

Governance report



Shari'a report

The Sharia Report of Kuwait Telecommunications Company (stc) Fatwa and Shariah Supervisory Board

For the period from 01/01/2021 to 31/12/2021

To: the Shareholders of Kuwait Telecommunications Company (stc),

Peace, mercy and blessing of Allah be upon you.

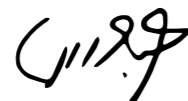
According to the contract signed with us we at Fatwa and Shariah Supervisory Board in Al Mashora and Al Raya have audited and supervised the principles adopted and the contracts related to the transactions concluded by the Company during the period from 01/01/2021 to 31/12/2021. We have carried out the necessary supervision to give our opinion on whether or not the Company has complied with the Islamic Shariah rules and principles as well as the Fatwas, decisions and guidelines made by us.

However, our liability is limited to the expression of independent opinion on the extent of the company compliance with same based on our audit.

Our supervision included examining the contracts and procedures used by the Company on the basis of examining each type of operations.

In our opinion, the contracts, operations and transactions concluded or used by the Company during the period from 01/01/2021 to 31/12/2021 and which have been reviewed by us, were in compliance with the provisions and principles of the Islamic Shariah.

Prof/ Abdul Aziz K. Al-Qassar
Chairman of the Sharia Committee



Dr. Esam Alenezi
Sharia Committee Member



Dr. Ali Ibrahim Al- Rashed
Sharia Committee Member



Corporate Governance report

1. Introduction

The Governance Framework in Kuwait Telecommunications Company (**stc**) reflects the level of innovation, efficiency and ability to achieve the company's vision related to enabling digital transformation in the State of Kuwait and protecting the rights of stakeholders. The main objective of implementing the Governance Framework is to enhance investors confidence, ensure the achievement of the company's vision and strategy and provide a wide range of innovative services and platforms in line with the highest ethical and corporate standards, in addition to enhancing the level of trust that the company has built over the years.

The company's Board of Directors and the Executive Management seek to optimize the implementation of the governance framework due to the Board's confidence in what will bring several benefits to the company, including but not limited the strengthening shareholders' rights and maximizing the stakeholder's rights in addition to the ability to face crises, as the company is always aware of the latest Governance developments to reflect that continuous improvement by reviewing the governance practices applied in the company periodically and ensuring that the company is fully prepared to face any challenges that may arise from time to time, in addition to creating corporate values for shareholders, stakeholders and employees.

The company continues towards further growth and progress by strengthening the principle of transparency, integrity and positive communication with all stakeholders in order to reach the highest levels of awareness and perception of the governance requirements and imbedding the governance framework within the company's culture. The Board of Directors affirms its constant keenness to keep abreast of the latest developments in communication and disclosure

channels for shareholders, investors and stakeholders to be in constant contact with the company's developments in all impartiality, transparency and a fair image.

The standards and commitment that **stc** constantly demonstrates, reflects its ability to provide the highest levels of transparency to stakeholders and meet the requirements of regulatory authorities. From this standpoint, Kuwait Telecom Company (**stc**) has formulated its culture of promoting integrity in a strong framework that is applicable at all levels, which reinforces its basic rules for achieving sustainable success, and this, in turn, supported to promote a fully supportive corporate culture that meets the needs, aspirations and hopes of stakeholders.

As we mentioned earlier, the company is constantly seeking to cultivate a governance culture as a basic principle in the company through the best standards application in the field of governance and adherence to the instructions and guidelines of the Capital Markets Authority and other regulatory authorities in the State of Kuwait. Promoting a culture of professional behavior and ethical values within the company is one of the main pillars to enhance the company's leadership position and distinguish the company's identity from others. Therefore, the company established three clear basic ethical principles in line with the company's values, which are dedication, vitality and daring. The company is aware of the importance of following professional standards and ethical values in all transactions, and disclosure and transparency of information in an accurate and timely manner, which contributes to the development of the company's business and enhances the confidence of shareholders, investors and all stakeholders.

Among the several awards received by Kuwait Telecommunications Company

(**stc**), the company won the Corporate 'Governance & Stakeholders Protection' Award from the Capital Finance International magazine CFI.co which located in UK after exceeding the standards imposed by the institution and the comprehensive and integrated review process. This award was recognized based on the company's outstanding achievements, corporate culture, and integrity standards.

Rule (1): Building a balanced structure of the board of directors

2. Structure of the Board of Directors

The Board of Directors role in the company represents the point of balance that serves to achieve shareholder's objectives and follow-up with company's Executive Management. The Board of Directors seek to achieve company's strategic goals by ensuring that the Executive Management are perfectly performing its assigned roles. Whereas the Board of Directors resolutions greatly affect the company's performance and safety of the financial position therefore, the company should ensure the Board of Directors formation is a balanced & qualified with a variety of experiences to have a positive impact on the company and its performance in addition to enhancing its financial position and market share. Therefore, the company has been always keen on ensuring that the majority of the board members are non-executive members, including an independent member. The company was also keen that the Board members come from a diverse background and professional experience in the telecommunications and networks, as well as the accounting and finance fields, this in turn, adds all the expertise needed by the company when discussing the issues presented to the Board of Directors.

The Board of Directors is composed of 7 members. Herein, below is a statement of their classification, qualifications, and experiences:



Name	Dr. Mahmoud Ahmad Abdulrahman
Position	Chairman/ Non-executive
	Dr. Mahmoud Ahmad Abdulrahman is the president of the Board of Directors at the Kuwait Telecommunications Company (stc), and has held the post since 2015.
	Dr. Abdulrahman combines large experience in administration, legal affairs and communication sector. He assumed several Academic leadership positions in the Ministry of Higher Education beside his career in legal work in serving many governmental and public entities and was appointed as an arbitrator to settle several disputes. He had served as a board member in Wataniya Mobile Telecommunication Company, Warba Bank, Kuwait Cement Company, and National Offset Company.
Curriculum Vitae	Dr. Abdulrahman joined as teaching staff in the College of Law once he graduated from Kuwait University. In 1995, he was appointed as Legal Affairs Director in Kuwait University for one year. From 1997 to 2005, he served as Head of Legal Office of Kuwait Civil Aviation Directorate. From 2002 to 2004, He served as Assistant Dean of College of Law at Kuwait University. As for now and since 2005, Dr. Abdulrahman serves as Legal Department Director in Kuwait Investment Authority. Dr. Abdulrahman is also a member of the board of directors in Health Assurance Hospitals Company (Dhaman). Moreover, Dr. Abdulrahman has published several legal theses in the Law Magazine and other scientific magazines as well as executed two projects related to consumer protection law as well as the monopoly and merger law, which were submitted in the Kuwait National Assembly.
Representative of	Kuwait Investment Authority



Name	Mr. Ameen Ben Fahad Ben Abdulaziz Al-Shiddi
Position	Vice chairman/ Non-executive
Curriculum Vitae	<p>Mr. Ameen Ben Fahad Al-Shiddi is currently serving as stc Group CFO. He joined stc in 2001 and occupied many significant positions before serving as the Senior President of Finance.</p> <p>He was in charge of all financial activities such as accounting, audit, planning and budgeting. Mr. Ameen also handled all the treasury activities locally and internationally, financial risks, mergers, acquisitions, credit rating and investor relations. He has gained a wide experience with consultancy companies in KSA, in the communications industry and related activities before joining stc.</p> <p>Mr. Ameen received his Bachelors of Science Degree in management from King Saud University in Riyadh and his Master's degree in Accounting from Southwest Missouri State University, USA. He also has CPA from USA and SOCPA from KSA.</p>
Representative of	Saudi Telecom Company (stc)



Name	Eng. Omer Abdullah Al-Nomany
Position	Board member/ Non-executive
Curriculum Vitae	<p>Up until now, Eng. Omer Abdullah Al-Nomany was appointed as the CEO of stc Solutions in 2017, having more than 15 years of experience in executive managerial roles. Eng. Omer has held key managerial positions in stc, and has led strategic initiatives such as the BSS Transformation Program and IT 2020.</p> <p>In 2000, Eng. Omer joined stc as a Manager where he was later assigned as the Head of IT. In 2009, he was appointed as the Vice President of IT where he planned, managed and implemented the strategic vision of the IT delivery arm within stc in alignment with the strategic vision of the rest of the business sectors as well as the strategic vision of Saudi Telecommunications Company's board of directors.</p> <p>After his graduation in 1994, Eng. Omer joined the Saudi Arabian Monetary Agency (SAMA) for 6 years, where he implemented complex critical projects.</p> <p>Eng. Omer holds many scientific and specious certificates from a number of well-known universities and international institutions. He received his BSc in Computer Engineering from the Saudi Arabia's leading engineering and computer science college, King Saud University in Riyadh in 1994. Furthermore, Eng. Omer also holds a PMP, CISM and CISSP.</p>
Representative of	stc Gulf Holding



Name **Mrs. Iman Mohammed Al-Ahmed**

Position **Board member/ Non-executive**

Mrs. Iman Mohammed Al Ahmad serves as a board member of Kuwait Telecommunications Company (**stc**). She began her career in the field of computer and information systems 35 years ago with the Public Institution for Social Security in 1983 as a systems engineer where she has held many positions and is now the Deputy Director General for Information Technology.

Mrs. Iman Mohamed Al-Ahmad has a leading role and a practical experience in preparing the strategic plan for the implementation of internal and external projects related to electronic systems. She also has a practical experience in the contribution to the development of existing technical systems in order to cope with the technological developments in terms of automating all decisions, laws, circulars and legislations related to Social security as well as electronic systems and other systems serving the organization's departments.

Mrs. Iman Al Ahmad is a Board Member at Wafra Real Estate Company representing The Public Institution for Social Security. Mrs. Iman Al Ahmad graduated from Kuwait University in 1983. She holds a Bachelor's degree in Economics and a specialization in Marketing. Mrs. Iman Al Ahmad also participated in various training courses in all fields of technical, commercial and financial in several international training centers.

Curriculum Vitae

Representative of

The Public Institution for Social Security



Name **Mr. Faisal Saeed Al-Homali**

Position **Board member/ Non-executive**

Eng. Faisal Said Al-Homali has held broad and diverse leadership positions at the Saudi Telecom Company (**stc**) and its subsidiaries. Eng. Faisal Al-Homali is currently, the Chief Commercial Officer of **stc** and the Chairman of Channels by **stc**, in addition to being a Board member at Kuwait Telecommunications Company (**stc**). He is also the Chairman of several **stc** subsidiaries and the head of the Woman Forum at the Saudi Telecom Company. Eng. Faisal was the Chief Executive Officer of Channels by **stc** which serves as Digital sales and distribution arm for **stc**'s Consumer Business Unit, Enterprise Business Unit, Virgin and Friendi MVNOs, Apple, Samsung and Huawei.

His journey spans for over 24 years, where he held several positions and got promoted through the ranks to become the Chief Commercial Officer of **stc** in 2021. In 2017, Eng. Faisal was appointed as the Chief Executive Officer of Channels by **stc** as well as **stc**'s sales, distribution and e-commerce. During that period, Eng. Faisal succeeded in spreading the culture of digital transformation, e-commerce, and the sharing economy in addition to enhancing the digital delivery processes to a distinguished level, through which, the group was able to maintain an outstanding level of revenue. From 2014 until 2017, Eng. Faisal was the Vice President of the Consumer Department at **stc** Saudi. Prior to 2014, Eng. Faisal led the Saudi Telecom's Mobile Business Unit, the key business driver for at the Saudi Telecom, where he developed its commercial strategies and managed company's sales, marketing, partnerships and alliances development in addition to leading the business operations improvements. Eng. Faisal was also a Board Member of **stc** Bahrain from 2014 until 2019.

Curriculum Vitae

Representative of

Eng. Faisal Al-Homali holds a Master Degree in Business Administration from Prince Sultan University. He also holds a Bachelor of Science in Chemical Engineering from King Saud University as well as a Diploma in Sales and Marketing from Riyadh Chamber of Commerce.

stc Gulf Holding 3



Name

Mr. Abdulaziz Abdullah Al-Ghamdi

Position

Board member/ Non-executive

Currently, Mr. Abdulaziz Abdullah Al-Ghamdi is the General Manager of Operations of the Investments Operations sector in **stc**. He was also appointed as a Board Member in Kuwait Telecommunications Company (**stc**) in 2019 representing the **stc** Gulf Holding 1.

Mr. Abdulaziz has an International experience in the Strategic Business interventions and in building PMO teams. His experience has extended to include the on boarding activities for the subsidiary and green field post acquisition/ merger such as the Telecom Towers Company. Mr. Abdulaziz is also a board member in a number of companies including Maxis Brand- the largest Telecom Company in Malaysia. In 2015, Mr. Abdulaziz joined the Investment Operations Section where he was appointed as the Investment Operations Director of subsidiaries Governance and was responsible for the corporate Governance as well as the critical HR matters of 15 subsidiaries. Mr. Abdulaziz has 12 years of experience in Human Resource Management, Governance and subsidiaries Operations. In 2007, he joined **stc** as a Human Resource Professional where he was later assigned as the Team Leader of HR. In 2009, Mr. Abdulaziz was appointed as an Organizational Development Expert where he developed and maintained **stc**'s organizational structure and operating model based on company's business strategy. In 2012, he became the Human Capital Strategies Section's

Manager formulating human Capital Strategies based on analytical tools to examine the internal and external. In 2013, Mr. Abdulaziz was appointed as the Human Resources Strategies, Procedure & Systems Director.

Mr. Abdulaziz has a Master's Degree in Human Resources Management from University of Westminster in London, UK in 2012. In Addition, he holds a Bachelor in Computer Information Systems from King Saud University, Riyadh in 2006.

Curriculum Vitae

Representative of

stc Gulf Holding 1

Name

Mr. Salah Ahmad Meshari Al-Fouzan

Position

Board member/ Independent

Mr. Salah Ahmad Meshari Al-Fouzan serves as board member of Kuwait Telecommunications Company (**stc**) since 2016.

Mr. Salah began his career in the communication and investment sectors 18 years ago. In 1997, he started his career with Mobile Telecommunication Co. before moving to the business development career in 2002, where he held several leading positions.

In 2005, he was appointed as the Executive Director of the Mergers and Acquisitions Department. In 2008, he served as the Chief Business Development Officer where supervised and executed the selling and purchasing transactions of more than USD 20 billion including purchasing Celtel International Co., which was operating in several African countries, V-Mobile in Nigeria and Mobitel in Sudan.

Curriculum Vitae

He was also responsible for the expanding activities through the acquisition of new licenses in Bahrain, Iraq and KSA. Furthermore, he supervised listing the companies in KSA and Zambia stock exchange markets. In 2010, he worked on the deal to sell Zain Africa to Indian flagship Bharti for USD 10.7 billion. In addition, he prepared numerous anonymous studies on a number of acquisition deals, financing arrangements and bank negotiations.

Mr. Salah was a board member in many companies and committees, including Kuwait Airways and the technical committee of Communication Regulatory Authority in Kuwait. Currently, he is an independent BoD member in Ekuity Investment Holding Company in Egypt.

In 2009, Global Telecom Business (GTB) selected him among the top 100 Most Influential Personalities in Communications.

Mr. Salah graduated from Gannon University, Pennsylvania, with a Bachelor's Degree in Electrical Engineering and a Diploma in Business Administration from Bradford University, UK.

The Board of Directors held (9) meetings in 2021, and the following table shows the number of meetings, their dates and the number of members' attendance, each separately

Name	1/ 03/02/2021	2/ 17/03/2021	3/ 28/04/2021	4/ 30/05/2021	5/ 20/06/2021	6/ 01/08/2021	7/ 28/10/2021	8/ 17/11/2021	9/ 16/12/2021	% of Attendance & Absence	Absence%
Dr. Mahmoud Ahmad Abdulrahman (Chairman of the Board of Directors)	✓	-	✓	✓	✓	✓	✓	-	✓	77.78%	22.22%
Mr. Ameen Ben Fahad Al-Shiddi (Vice Chairman)	✓	✓	✓	✓	✓	✓	✓	✓	✓	100%	-
Mrs. Iman Mohammed Al-Ahmed (Board Member)	✓	✓	✓	-	✓	✓	✓	✓	✓	88.89%	11.11%
Mr. Abdulaziz Abdullah AlGhamdi (Board Member)	✓	✓	✓	✓	✓	✓	✓	✓	✓	100%	-
Mr. Omer Abdullah Al Nomany (Board Member)	✓	✓	✓	✓	✓	✓	✓	✓	✓	100%	-
Eng. Faisal Saeed Al Homali (Board Member)	✓	✓	✓	✓	✓	✓	✓	✓	✓	100%	-
Mr. Salah Ahmad Meshari Al-Fouzan (Board Member - Independent)	✓	✓	✓	✓	✓	✓	✓	✓	✓	100%	-

Mr. Ahmed Meshari Al Faris

Board secretary

Mr. Ahmed Al-Faris is the Board of Directors Secretary. He was appointed during the Board of Directors meeting dated December 24, 2018.

Mr. Ahmed Al-Faris obtained a Master's degree in Business Administration (MBA) from Maastricht School of Management - The Netherlands in 2009 and a Bachelor's Degree in Accounting from Kuwait University in 2000. He has extensive banking experience through his work at the Central Bank of Kuwait and in the Islamic banking field at Kuwait Finance House from 2002 until 2014, then he joined Kuwait Telecom Company (**stc**) from 2014 until 2017 to work as Director of the Regulatory Compliance Department, after which he held the position Deputy Undersecretary of the Ministry of Commerce and Industry for Corporate Affairs and Commercial Licenses from 2017 until 2018.

Mr. Ahmed Al-Faris was also appointed as Board of Directors Member of the Public Authority for Industry for the year 2017-2018 and the Central Bank of Kuwait in 2018, in addition to his membership in advisory boards, such as the Permanent Committee for Improving the Business Environment and Enhancing Competitiveness, the Higher Committee for the Study of Demographic Imbalances in the State of Kuwait, and the Advisory Council College of Administrative Sciences at Kuwait University.

Summary of how to implement the registration and coordination requirements in addition to recording and archiving the Board of Directors minutes of meetings:

The Board of Directors Secretary assists the members of the Board on an ongoing basis to ensure that they obtain any required information in accordance with the decision of the Board of Directors or in consultation with the Chairman of the Board of Directors, in addition to assisting the Chairman of the Board of Directors in all matters related to preparing the agenda of the Board's meetings and issuing invitations to members of the Board. The secretary records all the decisions and discussions of the members of the board of directors, records the results of the voting operations that take place in the meetings of the board of directors, and works to preserve the documents of the board of directors.

The independent member declaration that it meets the criteria for independence, and a copy of the declaration shall be attached to the report:

The independent member states that his independency is still valid as stated in Article (2-3) of Chapter Three of Book Fifteen (Corporate Governance) of the Executive Regulations of Law No. (7) of 2010 regarding the establishment of the Capital Markets Authority and the regulation of securities activity and their amendments, as well as the independent member has the qualifications, experience and technical skills which are constituent with appropriate company's activity.

(2) Sound identification of roles and responsibilities

3. Duties and responsibilities of the Board of Directors

The company has a Board of Directors list that are fully compatible with the Corporate Governance Rules Requirements, which include defining the duties and responsibilities of the board of directors, including but not limited to:

- Adopting the strategic objectives, plans and general policies of the company.
- Approving the annual estimated budgets and approving the interim and annual financial statements.
- Oversee the company's major capital expenditures, and own and dispose of assets.
- Ensuring the company's commitment to the policies and procedures that ensure the company's respect for the applicable internal regulations and regulations.
- Ensure the accuracy and integrity of the data and information to be disclosed, in accordance with the applicable policies, procedures, and systems of disclosure and transparency.

The company also has job descriptions for the board member, which include a clear definition of the duties and responsibilities of each member of the board of directors, as well as the Authority Matrix, which clarifies the authorities of the Board of Directors, Executive Management and committees.

4. Achievements of the Board of Directors

Taking into consideration the Board's responsibilities to achieve the best financial and operational results and to achieve the company's strategic plan to the fullest extent, the Board has achieved in its current session many achievements for the financial year ending on December 31, 2021, which includes the harvest of the company's achievements and successes during this year with its indicators the tangible positive in various financial, marketing and technical fields. The company's achievements and successes during this year include its positive and tangible positive indicators in various financial, marketing and technical fields. In its twelfth year of operation, the company was able to compete vigorously and gain the satisfaction of subscribers by offering promotional offers, competitive prices and new services, in addition to enhancing subscribers' loyalty, which was positively reflected in the level of operational revenues and profitability. The company, which resulted in strengthening the role of the company and developing the telecommunications sector in the State of Kuwait to serve the Kuwaiti society and contribute effectively to strengthening the national economy and achieving rewarding returns for its shareholders.

The Board of Directors has continued to apply the best international standards and the requirements of local regulators in the company's governance system through the work of the Board's committees with the company's executive management.

5. Committees of the Board of Directors

The Board of Directors formed its committees, and the instructions and rules of governance issued by the Capital Markets Authority were taken into account when forming these committees. The Board has formed 4 committees emanating from it, which are the Audit Committee, the Risk Management Committee, the Nominations and Remunerations Committee, and the Executive Committee. The following is a statement of those committees:

Committee:	Date of formation:	Committee term:	Number of members:
Audit Committee	29 March 2021	3 years	4
	Name	Position	Classification
	Mr. Ameen Ben Fahad Ben Al-Shiddi	Chairman	Non-executive
Committee members:	Mrs. Iman Mohammed Al-Ahmed	Member	Non-executive
	Eng. Omer Abdullah Al-Nomany	Member	Non-executive
	Mr. Salah Ahmad Al-Fouzan	Member	Independent

The Committee performs several duties including:

- Reviewing the periodic financial statements before presenting them to the Board of Directors and expressing an opinion and recommendation on them to the Board of Directors in order to ensure fairness and transparency of financial statements and reports.
- Examine accounting issues and understand their impact on the financial statements.
- Assessing the adequacy and effectiveness of the internal control systems applied within the company and preparing a report that includes the opinion and recommendations of the committee in this regard.
- Appointing an independent external auditor to conduct an examination and evaluation of the internal control systems, with submitting an annual report to the Committee with its opinion and recommendations before presenting the report to the Board of Directors and sending it to the Capital Markets Authority.
- Assessing the efficiency of information security procedures and the internal control system applied in this regard.
- Perform a technical supervision of the Internal Audit Department and review the results of the internal audit reports and regulatory authorities.
- Follow up on the work of the external auditor and discuss any obstacles or difficulties that the external auditor may face. These obstacles include any restrictions on the scope of the independent external auditor's activities or in relation to his obtaining the required information, and any fundamental disputes with management.
- Reviewing the reports submitted by the Sharia Supervisory Board, ensure compliance with the provisions of Islamic Sharia, and submit its recommendations thereon to the Board.
- Ensure company's compliance with laws, policies, regulations as well as directives and regulatory provisions of the Islamic Sharia.

In 2021, the Audit Committee held (6) meetings, and the following is a statement of the committee's meetings:

Statement of meetings						
Name	1/ 26/01/2021	2/ 20/04/2021	3/ 26/07/2021	4/ 16/09/2021	5/ 27/10/2021	6/ 12/12/2021
Mr. Ameen Ben Fahad Al-Shiddi (Vice Chairman)	✓	✓	✓	✓	✓	✓
Mrs. Iman Mohammed Al-Ahmed (Board Member)	✓	✓	✓	✓	✓	✓
Eng. Omer Abdullah Al- Nomany (Board Member)	✓	✓	✓	✓	✓	✓
Mr. Salah Ahmad Al-Fouzan (Board Member)	✓	✓	✓	✓	✓	✓

Committee's achievements:

The Committee has accomplished many achievements, including:

- Reviewing financial statements (quarterly and annual) before submitting them to the Board of Directors.
- Discussing the annual and quarterly reports of the internal Shari'a audit and the reports of the Shari'a Supervisory Board in the presence of the Shari'a Audit Team and the Sharia Supervisory Board.
- Discussing the reports submitted by the Internal Audit Department regarding the results of the audit work on Company's departments and activities in addition to approving the annual Internal Audit plan.
- Approving the objectives of the Key Performance Indicators (KPIs) of the Internal Audit Department

Committee: Risk Management Committee	Date of formation: 29 March 2021	Committee term: 3 years	Number of members: 4
	Name	Position	Classification
	Mr. Salah Ahmad Al-Fouzan	Chairman	Independent
Committee members:	Mr. Ameen Ben Fahad Al-Shiddi	Member	Non-executive
	Mr. Faisal Saeed Al- Homali	Member	Non-executive
	Mrs. Iman Mohammed Al-Ahmed	Member	Non-executive

The Committee performs several duties including:

- Preparing and reviewing the Risk Management strategies and policies, as well as the Risk Appetite before being approved by the Board of Directors. Ensuring the implementation of these strategies and policies, and that they commensurate with the nature and size of the company's activities.
- Ensuring the availability of adequate resources and systems to manage the risks.
- Ensuring that Risk Management personnel have a full understanding of the risks surrounding the company, and increasing employees' awareness of the risk culture.

In 2021, the Risk Management Committee held (4) meetings, detailed as follows:

Statement of meetings				
Name	1/ 28/01/2021	2/ 18/04/2021	3/ 27/07/2021	4/ 20/10/2021
Mr. Salah Ahmad Al-Fouzan	✓	✓	✓	✓
Mr. Ameen Ben Fahad Al-Shiddi	✓	✓	✓	✓
Mr. Faisal Saeed Al-Homali	✓	✓	✓	✓
Mrs. Iman Mohammed Al-Ahmed	✓	✓	✓	✓

Committee's achievements:

The Committee has accomplished many achievements, including

- Reviewed and approved the amended Key Risk Indicators for all sectors in the company.
- Reviewing and Introducing new Quantitative measures in the Risk Appetite
- Follow up on the company's Business Continuity plans to combat risks related to COVID-19.
- Adopt the Risk Management plan for the year 2022.

Committee: The Nomination and Remuneration Committee	Date of formation: 29 March 2021	Committee term: 3 years	Number of members: 4
	Name	Position	Classification
	Dr. Mahmoud Ahmad Abdulrahman	Chairman	Non-executive
Committee members:	Mr. Ameen Ben Fahad Al-Shiddi	Member	Non-executive
	Mr. Abdulaziz Abdullah Al-Ghamdi	Member	Non-executive
	Mr. Salah Ahmad Al-Fouzan	Member	Independent

The committee performs several duties including:

- Recommending the acceptance of the nomination and re-nomination of the Board Members and Executive Management.
- Developing a clear policy for Board Members' and Executive Management's remunerations
- Determining the appropriate skills required for Board of Directors membership and reviewing such requirements on an annual basis.
- Determining the mechanism for evaluating the performance of the board as a whole and the performance of each member of the board and the executive management.

In 2021, the Nomination and Remuneration Committee held (4) meeting, detailed as follows:

Statement of meetings				
Name	1/ 31/01/2021	2/ 16/03/2021	3/ 15/09/2021	4/ 14/12/2021
Dr. Mahmoud Ahmad Abdulrahman	✓	✓	✓	✓
Mr. Amin Ben Fahad Al-Shiddi	✓	✓	✓	✓
Mr. Abdulaziz Abdullah Al-Ghamdi	✓	✓	✓	✓
Mr. Salah Ahmad Al-Fouzan	✓	✓	✓	✓

Committee's achievements:

The committee has accomplished outstanding achievements, including:

- Development of human resources programs in the company.
- Recommending to the Board of Directors to hold a workshop on the recent trends of the telecommunication companies in Risk Management.
- Adopting the precautionary measures and plans taken by the Human Resources Sector to emerging the COVID-19.
- Launching Board Performance and Effectiveness Assessment Program for the year 2021.

Committee: The Executive Committee	Date of formation: 29 March 2021	Committee term: 3 years	Number of members: 4
	Name	Position	Classification
	Eng. Faisal Saeed Al-Homali	Chairman	Non-executive
Committee members:	Dr. Mahmoud Ahmad Abdulrahman	Member	Non-executive
	Mr. Abdulaziz Abdullah Al-Ghamdi	Member	Non-executive
	Eng. Omer Abdullah Al-Nomany	Member	Non-executive

The committee performs several tasks including:

- Discussing the Strategy, Action Plan and Estimated Budget before presenting to the Board of Directors.
- Follow up on the implementation of the strategic plan and performance indicators on a regular basis.
- Reviewing company's performance in general and the performance of all sectors of the company in details, in addition to discussing deviations from the work plan and the estimated budget.

In 2021, the Executive Committee held (6) meetings, detailed as follows:

Statement of meetings						
Name	1/ 02/02/2021	2/ 27/04/2021	3/ 05/05/2021	4/ 29/07/2021	5/ 25/10/2021	6/ 17/11/2021
Eng. Faisal Saeed Al-Homali	✓	✓	✓	✓	✓	✓
Dr. Mahmoud Ahmad Abdulrahman	✓	✓	✓	✓	✓	✓
Mr. Abdulaziz Abdullah Al-Ghamdi	✓	✓	✓	✓	✓	✓
Eng. Omer Abdullah Al- Nomany	✓	✓	✓	✓	✓	✓

Committee's achievements:

The committee has accomplished outstanding achievements, including:

- Reviewing the strategy and work plan for the next three years
- Studying the estimated budget.
- Follow up the operational performance of the company periodically.
- Studying the investment opportunities.

Summary of applying all requirements that allow the Board Members to obtain information and data accurately and in a timely manner:

The company's Board of Directors has adopted the procedures guide to ensure that the Board of Directors members obtain information in an accurate and timely manner and in accordance with relevant laws and legislation. The guide defines the mechanism for requesting information and presenting it to the Board of Directors, in addition, the procedures and obligations of the members to maintain the confidentiality of the information that has passed on to them by virtue of their work.

6. The Executive Management

The company has a Qualified Executive Management team, and they are as follows:

- Eng. Maziad Alharbi Chief Executive Officer
- Mr. Mohammed Bin Mubarak Al Faran Chief Financial Officer
- Eng. Nasser A. Al-Saadon Chief Strategy Officer
- Mr. Issam Issa Al Asousi Chief Corporate Affairs Officer
- Eng. Amer Issam Atoui Chief Consumer Officer
- Eng. Fahad AbdulRahman Al Ali Chief Technology Officer
- Eng. Ahmad Hamad Al Hammad Chief Human Resources Officer
- Mr. Fouad Al-Awadhi Chief Internal Audit Officer

The company has job descriptions that clearly define the tasks and responsibilities of each position, and the company has an approved Authority Matrix to all sectors within the company. The duties of the executive management include, for example (but are not limited to):

- Implement all the company's internal policies, regulations and systems approved by the Board of Directors.
- Executing the annual strategy and plan approved by the Board of Directors.
- Preparing periodic reports (financial and non-financial) on the progress made in the company's activity in light of the company's strategic plans and objectives, and presenting those reports to the Board of Directors.
- Managing the daily work and running the activity.
- Active participation in building and developing a culture of ethical values within the company.
- Developing an internal control and Risk Management systems, ensuring the effectiveness and adequacy of such systems, and adhering to the risk policy approved by the Board of Directors.

Executive Management



Name **Eng. Maziad Alharbi**

Position **Chief Executive Officer**

Eng. Maziad Bin Nasser Alharbi was appointed as the Chief Executive Officer of Kuwait Telecommunications Company (**stc**) effective on 2019, where he played a major role in building a distinct strategy that contributed to the company's transformation from a traditional telecommunications service company to the expansion of the business solutions and digitization services through its acquisition to Qualitynet during 2019. He has over 25 years of proven executive management experience across the telecommunication, media and technology industries. In addition to serving as a Board and Committee Member in several companies, Alharbi also held a number of senior executive positions where he acquired a well-versed and diversified leadership, managerial, as well as technical expertise and capabilities in several areas.

Curriculum Vitae

Prior to joining Kuwait Telecommunications Company (**stc**), Alharbi served as the Chief Executive Officer (CEO) of the Technology Sector at Etihad Etisalat (Mobily) from 2014 to 2019 in addition to being the Chief Corporate Affairs Officer (CCAO) between 2017 and 2019. In his dual leadership positions at Mobily, Alharbi was responsible for overseeing Mobily's internal corporate communications, external marketing communications in addition to coordinating company's decision making processes and enhancing the telecommunications network. He was also responsible for overseeing the technology planning and deployment of the latest technologies to transform the Kingdom to a digital country.

Alharbi started his career path as an Engineer at Saudi Electricity Company in 1995 before joining Lucent Technologies in 1996, Huawei Saudi Arabia in 2006, the Saudi Telecom Company (**stc**) in 2007, where he climbed the ladder from being a Testing and Maintenance Engineer to the position of Vice-President of the Home Business Unit.

Alharbi received his Bachelor's Degree in Electrical Engineering from King Saud University in the Kingdom of Saudi Arabia in 1995.



Name **Mr. Mohammed Mubarak Al Faran**

Position **Chief Financial Officer**

Mr. Mohammed Bin Mubarak Al Faran has been appointed as the Chief Financial Officer (CFO) of Kuwait Telecommunications Company (**stc**) in 2021. Mr. Al Faran has more than 15 years of an extensive experience in the Finance and Audit fields gained from many prestigious companies and governmental institutions. Mr. Al Faran held executive and senior positions in several international audit firms, the Saudi Telecom Company (**stc**) - the parent company of Kuwait Telecommunications Company (**stc**) - in addition to the Saudi Ministry of Finance.

Curriculum Vitae

Prior to joining **stc** Kuwait, Mr. Al Faran was the Budget Deputy Assistant of Budget Policies and Governance at the Ministry of Finance in KSA, whereby his main responsibility included the governance of the budget preparation and implementation processes as well as ensuring the compliance with all the internal and external budget policies. He started his journey with the Saudi Ministry of Finance as a Budget Deputy Assistant of Performance Reporting in 2019 and managed the process of developing the methodology for preparing the Kingdom's general budget in the Ministry of Finance in KSA as well as managing the governance of financial reporting. He also managed and served as a member in a number of government committees.

Prior to that, Al Faran joined the Saudi Telecom Company (**stc**) as a Financial Reporting Section Manager until 2013, before being appointed as the Financial Policies & Procedures Director from 2013 until 2019, in which he contributed to the leadership of the internal control evaluation project and the development of the accounting policies for the International Financial Reporting Standards transition project.

Al Faran started his career with Deloitte Touch & Co. from 2005 until 2006 in the external audit field before joining Ernst & Young in 2006 until 2011. After almost 7 years of extensive experience in the Audit firms, Mr. Al Faran joined the Internal Audit department at National Water Company in Saudi Arabia until 2012.

Mr. Mohammed Al Faran holds a Master's Degree in Finance from the University of Wollongong, Australia, 2008. He also hold a Bachelor's Degree in Accounting from King Saud University, Riyadh KSA, 2005. Moreover, Al Faran is a Certified Public Accountant (CPA) from USA, since 2011. In addition, he is certified from the Saudi Organization Certificate Public Accounting 'SOCPA' since 2015.



Name **Eng. Nasser A. Al-Saadon**

Position **Chief Strategy Officer**

Eng. Nasser A. Al-Saadon has been appointed as Chief Strategy Officer (CSO) at Kuwait Telecommunications Company (**stc**) in 2020. Eng. Nasser is an executive in the field of corporate strategy with over 24 years of progressive experience in the telecom industry where he handled several positions in various departments at the Saudi Telecom Company (**stc**).

Prior joining Kuwait Telecommunications Company (**stc**), Eng. Nasser was the General Manager for the Business Development and Innovations – Corporate Strategy Department – at the Saudi Telecom Company (**stc**) from 2016 till 2019.

In 2001 Eng. Nasser held the position of a Project Manager at the Saudi Telecom Company (**stc**) - Network Sector from until 2002 before being appointed as a Director for the Network Planning Sector in 2005.

Curriculum Vitae

Later in 2008, Eng. Nasser was responsible for the business side developing enterprise services for the Marketing Enterprise BU before being appointed as a General Manager for the Planning & Performance HBU from 2010 to 2011. In 2014, Eng. Nasser was then transferred to the Consumer BU and took on the role of the General Manager Broadband and Bundles where he effectively managed the residential fixed & mobile broadband services till 2015.

Eng. Nasser is a board member of RIYADAH - the National Entrepreneurship Institute - representing **stc**, as well as the Investment Committee of **stc** Venture fund. Eng. Nasser is also an Advisory committee board member of STV fund.

Eng. Nasser received his Master degree in Business Administration (Marketing) from King Saud University in the Kingdom of Saudi Arabia, Riyadh in 2002. Eng. Nasser also holds a Bachelor of Science (Electrical Engineering) from King Fahad University of Petroleum & Minerals (KFUPM), Dhahran, in 1994.



Name **Mr. Issam Al Assoussi**

Position **Chief Corporate Affairs Officer**

Mr. Issam Al Asousi was appointed as the Chief Corporate Affairs Officer of **stc** in 2011.

Mr. Issam Al-Asousi first started his career in the banking sector 22 year ago. He took up his first position in 1980 with the Bank of Kuwait and Middle East (later renamed as Al Ahli United Bank) where he was in charge of the Consumer Division, which includes the provision of services to both customers and those with high purchasing power through Kuwait.

Curriculum Vitae

In 2003, Mr. Issam joined Al Dar Investment Company, where he played a key role in driving the institution's investment strategies, including the establishment of a Consumer Finance Company called 'Wared'. Furthermore, in 2008, Mr. Issam moved on to Al Dowalliah Investment Group as the Deputy Managing Director, where he was responsible for defining, implementing, and executing the organization's domestic and international strategies.

Mr. Issam graduated from Kuwait University in 1980 with a Degree in Commerce. After that, he received a one-year training program at Chase Manhattan Bank in Washington in 1981. He also received a diploma in banking from the Kuwait Institute of Banking Studies in 1982.



Name

Eng. Amer Essam Atoui

Position

Chief Consumer Officer

Eng. Amer Essam Atoui has been appointed as Chief Consumer Officer (CCO) at Kuwait Telecommunications Company (**stc**) in 2021. Eng. Amer Atoui is an analytical executive in the Telecom industry with a record of achievements in the performance turnaround of a number of multi-national telecom companies. Eng. Atoui has an extensive experience in highly competitive telecom markets as he held several leadership positions, leveraging his technical and commercial in-depth knowledge and cost optimization expertise.

Prior to joining Kuwait Telecommunications Company (**stc**), Eng. Amer Atoui was the B2C Managing Director at LAMI Insurance Technologies from 2020 till 2021 where he was responsible for structuring the startup B2C vertical and building its strategy.

He started his career at LibanCell as a Planning Engineer from 1999 until 2003 before being appointed as a Business Development Coordinator from 2003 until 2004. After that, Eng. Atoui held the position of an International Business Development Manager in COMIUM Group from 2004 to 2006.

Later, in 2006, Eng. Amer was appointed as the Chief Executive Officer (CEO) of COMIUM Gambia for nine years where he led the setup of a Greenfield operation, and played a prominent role in implementing aggressive commercial strategies and cost saving initiatives that contributed to his success in achieving excellent financial performance targets.

From 2016 until 2016, he joined Helios Investment Partners as an Advisor to the Orange Kenya Acquisition Project before joining Telkom Kenya (Orange Kenya) as a Managing Director for the Consumer Business Unit from 2016 until 2019, where he led the rebranding, transformation and performance turnaround.

In 2006, Eng. Amer Atoui received his Executive-MBA as a (dual degree) from ESCP (FRANCE) & Ecole Supérieure des Affaires (Lebanon). He also holds a Bachelors of Engineering in Computers and Communications from the American University of Beirut, Lebanon in 1999.

Curriculum Vitae



Name

Eng. Fahad Abdul Rahman Al Ali

Position

Chief Technology Officer

Eng. Fahad Abdul Rahman Al Ali has been appointed as Chief Technology Officer (CTO) at Kuwait Telecommunications Company (**stc**) in 2019. Eng. Fahad joined **stc** in 2016 as a Network Implementation and Operations Director in the Technology Sector.

He held several executive positions in the telecommunications sector and had a number of achievements across preparing strategies in addition to building and implementing the development of telecommunication networks in several companies inside and outside Kuwait.

Curriculum Vitae

Prior to joining Kuwait Telecommunications Company (**stc**), Eng. Fahad Al Ali has taken over several positions at Zain Telecommunications Company since 2000. He was a Technical Solutions and Planning Director from 2014 to 2016, Network Director from 2010 to 2014, Transmission Department Manager from 2006 to 2010, Transmission Engineer & Team leader from 2000 to 2006 in Kuwait, Bahrain and Iraq Operations.

Eng. Fahad Al Ali holds a Master's Degree, (Executive MBA) in 2013-2014, from Harvard Business School - Boston. He has also received his Bachelor's Degree in Communications & Electronics Engineering from Northumbria University - Newcastle UK in 1999.



Name

Eng. Ahmad Al Hammad

Position

Chief Human Resources Officer

Eng. Ahmad Al Hammad has been appointed as a Chief Human Resources Officer (CHRO) at Kuwait Telecommunications Company (**stc**) in 2019. Eng. Ahmad Al Hammad joined **stc** in 2019 as the Remunerations and Organization Design Director in the Human Resources Sector.

Prior to joining Kuwait Telecommunications Company (**stc**), Eng. Al Hammad has taken over several positions at KFH and NBK. From 2017 until 2019, he worked in the Human Resources sector of the Kuwait Finance House Group as the Senior Manager of the Performance Management and Rewards Department, in addition to and several positions in the HR, Strategy & Corporate Affairs as well as the Corporate Strategy & PMO business sectors where he managed the HR and business transformation programs.

During his career at KFH, Eng. Al Hammad was responsible for the total rewards philosophy as well as the performance management process and culture across KFH group where he supervised the operations across three countries and several subsidiaries of KFH. Prior to Joining KFH, Eng. Ahmad worked at the National Bank of Kuwait in the IT field as a system architect and infrastructure specialist in the IT-D Platforms Area from 2009 to 2013, and Environmental specialist from 2008 to 2009.

Eng. Ahmad Al Hammad received his BSc. in Computer Engineering from California State University, Chico, USA in 2007 and he received many Certificates from Harvard Business School and George Washington University.

Curriculum Vitae



Name

Mr. Fouad Al-Awadhi

Position

Chief Internal Auditor

Mr. Fouad Mohammad Al-Awadhi has been appointed as Chief Internal Audit Officer at Kuwait Telecommunications Company (**stc**) in 2020, having experience in both the telecom and the oil & gas industries for more than 30 years.

Prior to joining **stc**, Mr. Fouad was the Head of Risk Management at Ooredoo Kuwait since 2017 after joining the company as Chief Audit Executive in 2010.

Curriculum Vitae

Earlier in his career, Mr. Fouad held various positions in the Internal Audit Departments of Kuwait Petroleum Company and its subsidiaries. He was an Internal Auditor at PIC, KNPC, and KGOC, before being appointed as Chief Internal Auditor at KGOC & OSSC and then being promoted to hold the position of Internal Audit Manager.

Mr. Fouad Mohammad Al-Awadhi received his BSc. in Industrial Engineering from University of Miami, Florida in USA in 1988. He obtained several professional certificates such as Certified Internal Auditor (CIA), Certified Information System Auditor (CISA) and Certification in Control Self-Assessment (CCSA).

Rule (3): Selecting qualified persons for the membership of the Board of Directors and the executive management

7. Nominations and remunerations

The Board of Directors formed the Nominations and Remunerations Committee in accordance with the rules of governance provisions as set out in Article 4.1 of the Fifteenth Book Corporate Governance, where the composition of the committee includes an independent member, In addition, the committee's charter is available, which includes its duties and responsibilities. The committee is concerned with (but not limited to) the following:

- Recommendation to accept the nomination and re-nomination of the Board of Directors and Executive Management Members.
- Developing a clear policy for the remuneration of the Board of Directors and Executive Management.
- Determining the required needs of the appropriate skills for membership of the Board of Directors and reviewing those needs on an annual basis.
- Reviewing of the organizational structure of the company and make recommendations to the Board of Directors regarding any proposed changes to the organizational structure.
- Attracting applications of those willing to occupy Executive positions as needed, studying and reviewing those applications.
- Determining the different segments of remunerations that will be granted to employees, such as fixed bonuses segment, bonuses linked to performance segment, rewards in the form of shares segment, and end of service benefits segment.
- Preparing job descriptions for the Executive and Non-Executive members as well as the Independent Members.
- The committee ensures that the independence of independent member is valid.
- Preparing a governance report on an annual basis that includes the total remuneration granted to members of the Board of Directors, executive management and managers, whether they are amounts, benefits or advantages, whatever their nature and name, provided that this report is presented to the Board of Directors.
- Determining the mechanisms for evaluating the performance of the Board as a whole and evaluating the performance of each member of the Board and Executive Management separately.
- Reviewing the salary schedule and job grades periodically.
- Ensuring that rewards are granted in accordance to the approved policy of remunerations.
- Reviewing company's Human Resource Policies and any amendments to them before submission to the Board of Directors.

In abidance with the highest standards of transparency as stipulated in the leading practices and in the rules of Corporate Governance, the company abided by preparing a

detailed report on all the bonuses granted to the members of the Board of Directors and the Executive Management.

The following table shows the Remuneration and compensations of the Board Members for 2021, noting that the Board of Directors of Kuwait Telecommunication Company (**stc**) is composed of 7 members, including the Chairman:

Remunerations and benefits of Members of Board of Directors							
Total number of members	Remunerations and benefits through the parent company			Remunerations and benefits through the subsidiaries			
	Fixed remuneration and benefits (Kuwaiti Dinar)	Variable remuneration and benefits (Kuwaiti Dinar)		Fixed remuneration and benefits (Kuwaiti Dinar)		Variable remuneration and benefits (Kuwaiti Dinar)	
	Health insurance	Annual remuneration	Committees' remuneration	Health insurance	Monthly salaries total of the year	Annual remuneration	Committees' remuneration
7	-	152,061	202,000	-	-	-	-

* Details of the segments and types of remuneration and benefits mentioned are examples without limitation.

The following table shows the salaries, benefits, bonuses and incentives of the CEO and four Senior Executives in Kuwait Telecommunication Company (**stc**), including the Chief Financial Officer, for 2021:

Total remunerations and benefits granted to five senior executives who have received the highest remunerations, including the Chief Executive Officer and the Chief Financial Officer

Total executive positions	Remunerations and Benefits through the parent company						Remunerations and Benefits through the subsidiaries							
	Fixed remuneration and benefits (Kuwaiti Dinar)						Variable remuneration and benefits (Kuwaiti Dinar)	Fixed remuneration and benefits (Kuwaiti Dinar)					Variable remuneration and benefits (Kuwaiti Dinar)	
	Monthly salaries (total of the year)	Health insurance	Annual tickets	Housing allowance	Transportations allowance	Children's education allowance		Annual remuneration	Monthly salaries (total of the year)	Health insurance	Annual tickets	Housing allowance		Transportation allowance
5	413,544	-	8,096	92,932	84,447	30,022	625,485	157,941	-	-	-	8,400	12,940	121,973

* Details of the segments and types of remuneration and benefits mentioned are examples without limitation.

Rule (4): Ensuring the integrity of financial reports

8. Financial reports and the external auditor

Each of the Board of Directors and the Executive Management submit a written undertaking confirming the safety and integrity of the prepared financial reports. The Board of Directors has also formed the Audit Committee in accordance with the rules of governance as stipulated in Article 5-6 of the fifteenth book (Corporate Governance), of the Executive Regulations of the Capital Markets Authority. Details of the composition and achievements of the committee were presented above.

Financial reporting and external auditor:

The company issues a set of financial reports on a regular basis including:

- Interim financial statements.
- Profits announcements.
- Annual reports.

With regard to the External Auditor, the Audit Committee:

- Reviewing the proposed scope, methodology and work plan of the proposed external auditor, including the coordination of external audit efforts with internal audit.
- Monitoring the performance of the external auditor to ensure that the services provided for the company are not provided other than required by the external auditing profession.
- Recommending to the Board of Directors the appointment and re-appointment of the external auditor or a proposal to change him, propose his fees and review his letter of appointment, provided that he is one of the auditors registered in the special register with the Capital Markets Authority, so that he meets all the conditions stipulated in the requirements of the Authority's decision regarding the system for registering auditors.
- Verifying the independence of the External Auditor on a periodic basis before his appointment or reappointment, and verifies that the External Auditor does not perform any additional tasks not involved within the external Auditor's Duties, that may affect his independence as required by the auditing profession.
- Discusses any obstacles or difficulties encountered by the external auditor. These constraints include any limitation on the scope of the activities of the independent external auditor or his access to the information required, and any substantial differences may arise with the management.

Rule (5): Development of sound risk management systems and internal controls

9. Internal control systems and risk management

Risk Management is responsible for implementing the risk strategy and policy as well as preparing periodic reports on the nature of the risks to which the company is exposed and submitting them to the Risk Committee for approval in order to present them to the Board of Directors. Risk Management employees have the independence and experience to perform their role through establishing adequate and appropriate internal controls for the company's activity and the nature of its business. Company's management is independent by direct subordination to the Board's risk Committee, in accordance with the approved risk management organizational structure and in compliance with the requirements of governance rules.

Summary of the internal control systems:

- Approved policies and procedures covering all key activities and processes of the company.
- A comprehensive and detailed Organizational Structure approved by the Board of Directors covering all the sectors and departments within the company.
- Approved job descriptions covering all the company's employees.
- Regulations approved by the Board of Directors covering all board committees, according to the rules of Corporate Governance.
- Policies approved by the Board of Directors covering all the requirements under the rules of Corporate Governance.
- Financial and administrative authority matrices approved by the Board of Directors, to determine all the powers of various parties and covers all key processes.
- Integrated mechanism that cover all major operations.
- Oversight from several independent parties, including internal parties (Internal Audit, Quality Control, and Compliance) and external parties (External Audit, And the ISO Audit Team, Sharia'a Audit).

Internal audit:

The company has an effective internal audit department with independent technical and administrative autonomy through its direct reporting line to the Board Audit Committee. The Internal Audit Department performs several tasks, including:

- Carrying out an assessment of the risks facing the company with the aim of preparing an audit plan based on risks and presenting the plan to the Audit Committee for approval.
- Implementing the audit reviews covering all company's operations and activities according to the audit plan approved by the Audit Committee in order to assess the effectiveness and efficiency of controls.

- Conducting quarterly follow up to check whether the Executive Management has taken the corrective actions agreed upon in the internal audit reports.
- Reporting all the audit findings with the Audit Committee in the presence of Executive Management's representatives.
- Carrying out any other special tasks assigned by the Audit Committee.

Rule (6): Promote code of conducts and ethics

10. Rules of code of conducts and ethics

Summary of the professional and ethical behavior standards:

The company, represented by the Board of Directors, the Executive Management and all employees, believes that the professional and ethical behavior is one of the most important tributaries of the company's success in achieving its goals. Based on this belief, the board of directors has adopted a policy to define the professional and ethical behavior standards within the company, as well as the responsibilities of each of the company, the board of directors and the management Executive and staff. The policy also stipulates that the responsibility to report if an incorrect or unsafe matter is observed, rests with everyone without exception.

The policy also addressed other important aspects, such as the relationship with commercial partners, the integrity of financial statements, information security and environmental health and safety. All the Board of Directors Members, executive management and employees should abide by it in all their work tasks, regardless of the place and conditions of work.

A summary of the policies and mechanisms on reducing cases of conflict of interest:

The company has a conflict of interest policy that aims to ensure that appropriate procedures are in place to effectively detect and address conflicts of fundamental interest, in addition to ensuring that the Board of Directors deals with existing, potential and expected conflict of interest cases and that all decisions are taken in the interests of the company. This policy is an integral part of the company's full commitment to integrity and justice in dealing with stakeholders. This policy also clarifies the basis for dealing and managing cases of conflict of interest, the concept of conflict of interest, and the parties whose interests conflict with the company's interest, in addition to the role of the Board of Directors and the Executive Management. And the Department of Compliance, Internal Audit, and the Company's General Assembly regarding conflict of interest. The policy also reviewed the procedures for dealing with cases of conflict of interest and the disclosure mechanism.

The report issued by the company's auditors indicated a statement on the balances and transactions with related parties, as the parties are considered related parties when the party has the ability, directly or indirectly through one or more intermediaries, to control the other party or the possibility of influencing it in a way Great when making financial and operating decisions.

Related parties principally include major shareholders of the Company, members of the Board of Directors, members of senior management and companies over which they can

exercise significant influence. In addition to the above, the Company has also entered into some other transactions related to the normal course of business with the Parent Company, which are included in operating expenses. The balance due to the Parent Company is disclosed as on the statement of financial position date on December 31, 2021. The following are the significant transactions with the Parent Company that are included in the statement of profit or loss and comprehensive income:

	2021	2020
	Thousand Kuwaiti Dinars	Thousand Kuwaiti Dinars
Management Fees	10,385	9,931
Revenues	13,716	10,575
Other Operational Expenses	3,202	1,864

Rule (7): Disclosure and transparency accurately and in a timely manner

11. Disclosure and transparency

A summary of the application of the screening as well as the accurate and transparent disclosure mechanism that determine the aspects, areas and characteristics of disclosure:

Commitment to the principle of transparency in work is one of the main keys to encourage shareholder confidence. Therefore, the company is committed to a policy of disclosure and transparency by following all laws, regulations, and instructions related to disclosure issued by various supervisory authorities in a timely manner, believing in the importance of transparency in enhancing the confidence of shareholders and stakeholders and maintaining the company's reputation in Labor market.

In compliance with the regulations and laws regulating the process of disclosure and transparency issued by the concerned supervisory authorities, the company shall disclose accurate and appropriate financial statements, profit reports, audit reports and other information accurately, transparently and clearly, as well as the material information related to the company, while adhering to maintaining its strict confidentiality and taking the necessary measures to ensure that that Dealing with documents and data related to that information remains regulated to a minimum, in addition to providing more effective communication tools with all stakeholders and stakeholders for the purpose of providing comprehensive reports, which in turn is consistent with one of the company's objectives, which is commitment to the transparency policy.

The company's management confirms that all data provided in this regard are accurate, correct and not misleading. Also, all the company's annual financial reports are in compliance with International Accounting Standards for Financial Reporting and its requirements.

The company, through the Department of Compliance and Governance, maintains a special record that includes all the company's disclosures with the Kuwait Stock

Exchange and the Capital Markets Authority during the previous five years. The disclosures are also available on the company's official website on the Internet, in compliance with the requirements of the Kuwait Capital Markets Authority.

A brief on the application of the requirements of the register of disclosures made by the Board Members and Executive Management:

The company has a special record for the disclosures made by the Board of Directors Members and Executive Management, provided that this record is available for perusal by all the company's shareholders. The company also confirms that company's shareholders have the right to see this record without any fee or charge, with its commitment to update the data of this register periodically to reflect the real situation of the related parties.

A brief statement about the requirements of the formation of a unit for organizing investors' Affairs:

The company has established the Investor Relations Department, and this department is responsible for the process of communicating with current and potential shareholders in addition to providing the necessary data, information and financial reports. The Investor Relations Department has an appropriate independence reporting line, in a way that allows it to provide data, information and reports in a timely and accurate manner through the recognized means of disclosure, including the company's website.

A statement of how to develop the information technology's infrastructure and to rely heavily on it in disclosures:

The company follows a policy of accreditation and expansion in the use of information technology to communicate with shareholders, investors and stakeholders, through the establishment of a section dedicated to corporate governance on its website. The corporate governance page displays all the updated information and data that helps shareholders, current and potential investors to exercise their rights and assess the performance of the company. In addition, there is an investor relations page that is also available on the company's website and the investor relations mobile application.

Rule (8): Shareholders' and stakeholders' right

12. Protecting shareholders' equity

Summary of the application of the requirements for identification and protection of public rights of shareholders, to ensure justice and equality among all shareholders:

The company is committed, through the Investor Relations Department, to its responsibility towards the shareholders in adopting the highest standards of transparency and fair treatment in the process of communicating with them. The company believes that the proper application of Corporate Governance enhances the value for its shareholders and provide appropriate guidelines for each of the Board of Directors, and its committees, and Executive Management to carry out their duties in order to serve the interests of the company and its shareholders. Therefore, the company seeks to achieve the highest levels of transparency, accountability and effective management through adopting, and following-up the execution of strategies, objectives and policies aimed at compliance with its regulatory and ethical responsibilities.

It is worth noting that we have activated and strengthened the channels of communication with investors and financial analysts, after listing the company's shares in Boursa Kuwait. The company is also committed to transparency and providing financial information about the company through different communication channels, according to the best professional practices in disclosure and transparency. In addition, the company was keen to communicate with local and foreign investors as well as financial analysts in order to meet with them and answer their queries. The company also participated in conferences held for investors to enhance communication with all categories of shareholders and the financial community.

In addition, the website and the Investor Relations mobile app. provide a range of information about the company's stock, financial data and reports on the company's performance. The company has also adopted a special policy to protect shareholders' rights.

Furthermore, the company guarantees to all shareholders the right to access all information and relevant disclosures through publishing it on the website and the annual reports available to all shareholders, in addition to enabling them to obtain all information pertaining to the Board Members, their qualifications, their stock ownership in the company, their chairmanship or membership in the boards of other companies, as well as the information on company's executives. It is also available to all stakeholders to obtain all relevant information.

Summary on the establishment of a special registry to be kept with the clearing agency, as part of the requirements of ongoing follow-up for data of shareholders:

The company has, since its inception, created a special registry to be kept with the clearing agency to keep a record of shareholders names and the number of shares owned by each one of them. This register is updated on a daily basis, and any changes to the data recorded in the shareholder register are also modified according to the data received by the company or clearing agency in this regard. A brief on how to encourage shareholders to participate and vote at the assembly meetings of the company:

- Initially, the company discloses the date of the General Assembly meeting after the date has been determined by the Board of Directors.
- The company directs a public invitation to shareholders to attend and participate in the General Assembly meeting, (whatever type of meeting it might be), including the agenda. The invitation is made through the announcement in, at least, two daily newspapers published in Arabic, twice. The first ad should be published two weeks prior to the General Assembly meeting while the second ad should be published one week prior to the General Assembly meeting. The second ad must be published in the official Newspaper.
- The company also announces the date of its General Assembly meetings through the web page of Boursa Kuwait in addition to the Investor Relations web page on the company's official website.
- The company has recently launched a mobile application for Investor Relations so that respective investors can follow all company news and have access to all financial disclosures, invitations, reports, as well as information related to the performance of the company's share.

Rule (9): Understanding the role of stakeholders

13. Realizing the role of stakeholders

A brief on the systems and policies that ensure the protection and recognition of the rights of stakeholders:

The company respects and protects stakeholder's rights in all its internal and external dealing & transactions, as the contributions of stakeholders constitute a critical resource for building the company's competitiveness and enhancing its levels of profitability. In order that the stakeholders' transactions, whether contracts or deals with the company, do not conflict with the interests of the shareholders, the company has taken into consideration the following:

- That none of the stakeholder obtains any advantage by dealings in contracts and transactions that are included in the company's normal activities.
- The company should develop internal policies and regulations that identify a clear mechanism for documenting contracts and deals of different types.

The company also adopted a number of policies, including, but not limited to:

- Stakeholder Protections Rights Policy.
- Conflict of Interest Policy.
- Whistleblowing policy.
- Related Parties Policy.

About how to encourage stakeholders to participate in the follow-up of the company's various activities:

The company is committed dealing with the Board of Directors Members and stakeholders on the same conditions that the company applies with the different stakeholders without any discrimination or preferential terms, in addition to making sure to review the deals and transactions proposed by the company with related parties and to make appropriate recommendations in this regard to the Board of Directors.

The company is also committed to providing stakeholders with information and data related to their activities on a regular basis in accordance with the contracts concluded with them and in a manner that does not violate the confidentiality of information policy applied within the company. All contracts concluded with stakeholders are included in contractual clauses that guarantee the confidentiality of the information provided to them to perform the tasks assigned to them.

On the other hand, the company is committed to ensuring the rights of stakeholders in accordance with the laws in force in the State of Kuwait that regulate the relationship between the company and its stakeholders, including, for example, the Kuwaiti National Labor Law, the Companies Law and its Executive Regulations, the Commercial Law, and instructions issued by the Authority Financial markets and other regulatory authorities

Rule (10:) Promote and enhance the performance

14. Performance enhancement

Summary on the requirements for developing mechanisms that will allow all of the Board Members and Executive Management to, continuously, obtain training programs and courses:

The company is committed to perform a continuous training and qualification, which provides the board of directors members and the executive management with the appropriate understanding and knowledge of all topics related to the company's activities, and makes them aware of the latest developments in the relevant administrative, financial and economic fields, in addition to the ability to strategically plan according to the company's needs and then achieve the company's goals.

A brief on the method of evaluating the performance of the Board of Directors as a whole as well as the performance of each member of the Board of Directors and the Executive Management:

The company has developed systems and mechanisms to periodically evaluate the performance of each member of the Board of Directors and the Executive Management. This is achieved through developing a set of performance indicators linked to the extent of achieving the strategic goals of the company, the quality of the Risk Management and the adequacy of the internal control systems. The Board of Directors has also adopted the performance indicators to measure the performance of both the Board of Directors and the Executive Management.

A brief on the Board's efforts on (Value Creation) within the employees of the company, through the achievement of strategic objectives and improving performance rates:

The Board of Directors and the Executive Management are keen to create corporate values within the company by following the highest standards of the Code of Professional Conduct, in addition to applying the Employee Guide. This shall enable achieving higher levels of applying work ethics, achieve the strategic goals of the company, and improve performance rates, which in turn contributes effectively to creating institutional values among employees and motivates them for continued work to maintain the financial soundness of the company.

Rule (11): Focusing on corporate social responsibility

15. Corporate social responsibility

A brief of a policy development that ensures a balance between societal and corporate goals:

Kuwait Telecommunications Company (**stc**) always aspires to be one of Kuwait's leading and dedicated companies to play an active and fundamental role in establishing social responsibility concepts that imply the continued commitment of the business community to act ethically and to contribute to the local community, all in line with Kuwait's 2035 vision.

Kuwait Telecommunications Company (**stc**) seeks an integrated and modern approach in implementing social responsibility activities, with the participation of members of the **stc** family and all community groups, creating a friendly and cooperative atmosphere that helps develop and enhance the State of Kuwait. As a Kuwaiti company, we invest in the symbiotic relationship that focuses on giving back to our customers as well as different segments of society, as we believe that giving is the essence of success.

However, its stance in the local market, was not the only aspect of its focus. Since its establishment more than ten years ago, Kuwait Telecommunications Company (**stc**) has made every effort to highlight and affirm its commitment to society, playing an active role in supporting the Kuwaiti community in its various sectors and categories in the fields of environment, entrepreneurship, health, and education. It also aims to invest in sustainable initiatives that support and benefit the local community, backed by ethical values and principles of governance, neutrality and transparency. Kuwait Telecommunications Company (**stc**) also holds responsibility towards the community, which lies at the top of its priorities.

An overview the programs and mechanisms used to help highlight company's efforts in the field of social work:

For further details on company's efforts in highlighting its role in activities, programs and mechanisms related to social work, please refer to the CSR report published on the company's website and the annual report for 2021.