MOBILE TELECOMMUNICATIONS COMPANY (ZAIN)

BOARD AUDIT COMMITTEE CHARTER

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1.1	2019	CG	Board of Directors	Reviewed and updated based on recommendations by PWC
1.2	2023	CG	Board of Directors	Updated based on CMA Executive bylaws and regulations

Contents

Glossary

Term	Definition
AGM	Annual General Meeting
BAC	Board Audit Committee, or the “Committee”
BOD	Board of Directors, or the “Board”
CEO	Chief Executive Officer
The Chairman	Chairman of the Board of Directors
The Company	Mobile Telecommunications Company (Zain Group) (Zain)
CMA	Capital Markets Authority
ICR	Internal Control Report
IFRS	International Financial Reporting Standards
The Charter	Audit Committee Charter
IA	Internal Audit Department at Zain Group
External Auditor	External auditor which is a certified public accounting firm, registered by the regulatory authorities
The “Chair”	Chair of the Board Audit Committee
Zain Group’s Board Remuneration Policy	Remuneration Policy for Zain Group board members including committee members, which has been approved by the board.
CFO	Chief Financial Officer
Secretary	Secretary of the Board of Directors
Executive Management	CEO, C-level management and any other member with a direct reporting line to the CEO

Board Audit Committee Charter

1. Purpose

The Board Audit Committee (hereinafter the “Committee” or the “BAC”) is a committee of the Board of Directors (the “Board” or the “BOD”) at Mobile Telecommunications Company (“the Company”) responsible for assisting the Board of Directors in fulfilling its responsibilities relating to the oversight of (1) the quality and integrity of accounting, auditing, internal control, risk management framework, financial reporting and Corporate Governance Framework practices at Zain Group (2) the performance and qualifications of the independent registered public accounting firm (external auditors) (3) the company’s relationship with its external auditors (4) performance of the company’s Internal Audit Function (5) and the company’s compliance with legal and regulatory requirements.

This charter is considered as a part of the overall Corporate Governance Framework of Zain Group.

The Charter has been developed taking into consideration the applicable rules, regulations and guidelines.

2. Scope of Authority

The Board authorizes the Committee within the scope of its responsibilities to carry out the following duties:

1. Review any activity within its authority as per this Charter and in the context of investigation, inspection or other reviews.
2. The Committee, in performing its functions, shall have full access to the Company’s records, reports, material or information in the possession of any employee or external auditor of Zain Group.
3. The Committee may consult independent consultants at the Company’s expense.
4. The Committee shall meet with Company officers, external auditors, or external counsels, whenever required.

3. Membership and Term

1. The Committee shall consist of no less than three (3) members; one (1) of them at least should be an independent member according to the applicable rules and regulations.
2. The Chairman or any executive member of the Board cannot be a member of the BAC according to the applicable rules and regulations.
3. At least one (1) of the members of the Committee shall have educational qualifications, related professional experience and/or certificate in finance and accounting as defined by rules and regulations. The Committee shall have the right to engage external expertise based on Board approval.

4. The Board will assess and determine the qualifications of the committee members with reference to the requirements set forth in this Charter. Members shall be appointed every three (3) years. This period is renewable.
5. The committee is compensated according to Zain Group's Board Remuneration Policy.
6. The Board shall select the Chair of the BAC. A chair may be designated by a majority vote of committee members present. The elected chair is responsible for maintaining the quorum of the Committee's meetings.

4. Quorum

1. Only the Committee members and the BOD Secretary shall attend Committee meetings. However, members of management or representatives and other specialists may be invited to attend meetings upon request of the Committee.
2. A minimum of two (2) members shall attend in order to meet the required quorum.
3. A duly convened meeting of the Committee at which a quorum is present, shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee as specifically delegated by the Board.

5. Meetings

Meeting Frequency

1. The Committee shall meet four times a year, at least once every quarter (to coincide with key dates in Zain Group's financial reporting cycle), when necessary, or upon the request of the committee's chair or the other two (2) members.
2. The Head of Internal Audit and the external auditors may request a meeting with the committee through a request to the Committee chair at any time during the year in absence of the Executive Management.
3. It is the responsibility of the Secretary to schedule and call all meetings of the Committee and provide the Committee with a written agenda, which had been approved by the Chair, for all meetings along with the meeting information pack at least two working days before the meeting.
4. At least four (4) times a year, meet separately with the Head of IA to discuss any matters that the Committee or Internal Audit believe should be discussed privately.
5. Copies of the resolutions will be maintained at Zain Group's Head Office and will be circulated to the concerned management to take necessary action.
6. The committee shall meet with external auditors on a quarterly basis upon reviewing quarterly financial statements.

7. The Secretary will record the attendance and the minutes of the meeting. Minutes shall be submitted for approval by all attendees as well as the Board Secretary and circulated promptly to all members of the Committee and, once agreed, to all members of the Board. These minutes shall be made available for regulatory inspectors and authorized persons.

<u>Conflicts of Interest</u>

1. In case of a conflict of interest, the respective member will not participate in the Committee's deliberations and decisions or voting on a resolution on the matter concerned.
2. In the event of any conflict between the Committee's recommendations and decisions taken by the Board of Directors, including when the Board rejects the recommendations of the Committee with respect to internal or external auditors, the Board shall include a detailed statement in the Corporate Governance report entailing such recommendations and the reason(s) for the not following such recommendations.

6. Responsibilities

<u>Internal Control and Risk Management</u>

1. Assess and discuss with management the Company's significant business risk exposures (including those related to data privacy and network security) and management's program to monitor, assess and manage such exposures, including the Company's risk assessment and risk management policies.
2. Ensure that an independent assessment has been conducted on the internal control system and that the Internal Control Report (ICR) has been prepared by an independent party.
3. Assess the adequacy of internal control systems applied in the Company and prepare a report including the Committee's opinion in that regard, including 1. Information Security. 2. Accounting and Financial Controls as well as the Company's system for monitoring and managing business risk. 3. Effectiveness of the Corporate Governance Framework. 4. Legal and Ethical Compliance Programs. The Committee shall appoint external consultants if deemed necessary. A report in that shall be presented by the Committee to the Board and recited during the AGM.
4. Discuss with the management, internal auditors, and external auditors the adequacy of the Company's overall control environment, including controls in selected areas representing financial reporting, disclosure, compliance, and significant financial or business risk.
5. Understand the scope of internal and external auditors' review of internal control over financial reports and obtain reports on significant findings and recommendations, together with management's responses.

6. Review reports prepared by internal and external auditors for any fraud, illegal acts, deficiencies in internal control or other similar areas.
7. Review reports from the CEO and CFO on any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls.
8. Review the statement in the annual report and accounts on the Company's internal controls.
9. Review inspections reports issued by regulators and ensure that corrective actions were taken.

Internal Audit

1. Technical Supervision over the internal audit department at Zain Group to guarantee effectiveness in performing its duties assigned by the Board.
2. Review the external independent assessment report over the IA function every three (3) years and raise recommendations to the Board.
3. Review and approve the charter, reporting relationship, risk-based audit plans, activities, staffing, qualifications, resources and organizational structure of the Company's Internal Audit Department and assess their performance. Ensure that risk-based audit plan is covering Corporate Governance Framework on a periodic basis.
4. Review and approve the appointment, replacement, relocation, dismissal and remuneration of the Chief Internal Audit and personnel in supervisory level within the Internal Audit Department.
5. Ensure that the Head of Internal Audit has direct connection to the Chairman of the Board and the Committee.
6. Review the internal audit results and ensure appropriate action is taken in regards to the reported findings.
7. Ensure that the Company complies with applicable laws and regulations.

Independent (External) Auditor Oversight

1. Recommend to the Board of Directors the appointment, re-appointment or change of the external auditor including setting their compensation and reviewing their appointment letter. Wherein the general assembly appoints the external auditor upon the Board's recommendation with the following requirements met:
   - Appoint an auditor from among the auditors licensed by the CMA, for one fiscal year, renewable annually and for a period not exceeding four consecutive fiscal years, unless the company is in liquidation, provided that such auditor is not a director, officer, employee or partner of the listed company.
   - The same auditor may be reappointed after at least two consecutive years from their last appointment.

- The company shall notify the Authority within a maximum period of seven working days from the date of appointment, replacement or resignation of the auditor.
- The external auditor is independent and does not perform additional tasks which may affect neutrality and independence.

2. The external auditors shall discuss their opinion with the Committee prior to submitting financial statements to the Board of Directors. The auditor shall attend the AGM to present the report prepared to shareholders explaining any obstacles or interruptions faced by the auditor and caused by the Board during the course of their work.
3. Ensure the audit efforts of both internal and external parties are coordinated as part of the external auditors' approach and discuss the effectiveness of audit performed in accordance with International Auditing Standards, IFRS and other applicable regulations.
4. Based upon a report from the external auditor at least annually, review 1. The auditor's internal quality-control procedures including but not limited to the scope, structure of audit procedures and conformity with International Standards on Auditing, IFRS and other applicable regulations. 2. Any material issues raised by the most recent quality-control review or by any inquiry or investigation by governmental or professional authorities within the past year. 3. Any steps taken to address any such issues.
5. Review and evaluate the qualifications and performance of the external auditor and the lead (or coordinating) audit partner. In case of any conflict with the Board, the decision will be documented.
6. Review the observations made by the external auditor with regards to the financial statements of the Company and follow-up on measures taken in that regard.
7. Review and discuss quarterly reports from external auditors on all critical accounting policies and practices and any significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements.
8. Conduct annual discussion with the external auditor on the quality of the Company's accounting principles and all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, the potential impact of the use of such disclosures, and the external auditor's preferred action.
9. Meet independently with the external auditors, on quarterly basis, to discuss any matter which the Committee or the external auditor deems necessary to be discussed.
10. Pre-approve all audit and non-audit services to be provided by, and all fees to be paid to, the external auditor.
11. Ensure that the external auditor has established a procedure for the rotation, no less frequently than every five years, of the lead (or coordinating) audit

partner and of the audit partner responsible for reviewing the audit. Consider, periodically, the rotation of the external auditor.

The CMA shall have the authority to temporarily suspend the trading of the shares of the company listed in Boursa in the event that the auditor expresses a material qualified opinion on the interim or annual financial statements, or in the event of termination of the contract with the auditor due to a dispute between the company and the auditor.

Financial Statements

1. Review and discuss with management and the external auditor any significant information, transactions, reporting issues, changes in accounting estimates, changes in important accounting principles and their application, recent professional or regulatory announcements, and any major issues as to the adequacy of internal controls affecting the quality of the Company's financial reporting including all subsidiaries and related entities (if any) falling under any jurisdiction inside or outside Kuwait.
2. Review and discuss with management and the external auditor; prior to submission to concerned regulatory authorities, the annual audited financial statements, related footnotes, disclosures made in Management Discussion Analysis of Financial Condition and Results of Operations, opinion of the external auditor with respect to the financial statements, and raise recommendations to the Board in order to ensure integrity and transparency of financial statements.
3. Review and discuss with management and the external auditor the quarterly financial statements, related footnotes, disclosures made in Management's Discussion and Analysis, and the results of the external auditor's quarterly review of the financial statements.
4. Review the approved accounting policies, raise relevant recommendations to the Board and ensure that the financial statements and reports are in compliance with accounting policies and practices determined by the regulatory bodies and with the disclosure regulations in addition to any other requirements related to the preparation of financial reports.
5. Review the Company's annual report, notes and related regulatory filings before releasing and consider the accuracy and completeness of the information as applicable.
6. Review with management and the external auditor all matters required to be communicated to the committee under generally accepted auditing standards.
7. Review quarterly reports, simultaneously with the CEO and CFO statements regarding the Company's financial statements. In addition, review the Company's disclosures and internal and external audit.
8. Review and discuss with management any proposed public release of earnings and other publications, including information provided to rating agencies. The Committee Chair shall review and approve these releases.

9. Review any legal matters that may significantly impact the financial statements of Zain Group.

Ethical, Legal and Regulatory Compliance Matters

1. Assess the design, implementation and effectiveness of the Company's compliance processes and programs, including the Code of Conduct.
2. Assess the Company's policies and procedures with respect to Executive Management's expense accounts, including their use of corporate assets and the related reporting (taking into consideration the results of any review of these areas done by the internal auditors).
3. Assess the Committee's procedures for:
    - The receipt, retention, and treatment of complaints received by the Company regarding financial activities, internal controls and audit.
    - The confidential treatment, of concerns submitted by employees regarding questionable accounting or audit.
4. Review reports and disclosures of material conflicts of interest and related party transactions.
5. Ensure the existence of the whistleblowing system and its implementation according to the policy.
6. Review the whistleblowing policy and propose required amendments in accordance with applicable laws and regulations as needed.
7. Each whistleblowing case, under the guidance of BAC will be assessed on whether there are grounds for. The Board Secretary will report the assessment conducting a detailed investigation or whether the case relies on invalid information results to the committee, which in turn will assign responsibility for forming the investigation committee based on the nature of the case. The length and scope of the investigation depends on the case. A report will be submitted and copies provided to the Board of Directors and the CEO, and violations will be reported as outlined in Section 11 of the Whistleblowing Policy. The committee will appoint an investigation committee comprising individuals with expertise or specialized knowledge in the subject matter of the case. For example, if the disclosure relates to financial misconduct, the Chief Audit Officer or the Chief Financial Officer may be requested to be part of the investigation.
8. The Secretary of the Board of Directors conducts an initial assessment under the guidance of the Audit Committee of the Board of Directors and assists the Committee in acknowledging receipt of reported issues. Within five (5) business days of receiving a whistleblower report, the Board Secretary, under instructions from the Committee and the party leading the investigation, shall inform the whistleblower that the complaint has been received and acknowledged. Upon completion of the investigation into the allegation, the Board Secretary shall, under instructions from the Committee or the Chief Executive Officer, inform the whistleblower of the outcome of the investigation.

9. It shall be the responsibility of BAC to ensure that the investigation team is appropriately trained and has the necessary support and authority to carry out their work, while maintaining strict confidentiality.
10. Receive a summarized report on issues and whistleblowing cases on a quarterly basis from the Board Secretary.
11. The Internal Audit Department shall highlight any deviation or significant findings in this regard in the audit report and submit them to BAC accordingly, where BAC will raise these findings to the Board of Directors for appropriate course of action.
12. Receiving whistleblowing cases according to the policy and investigating the matter.

Other Responsibilities

1. Evaluate insurance coverage of the Company's assets, including all assets, loyalty of its staff and any credit aspects.
2. Review proposed transactions with related parties and provide recommendations for BOD on such transactions.
3. Ensure compliance with regulations and related policies, guidelines or instructions.

7. Reporting Responsibilities

1. Submit required annual reports to shareholders, taking into consideration relevant regulatory requirements, including the reporting of the Committee’s composition, roles and responsibilities and performance.
2. Report to the Board on issues of integrity of financial statements, compliance matters and audit issues and recommendations. As well as the performance of both the External and Internal Auditors.
3. Assign an independent party to assess and review the effectiveness of the internal control system on an annual basis and prepare an annual Internal Control Report (ICR) to be submitted to the CMA. Additionally, assign another party to review and assess the performance of the internal audit function periodically (every 3 years) and provide the Board with a copy of the report.

8. Management Responsibilities

1. Management shall ensure that all information required by the Committee to discharge its responsibilities is provided in a timely manner.
2. Management will also ensure that all material information relating to the Committee’s responsibilities are brought to the attention of the Committee promptly.

9. Confidentiality

Members of the Committee and other persons who attend the Committee meeting must maintain the confidentiality of all documents they receive as well as the contents of deliberations and all confidential and classified information of Zain Group and its customers.

10. Amendments to the Charter

This Charter is subject to an annual review by the Committee as and when appropriate to reflect any proposed developments.

Any proposed amendments to the Charter will be submitted to the Board for approval.