MOBILE TELECOMMUNICATIONS COMPANY

GROUP INTERNAL AUDIT CHARTER

November 2023

The table below tracks the creation and subsequent revisions to the Group Corporate Governance Framework.

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1. PURPOSE

This charter determines the scope, authority and responsibilities of the Internal Audit function (Group Internal Audit – GIA) in Zain Group and its subsidiaries.

GIA's mission is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight.

GIA performs an independent and objective advisory and assurance function designed to add value and improve the operations of Zain Group and its subsidiaries. It helps them to meet their objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

2. AUTHORITY

GIA's authority comes from the Zain Group Board Audit Committee (BAC). As part of its strict responsibility for the confidentiality and safeguard of records and information, GIA is authorised to:

- Access fully, freely and without restrictions to each and every one of the records, physical properties, information systems and personnel of Zain Group and its subsidiaries to carry out any job;
- Gain direct access without restrictions to the Board of Directors, the Audit Committee and the Senior Management of Zain Group and its subsidiaries, and to any other committee that oversees its activities;
- Allocate resources, determine the frequency of its reviews, select the areas to be reviewed, appraise the need for conducting audits and use the appropriate techniques to meet the objectives of the audit;
- Obtain the necessary assistance from employees of Zain Group and its subsidiaries.
- Chief Internal Auditor (CIA) shall, within the framework of this Charter, define, review, amend and approve the operational procedures of GIA activities, which constitutes the Group Internal Audit Manual (GIAM).

3. GOVERNANCE

GIA's activity is based on the key references listed below:

- Rules promulgated by the Regulatory and Supervisory Bodies in Kuwait and in those countries in which Zain Group is present, on matters relating to the field of Internal Auditing.
- Code of Conduct of Zain Group, reflecting the objectives of Zain Group's corporate strategy based in our core values, which remain constant irrespective of the different national cultures and identities amongst the Zain family, being those Radiance, Heart and Belonging.
- IIA's International Professional Practices Framework (IPPF). The internal audit activity will govern itself by adherence to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the International Standards and the Internal Auditing definition and mission.
- COSO: Internal Control – Integrated Framework: The Committee of Sponsoring Organizations of the Treadway Commission (COSO) provides thought leadership through the development of frameworks and guidance on enterprise risk management, internal control, and fraud deterrence. In 2013 COSO updated its framework, enabling organizations to effectively and efficiently develop systems of internal control (worldwide known as the Three Lines Model) that adapt to changing business and operating environment, mitigate risk to acceptable levels and support sound decision making and

governance of the organization.
- GIA's Internal Audit Manual (GIAM), which constitutes the internal procedures from Group Internal Audit's area to conduct its day-to-day operations.

4. ORGANIZATION

GIA shall be headed by the Chief Internal Auditor (CIA). The Chief Auditor reports to the Board Audit Committee functionally, and to the Group Chief Executive Officer administratively, i.e., for day-to-day operations.

Specifically, the Group Chief Executive Officer:

- Provides overall support to the internal audit activity by positioning the Chief Auditor with appropriate stature within the organization;
- Facilitates the accomplishment of his mission, day-to-day operation and open and direct communications with executive and line management at all levels;
- Enables adequate flows of information for the internal audit activity to keep abreast with the strategies, plans and business initiatives of the organization;
- Reviews and endorses in first instance the internal audit charter, annual plans and resource requirements prior to the Board or Audit Committee's final approval;
- Administers the Internal Audit staff in line with company policy, including personnel evaluations and compensation aspects; and
- Exercises appropriate company accounting and budgetary controls.

In turn, the Board, through the Audit Committee (functional supervisor), ensures the Chief Internal Auditor's full independence by:

- Approving as final authority the Internal Audit Charter, the annual plans, financial budget and human resources;
- Receiving communications from him on the Internal Audit activities, results and other matters;
- Evaluating his performance with input from the Chief Executive Officer, and approving all decisions regarding his appointment, appraisal, remuneration and removal;
- Maintaining private meetings with him to discuss sensitive matters as necessary, without senior management presence;
- Making appropriate inquiries of management and himself to determine whether there are inappropriate scope or resource limitations; and
- Requesting him to confirm, at least annually, the organizational independence of Internal Audit.

The remuneration of the Internal Audit function is structured in such a manner as to avoid conflicts of interest, such that it does not prejudice its independence and is not directly or solely tied to the short-term performance.

5. SCOPE OF WORK

GIA's scope of work shall be determined by the Internal Audit Plan. The internal audit plan will be approved by the BAC and will form the basis for the GIA activities. Then, the scope of GIA's activities are subject to the BAC review and approval.

The scope of work contained in the internal audit plan will be based on GIA's assessment of risks and the significance of these risks to Zain Group.

GIA will work with management at Group and OpCo level to identify threats that hinder the achievement of Zain Group's objectives and assess the appropriateness of management's response to these risks. Hence, GIA should have access to adequate resources either in-house, or co-sourced and information systems for carrying out its duties.

6. CORE PRINCIPLES

GIA activity will be guided by the Core Principles and the IIA Code of Conduct (***Annexure 1***) as stated in the IPPF. GIA and internal auditors individually considered will:

- ✓ Demonstrate integrity.
- ✓ Demonstrate competence and due professional care.
- ✓ Is objective and free from undue influence (independent).
- ✓ Align with the strategies, objectives, and risks of the organization.
- ✓ Be appropriately positioned and adequately resourced.
- ✓ Demonstrate quality and continuous improvement.
- ✓ Communicates effectively.
- ✓ Provides risk-based assurance.
- ✓ Be insightful, proactive, and future-focused.
- ✓ Promote organizational improvement.

7. RESPONSIBILITIES

GIA's day-to-day operations will be governed by the GIAM, in essence GIA will:

- ✓ Carry out their responsibilities with due professional care, ensuring all audit observations are factual, objective and supported by evidence.
- ✓ Be responsive to the BAC and executive management for changing needs, strive for continuous improvement and maintain integrity in carrying out its activities.
- ✓ Work closely with management to identify and assess risks and controls, which will assist them in the effective discharge of their responsibilities, while maintaining their independence.
- ✓ Evaluate the established operating policies and procedures to ensure compliance with Zain Group policies, plans, procedures, laws, and regulations that could have a significant impact on the organization.
- ✓ Develop the internal audit plan on risk-based methodology, including risks and control concerns identified by Board, BAC and executive management.
- ✓ Submit the annual internal audit plan to the BAC for review and approval.
- ✓ Develop internal audit programs so that the overall internal audit effort is directed towards those areas which have the highest exposure to risks.
- ✓ Prepare a report on internal audits executed and the status of implementation of agreed action plans for communicating to the BAC.
- ✓ Report periodically on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan.
- ✓ Evaluate and perform specific reviews related to fraud, investigations, whistleblowing cases, incidents, etc, at the request of the Board, BAC or executive management.
- ✓ Manage all aspects relating audit delivery, including audit replanning and changes in action plans implementation dates, given that such replanning and changes would be presented at the very next BAC.
- ✓ Review the organizational capability of internal audit and ensure the internal audit department collectively possesses or obtains the knowledge, skills, and other competencies needed to meet the requirements of the annual audit plan and internal audit charter.
- ✓ Effectively coordinate the communication of information between the Board

through the Board Audit Committee and the internal and external auditors, leveraging each other's work to the extent possible and supporting the evaluation process on external auditors appointment.

- ✓ Perform any consulting and/or advisory service at the specific request of the Board, BAC or executive management given such do not contradict its stated core principles, ensuring the independence of the Internal Audit function is not impaired while undertaking consulting and/or advisory activities.
- ✓ Prepare a report including a review and an evaluation of the internal audit systems applied in the company according CMA regulation Module 15, Article 6-8.

8. QUALITY ASSURANCE AND IMPROVEMENT PROGRAM (QAIP)

GIA and Chief Internal Auditor should maintain a quality assurance and improvement program (QAIP) that covers all aspects of the internal audit activity. The program will include an evaluation of the internal audit activity's conformance with the IPPF Standards and an evaluation of whether internal auditors apply the IIA's Code of Ethics.

The program should include both internal and external quality assurance assessments. Internal assessments should include ongoing monitoring of the performance of the Internal Audit activity and periodic self-assessments. External assessments should be conducted at least once every in three years by an external auditor and the result should be communicated to the BAC and executive management.

9. AMENDMENTS OR EXCEPTIONS

GIA Charter is reviewed and approved annually by the Board Audit Committee, which also approves any amendment or exception regarding the authority, scope and/or responsibilities of GIA function.

CIA periodically assesses whether this Charter is fit for attaining its objectives and whether it remains in line with the standards and best practices in the profession.

Annexure 1: IIA Code of Ethics

The Conduct Rules of the Internal Auditors are:

- **Integrity.** Internal auditors:
  - ✓ Shall perform their work with honesty, diligence and responsibility.
  - ✓ Shall observe the law and make disclosures expected by law and the profession.
  - ✓ Shall not knowingly be a party to any illegal activity or engage in acts that are discreditable to the profession of internal auditing or to the Organization.
  - ✓ Shall respect and contribute to the legitimate and ethical objectives of the Organization.

- **Objectivity.** Internal auditors:
  - ✓ Shall not have direct operational responsibility or authority over any of the activities audited. They will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgement.
  - ✓ Shall not participate in any activity or relationship that may impair, or be presumed to impair, their unbiased assessment. This participation includes those activities or relationships that may be in conflict with the interests of the Organization.
  - ✓ Shall not participate as members in Management Committees except when they are invited as non-voting participants.
  - ✓ Shall refrain from undertaking any audit that may entail a conflict of interest for them.
  - ✓ Shall not accept anything that may impair, or be presumed to impair, their professional judgment.
  - ✓ Shall disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review.
  - ✓ Shall disclose any impairment of independence or objectivity, in fact or appearance, to appropriate parties.

- **Confidentiality.** Internal auditors:
  - ✓ Shall ensure strict care in the use and protection of information acquired in the course of their duties.
  - ✓ Shall not use information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the Organization.

- **Competency.** Internal auditors:
  - ✓ Shall have collectively the necessary knowledge, skills and experience on at least the insurance and financial markets; business strategy and business model; system of governance; financial and actuarial analysis; regulatory framework; information technology; risk management; and fraud.
  - ✓ Shall have qualities for dealing with people and communication skills to convey clear and effectively the various aspects of the work.
  - ✓ Shall participate only in those services for which they have sufficient knowledge, skills and experience. May outsource those services that require more specific knowledge.
  - ✓ Shall perform internal auditing services in accordance with the *International Standards for the Professional Practice of Internal Auditing*.
  - ✓ Shall continually improve their proficiency and the effectiveness and quality of the services they provide.

The Group Internal Audit Charter has been reviewed and approved on by the Board of Directors at the duly convened meeting #___ held on _____________ via resolution.

Mr. Osamah Othman Al Furaih (Chairman)	Mr. Bader Nasser Al-Kharafi (Vice Chairman and Group CEO)
Mr. Talal Said Al Mamari (Board Member)	Mr. Abdulrahman Mohammad Ibrahim Al Asfour (Board Member)
Mr. Yousef Khaled Al-Abdulrazzaq (Board Member)	Mr. Zaki Hilal Saud Al Busaidi (Board Member)
Mr. Atif Said Rashid Al Siyabi (Board Member)	Mr. Aladdin Baitfadhil (Board Member)
Mr. Nasser bin Suleiman Al-Harthy (Board Member)	

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