Corporate Governance Report
For Year 2022

- **Formation of the Board of Directors**

Pursuant to the provisions of Clause (18) of the Articles of Association of Kuwait Cement Company, which specified the Members of Board of Directors to be Ten members, hence 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, in light of the Fifty-Fourth Ordinary General Assembly meeting of the Company's shareholders dated 20/ 04/ 2022.

On 20/ 04/ 2022, Mr./ Waleed Abdullah Shamlan Al-Roumi was elected to replace Ms./ Tamadhor Ahmad Al-Houti and Mr./ Abdullah Manea Al-Ajmi to replace Ms./ Rasha Abdulrahman Al-Melhem as representatives of the Public Authority for Investment in the Board of Directors.

Accordingly, the formation of the current Board of Directors is as follows;

Member's Name	Member's Category (Executive/ Non-Executive/ Independent), Secretary	Date of Election/ Appointment/ Secretary Appointment
Rashed Abdullaziz Al-Rashed - Chairman of Board of Directors	Non-Executive	20/04/2022
Dr. Abdullaziz 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	Non-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	20/04/2022

On 20/10/2022 Mr./ Abdulmutalleb Ismail Behbehani - Chief Executive Officer and Secretary of Board of Directors, has resigned from his post, and on 22/ 12/ 2022, Mr. Mishal Abdulmohsen Al-Rashed was appointed as Chief Executive Officer and Secretary of the Board of Directors

- **Qualifications, Experience and Posts of Board Members:**

All members of Board of Directors are of Kuwaiti nationality, and possess qualifications and experience to take up their posts, and they are as follows:

Mr./ Rashed Abdullaziz Al-Rashed - Chairman of Board of Directors

- Holder of Bachelor›s degree in Business Administration and Economics from Clermont University in the United States of America in year 1958, and Master›s degree in Business Administration and Economics from the same university in year 1959.
- Founding member of Kuwait Cement Company since its inception in year 1968, and the Chairman of Board of Directors from the time the convening of the Constituent Assembly on 20/01/1969 until year 1978, held the post of Chairman and Managing Director from year 1996 until 27/12/2015, and held the post of Chairman Board of Directors since 28/12/2015 until today, and he holds the post of Chairman of the Nominations and Remuneration Committee.
- His experience includes working in several Ministries, where some of the posts he held were:
  * Assistant Director of Technical Affairs at the 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).
  * Deputy chairperson of the United Nations General Assembly.
  * Undersecretary of the Ministry of Foreign Affairs from 1967 till 1985.
  * Minister of State for Council of Ministers Affairs from 1985- 1990.
  * Participated in a large number of international and regional meetings.
  * He received a number of Arab and international honors.
  * In 1990, he devoted himself to working in the private sector.

Mr./ Dr. Abdullaziz Rashed Al-Rashed - Vice-Chairman of Board of Directors

- He holds a PhD in Electrical Engineering from the University of Wisconsin United States of America.
- Mr./ Dr. Abdullaziz Rashed Al-Rashed – was elected as Vice- Chairman of Board of Directors in the Board meeting dated 08/11/2017. He also holds the post of 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./ Mishal Abdulmohsen Al-Rashed - Member of Board of Directors

- He holds a Bachelor›s degree from the American University in Washington on 12/05/1996 Majoring in International Business.

- He held the post of Executive Director of Financial and Administrative Affairs at Kuwait Cement Company from 01/01/2003 till 27/12/2015.
- He held the post of Deputy Chief Executive Officer of Kuwait Cement Company from 28/12/2015 till 21/12/2022.
- Mr./ Mishal Abdulmohsen Al-Rashed was elected as a member of Board of Directors of Kuwait Cement Company on 20/04/2022 till 2024, and also holding the post of member of the Risk Management Committee from 20/04/2022 till year 2024.
- Mr./ Mishal Abdulmohsen Al-Rashed was appointed as Chief Executive Officer and Secretary of Board of Directors as of 22/12/2022.
- His professional experience covered many entities, including:
  * Wafra International Investment Company - European Stocks Department, from 19/10/1997 till 14/11/1998.
  * Global Investment House Company - American Stocks Department, from 15/11/1998 till 31/12/2002.

Mr./ Waleed Abdullah Al-Roumi - Member of Board of Directors

- He holds a Bachelor of Commerce - majoring in Business Administration and Marketing from Kuwait University, 1983.
- Mr./ Waleed Abdullah Shamlan Al-Roumi joined the Board of Directors as representative of the Investment Public Authority on 20/04/2022 until today, he also holds the post of member of the Audit Committee.
- Currently, he holds the position of Director of Contributions Department - General Reserve Sector in the Investment Public Authority.
- His current membership covers many entities, including:
  * Equity Holding Company - Egypt - Chairman of Board from 2015 until now.
  * Livestock Transport and Trade Company - Member of Board of Directors from 2013 until now, and Chairman of Board of Directors from 2020 till 2022.
  * Kuwait Cement Company - Member of Board of Directors from 2022 till 2024.
- He was a member of Board of Directors of several companies, including:
  * Nakheel Agricultural Production Company – Vice-Chairman of Board of Directors from 1992 till 1995.
  * Kuwait Cement Company - Member of Board of Directors from 1995 till 1998.
  * Misr Cement Company (Qena) - Member of Board of Directors from 2002 till 2007.
  * Tunisian Kuwaiti Development Group - Member of Board of Directors from 2001 till 2007.
  * International Investment and Tourism Group - Chairman of the Board from 1999 till 2007.
  * Zamalek Investment and Tourism Company - Chairman of Board of Directors from 1999 till 2007.
  * Aslon Company – Egypt (plastic pipe factory affiliated to Kuwait Egyptian Investment Company) - Chairman of Board of Directors from 1997 till 2007.
  * Kuwaiti Egyptian Investment Company – Vice-Chairman and Managing Director (Executive) from 1997 till 2007.

* Egyptian Kuwait Real Estate Development Company - Chairman of Board of Directors from 2008 till 2013.
* Moroccan Kuwaiti Development Group - Chairman of Board from 2008 till 2015.
* Kuwait Investment Company - Member of Board of Directors from 2013 till 2015, and Chairman of Board of Directors from 2015 till 2018.

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

- 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 now. He also holds the post of member of the Risk Management Committee.
- He held the post of General Manager of the International Gulf General Trading Establishment, and also at Mohammed Abdullah Al-Rabiah & Partners Company.

Mr./ Abdullah Manea Al-Ajmi - Member of Board of Directors

- 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 till 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./ Ziad Tariq Al-Mukhaizeem - Member of Board of Directors

- He holds a Bachelor of Science in Civil Engineering from the University of the Pacific, California, United States of America, 2004.
- He holds a 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 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 Kingdom of Bahrain and in the State of Kuwait, where he progressed in several posts: Planning Manager, Project Manager - from June 2004 till July 2007.
  * Kuwait Finance House - Investment Manager - from August 2007 till December 2010.
  * AREF Investment Group - Executive Officer - Head of Investment Sector from 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, Risk Committee and Remuneration Committee.
  * Munshaat Real Estate Projects Company - Kuwait - Chairman of Board of Directors, Head of the Executive Committee (2013 - 2017(, Chairman of Remuneration and Nominations Committee (2013 - 2016(.
  * The Public Institution for Social Insurance - Kuwait, member of the Investment Committee (2017 till now(.
- He also assumed membership in a number of companies, investment funds and committees inside and outside the State of Kuwait.

Mr./ Abdullah Mohamad Al-Saad - Member of Board of Directors (Independent)

- He holds a Bachelor›s degree in Business Administration from Cairo University in year 1969.
- Member of Board of Directors of Kuwait Cement Company since 1998 till now, and also held the post of member of the Nominations and Remuneration Committee.
- His experience covers holding many posts, namely:
  * He worked as diplomatic attaché at the Ministry of Foreign Affairs in year 1970.
  * Director of Kuwait office in Dubai until year 1972.
  * Chargé d`affaires at the Embassy of State of Kuwait in the Emirate of Abu Dhabi in year 1973.
  * Chargé d`affaires at Kuwait Embassy in Nairobi/ Kenya in year 1974.
  * Chargé d`affaires at Kuwait Embassy in Mogadishu/ Somalia in year 1975.
  * He ended his service at the Ministry of Foreign Affairs and returned to Kuwait in year 1976.
  * He started his trade business in year 1977.
  * He joined membership in the Board of Directors of Kuwait Food Company (Americana) from 1977 till 2017.
  * Chairman of Board of Directors and Managing Director of Sefury Americana International in year 1984.
  * Member of Board of Directors of Al-Ahlia Insurance Company from 1999 till now.

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

- Member of Board of Directors of Kuwait Cement Company as representative of National Industries Holding Group from 2007 till now, he also holds the post of Head of the Audit Committee.
- Member of Board of Directors of Tourism Projects Company during the years from 1976 till 1982, and then from 1998 till 2004. Member of Board of Directors of Warba Insurance Company from 31/03/1987 till 13/03/1993. He also worked at the Directorate General of Civil Aviation from September 1969 till 01/12/2006, where he progressed in several posts, namely Researcher, Controller, Director of Financial and Administrative Affairs, Deputy Director- General with Assistant Undersecretary status, Director-General of Civil Aviation with Ministry Undersecretary status, then President of Civil Aviation with Excellent status.

Mr./ Yousef Bader Al-Kharafi - Member of Board of Directors (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 now, 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 2022**

The Board of Directors of Kuwait Cement Company held (6) meetings during 2022. The table below illustrates the details and number of those meetings that were attended by each member:

Member's Name	Meeting No. 1/ 2022 dated 20/03/2022	Meeting No. 2/2022 dated 20/04/2022	Meeting No. 3/2022 dated 27/04/2022	Meeting No. 4/2022 dated 12/06/2022	Meeting No. 5/2022 dated 10/08/2022	Meeting No. 6/2022 dated 02/11/2022	Number of Meetings
Rashed Abdullaziz Al-Rashed Chairman of Board of Directors	√		√	√		√	4
Dr. Abdullaziz Rashed Al-Rashed Vice-Chairman of Board of Directors	√	√	√	√	√		5
* Tamadhor Ahmad Al-Houti Board Member	√						1
Khaled Abdullah Al-Rabiah Board Member		√	√	√		√	4
** Rasha Abdulrahman Al-Melhem Board Member	√						1
Ziad Tariq Al-Mukhaizeem Board Member	√			√	√	√	4
Abdullah Mohamad Al-Saad Board Member	√	√	√	√	√	√	6
Abdullah Manea Al-Ajmi Board Member				√	√	√	3
Mishal Abdulmohsen Al-Rashed Board Member		√	√	√	√	√	5
Waleed Abdullah Al-Roumi Board Member				√	√	√	3
Yacoub Yousef Al-Saqer Board Member	√	√	√		√	√	5
Yousef Bader Al-Kharafi Board Member	√	√	√	√	√	√	6

Marking with the sign (√(represents attendance of the board member at the meeting.

* On 20/04/2022, the membership of Ms./ Tamadhor Ahmad Al-Houti has ended as representative of the Investment Public Authority,

**On 20/04/2022, the membership of Ms. Rasha Abdulrahman Al-Melhem has ended as representative of the Investment Public.

- **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 are signed by all participating members, where 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 risk strategy, governance standards, responsibility of supervising the Executive Management, preserving the 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.
- Approving 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.

The Board of Directors 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 questions the Executive Management about its performance.
* Provide the Board of Directors with recommendations regarding any proposals 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 2022**

The Board of Directors of Kuwait Cement Company was keen to monitor implementation of the plans and the 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 2022 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 the production.
2- Reformation of the three committees emanating from the Board of Directors for the current term (2022 - 2024), and reviewing the minutes of the sessions of these committees for the year 2022.
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 2022, 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 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 Committees:**

Pursuant to the Board of Directors' Resolution No. 1329/2/2022 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, where 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 (5) meetings during year 2022. The table below illustrates formation of the Committee, and details of those meetings:

Member's Name	Capacity	Category	1st Meeting 16/03/2022	2nd Meeting 27/04/2022	3rd Meeting 10/08/2022	4th Meeting 02/11/2022	5th Meeting 27/12/2022
Yacoub Yousef Al-Saqer	Chairman of Committee	Non-executive	√	√	√	√	√
Dr. Abdullaziz Rashed Al-Rashed	Member	Non-executive	√	√	√		√
Rasha Abdulrahman Al-Melhem*	Member	Non-executive	√				
Waleed Abdullah Al-Roumi*	Member	Non-executive			√	√	√
Yousef Bader Al-Kharafi	Member	Non-executive, Independent	√	√	√	√	√

Marking with the sign (√) represents attendance of the Committee's Chairman and members of the Committee at the meeting.

* Mr./ Waleed Abdullah Al-Roumi joined the Committee on 20/04/2022 pursuant to the Board of Directors Decision No. 1329/2/2022 to replace Ms./ Rasha Abdulrahman Al-Melhem

- **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 shareholders with respect to accuracy and integrity of the financial statements, supervision and review of accounts and financial statements for the Company and internal control purposes, and implementation of the policy of contracting an external auditor, and 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 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 2022:**

1- Discuss and approve the reports submitted by the Manager of Internal Audit Unit in accordance with the audit plan approved for year 2022.

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- Endorse the report of evaluating and reviewing the Internal Control Systems (ICR) of the Company.

8- Approve the audit plan for the years 2023 and 2024 that are submitted by the Manager of Internal Audit Unit.

9- Discuss developments on the previously submitted reports to ensure compliance of all departments to the approved recommendations.

10 - Examine the external Quality Assessment Report of the Internal Audit Unit in accordance with of the requirements of the Capital Markets Authority, which is submitted by an independent external Consultancy Office.

11- Recommend to the Board of Directors to accept resignation of the manager of Internal Audit Unit, and approve nomination of a new manager for the Internal Audit Unit.

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 2022. The following table illustrates the formation of the committee and the details of these meetings:

Member's Name	Capacity	Category	1st Meeting 20/03/2022	2nd Meeting 14/08/2022	3rd Meeting 22/11/2022	4th Meeting 21/12/2022
Yousef Bader Al-Kharafi	Chairman 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 (√) represents the attendance of the Committee's Chairman and Members at the meeting.

* Mr. Mishal Abdulmohsen Al-Rashed joined the Committee on 20/04/2022 pursuant to the Board of Directors Decision No. 13 29/2/2022.

- **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 it is implemented and also 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 2022:**

1) Review the risk assessment report submitted by the consultancy office.

2) Review and endorse the risk plan for the year 2023.

3) Meeting periodically with the consultancy office and discuss any pending matters and notes.

4(Supervise and monitor the work 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 chairman 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 (3(meetings during year 2022. The following table illustrates formation of the committee and the details of those meetings:

Member's Name	Capacity	Category	1st Meeting 16/03/2022	2nd Meeting 02/11/2022	3rd Meeting 11/12/2022
Rashed Abdullaziz Al-Rashed	Chairman of Committee	Non-executive	√	√	√
Tamadhor Ahmad Al-Houti *	Member	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 (√) represents the attendance of the Committee's Chairman and Members at the meeting.

* Mr. Abdullah Manea Al-Ajmi joined the Committee on 20/04/2022 pursuant to the Board of Directors Decision No. 1329/2/2022 in place of Ms./ Tamadhor Ahmad Al-Houti

- **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 the 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 2022:**

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 machinery 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 secretary and members of the Board of Directors, and furnish reports of the meetings, which must be of high quality and accuracy 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**

- Policy of Remunerations and Incentives

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.

The Nominations and Remuneration 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 (Corporate Governance Report Form Structure) 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 to 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 Remuneration	Committees Remuneration	Health Insurance	Monthly Salaries (total during the year)	Annual Remuneration	Committees Remuneration
10	-	-	184,000	-	-	-	-

- Remunerations of the Executive Management and the Financial 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 Financial 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 (total during the year)	Health Insurance	Annual Tickets	Housing Allowance	Transport Allowance	Schooling Allowance	Others	Annual Remuneration	Monthly Salaries (total during the year)	Travel Allowance	Annual Tickets	Housing Allowance	Transport Allowance	Schooling Allowance	Annual Remuneration
9	303,155	--	2,370	13,200	18,540	8,941	147,390	225,000	-	-	-	-	-	-	162,000

There were no deviations or material changes to implementing the Remuneration Policy for year 2022 from the policy approved by the Board of Directors. These remunerations are subject to the approval of the Ordinary General Assembly of the shareholders.

14/3/2023

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 the 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 stated in the rules of corporate governance, which relate to supervising, reviewing and following up all the works of the Company›s auditors, the activity 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 2022, 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 20/04/2022, has approved re-appointment of the external auditor - office of Mr./ Qais Mohammed Al-Nisef and Partners (BDO) for the year 2022, and it 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 Decision No. (124) for year 2018 issued by the Capital Markets Authority, on 06/03/2022 the resignation of Mr./ Director of Risk Management Unit was accepted, and a new manager for the Risk Management Unit was appointed on 16/03/2022.

- **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 departments. These systems and rules work to maintain the soundness of the Company's financial position and the 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 include 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 it follows 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. Furthermore, a new manager for the Internal Audit Unit was appointed on 02/06/2022.

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

The Company applies the system prepared for the 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 customs, in order to reduce the cases of conflict of interest. Emanating from the Board of Directors keenness, it has applied the highest standards and values that bestow integrity on 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 conflicts of interest the Company may face, including exploitation of 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. 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 the website in line with the requirements of the Capital Markets Authority, and dedicated part of the website to corporate governance, and also listed all information, data, financial statements and reports as well as disclosures and others on the website of the Company, where such information is 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, 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 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 on the future or activity of the Company, 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 to be given the opportunity to make 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% or more of the Company's capital to add items to the agenda of the General Assembly meeting.

Moreover, a special register for 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. Moreover, marking is made 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 related parties that clarifies the guiding principles on ways to conduct and manage the dealings with the related parties and also the cases of conflict of interest whether those dealings are between the Company, or the members of Board of Directors, or the subsidiary companies, or the other related parties or the Executive Management and the employees. Besides, the policy adheres to the regulatory 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 rules of corporate governance 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, and the data and information of the shareholders' agenda are provided sufficiently 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. Furthermore, the Company is 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 relevant Company's information that is 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 2022, a training program was organized for all members of the Board of Directors and the Executive Management on awareness about risks of cybersecurity, 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 performance in a general, impartial and substantive manner. Besides, the evaluation is carried out by the Nominations and Remuneration 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 corporate values based on the fact 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.

- **Company›s Contribution to Social Responsibility and Preservation of Environment**

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, the following:

*** Alternative Fuels Project (RDF)**

In continuation of the efforts put forth by Kuwait Cement Company to execute the project of transforming the solid municipal waste into an environmental Refuse-Derived Fuel (RDF(which is used as alternative fuel for thermal energy in producing cement, that resulted in signing a Memorandum of Cooperation with Kuwait Municipality on 04/04/2021 to utilize the solid municipal waste and recycle it in order to protect the environment and reduce usage of lands for landfill works, in light of the Company›s strategy to benefit from alternative fuels, as they are domestically sourced. It gives us pleasure to report to you that a decision was issued by the honorable Council of Ministers No. (929) on 12/09/2022 to mandate Kuwait Municipality to move forward by completing its efforts in collaboration and coordination with the Ministry of Finance and the Environment Public Authority to finalize taking all necessary measures to ensure the execution and completion of this vital and important project for the country, as one of the most important modern solution that is applied internationally in this field. Moreover, the Company has entered into contract with an international consultant specialized in the field of Waste Management Circular Economy, Policy Advocacy, AFR and Co-processing. Furthermore, it was contracted with a local engineering consultancy office to carry out the architectural and structural design works, supervise the project execution, and complete the drawings and engineering designs for the project's basic equipment.

In addition, several leading European specialized companies have been contacted to supply the waste recycling equipment, and one of the most prominent companies was selected, with which the final negotiations were made to supply the necessary equipment for the project in preparation to start the execution as soon as the contract is signed with the concerned government authorities.

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

Kuwait Cement Company is the only national establishment that produces the cement product entirely in the State of Kuwait, where it takes upon itself to meet all needs of the citizens, government projects, and others. For that purpose, the Company has worked on maintaining the provision of a product of international efficiency and quality.

In order to enhance trust and ensure the standard specifications for quality control, the Company is working on renewing the quality mark issued by the Public Authority for Industry on its cement products, and also upgrading the ISO 9001:2015 Quality Control certification it obtained in year 2012 by one of the independent institutions - DNV-GL, which conducts field visits to follow-up and test the work machineries, and examine the infrastructure and the technical operations. Moreover, the Company adopts

strict procedures in applying all international standards on its activities, and that they are consistent with the internationally approved standards, relying on the usage of the latest technological methods and best and finest types of raw materials necessary for the cement production, and also establishment of a special culture that would contribute to the development of the appropriate work system, and developing it in a manner that is consistent with the Company›s strategy at the environmental level by means of giving special importance to its operational processes, the matter which distinguished our cement products with high quality, strength, stability of specifications, and awarding them 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.

Logo of the Kuwaiti Quality Mark

Logo of Quality Management System - ISO 9001:2015

* Contributing to Supporting the Country›s Development Frameworks

Kuwait Cement Company saves no efforts in contributing to the national projects and campaigns that aim to raise awareness among the people of the country. This year, for example without limitation, it contributed as a special sponsor in establishing the electronic platform to raise awareness of the risks Narcotics and Psychotropic Substances (Grass) out of concern for its social responsibility to deal with this terrifying phenomenon because of its dangerous dimensions on the individual, the family and the society. Moreover, it has taken precedence in participating in the workshops it is invited for, on various topics, in which it expresses its point of view with full transparency, in terms of solutions and suggestions regarding those topics, thus benefit and achieve the public interest of the country.

* Environment Product Declaration (EPD)

Kuwait Cement Company attained on 04/12/2022, through the International EPD System AB Stockholm, Sweden, the certificate of Environmental Product Declaration according to the certificate ISO 14025 and certificate EN15804 2021 + A2:2019, for both the Ordinary Portland cement (OPC Type1) and (SRC Type 5), and the Ground Granulated Blast Furnace Slag (GGBS) produced in the plants of the Company at Eastern Shuaiba Industrial District, which is the only company in the world that issue such certificates. Kuwait Cement Company is considered the first industrial company in Kuwait that holds these accredited certificates for a period of five years, and are renewed successively, this comes as confirmation of Kuwait Cement Company›s commitment to measure and reduce the environmental impact of its products, and also reporting these impacts in a highly transparent manner, where the data submitted by it is verified through a third party such as an independent auditor accredited by the company that issue these certificates to make certain of everything related to the environmental performance of their products, and the result of the study are assembled and evaluated through the portal of the EPD system.

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)



It is worth noting that obtaining these certificates by Kuwait Cement Company is deemed as an official documented international environmental accreditation to its advanced products that would minimize the impact on the environment, and also confirms the commitment of the Cement Plant to provide its cement products for usage in the Green (sustainable) Buildings, where these environmentally friendly products help in realizing the lowest percentage of carbon gas emissions in the buildings, and also contribute to reach a sound environment free of pollution, the matter which many developed countries aspire to.

Without a doubt, for Kuwait Cement Company to obtain these certificates will yield a good return that enhances the Company›s leading position in Kuwait cement market and supports its continuous efforts in the sustainable development of the urban environment, efficient usage of energy of the materials and constructions as well as preserving them, and the development of cement building materials suitable for the environmental conditions in Kuwait, which is in line with the vision of Kuwait 2035. Moreover, the Company is keen to stay abreast with the developments and innovations in the cement industry, and its interest in the safety of the urban environment, as well as adopting the standards of reducing the environmental pollution, and to be one of the industrial environmental friendly companies.

Rashed Abdullaziz Al-Rashed

Chairman of Board of Directors