

# Audit Committee Report



# Committee Chairman Speech

## Mr. Ameen Ben Fahad Ben Abdulaziz Al-Shiddi



### Audit Committee Chairman

Peace, Mercy and Blessings of God be upon all of you  
Dear shareholders,

The Audit Committee of Kuwait Telecommunications Company **(stc)** is pleased to present to the company's esteemed shareholders its annual report for the financial year ending on December 31, 2023, which includes the work and activities carried out by the committee that fall within the scope of its tasks and jurisdiction in accordance with the relevant regulatory requirements, and its opinion regarding the adequacy of the internal control system in the company.

In accordance with its tasks and responsibilities stated in its work regulations, the Audit Committee plays an essential role in assisting the Board of Directors in fulfilling its oversight and supervisory responsibilities, as the committee is one of the most important internal control tools in the company to achieve compliance and enhance the values and principles of governance, evaluate internal control systems and ensure the adequacy and effectiveness of the systems. Internal control applied in the company to achieve the company's objectives and protect the interests of shareholders.

The Audit Committee reviews the company's initial and annual financial statements, verifies the fairness and accuracy of the financial statements and the integrity of the disclosures and clarifications related to them, and studies the accounting policies used in preparing the financial statements and any amendments made to them. The committee also monitors the company's compliance with laws, regulations, and professional codes of conduct, in addition to its adherence to approved internal policies and regulations.

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The Audit Committee supervises the Internal Audit Department, enabling it to perform its tasks independently and activating its role in evaluating the adequacy and effectiveness of the internal control systems. It also supervises the nomination of external auditors, supports their independence and enables them to perform their work and express an independent opinion regarding the fairness of the financial statements.

During the year 2023, the committee reviewed the financial statements periodically, discussed them with the executive management and external auditors, and presented its opinions and recommendations in this regard to the Board of Directors. The Audit Committee approved the plan of the external auditors, and discussed the annual management letter and the observations contained therein with the executive management and directed it to take the necessary measures to correct them. The Audit Committee also approved the annual internal audit work plan and the comprehensive plan for the next three years, and reviewed and followed up on the reports of the Internal Audit Department and the plan to correct the observations contained therein.

Based on confirmations from executive management and reports from internal audit, risk management, compliance, and external auditors, the Audit Committee finds the company's internal control system to be reasonably effective and suitable for its activities. The Committee has not identified any significant weaknesses in the internal control systems that would affect the integrity and fairness of the financial data, bearing in mind that internal control systems are responsible for the effectiveness and adequacy of the internal control system regardless of its design integrity and implementation effectiveness..

## Objective

To strengthen the culture of compliance within the company by ensuring the fairness and integrity of the company's financial reports, in addition to verifying the efficiency of the internal control systems implemented in the company.

## Members

Mr. Amin Bin Fahad Ben Abdulaziz Al-Shiddi  
Committee Chairman - (Non-Executive)  
and  
Board Member - (Non-Executive)

Mr. Representative of General Organization for  
Social Insurance  
Committee Member - (Non-Executive)  
and  
Board Member - (Non-Executive)

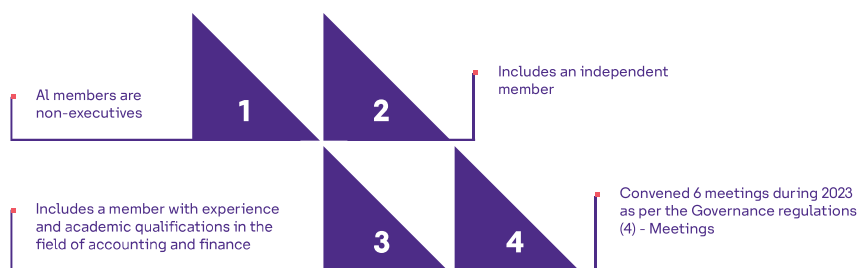
Mr. Abdulaziz Al-Ghamdi  
Committee Member - (Non-Executive)  
and  
Board Member - (Non-Executive)

Mr. Salah Ahmad Al Fouzan  
Committee Member - (Independent)  
and  
Board Member - (Independent)

On September 25, 2022, Mrs. Eman Al-Ahmad's membership expired.

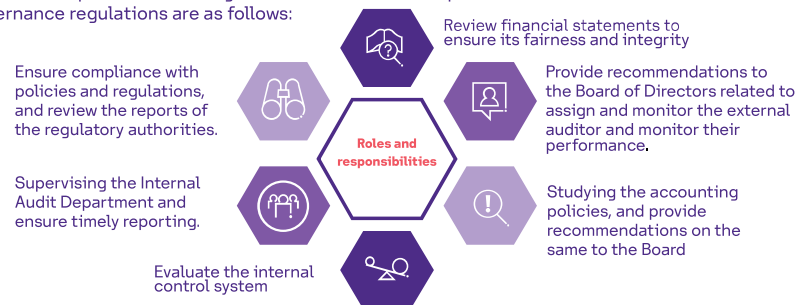
On July 10, 2023, the Audit Committee was reconstituted and Mr. Abdulaziz Al-Ghamdi was appointed to succeed Mr. Omar Abdullah Al-Nomani.

## Committee features:



## Roles and responsibilities:

Roles and responsibilities assigned to the committee as per the committee charter and governance regulations are as follows:



## 2023 – Snapshot

	<h3>Financial Statements</h3> <ul style="list-style-type: none"> <li>✓ Periodic review of FS (Quarterly &amp; Year-end) before presenting it to the board.</li> <li>✓ Discussing external auditor's opinion on the FS and insure its independency.</li> <li>✓ Discussing significant changes in IFRS and its impact on the FS.</li> <li>✓ Ensuring the Financial statements are correctly Consolidated.</li> </ul>
	<h3>Internal Control</h3> <ul style="list-style-type: none"> <li>✓ Reviewing the ICR report that is conducted by independent external auditor responsible for evaluating the internal control systems.</li> <li>✓ Discussing the quarterly and annual internal Shari'a audit reports and Shari'a Supervisory Board reports before submitting its recommendation to the board of directors.</li> <li>✓ Assigning the ICR project to an independent and approved firm to review the internal control system and then send it to CMA.</li> <li>✓ Inforce the whistle blowing policy and insure the compliance of it laws.</li> </ul>
	<h3>Internal Audit</h3> <ul style="list-style-type: none"> <li>✓ Approving of the Internal Audit Charter and the Audit Plan based on Risks.</li> <li>✓ Discussing the internal audit reports and follow-up reports by the internal audit management to address all observations.</li> <li>✓ Ensuring the independency of the Chief Internal Audit.</li> <li>✓ Discussing and reviewing IAD's objectives and KPIs.</li> <li>✓ Assess the Chief Internal Audit's performance.</li> </ul>
	<h3>External Audit</h3> <ul style="list-style-type: none"> <li>✓ Reviewing the scope of work and objectives of external auditor.</li> <li>✓ Reviewing the proposals and recommendations to the board and the general assembly to assign the external auditor.</li> <li>✓ Presenting proposals and recommendations related to assigning the Shari'a Supervisory by the Board of Directors for the Company.</li> </ul>
	<h3>Compliance</h3> <ul style="list-style-type: none"> <li>✓ Follow-up with the management on the periodical reports sent to the regulators.</li> <li>✓ Reviewing the compliance reports that reflect the company's compliance with external regulatory requirements and following up on the implementing the recommendations.</li> <li>✓ Ensuring compliance with corporate governance to enhance regulatory compliance.</li> </ul>