Kuwait Cement Company (K.S.C.P) Board of Directors meetings During the year 2018

Member's Name	Meeting NO. 1/2018 Dated 30/1/2018	Meeting NO. 2/2018 Dated 6/3/2018	Meeting NO. 3/2018 Dated 25/4/2018	Meeting NO. 4/2018 Dated 9/5/2018	Meeting NO. 5/2018 Dated 8/8/2018	Meeting NO. 6/2018 Dated 8/11/2018	Number Of Meetings
Rashed Abdulaziz Al-Rashed	✓	✓	✓	✓	✓	✓	6
Dr. Abdulaziz Rashed Al-Rashed	✓	✓		✓		✓	4
Basil Saad Al-Rashed		✓	✓	✓	✓	✓	5
Tamadhor Ahmad Al-Houti •	/	/	✓	✓		✓	3
Jamal Yousef Al-Babtain		✓	✓		✓	✓	4
Khaled Abdullah Al-Rabea	✓	✓	✓	✓		✓	5
Rasha Fahad Al-Ameer •	✓	✓	/	/	/	/	2
Rasha Abdulrahman Al-Melhem	✓	✓		✓	✓	✓	5
Abdullah Mohammed Al-Saad	✓	✓	✓	✓	✓	✓	6
Yacoub Yousef Al-Saqer	✓	✓	✓	✓		✓	5
Yousef Bader Al-Kharafi	✓	✓	✓	✓	✓	✓	6

The Board of Directors has held six (6) meetings during the year 2018, and the following schedule representing the details and Number of the meetings that's presence for each member:

• This Mark (✓) is refer to Members of Board Directors presence, and Marking (/) represents the non-appointment of a member of the Board.

• Mrs. Rasha Fahad Al-Ameer attended the meeting of the Board of Directors (1), (2) before the appointment of Ms. Tamadhor Ahmad Al-Houti as a member of the Board of Directors on 24/4/2018.

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

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

Board of Directors' and secretary's qualifications, experiences and positions:

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

Mr. Rashed Abdulaziz Al-Rashed - Chairman.

- Graduated with Bachelors of Business Administration from Clermont University in United States of America in year 1958, and Master of Business Administration and Economy from the same University in 1959.
- He is also a member in Kuwait Cement Company since its establishment in 1968 and the first Chairman of the Company since convening of the Article of Association on 20/1/1969 till 1978. Also, the Chairman and Managing Director from 1996 till 27/12/2015, and the Chairman from 28/12/2015 till today. He is also Chairman of the Nominations & Remuneration Committee.

His work experience includes many Ministries and positions he has held:

- Assistant Director of Technical Affairs at Ministry of Public Works.
- Secretary of State for Political Affairs.
- Director of Political Affairs in the 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 from 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. (Masters Degree) in Electrical Engineering from Wisconsin University in the United States of America.
- Dr. Abdulaziz Rashed Al-Rashed was elected to be Vice Chairman at the Board of Directors meeting dated on 8/11/2017, also he is the Member of Audit Committee.
- Chairman of Kuwait Drilling Company.
- Board of Directors' Member at Contracting and Marine Services Company.
- Board of Directors' Member at National Industries Company.

Mr. Basel Saad Al-Rashed – Board of Directors member.

• Bachelor of Business Administration from United States of America at 1988.

• He held many Management and Executive positions also his experience including working in many companies.

And from the positions he currently occupies:

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

His previous positions as follow:

• Director General of Al-Rashed International Shipping Company from 2007 until 2018.

• Chairman at Hempel paints company from 2007 to 2010.

• Board of Directors' member for cable for TV Company from 1998 to 2003.

• Director of communications department for Abdulaziz Abdulmohsin Al-Rashed Sons. Co from 1992 to 2003.

• Member of National Assembly of Kuwait from 2003 to 2006.

• Member of the Finance Committee.

• Member of the Financial Statements Committee.

• Chairman of the Environment Committee.

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

• BA in Political Science and Economics from Kuwait University, 22/1/1980.

• Ms. Tamdir Ahmed Al Houti joined the Board of Directors represented by the General Authority for Investment on 24/4/2018 till today. She is also a member of the Nominations and Remuneration Committee.

• 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.

And previous practical experience:

• 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.

Mr. Jamal Yousef Al-Babtain –Board of Directors' member.

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

Mr. Khaled Abdullah Al-Rabiah- Board Directors' member.

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

Ms. Rasha Abdulrahman Al-Melhem- Board of Directors' member.

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

Previous experience includes:

- Attending courses for the period from April 1998 to November 1999 in various fields including (financial equations and accounting, corporate finance, macro-economics, credit analysis, securities analysis, financial market projections, project finance, time management, problem solving and decision making, communication skills and writing reports, financial designs using Excel, stocks and bonds, proposed markets, job training in the management of Public Investment Authority, financial designs in Portfolio Management).
- Courses from November 2000 to May 2015 in many areas including (writing reports, operating strategies of the investment fund, preparation and writing of reports, audit, audit plan, English language, portfolio study and investment funds, methods and basics

of internal auditing, Certified Internal Auditor, Finance, Risk Management and Corporate Governance).

- Attended two months of local training programs at Commercial Bank of Kuwait, Kuwait National Petroleum Company, Kuwait Fund for Arab Economic Development, Real Estate Investment Union, and a three months training program at Union Bank of Switzerland – London.

Mr. Abdullah Mohamed Al-Saad.

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

Experience in several positions includes:

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

Mr. Yacoub Yousef Al-Saqer :

Member of Kuwait Cement Company Board of Directors representing National Industries Group Holding since 2007 till-date and, also, Head of the Audit Committee.

- Member of the Board of Directors in Projects Tourism through the years from 1976 till 1982 and from 1998 till 2004. Board Member in Warba Insurance Company from 31/3/1987 till 13/3/1993, and worked in Directorate General of Civil Aviation from September 1969 till 1/12/2007 gradually through this period working in different positions from Researcher, Monitor, Financial and Administration Affairs Director, Vice General Manager at the rank of Assistant Under-Secretary, General Manger of Civil Aviation at the rank of Deputy Minister and then head of Civil Aviation at the rank excellence.

Mr. Yousef Bader Al-Kharafi :

- He is a holder of the Bachelor's Degree of Military College from Egypt in the year 1957 and certified in Theoretical and Training Study in different sections Ministry of Interior in Egypt in the same year.
- Member of Kuwait Cement Company Board of Directors since year 2007 till date, and head of the Risk Management Committee.
- Also, held for many leadership positions through the service period in Ministry of Interior since year 1957 till 1998 from First Lieutenant, Captain, Reconnoiterer, Lieutenant Colonel,

Colonel, Brigadier, Major General, Lieutenant General and then advanced to General in 1998. Also, assumed various Management responsibilities in the Ministry of Interior from the 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 Emergency Committee, Supreme Council of Traffic, Chairman of Officer's Club, Assistant Ministry Under–Secretary and then Under-Secretary in the Ministry of Interior since year 1981 till the date of retirement in 1998.

Mr. Abdulmutaleb Ismaiel Behbehani- Chief Executive Officer-Secretary of Board of Directors.

The first employee selected by the Chairman on the second day of the Article of Association meeting and the formation of the first Board of Directors on 21/1/1969 to do the following:

- Working on the preparation of publications related to the activities of administrative affairs - Financial and Shares.
- Hiring competent staff and conducting the necessary tests for them to manage as a Financial & Administrative Director and 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 the operation and storage of materials and spare parts, and the delivery 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 General Manager for Financial and Administrative Affairs.
- His experience includes working in several companies where he heads the Board of Directors of Shuwaikh Cement Company (Shuwaikh Crusher), owned by Kuwait Cement Company in Fujairah since 1983 until today.
- Member of the Board of Directors of Gulf Energy Holding Company representing Kuwait Cement Company since 2007 until today.
- Formerly a Member of the Board of Directors of Oman Cement - Muscat and a Member of the Board of Directors of the Land Transport Company - Kuwait for two sessions representing Kuwait Cement Company.

His previous experience includes:

- Employee at the Ministry of Public Works out of which (6) years in Construction materials and cement stores, then an employee of the Purchasing Department for (4) years, followed by Head of Purchasing Department for a period of (10) years.
- Among his duties was representing the Ministry of Works in the meeting of the Central Tenders Committee when the tenders prepared by the Purchasing Department were cancelled.
- Holding a number of Certificates and Training courses in Statistics / Accounting / Business Administration / Warehouse Management / Procurement Management.

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

The List of tasks and authorities for Board of Directors describes that 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 supervision responsibility on Executive Management and keeping the Shareholder rights, creditors, employees and of all stakeholders, making sure that the Company's Management are effectively and within Framework regulators, Article of Association, Regulations and Company's internal policies. The following is a brief for the general duties for Board of Directors:

- The final responsibility for the Company's operations and financial position safety, completion of the requirements of Capital Market Authority, keeping the shareholder rights, Minority, Creditors, Investors, Clients, Employees, Stakeholders related and to ensure the Company's management in a wise manner according to the Law, Regulation, Policies and Internal procedures in force.
- Ensure the related party's transactions are reviewed and making sure that it is honest and clear of these transactions.
- Approval of the objectives, strategies, plans, important policies for the Company that includes but not limited to the following:

• Approve the Interim and Annual financial information.
• Supervision of statements of expenditure expenses for the Company, the Assets Ownership and the Disposals.
• Ensuring the Company commitment in policies and procedures which includes company honoring the organization and internal regulation in force.
• Guaranteeing the accuracy and clarity of the financial information that must be disclosed as per policies and mechanism of disclosure and integrity in force.
• Composition of a Specialized Committee according to the charter clarifying the formation of Committee, Authorization and Responsibility and the Board of Directors Monitoring.
• Ensure that Company's Organization Structure characterizes to integrity and clarity to make a decision and achieve the governance principles and segregation of responsibilities and powers between the Board of Directors and the Executive Management.
• Determine the powers that have been authorized to the Executive Management and the procedures of decision making and, also, the duration of authorization. The Board also determines the topics that are authorized safely for decision making.
• Monitoring and Supervising the performance of the Executive Management and ensuring the responsibilities due to them.

Also, the Board of Directors approves the policies and procedures for Executive Management's duties and the 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 strategic goals and the policies that are determined by Board of Directors and laws and other legislations related to the company's business and activities.
- Providing the Board of Directors with accurate annual reports of the financing position, its business and procedures taken in risk management and internal control system, to enable Board of Directors 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 company business.
- Taccording to laws, systems, instructions and the decisions issued for any of them.

The Board of Directors achievements during the year 2018

Kuwait Cement Board of Directors keenness to follow up the plans implementation and strategic goals that's setting up continued communication the executive management to achieve its goals and compliance with legal instruction from Capital Market Authority and full compliance with the requirements of corporate governance rules and adherence to the strategy work approach inside the company, The most significant achievements of the Board of Directors during the year 2018:

1. Approved the renewal of company organization structure as per the Capital Market Authority requirements.
2. Follow up company work with the executive management and discuss all of the topics that's related to company financial, administrative and technical work, and its effect on business and production after reviewing the executive management studies.
3. Review the results and recommendations of the Audit Committee on the Company's quarterly Financial Statements for 2018.
4. Review Minutes of meeting of three committees that's emerging from the Board, Audit committee, Risk management committee and Nomination and Remuneration committee.
5. Approval of the development of the work of cement mills in the factory from an open circuit to a closed circuit to raise the efficiency of operation.

Board of Directors committees:

According with the Board of Directors decision No. 1214/4/2016 as of 15/5/2016 ,

three specialized committee were formulated from the Board of Directors for three years ending at the end of the current period of Board of Directors (2016 – 2018) as well as approved the tasks Board and responsibilities of each of this committees . This committees are:

Audit Committee:

Audit committee held 4 Meetings during the year 2018 and the following schedule is represent to the committee formulated and meetings details:

Member's Name	Title	Category	First 5/3/2018	second 9/5/2018	Third 7/8/2018	Forth 6/11/2018
Yacoub Yousef Al-Saqer	Head of the committee	Non-Executive	✓	✓		✓
Dr./Abdulazizi Rashed Al-Rashed	Member	Non-Executive	✓	✓	✓	✓
Yousef Badr Al-Kharafi	Member	Non-Executive – Independent	✓	✓	✓	✓
Rasha Abdulrahman Al-Melhem	Member	Non-Executive	✓	✓	✓	✓

This Mark (✓) is refer to presence head of the audit committee and Members.

The Tasks of committee :

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

The most significant Achievements of audit committee during the year 2018:

1- Discussion and approved the reports from internal audit manager according to the approved audit plan at 2018.

2- Review annual and interim financial information, submit the opinion and recommendations to Board of Directors.
3- Periodically meetings with the external auditor and discus with them any pending and notes appeared during the audit period.
4- Prepared and approved the audit committee report to be represented to company shareholders through holding general assembly meeting for shareholders.
5- Recommend of Board of Directors to appointed or reappointed the auditor.

2) Risk Management Committee:

Risk Management committee held 4 Meetings during the year 2018 and the following schedule is representing to the committee formulated and meetings details:

Member's Name	Title	Category	First 8/5/2018	second 8/8/2018	Third 7/11/2018	Forth 19/12/2018
Yousef Bader Al-Kharafi	Head of the committee	Non-Executive – Independent	√	√	√	√
Basel Saad Al-Rashed	Member	Non-Executive	√	√	√	√
Jamal Yousef Al-Babtain	Member	Non-Executive		√	√	√
Khaled Abdullah Al-Rabea	Member	Non-Executive	√		√	√

• This Mark (√)is refer to presence head of the risk management committee and Members

The Tasks of committee

This committee assumes the responsibility of assisting the Board of Directors in its tasks of managing risk by advising and review the strategies and policies of risk management prior to being endorsed by the Board , as well as ensuring the implementation consistent with the nature and size of the company's business in addition to evaluating the system and mechanisms of determining , measuring and monitoring the types of risks which the company could be exposed to, as well as identifying and rectifying the shortcomings therein in order to avoid any losses that may occur , and presenting them to the Board of Directors to reviewing and approval.
It is worth mentioning that the company has sought assistance from one of the consultancy offices approved by the Capital Market Authority in order to help in identifying the types and nature of the risks which the company could be exposed to , preparation a record

thereto and submitting semi-annual reports to preserve the company's assets , and ensuring the continuity of conducting it's activity positively.

The most significant Achievements of risk management committee during the year 2018:

1) Review the risk valuation report that's submitted from consultancy office which was recommended to the Board of Directors approval according to governance requirements.
2) Recommend to the Board of Directors to amend the subordination of the Risk Management Unit in accordance with Resolution No. (124) of 2018 published in the Official newspaper "Kuwait Today" in issue No. (1412) dated 30/9/2018.

3) Nomination and remuneration committee:

Nomination and remuneration committee held one Meeting during the year 2018 and the following schedule is representing to the committee formulated and meetings details:

Member's Name	Title	Category	5/3/2018
Rashed Abdulaziz Al-Rashed	Head of the committee	Non-Executive	✓
Tamadhor Ahmad Al-Houti •	Member	Non-Executive	
Rasha Fahad Al-Amir •	Member	Non-Executive	✓
Abdullah Mohamed Al-Saad	Member	Non-Executive	✓
Yousef Bader Al-Kharafi	Member	Non-Executive - independent	✓

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

• On the basis of the Board of Directors' decision No. 1258/4/2018, the accession of Ms. Tamadhor Ahmad Al-Houti was approved to the Nomination and Remuneration Committee in place of Ms. Rasha Fahad Al-Amir due to the expiration of her membership according to the letter of the General Authority for Investment on 24/4/2018.

The Tasks of Committee:

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

The most significant Achievements of nomination and remuneration committee during the year 2018:

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

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

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

Board of Directors and executive management remunerations report.

- Board of Directors remunerations.

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

The total remuneration of the Board members for the fiscal year ended on 31/12/2018 amounted to KD.208,000/- for their membership on the Board of Directors, and KD.150,000/- for their membership in the committees emanating from the Board of Directors.

- Remuneration of the Executive management and financial manager:

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

Staff Categories	Number Of Staff	Salaries & Privileges	Annual Remuneration
Executive management & Financial manager	8	359,499/-	246,000/-

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

Nominations & Remunerations Committee
Kuwait Cement Company

19th of March 2019

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

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

Independency and impartiality of external auditors.

On 25/4/2018 the company ordinary public assembly had approved for re-appointed Messrs. BDO Al-Nisf & Partners and Messrs. Al-Salheya auditing office (Prime Gold) as external auditors and both of them is certified and registered in Capital market authority register, also both of them have full independency from the company and itsBoard of Directors.

Risk management.

The Board of Directors, by its resolution 1264/6/2018, approved the amendment of the subordination of the Risk Management Unit to the organizational structure of the Company, which is directly affiliated to the Risk Management Committee instead of the Board of Directors, in accordance with Resolution No. (124) of 2018 issued by the Capital Market Authority which published in the Official newspaper "Kuwait Today" in issue (1412)in addition the Director of the Risk Management Unit was appointed on 20/6/2016.

Preciseness and internal control systems.

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

Professional Conduct and Ethical values guidance.

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

Transparency and disclosure of information:

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

Shareholders affairs (investors' affairs).

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

Information Technology Infrastructure in the Company

The company had updated its website, as well as singled out a section for corporate governancefrom the website, in addition all informations, data, financial reports and others on the company's website are added and these informations updated as soon as it is available to the company.

General rights of shareholders and limit conflict of interest cases.

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

- Disposal of shares from registration, transfer or transferof ownership.
- The right to review and participate in decisions regarding the amendments of the articles of association and articles of association of the company, as well as decisions regarding unusual transactions that may affect the company's future or activity, such as mergers and sale of a large part of its assets or liquidation of subsidiaries.
- The right to receive dividends, participation and voting at the General Assembly meetings.
- Shareholders' rights to be treated on an equal basis and to give them the opportunity to rectify any abuse of their rights.
- Shareholders who own 5% and above of the company's capital have the right to add items to the agenda of the general assembly.

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

In addition to the above policy, the Company's Articles of Association clarify the above in

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

Meeting of the General Assemblies of the Company.

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

Stakeholder's rights.

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

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

Training programs and courses.

Kuwait Cement Company guarantees to all members of the Board of Directors and executive management the required training courses needs in order to increase the skills and knowledge to achieve a better level of management and competence at work. During the year 2018, a training program for all members of the Board of Directors was organized on the rules of corporate governance in accordance with the requirements of the Capital Market Authority. At the end of the program, the board members received the certificate of attendance approved by the coordinator and presenter of the program Humanfox.

Institutional values of the Company personnel.

The Kuwait Cement Company Board of Directors on 15/11/2016 outlined in the professional and ethical code of conduct the fundamental principles which creates corporate values on the basis that the company's reputation is based on the behavior of the Board

members, executive management and staff. Everyone should play a role in safeguarding the Company reputation by compliance with the highest ethical standards. The Board of Directors assumes the responsibility of laying down the criteria and specifications of the company's ethical values. Each member of the senior management and staff shall assist to enforce this manual as part of his function and ethical responsibility and report any violation to the Board of Directors.

The company contribution for social Responsibility and environmental conservation.

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

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

As part of Kuwait Cement Company's efforts from many years to benefit from the use of used tires as a source of alternative fuel in clinker production kilns, work is under way to obtain the necessary licenses for burning as well as the supply and installation of feeding equipment from the largest European companies that have a long history of burning used tires. As Kuwait Cement Company and the possession of a giant plant with its capacity and equipment and assets can make the Cement industry in the State of Kuwait is an example to be followed, and to be one of the green industrial enterprises and companies. The company's vision in its social responsibilities remains the balance between the development of the local industry for the cement material and providing it to the local market with sufficient Types and the preservation of a healthy environment and take care of the safety and environmental surroundingsthrough the optimal situation, adopted a policy to reduce environmental pollution, and to ensure sustainable development of the cement industry, in line with the national trend.

Furthermore It is worth mentioning that the company's report in the 2017 Board of Directors indicated the success of its experience in the burning of tens of tons of used cut Tire Chips in the first kiln Line I in cement factory at Shuaiba industrial area without causing negative environmental or operational variables, which was carried out with the participation of officials In the General Environment Authority and the Public Authority for Industry and under the supervision of the Fraunhofer Institute for Environment, Safety and Energy Technology, based in Germany, the largest research organization in Europe.

Company's attainment of the quality mark and ISO 9001: 2015 certificate

Kuwait Cement is the only national company that manufactures the cement product as complete in the State of Kuwait, hence, it shoulders the responsibility of meeting the

needs of all citizens, government projects and others. As such, the Company has been striving to continue providing a product of global efficiency and quality.

In order to enhance confidence and ensure standard specifications for quality control, the Company has attained the Quality Mark from the Public Authority for Industry for its cement products. Moreover, in year 2012, it attained the ISO 9001:2015 certificate for Quality Control, by DNV-GL, an independent organization that conducts field visits to follow up and test the working mechanisms and to view the infrastructure and technical processes. The company follows strict procedures in the application of all international standards in terms of its fields of operation and conforms to internationally approved standards, Technological means and the best and finest types of raw materials for the cement industry and the establishment of a special culture that will contribute to the development of the appropriate work system and develop in a manner that is compatible with the company's strategy at the environmental level by giving special importance operations, which distinguish our products from cement high quality, strength and stability of the specifications and granting worthily excellence and leadership over the past fifty years under the slogan (Quality means .... Kuwaiti Cement), and the adoption of the General Organization for Housing Welfare and the Ministry of Public Works for its products from the cement product national.

In order to meet the needs of the local market of all types of cement, 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 Oil Well Cement to the specialized companies that use this type of cement in the projects under implementation.

Quality Mark Logo

ISO 9001:2015 LOGO

National Cadres Training:

In response to the request of the Zakat House, a Kuwaiti team of engineers visited various disciplines under the chairmanship of Mr. Jamal Shariat Al Majdli - Head of Construction Department at the Zakat House of Kuwait to Kuwait Cement Factory in Shuaiba Industrial Area and selected by Kuwait Cement Company as one of the selected models in the industrial sector for its important role in serving the national economy by providing the strategic cement commodity in the country, and from the Social society towards the citizens.

Mr. Saad Al Suwaidan - Deputy Executive Director of Operations and Technical Directors of the factory who are managing and operating during 2018 received the visiting team. Where the Deputy Executive Director for Operations gave the visiting team a brief description of the company and the nature of its work and objectives, followed by a field tour of various work sites within the factory, including clinker production kilns, cement storage silos, clinker, laboratories, automatic cement filling, and material quality control, the transport of raw materials using the conveyor belt from the port directly to the factory, and other important departments. They were also provided with brochures and leaflets for the company.



A group photograph of the visiting delegation to the cement factory in Shuaiba Industrial Zone, Eastern Province, with the Deputy Executive Director of Operations in the factory

At the end of the visit, the visiting team leader thanked the Kuwait Cement Company and the factory management for their approval of this visit and for what they saw from a giant industrial building with its huge machinery and production equipment which is proud of the Kuwaiti industry's achievements and valuable useful information. Theoretical and practical thinking, and exchange of experiences, wishing Kuwait Cement Company more success and conciliation, and continued cooperation with them to repeat such visits.



Rashed Abdulaziz Al Rashed
Chairman



General view for both first and second line clinker production

BOARD OF DIRECTORS DECLARATION AND ACKNOWLEDGMENT CONCERNING

THE CONSOLIDATED FINANCIAL STATEMENTS OF KUWAIT CEMENT COMPANY FOR YEAR 2018

The Board of Directors of Kuwait Cement Company K.S.C.P declares it's responsibility for the reliability and integrity of all consolidated annual financial reports and statements which include the consolidated financial positions, consolidated income statements, consolidated comprehensive income, consolidated statements of change in equity, consolidated cash flow statements, and notes to the consolidated financial statements as of 31 December 2018, and that they have been prepared according to the international accounting standards approved by the Capital Market Authority, and that the company keeps the accounting records and documents appropriately. Also, it's responsibility for providing an effective control system in the company, and that the Board members bear the responsibility if any of the company's consolidated financial reports and statements fail to honestly reflect its actual consolidated financial positions as well as the results of its business and its consolidated cash flow.

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

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



Rashed Abdulaziz Al-rashed
Chairman