MOBILE TELECOMMUNICATIONS COMPANY (K.S.C.P.)

RELATED PARTY TRANSACTIONS POLICY

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1	2016	CG	Board of Directors	Established policy with EY
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 laws and regulations
2	2025	Risk Management	Board of Directors	Prepared and reviewed by RSM Al Bazie Consulting W.L.L.

Abbreviations

Abbreviation	Full Form
AGM	Annual General Meeting
BAC	Board Audit Committee
BOD or the “Board”	Board of Directors
BRC	Board Risk Committee
CEO	Group Chief Executive Officer
CMA	Capital Markets Authority
ERP	Enterprise Resource Planning
IFRS	International Financial Reporting Standards
RP	Related Party
RPT	Related Party Transaction

Definitions

Term	Definition
Associates	An entity over which the investor has significant influence.
Executive Management	CEO, C-level management and any other member with a direct reporting line to the CEO.
Joint Ventures	A joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.
Subsidiary	An entity that is controlled by another entity.
The “Company” or “Zain”	Mobile Telecommunications Company K.S.C.P. (Zain Group)

For specific definitions regarding Related Party Transactions refer to **Appendix 1** of the RPT procedures.

Contents

1. Introduction

Mobile Telecommunications Company (hereinafter referred to as “the Company”) recognizes that certain transactions may present actual or potential conflicts of interest. Such transactions can raise concerns regarding their alignment with the Company’s and stakeholders’ best interests, as well as their compliance with applicable laws and regulations.

This policy has been developed in accordance with applicable regulatory requirements. They form an integral part of the Company’s overall Corporate Governance Framework.

1.1 Purpose

1.1.1 This policy establishes a governance framework for managing RPTs across Zain Group, aligned with the definitions and classifications provided in Appendix 1 of the RPT procedures. It is designed to support consistent identification, evaluation, and approval of such transactions in accordance with Zain’s Corporate Governance framework and applicable regulatory obligations. This policy should be read in conjunction with the Company’s Code of Conduct, Conflict of Interest Policy, the Related Party Transactions Procedures, and the applicable RPT appendices.

1.1.2 The intent is to ensure that all transactions involving related parties are conducted fairly, transparently, and under the same terms applied to other business dealings, without any form of preferential treatment or discrimination.

1.1.3 This policy ensures that there is a mechanism in place to regulate the process of identifying, evaluating and disclosing transactions with related parties. This mechanism is presented in this policy as follows:

- Definition of Related Party dealings
- The process of identifying and dealing with RPTs, which includes:
  - Report transactions with related parties
  - Assessment of materiality and arm’s length conditions
  - Application of approval levels and escalation based on transaction risk
  - Disclosure of transactions with related parties

1.2 Scope

1.2.1 This policy applies to the BOD, Executive Management, all the Company’s employees and other parties as defined in Appendix 1 of the RPT procedures. The scope also extends to individuals whose roles or relationships may be considered relevant under applicable regulatory guidance and internal governance documents.

1.2.2 Wherever there is a difference, the local statutory and regulatory requirements will take precedence over the provisions of this policy until the policy is properly updated.

1.3 Responsibility for Policy Implementation

1.3.1 The Risk Management Department oversees the implementation of the Policy and receives support from the Compliance Department, Finance Department, and Corporate Governance Department in the implementation of the Policy.

1.3.2 As required under CMA Bylaws Module 15 Article 7-4, each member of the BOD and Executive Management is individually responsible for completing the required disclosure forms, affirming the accuracy and completeness of information provided as part of the RPT identification process.

1.4 Confidentiality

1.4.1 The contents of this policy are confidential.

1.4.2 This policy should always be kept in a safe place and must not be copied or revealed to third parties (i.e. persons not employed by the Company) without the express written permission of the Executive Management.

1.5 Policy Revisions

1.5.1 The Corporate Governance Department leads policy revisions in coordination with Compliance, Risk Management, and relevant stakeholders. Amendments may stem from regulatory updates, audits, or internal feedback. Final proposals are submitted to the CEO, reviewed by the BRC, and approved by the Board.

1.5.2 Please refer to section 3.5 Policy Management of the Corporate Governance Framework for more details.

2. Identification and Maintenance of Related Parties

The RP identification and register maintenance process provides a structured governance framework for identifying, recording, and managing parties related to the Company in accordance with regulatory, accounting, and internal policy requirements. This includes the issuance and review of disclosure forms, supplier engagement checks, ongoing validation of relationships, and maintenance of the RP Register. The register is embedded in the ERP system to support transaction screening and compliance enforcement.

2.1 Related Party Identification

2.1.1 The Risk Management Department is responsible for setting the ERP system parameters to ensure that the Finance Department can properly identify and flag any potential Related Party. These parameters are based on the RPT list, as well as the definitions provided by the Capital Markets Authority (CMA) and International Accounting Standard (IAS) 24.

2.1.2 The Board Secretary notifies the Board and Executive Management and ensures the fulfilment of the Related Party Disclosure Form on an annual basis, highlighting legal and governance obligations, and forwarding them to Finance.

2.1.3 Finance compiles the Related Party list received and maintains the official Related Party Register in accordance with applicable laws, regulations, and accounting standards. Refer to Appendix 1 of the RPT procedures for details on the classification of Related Parties.

2.1.4 The Procurement Function within the Finance Department is responsible for ensuring that supplier-related disclosures are obtained and reviewed during the onboarding and reactivation processes, in coordination with the Risk Department.

2.1.5 The Legal Department maintains and updates the list of subsidiaries, associates, and joint ventures in line with the current legal structure and distributes the revised list to the Finance Department promptly upon any changes.

2.1.6 Corporate Governance ensures that disclosure requirements are met, and the CEO approves the register. For further details and information regarding Party Identification, refer to the RPT Procedures Document.

2.1.7 The approved RP Register is circulated by the Finance Department to all relevant internal stakeholders.

2.2 Register Maintenance

2.2.1 All individuals and departments engaged in related party relationships — including members of the BOD, Executive Management, and process owners, must notify the Finance Department, through the Board Secretary if applicable, of any changes in these relationships (e.g., ownership, restructuring, or termination) using the Annual Related Party Disclosure Form, or as they arise (ad hoc).

2.2.2 The ERP Function within the Finance Department is responsible for maintaining the integration of the Related Party Register within the ERP system, ensuring that any updates to the approved Register are accurately and consistently reflected.

2.2.3 This obligation aligns with CMA Bylaws Module 15, Article 8-6, which mandates the Company to maintain a comprehensive record of disclosures made by the Members of the Board of Directors, Executive Management, and Managers, and to keep this record updated accordingly.

2.2.4 Any updates to the Related Party Register, including additions or removals, are subject to review and formal approval by the CEO.

3. Transaction Review, Classification and Approval

The classification and approval process ensures RPTs are identified, assessed, and governed in line with internal policies and regulatory standards. RPTs are screened through the ERP system, evaluated for materiality and arm’s length status, and escalated as needed based on risk and complexity. Risk Management and the BRC review the cases with final approval by the Board and AGM.

3.1 Transaction Review

3.1.1 The Finance Department sends all flagged RPTs in the ERP system to the Risk Management Department, to assess and validate the classification of related-party transactions, confirming materiality and arm's-length standards based on pre-approved thresholds, and any conflicts of interest.

3.1.2 Immaterial, arm's-length transactions are recorded and kept in the periodic RPTs report for audit purposes; material or non–arm's-length cases are individually escalated to the BRC, as they are the designated governance body for escalated RPTs, where they conduct a thorough review and issue their recommendation to the BOD.

3.1.3 As required under CMA Bylaws Module 15 Article 7-4, the Company appoints an independent expert, such as an Asset Valuator or Investment Advisor, to evaluate any RPT or arrangement that:

- Equals 5% or more of the Company's total assets; or
- Has a material effect on the Company's financial statements.

An independent expert, appointed by the BOD and separate from Company management, must provide an objective evaluation before any RPT is approved by the General Assembly or BOD. The expert must be professionally qualified and act with impartiality throughout the process.

3.2 Transaction Classification

3.2.1 Upon identifying a potential RPT through the ERP system, the Finance Department initiates the process to determine whether it is a Related Party Transaction based on preset parameters, which are compliant with the CMA Executive Bylaws and IAS 24, as outlined in Appendix 1 of the RPT Procedures, and sends it to Risk Management for assessment.

3.2.2 Due to the high volume and recurring nature of certain transactions conducted with subsidiaries, affiliates, and other related parties—such as telecom services, centralized procurement, treasury support, technical services, and roaming agreements—a standing pre-approval mechanism is established under this policy to govern such transactions.

3.2.3 For any pre-approval request, the requester must submit a Pre-Approval Rationale Memorandum to the Risk Management Department. Risk Management will review the submission and issue an assessment report, which will be submitted to the BRC and then to the BOD for approval. The memorandum must demonstrate that the transaction is well-controlled, commercially justified, and within the Group's risk appetite, while addressing the mandatory criteria outlined in section 3.2.3 of the RPT Procedures.

3.3 Transaction Approval and Materiality Thresholds

3.3.1 Upon issuing the recommendation from the BRC, proposed RPTs are submitted to the BOD, which reviews all supporting analysis and assesses materiality against CMA, IAS 24 and any other related standards or regulations, as well as qualitative factors like reputational or strategic impact.

3.3.2 The BOD may escalate significant cases to the AGM for shareholders' approval.

3.3.3 The following rules govern transactions that fall under the standing pre-approval framework established by the Board of Directors.

Intra-group transactions:

- The Risk Management Department assesses individual transactions and approves them if they meet the pre-approval criteria set by the BOD. Those transactions outside the scope are escalated to the BRC followed by the BOD for approval.

Other pre-approved transactions:

- If the transaction value is equal to or below the BOD-approved monetary threshold, the Risk Management Department approves after verifying compliance with the pre-approval criteria.
- If the value exceeds the BOD-approved monetary threshold, the transaction is forwarded to the BRC and then the BOD for approval.

4. Communication and Disclosure

The Periodic RPTs Report consolidates all identified and assessed RPTs for a given period, ensuring transparency and compliance. It is prepared by the Finance Department, reviewed by the Risk Management, Corporate Governance, and Compliance Departments, and escalated through the BRC, BAC, and BOD before presentation at the AGM.

4.1 Internal Reporting

4.1.1 The Finance Department initiates the internal reporting process by preparing the Periodic RPTs report based on the official register, in collaboration with Compliance and Corporate Governance, to ensure alignment with legal, regulatory, and internal policy requirements.

4.1.2 The report is submitted to Risk Management to independently review, validate, and assess the transactions, and provide their feedback to the Finance Department.

4.1.3 The Finance Department will incorporate the report and submit it to the CEO for review and approval of the report.

4.2 Escalation to Board and Board Level Committees

4.2.1 Following CEO approval, the Periodic RPTs Report is submitted through the BRC to review and issue their recommendations to the BOD.

4.2.2 The BAC reviews the periodic RPT report as part of its oversight of financial disclosures and internal controls, and issues recommendations to the Board of Directors regarding the integrity and approval of the Company's financial statements.

4.3 Regulatory and Shareholder Disclosure

4.3.1 The Corporate Governance Department is responsible for including the Periodic RPTs Report on the AGM Agenda, following BOD approval, to be presented to shareholders at the AGM in accordance with regulatory and disclosure requirements.

4.3.2 All RPT records are retained in accordance with Kuwait Commercial Law (Decree No. 68 of 1980), which requires preservation of business documentation for a minimum of ten years from the date of closure, and are maintained under strict confidentiality protocols for audit and regulatory access.

4.3.3 The Finance Department is responsible for holding the RPT Register, Related Party Register, and periodic RPT reporting records.

4.3.4 Minutes of the Board of Directors and Annual General Meetings are maintained by the Board Secretary.

5. Compliance Checks and Internal Audits

5.1.1 The Compliance Department regularly reviews the RPT Register and related documentation, and as determined by business needs, to ensure compliance with internal policies, escalation protocols, and disclosure obligations.

5.1.2 Compliance works closely with Finance, Risk Management, and Corporate Governance to ensure transparency and completeness.

5.1.3 The Internal Audit Department independently assesses the overall RPT control environment as part of the Company's approved annual audit plan, assessing the effectiveness of processes related to RPT identification, classification, materiality, escalation, and disclosure.

Appendices

Appendix 1: Definitions

1. Related Party

A related party is a person or entity that is related to the entity that is preparing its financial statements (in this Standard referred to as the 'reporting entity').

a) A person or a close member of that person's family is related to a reporting entity if that person:

(i) has control or joint control of the reporting entity;

(ii) has significant influence over the reporting entity; or

(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

b) An entity is related to a reporting entity if any of the following conditions applies:

(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

2. Close Family Member:

The definitions below reflect the requirements of IAS 24, the Capital Markets Authority Executive Bylaws (Book 1), and Article 199 of the Companies Law No. 1/2016. In the event of any inconsistency between these sources, the provision of the Companies Law shall prevail as the higher legal authority under Kuwaiti law.

- **As per IAS 24:**

  Close Family Member

  Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

  - that person’s children and spouse or domestic partner;
  - children of that person’s spouse or domestic partner; and
  - dependents of that person or that person’s spouse or domestic partner.

- **As per CMA Book 1 Glossary:**

  Relative or Relatives

  First degree relative or relatives: it is the direct relationship that links the parents upwards and children downwards of a first degree (for example father, mother, son, daughter).

  Second degree relative or relatives: it is the direct relationship that links the parents upwards and children downwards of a second degree (for example grandfather, grandmother, grandson, granddaughter).

- **As per article 199 of Kuwait Company Law:**

  No person who has appointed a representative to the board of directors, the chairman or any member of the board of directors, any member of the executive management nor their respective spouses or relatives of the second degree, may have any direct or indirect interest in the contracts and acts concluded with the company or to the account of the company, except with prior authorization of the ordinary general meeting.

3. **Beneficiary:**

   For the purpose of identifying RPT a beneficiary includes any individual or entity that directly or indirectly derives financial or non-financial benefit from a transaction, arrangement, or decision, regardless of whether they are formally a party to it. This aligns with the definition of a beneficial owner as stated by the Financial Action Task Force (FATF):

   “The natural person(s) who ultimately owns or controls a customer and/or the natural person on whose behalf a transaction is being conducted. It also includes those persons who exercise ultimate effective control over a legal person or arrangement.”

   Under IAS 24 – Related Party Disclosures, a person, or entity is considered a related party if they have:

   Control: The power to govern the financial and operating policies of an entity to obtain benefits from its activities.

Joint Control: The contractually agreed sharing of control over an economic activity, which exists only when decisions about relevant activities require the unanimous consent of the parties sharing control.

Significant Influence: The power to participate in the financial and operating policy decisions of the entity but not control those policies. Significant influence may be gained through share ownership, board representation, or contractual arrangements.

Associate: In the definition of a related party, an associate includes subsidiaries of the associate, and a joint venture includes subsidiaries of the joint venture. Therefore, for example, an associate's subsidiary and the investor that has significant influence over the associate are related to each other. (IAS 24, Article 12)

4. **Arm's Length:** A transaction shall be deemed to be conducted on an Arm's Length Basis if it is carried out under conditions that reflect standard commercial practices between independent, unrelated parties, ensuring the absence of any undue influence, preferential treatment, or conflict of interest.

   For a transaction to qualify as being on an Arm's Length Basis, its commercial and key terms must be comparable to those of similar transactions conducted with unrelated third parties in an open, competitive, and unrestricted market.

5. **Materiality Thresholds:**

   Quantitative:

   Any transaction or arrangement between the Listed Company and its Parent Companies, Subsidiary Companies, Associate Companies, or other Related Parties — including joint projects, shared assets, or financing agreements — that either has a Significant Effect or represents 5% or more of the Listed Company's total assets shall be disclosed.

   Qualitative:

   Kindly refer to Definition 1.

6. **Ordinary Course of Business:**

   A transaction is considered in the Ordinary Course of Business if it aligns with the company's core operations, strategic objectives, and industry norms, occurring regularly or as part of standard business activities. This definition extends to Zain Group's subsidiaries, ensuring that their operations and transactions are consistent with the company's overall business framework.

   A transaction is deemed to be within the Ordinary Course of Business when it meets all of the following criteria:

   - Business Purpose: Covered in the Memorandum of Association (MOA) or essential for operations.

- Industry Standard: Common in the telecom sector (e.g., network expansion, spectrum leasing, interconnection agreements).
- Frequency & Necessity: Conducted routinely or as a necessary business function.
- Arm's Length Basis: If relevant, terms should match those of independent third-party transactions.

All Ordinary Course of Business transactions require preapproval from the BOD. Refer to Section 3.2.2 in RPT policy.

7. **Intra-Group Interactions:**

   Transactions between Zain Group and its fully consolidated subsidiaries shall be eliminated in full in the preparation of consolidated financial statements, in accordance with IFRS 10 – Consolidated Financial Statements.

   As per IFRS 10:

   "Consolidated financial statements: eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full)."

8. **Related Party Transaction**: A transfer of resources, services or obligations between the Company and a related party, regardless of whether a price is charged in return (IAS 24).
9. **Key Management Personnel:** Those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) with such authority within the entity.
10. **Government:** Refers to government, governmental entities locally, regionally, or internationally. Wherein, Government-related entity is an entity that is controlled, jointly controlled, or significantly influenced by a government.

Appendix 2: Parties Not Considered Related (as per IAS 24)

In considering each possible related party's relationship, attention is directed to the substance of the relationship and not merely its legal form. In the context of the International Accounting Standards, the following are not related parties:

- Two entities because they have a director or other member of key management personnel in common or because a member of key management personnel of one entity has significant influence over the other entity.
- Two ventures because they share joint control over a joint venture.
- Providers of finance, trade unions, public utilities, and departments and agencies of a government that does not control, jointly control, or significantly influence the Company.
- A customer, supplier, franchisor, distributor, or general agent with whom an entity transacts a significant volume of business, simply by virtue of the resulting economic dependence.

Appendix 3: Disclosure Requirements (As per IAS 10 and IAS 24)

The Company shall ensure that financial statements contain all required disclosures with respect to related party transactions and balances as per the requirements of IAS 24 (as updated on a regular basis).