

# An Inclusive Transition for Future Generations

SUSTAINABILITY REPORT  
2022





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# 01

## About the Report



# About the Report

**The 2022 Sustainability Report (SR) for Mobile Telecommunications Company K.S.C.P. (Zain) highlights the digital transformation of the company in relation to global trends affecting the environment and the economy.**

Published annually covering the period 1 January, 2022 to 31 December, 2022, the SR provides an in-depth overview of Zain's operations in relation to Environmental, Social, and Governance (ESG) KPIs across its markets.

Zain's SR is assured by Ernst & Young (Al Aiban, Al Osaimi and Partners) with a limited assurance engagement; and further details regarding the assurance can be found on [page 141](#). The report was reviewed, assessed, and approved by the Vice-Chairman and Group CEO, Chief Financial Officer, Chief Sustainability Officer, and relevant Executive Management at Zain Group.

Zain's countries of operation referenced in this report include Kuwait, Bahrain, Iraq, Jordan, Saudi Arabia, Sudan, and South Sudan. The company's headquarters are based in Kuwait. Zain holds a 15.5% stake in INWI, Morocco through a joint venture. As Zain does not manage INWI operationally, this operation is not included in the scope of the SR. All operations included in this report are also referenced in the company's financial statements that can be found here, for the reporting period of 1 January, 2022 to 31 December, 2022.

The SR is based on the company's materiality assessment and was developed using the AA1000 Accountability Principles (AA1000AP) 2018; the Global Reporting Initiatives (GRI) standards; and the Sustainability Accounting Standards Board (SASB) that apply to the Telecommunications Sustainability Accounting Standard.

In this edition of the SR, the Task Force on Climate-Related Financial Disclosure (TCFD) is also included as Zain continues to enhance its business strategy and operations and embed efforts to tackle climate-related risks and opportunities across its operations.

The report is also based on the United Nations Guiding Principles (UNGP) on Business and Human Rights Reporting Framework, as well as the ESG Reporting Guide published by Bursa Kuwait, which is in line with the Kuwait Vision 2035. The SR contains disclosures on the company's alignment to the United Nations Global Compact (UNGC) principles.

Some information deemed significant and mentioned in previous reports is repeated in this edition, while redundant or easily available information may have been omitted to ensure fluidity and relevance of the current report. The SR also describes situations where considerable organizational changes have taken place during the reporting period.

This report is published on 12 April, 2023.

Zain welcomes any comments, feedback, or suggestions regarding the content included in relation to Zain's sustainability performance.

Please reach out to us on:

[Facebook](#) / [Twitter](#) / [LinkedIn](#): @Zain

[Instagram](#): @Zaingroup

Email: [cs@zain.com](mailto:cs@zain.com)





# 02

## Introduction





# Introduction

Zain Group's 2022 Sustainability Report (SR) reflects the progress and strategic efforts undertaken across the company's footprint. Zain continues to execute on its five-year 2020-2025 Corporate Sustainability strategy, delivering meaningful social, economic, and environmental initiatives. Throughout 2022, the company's sustainability agenda reflected the socio-economic and environmental context of the countries in which it operates and showcased how Zain is addressing deficits and challenges across its footprint. The goal of the strategy is to provide Meaningful Connectivity, which leads to equitable systemic change and empower Zain's communities.



through a comprehensive engagement process with various stakeholders.



Throughout the report, Zain demonstrates its efforts to achieve the above-mentioned objectives, while highlighting the challenges the company faces in achieving them.



# 03

## Company Overview





# Company Overview



Formally known as Mobile Telecommunications Company (MTC), Zain was established in 1983 by an Amiri decree. The company operates in seven countries in the Middle East and Africa and is listed on the Boursa Kuwait as a publicly traded company. The largest shareholder is the Kuwait Investment Authority, with a direct and indirect equity stake of 24.57%, followed by Omantel with 21.9%.

In 2022, Zain's customer base reached 52.4 million, as the company continued to provide digital products and services via voice and data channels in addition to the full stack of enterprise (B2B) services for Governments and Enterprises of all sizes across the region. Prepaid and postpaid customer numbers can be found in the 'Our Network' section of this report.

Zain Group is a member of the Global System for Mobile Communications (GSMA) Association and continues to engage proactively in various streams related to regulatory affairs, sustainability, climate change, circularity, and industry trends.



Below is the breakdown of the equity share of Zain across its markets:





**52.4**  
MILLION  
ACTIVE CUSTOMERS

**5.6**  
USD BILLION  
IN CONSOLIDATED REVENUES

**640**  
USD MILLION  
IN NET INCOME

**12%**  
Y-O-Y NET REVENUE GROWTH  
ON THE DIZLEE PLATFORM

Digital services groupwide witness net revenue growth of 12% YoY, inclusive of the Dizlee (API) platform, offering 51 live services and resulting in over 190 million+ API transactions since launch in mid-2018.

**57**  
ENERGY EFFICIENT  
SOLUTIONS

57 energy efficient solutions were installed with the aim to reduce emissions across all operations.



To commemorate Universal Children's Day, Zain launched a three-year partnership with Child Helpline International to mobilize and facilitate child helplines across its footprint.

**350**

Zain Bahrain launched the first Sign Language Video Call Center for the deaf community in Bahrain aiming to reduce the communications gap.

Zain Sudan provided aid and shelter to 350 families in areas affected by floods, including Al Jazeera, Blue Nile, and River Nile.

**7.2M**  
MILLION IMPRESSIONS

Zain launched the second phase of its annual Internet Monsters media campaign and achieved 7.2 million impressions across the company's social media accounts.

**384**

384 undergraduate female students joined Women in Tech - the Group-wide mentorship program that aims to foster the development of women in Science, Technology, Engineering and Mathematics (STEM).

**1,000**

In partnership with IoT Kids, Zain Iraq supported the annual coders competition where 1,000 young people aged between 8-15 years developed digital and coding skills.

**250**

250 participants attended the Zain Jordan Climate Change Hackathon in partnership with the Ministry of Environment, the UN Development Program (UNDP) and the UN World Food Program (WFP).

Zain Jordan introduced Project Arachnid, a Child Sexual Abuse Material (CSAM) blocking mechanism in their networks.

# 04

## Message from the Board of Directors



**Mr. Ahmed Tahous Al Tahous**  
CHAIRMAN OF THE BOARD  
OF DIRECTORS



**Mr. Bader Nasser Al Kharafi**  
VICE CHAIRMAN AND GROUP CEO



**Mr. Talal Said Al Mamari**  
MEMBER OF THE BOARD  
OF DIRECTORS



**Mr. Abdulrahman Mohammed  
Ibrahim Al Asfour**  
INDEPENDENT  
BOARD MEMBER



**Mr. Yousef Khaled  
Al Abdulrazzaq**  
MEMBER OF THE BOARD  
OF DIRECTORS



**Mr. Zaki Hilal Saud  
Al-Busaidi**  
MEMBER OF THE BOARD  
OF DIRECTORS



**Mr. Atif Said Rashid Al Siyabi**  
MEMBER OF THE BOARD  
OF DIRECTORS



**Mr. Aladdin Baitfadhil**  
MEMBER OF THE BOARD  
OF DIRECTORS



**Mr. Nasser bin Suleiman  
Al Harthy**  
MEMBER OF THE BOARD OF  
DIRECTORS



Throughout the years, Zain has been steadfast in its commitment to socio-economic development of the various communities it serves. Guided by our brand values and led by our strategic objective to enable inclusive and meaningful connectivity, the Board of Directors remained committed to advancing its transformative agenda to facilitate growth, economic stability and play an enablement role towards a just transition.

In a time where significant macro-economic factors are putting further pressure across the world, the severity of the impacts are felt more acutely in our region due to high youth unemployment, lack of economic diversification, climate change impacts and less than adequate public service systems previously stretched by the COVID-19 pandemic.

Our resolution and business objectives are playing a crucial role in helping our markets transition to be able to expand beyond their borders to compete in the regional and global economy. As we push the envelope towards digitalization, we are addressing the digital literacy gap, engaging in strategic stakeholder engagement to provide impetus for socio-economic and environmental development.

The Board of Directors recognizes the urgent need for the business to transition holistically, to be sustainable, just, inclusive and provide value for generations to come. We are proud to report that the activation and adaptation of our vision towards a new reality is well underway, and we will continue to lead with passion and fairness.

We would like to take the opportunity to extend our most sincere gratitude to His Highness the Amir of the State of Kuwait, Sheikh Nawaf Al Ahmed Al Jaber Al Sabah; His Highness the Crown Prince, Sheikh Meshal Al Ahmed Al Jaber Al Sabah, His Highness the Prime Minister Sheikh Ahmed Al Nawaf Al Ahmed Al Sabah, the members of the governments in which we operate, for their invaluable support, instrumental for the continued development of the organization.

Sincerely,  
Zain Group Board of Directors

# 05

## Message from the Vice-Chairman & Group CEO



Bader Nasser Al Kharafi  
Vice-Chairman and Group CEO



As we embark on a new year and reflect on the achievements and challenges faced in 2022, it gives me great pleasure to attest to the progress achieved by Zain. The year saw the stabilization of the digital transformation process with an alignment of the business and technology evolution. This allowed for the organization to further embed its 4Sight corporate strategy to be sustainable as a business and create tangible value for all stakeholders.

We experienced robust revenue growth in the B2B enterprise sector, which enabled the transformation of other enterprises as well. Across our markets, Iraq, Jordan and Saudi Arabia experienced the most significant growth, with Kuwait progressing at a slower pace due to its regulatory environment. The challenges encountered by the reactive mode of some regional regulatory bodies to adopting data security and data sovereignty frameworks already in place in other countries led to further complexity and slower adoption of needed frameworks.

On its part, Zain set benchmarks with respect to existing laws, engaged in lobbying efforts with regulatory bodies at the Group and operational levels, and received consultancy guidance prior to regulations coming into effect. Coupled with the necessary regulatory reforms, appropriate skills are required to effectively undertake digital transformation, which are in many respects not widely available in Zain's markets. This is further exacerbated by greater competitive employment landscape and employment priorities based on remuneration.

Our approach in addressing these challenges has resulted in continuing in our development of the Work Force of the Future stream, developing flexible, contract-based employment, focusing on a new generation of digital savvy, well-educated graduates to tap into this talent pool. The company also introduced temporary contracts that are project based as we were previously based solely on full-time contracts. As the nature of work rapidly evolves, our human resources employment practices will continue to develop while maintaining the company's core values to ensure an equitable, diverse and inclusive culture.

As operations stabilized in 2022, we also made great progress in our transition and commitment towards a Net-Zero pathway. The company officially submitted its commitment to setting science-based targets to the Science Based Targets Initiatives (SBTi). This demonstrates our willingness to align our emissions' reduction ambitions to what climate science indicates is required to achieve Net-Zero emissions by 2050 and mitigate risks associated with climate change. In 2022, Zain successfully maintained its A- score with CDP by strategically addressing all related indicators and ensuring climate action is embedded across the organization. The A- score reflects our continued work towards environmental leadership.

To forge ahead and continue to lead with purpose, transgenerational empathy, and positively affecting socio-economic development based on a short, medium and a long-term vision, allowed us to become one of the first listed companies in the region to introduce the concept of purpose to our Human Resources practice resulting in the enhancement of the Chief Human Resources Officer role becoming Chief Purpose and Human Resources Officer. This allows Zain to foster a mindset focused on providing value beyond profits. During these times of multiple challenges facing humanity, having a mindset grounded on a vision of value creation will help Zain navigate difficulties and embrace opportunities as we grow.

As we continue to grow and evolve, we would like to extend our gratitude to His Highness the Amir of the State of Kuwait, Sheikh Nawaf Al Ahmed Al Jaber Al Sabah; His Highness the Crown Prince, Sheikh Meshal Al Ahmed Al Jaber Al Sabah; His Highness the Prime Minister, Sheikh Ahmed Al Nawaf Al Ahmed Al Sabah, and the members of the governments in which we operate for their invaluable support, which is instrumental for the continued development of our organization.

Sincerely  
**Bader N. Al-Kharafi**



# 06

## Message from the Chief Sustainability Officer



Jennifer Suleiman  
Chief Sustainability Officer



For over thirty-nine years, Zain's social contract has served as a guiding principle for the organization's ethos and purpose beyond profits. The company's unwavering resolution to promote inclusive socio-economic development across its footprint is a testament of its commitment evidenced through the corporate sustainability strategy and its corresponding activation streams.

Through the years, the evolution of the corporate sustainability strategy and related roadmap has helped the organization become more focused in its socio-economic development strategies by clearly defining areas adjacent to the core business activity. The company's management recognizes the enablement effect digital services play in transforming societies in the mist of the Fourth Industrial Revolution. However, in a highly connected world, global events have the potential to place intense pressure and stagnate development.

The impacts of the COVID-19 pandemic, climate change, the Ukraine war and ensuing inflation pose immense risks for regional development. It is only by being committed to all stakeholders across the markets Zain serves, that the company can look for inclusive growth opportunities. To do so in an agile manner while ensuring that Zain's contributions provide inherent value helping create systemic change, the company doubled in its efforts to transition the business during 2022.

Operating in a region, highly dependent on fossil fuels coupled with subsidized energy prices, pose challenges when developing awareness strategies required for mindset change. Nonetheless, the company recognizes that the need to take a proactive approach supersedes the challenges and pushes Zain to forge ahead. Throughout the year, the company made significant progress on its climate ambitions towards a Net Zero pathway as it is one of the four pillars of the corporate sustainability strategy. Efforts taken by Zain included the establishment of the CO<sub>2</sub> Emission Reduction Target Setting Committee across the organization as well as institutionalizing Climate Change roles at the Group and Opcos. To ensure proper implementation of the company's Net-Zero objective, the company also introduced the Climate Change Compliance Framework approved by the Board of Directors. Other efforts taken by Zain also entail official disclosure to CDP, interactive social media campaigns, and strategic dialogues with material suppliers on alignment to Zain's climate ambitions.

Inherent to Zain is the company's dedication to operating responsibly, represented as one of the corporate sustainability strategic pillars. The company acknowledges that it is through a process driven approach that short-, medium- and long-term development impacts can be managed. For a regional enterprise such as Zain, this is material significance as without this objective, the company would not be able to affect long term systemic change. Related to the pillar is the development of the company's supply chain management's sustainability KPIs, entailing adherence to the Supplier Code of Conduct, the Zain Group Human Rights Policy Statement, the Supplier Self-Assessment Questionnaire, Supplier Training Videos and the Supplier Audit visits. Sustainability challenges related to supply chain management are more pronounced with the local suppliers when compared with the international

suppliers. Historically across the region, approaches to local suppliers were more transactional in nature with a focus on financial KPIs, but as the development of sustainability awareness linked to capital markets and investors' disclosure requirements, greater emphasis is being placed on impacts from supply chain management.

For Zain, the shift is a welcomed development as it is in direct alignment with the company's vision of inclusive development recognizing that as a regional enterprise it has inherent obligations to uplift its markets. Zains' supply chain management is evolving at a steady pace by implementing set targets. In 2022, physical audits were conducted across our markets, signaling the company's suppliers, Zain's determination to institutionalize international best practices.

As the implementation of Zain's sustainability strategy continues to evolve, so will the company's efforts in driving sustainable socio-economic development essential for the region's growth and stability.

Zain welcomes feedback from all its stakeholders and looks forward to cementing its transformative journey for the betterment of all.

Sincerely,  
**Jennifer Suleiman**



# 07

## Our 2022 Highlights





# Our 2022 Highlights

## Our Economic Impacts

- Further developed and scaled the self-assessment questionnaire process to all markets, reaching 341 suppliers in 2022, reflecting an increase from 40 suppliers in 2021.
- Contributed to employment opportunities through Zain's distribution channels. In 2022, the company generated 122,493 jobs across its value chain.
- Continued to develop the financial sector across Zain's markets, allowing the company to grow its fintech customers by 64%, reaching a total of 995,000 customers.

## Our People

- Relaunched the annual Group-wide employee engagement survey, a 86% response Group-wide excluding Zain KSA as they have conducted their own employee engagement survey. Based on the results and feedback received, Zain will develop a set of initiatives to be implemented during 2023.
- The company continued developing its annual Generation Z program, geared towards enhancing the skills of fresh graduates. Rebranded as ZTwentyTwo, the program looks to cultivate internal entrepreneurs and innovators who already possess an entrepreneurial mindset to support Zain's strategy.
- Exceeded its target for sign language training by upskilling 318 sale agents and employees across all operations

## Our Sustainability Agenda

- In 2022, there was marked improvement in transitioning towards Net-Zero due to the establishment of the Climate Action Committee among other initiatives. This year, Zain revised its emission reduction targets to reflect its commitment to SBTi.
- The company launched its first fully accessible campaign entitled #AlwaysAccessible in collaboration with the GSMA's Connected Societies and Digital Inclusion teams and Microsoft MENA on creating tips and tutorials on how to utilize accessibility features found in smartphones (Using GSMA's Mobile Internet Skills Training Toolkit (MISTT)) and Microsoft Office. The campaign reached 615,034 social media impressions. Please visit our Instagram page and click on the #AlwaysAccessible highlight to view the tutorials.
- Zain expanded an MoU with Child Helpline International (CHI) to facilitate child helplines across the company's footprint. Through this partnership, Zain aims to mobilize, facilitate, and support child helplines in Zain's countries of operations.

## Our Products & Customers

- Zain restructured the ICT solutions it provides by consolidating different streams of the business under a newly formed subsidiary, ZainTech. The company offers a unique value proposition under one roof, providing enterprises and governments with solutions across the ICT stack including cloud, cybersecurity, big data, IoT, AI, smart cities, robotics, drones, and emerging technologies.
- In 2022, Zain Group's API platform was rebranded to Dizlee, representing the evolution of the company's API program to a digital monetization ecosystem provider offering an appealing array of content and gaming services, direct billing, messaging, and digital authentication, among other services under a single platform.
- Zain Kuwait collaborated with the Kuwait Blind Association to gather insights for the company's data bundles catered to people with disabilities. An extensive stakeholder engagement process was conducted with the Association to ensure all communications available are disability inclusive.



## Bahrain



Annual Revenue (USD m)

179

Customers (million)

Full-Time Employees

194

Total Capex (USD m)

38

- Launched 'Natawasel', the first sign language video call center in government health centers, connecting 27 health centers across the Kingdom, logging more than 500 calls.
- Continued its partnership with the Supreme Council for Women to provide the Girls for Tech program powered by Clever Play, an organization focused on embedding STEM learning in children's educational experience. The initiative has reached 1,350 girls since inception.
- Increased the number of schools participating in an annual e-waste competition by 53%, to 23 public and private schools.

## Iraq



Annual Revenue (USD m)

810

Customers (million)

18.4

Full-Time Employees

1,174

Total Capex (USD m)

180

- In 2022, a total of 2 million people utilized the Freebasics service providing them access to Facebook, Facebook Messenger and a selection of additional websites, at no additional charge, showcasing a year-on-year growth rate of 23%.
- Collaborated with Nakhleh Company to support the Ekfel Palm project that aims to plant palms in addition to the spreading awareness on carbon offsetting initiatives, where 2,000 trees have been planted to date, absorbing 42,000 KG of CO<sub>2</sub> emissions.
- Reached a total of 6.3 million people through its climate-related awareness campaigns, tackling topics such as responsible consumption and the impacts of afforestation.

## Jordan



Annual Revenue (USD m)

512

Customers (million)

3.8

Full-Time Employees

1,335

Total Capex (USD m)

200

- Zain Jordan in partnership with its innovation center (ZINC), launched its very first climate change hackathon targeting innovative ideas and projects to solve emerging environmental challenges in the areas of: water crisis, energy consumption, agriculture, and waste management.
- Launched the Learning Passport during the pandemic in partnership with UNICEF, receiving a 107% increase in the number of users.
- Conducted a focus group with 10 deaf and mute community members from diverse backgrounds to gather their feedback and insights on the Basma Line+ a mobile bundle package tailored for deaf and mute customers.

## Kuwait



Annual Revenue (USD B)

1.1

Customers (million)

2.6

Full-Time Employees

1,742

Total Capex (USD m)

103

- Nine Zain megastores across Kuwait serve the disabled segment, with stores being fully equipped with accessible facilities and select employees can communicate in the Kuwaiti sign language.
- Zain Kuwait, in partnership with CODED, launched Kuwait codes, an educational coding program for high school students where 340 students graduated from the program.
- Collaborated with the Kuwait Dive Team to collect waste from the Arabian Gulf. Through this collaboration, established in 2018, Zain Kuwait aims to raise much needed awareness on marine pollution, with 581 operations having been conducted with 2,850 tons of total weight collected.



## Saudi Arabia



Annual Revenue (USD B)	2.4
Customers (million)	8.6
Full-Time Employees	1,743
Total Capex (USD m)	247

- Partnered with the National Family Safe Program and created an awareness campaign on International Day for Child Helplines at the King Abdullah Specialized Children's Hospital.
- Continued to support the National Green Initiative by planting 12,000 trees under the Um Shagoog reforestation initiative, in partnership with Green Horizon.
- Installed electronic vehicle chargers that support 10+ business towers and 5,000 individuals at Granada Business Park to promote the use of electric cars.

## Sudan



Annual Revenue (USD m)	489
Customers (million)	16.4
Full-Time Employees	780
Total Capex (USD m)	94

- Zain Sudan supported those affected by floods and rain disasters that occurred this year in three regions: Al Jazeera, Blue Nile, and River Nile. Shelter aid was provided to 350 families.
- Under the Back-to-School initiative, Zain Sudan provided 200 students living in rural communities with school uniforms and 195 with school desks and chairs.

## South Sudan



Annual Revenue (USD m)	
Customers (million)	1.4
Full-Time Employees	122
Total Capex (USD m)	7.3

- Launched a country-wide SMS campaign to all its 1.4 million subscribers on World Environment Day in addition to corresponding social media campaigns.
- Hosted a football match at the at Nyakroun Cultural Center, where disabled teams played friendly matches. More than 500 people joined the event and celebrated the day.



# 08

## Awards





# Awards

## Zain Group

ZainTech received two awards at the SAMENA Council-endorsed MEA Business Magazine Technology Achievement Awards 2022: 'Ground-Breaking Products' and 'Services and Innovative Collaborations and Partnerships'.



Zain ranked the **'Best Employer in Kuwait'** and one of the top-10 companies to work for in the Middle East.

Zain awarded the **'Best Telecom Brand'** in the Middle East for the third consecutive year at the Telecom Review Summit Excellence Awards gala ceremony.



Zain Group granted the **'Best Telco Operator'** accolade for 2022 at the prestigious Telecoms World Middle East Awards.



ZainTech receives the Fast Company Middle East's **'Most Innovative Companies 2022'** award for accelerating digital transformation across the region.



ZainTech received two awards for the **'Best ICT Investment'** for its agreement to acquire BIOS Middle East, a managed cloud service provider and **'Best Enhanced Service Provider'** for its Drone-as-a-Service offering.



Zain Group granted the World Finance **'Best Corporate Governance Award 2022'** in Kuwait for the second consecutive year.



ZainTech awarded the **'Best Digital Service'** for delivering managed solutions across ICT verticals including cloud, cybersecurity, big data, IoT, artificial intelligence, smart cities, drones, robotics, and emerging technologies.



Zain recognized for the **'Best Diversity & Inclusion (D&I) Strategy'** and 'Best Women Development & Leadership Program' in the Middle East at the Future Workplace Awards 2022.

## Zain KSA

## Zain Sudan

## Zain Iraq



Telecom Review awarded Zain KSA's with several awards: **"Best Middle Eastern 5G Standalone Network"**, **"Best Middle Eastern Cloud Provider"**, **"Best Middle Eastern CSR Initiative"**, and **"Middle East CTO Merit Leader of the Year"** during the summit's 16<sup>th</sup> edition.

Zain Sudan awarded the **'Best Telecommunications Company'** in Sudan from Global Business outlook Awards.

Zain Iraq recognized for its efforts in **Digital Transformation and Diversity & Inclusion** at the International Finance Awards 2022

Supported by Zain Group's API platform, Dizlee, Zain Iraq was granted with the **'Leading Carrier in DCB'** award at the Global Carrier Billing Awards.

## Zain Kuwait

Zain Kuwait CEO, Eaman Al Roudhan, was recognized among the region's **most inspiring female business leaders**.



Zain Kuwait ranked first in the **'Best Mobile Operator'** category for the tenth time and the **'Best Internet Service Provider'** category for the sixth time in Kuwait for the year 2021 by Service Hero which was announced in 2022.

Zain Kuwait recieved the **'Best B2C and Marketplace Company'** by LiferaY Inc. recognizing the company's innovation-driven digital customer experiences.

Zain was named **'Best Telecom Company'** and **'Best Digital Transformation Telecom Company'** in Kuwait for the year 2021, announced in 2022, from International Finance Magazine that recognizes the company's success, transformation and innovation to serve its customer base.

Zain Kuwait recognized for four awards during the tenth Kuwait Creativity Award and became the most recognized company in the Award's 10-year history. Zain received a **Direction Award** in recognition of its Ramadan TVC, **Creativity Award** in recognition of its Eid TVC, **Entertainment Programs Excellence Award** for its Eid Play Zain Forever, and the **Public Relations Award**.



# 09

## Our Strategy



# 4Sight: Creating Our Sustainable and Digital Future

The driving force for Zain is its unwavering commitment to creating value for all stakeholders. The 4Sight strategy emerged from the company's desire to push forward digital ecosystems across its footprint, enabling growth and development as well as the establishment of carefully curated growth verticals. The corporate strategy guides the transformation of Zain into a multi-faceted provider of digital services for consumers, governments, and businesses. In its fourth year, and under the clear direction and guidance of Zain's leadership, each pillar of the 4Sight strategy witnessed steadfast progression.

The following is a brief description of the achievements under each pillar.

## Evolution of Telco

1. **Digital Transformation**
2. **Enterprise and Government**
3. **Fixed Connectivity**
4. **Portfolio Optimization**

## Growth Verticals

1. **ICT**

2. **Digital Infrastructure**

3. **Fintech**

4. **Digital Services**





## Evolution of Telco

### 1. Digital Transformation

Guiding and driving the implementation of the Digital Transformation that would permit Zain to not only survive but rather thrive in the Digital Age, Zain has adopted a best-practice-inspired framework for transformation. The framework is centered around adopting a true customer mindset that would drive the development of more pertinent Products and Services, a comprehensive approach to revisit all operational processes, as well as the technology solutions that could facilitate this revamp. This would all be supported by a strategic approach to upskilling and hiring of talent to effect the transformation and guided by a commitment to the utilization of Data and Analytics for tactical as well as strategic decision making. To assure the true adoption of this transformation internally, and the most effective reflection of this transformation markets, a comprehensive internal and external communications strategy shall be developed.

In 2022, Zain Group has also driven several initiatives to develop its regional role in serving recent and upcoming technologies such as connected vehicles and modern industry, as well as several optimization initiatives related to group-wide platforms within the domains of Connectivity Management, Service Management, BSS and OSS, as well as eSIM management.

### 2. Enterprise and Government

Zain is committed to working closely with organizations and businesses to provide necessary connectivity and the latest solutions needed to grow their businesses efficiently and effectively. Zain designs and implements state-of-the-art tailor-made solutions for public and private organizations, engaging in a rigorous consultation process to cater to their needs. Zain's B2B teams work closely with ZainTech to drive market development and cross-sell advanced ICT services to differentiate Zain's position in the regional enterprise market. Furthermore, Zain supports smaller businesses by granting access to a wide range of cloud products and services.

### 3. Fixed Connectivity

Zain firmly believes that high quality and secure broadband connectivity will enable and accelerate the evolution of information, education, and the digital transformation of societies. Across its footprint, the company strives to provide reliable fixed connectivity to residential and business customers whether through its own deployment of fiber networks or by strategically partnering with third-party providers. This commitment transcends market limitations, where Zain uses fixed-like technologies to fulfill customer needs. Across its markets, customers benefit from the latest broadband connectivity delivered by the company, including 5G, 4G and FTTH.

### 4. Portfolio Optimization

Zain continues to seek opportunities to allocate resources in a more efficient and sustainable manner. In 2022, Zain Saudi Arabia entered into an agreement to sell its towers, lease them back and share passive assets with competitors in some markets, creating significant efficiencies by reducing the overall number of towers needed to service the market. This allows a special purpose tower company to focus on improving the passive assets and enhancing the power infrastructure through modernization and alternative power solutions like solar and wind power production thus reducing significantly the carbon footprint in the market.



## Growth Verticals

### 1. ICT

Through Zain's digital and ICT arm, ZainTech, the company services enterprises and governments across the region playing a transformational role across Zain's ecosystem. ZainTech provides managed solutions for cloud, cybersecurity, Big Data, IoT, AI, smart cities and emerging technologies. Additionally, ZainTech leverages Zain's footprint and global reach, offering a single point of contact for sales and customer care for multinational enterprises.

More information can be found in the 'Our Products and Customers' section on [page 77](#).

### 2. Digital Infrastructure

Zain entered a strategic partnership with TASC Towers Holding as part of the company's strategy to create significant value for shareholders through the unlocking of capital and optimization of infrastructure assets. TASC Towers is an independent tower operating company with a focus on developing markets. This partnership combines Zain's vision of becoming a digital infrastructure player and TASC's solid experience and strong operating skills.

In line with the wider Zain Group, sustainability strategy, a specialist tower company, like TASC is uniquely able to address sustainability and carbon footprint issues. TASC has sustainability and carbon footprint reduction built into its core strategic objectives, whether be it a reduction of fuel consumption by connecting sites to the grid or investing in power system upgrades that reduce carbon emissions like modernization of generators and introduction of the latest sustainable energy solutions. The unique value of a TowerCo is that such investments are not only good for the environment, but are also good for the network.

### 3. Fintech

In 2022, Zain scaled its Fintech stream by introducing a suite of digital financial and insurance services, contributing to the evolution of the region's digital ecosystem. Leveraging the innovative products and services developed by FOO a subsidiary of Zain Group and specialized in Fintech development sector, Zain is keen to foster innovations within the fintech space through Tamam in Saudi Arabia; Zain Cash in Iraq & Jordan, and soon in Bahrain, Sudan and Kuwait. In the meantime, we await the outcome of the Digital Bank application with the Central Bank of Kuwait.

#### Zain Cash Iraq

- Market leader in Iraq
- Secured the required license to offer credit cards, with plans to launch in 2023
- Launched international remittance with Western Union

#### Zain Cash Jordan

- Market leader in Jordan
- Rolled out a credit card offering
- Introduced remittance services in collaboration with Western Union
- Rolled out Zain Cash ATMs in partnership with licensed banks

#### Tamam Saudi Arabia:

- Provides Murabaha financing for customers within minutes
- One of the fastest growing fintech company in the region
- Launched buy now pay later services with Zain Saudi Arabia and Yaqoot
- Partnered with VISA to offer the first virtual credit card in the region

#### South Sudan:

- Expanding the partnership with m-Gurush

#### Kuwait

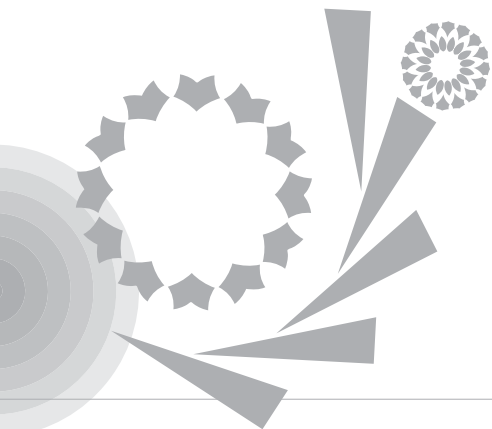
- Applied for Central Bank's Digital Banking license
- Finalization of the acquisition of Bookeey by Zain Fintech Holding
- Transforming Bookeey to provide more innovative Fintech products and services in collaboration with partner bank

#### Bahrain

- Acquired a license from the Central Bank of Bahrain
- Tech implementation with partner bank in progress
- Expected commercial launch in 2023

#### Sudan

- Fintech company has been registered as per regulatory requirements
- Final license to be obtained after the technical platform is finalized
- Expected commercial launch in early 2023.





## 4. Digital Services

### Digital Health

The company continues to merge traditional health practices with digital solutions with the aim of increasing efficiencies in the daily operations of the healthcare ecosystem. The Digital Health stream of Zain is provided in Kuwait where comprehensive stakeholder engagement processes are conducted with the Ministry of Health. Through this engagement, Zain provides solutions to the challenges faced by the health care sector in Kuwait.

#### STRATEGIC INITIATIVES INTRODUCED BY ZAIN GROUP:

##### Shlonik Application

An interactive app launched by the Ministry of Health (MoH) in Kuwait in collaboration with the Kuwait Central Agency of Information Technology, and Zain. The quarantine-based application allows the Ministry of Health to connect with residents to monitor their behavior to effectively combat the spread of coronavirus. The application was mandated nationwide between April 2020 – June 2022, racking up 2.5 million downloads.

##### Wasfa

Wasfa is an electronic medical record (EMR) platform in Kuwait that provides e-prescriptions, e-dispensing, patient medication history, and additional personal data via a platform that connects public healthcare facilities and private polyclinics under one roof via cloud infrastructure. Through the platform, Zain worked closely with the Central Medical Stores to structure and digitize the national medications list based on the latest industry standards.

The Ministry of Health intends to connect 163 governmental healthcare facilities, with the aim for doctors and pharmacists to have visibility of their patients' medical history. Upon launching a pilot version of Wasfa in 2 hospitals across Kuwait, Zain successfully connected more than 1.5 million prescriptions and still being utilized in Kuwait.

The next phase of the rollout of the platform will involve the launch of a nationwide telehealth service with a focus on enhancing the overall patient experience.

Zain is also working closely in a public-private partnership model to engage in a series of major Hospital Management System (HMS) upgrades across multiple hospitals in Kuwait, ensuring an end-to-end implementation of a comprehensive digital healthcare roadmap.

### Zain Ventures

Zain Ventures spearheads Zain's investment portfolio, with the aim to diversify the company's reach and leverage on future investment opportunities. Zain expanded its relationship with regional and international venture capital funds and continued to diversify its portfolio through direct investments offering them access to Zain's wide geographical reach and expansive customer base.

During 2022, Zain Ventures' portfolio included:

#### Indirect Investments:

- **BECO Capital III:** BECO Capital Fund III is an early-stage venture capital fund managed by BECO Capital. The fund is located in Dubai, United Arab Emirates, and focuses on technology start-ups.
- **Colle Capital I:** This women-founded venture fund targets seed and early-stage technology companies in industries such as fintech, IoT and healthcare, and is based in the United States. The company invests in organizations that focus on ESG-related activities from business practices to economic and environmental impacts.
- **Wamda MENA Venture I:** Headquartered in Dubai, Wamda MENA Venture I invests in growth stage technology companies operating in the MENA region. The fund has made investments in industries that are of interest to Zain such as insuretech.
- **MEVF II:** A MENA-centric fund targeting early-stage technologies in new media, e-commerce, and enterprise software as a service ("SaaS"). This fund presents synergies with Zain's digital health and insuretech plans.
- **MEVF III:** A growth-stage fund focusing on Series B technology start-ups in MENA and Turkey.
- **Valor:** Valor Fund is managed by Valor Equity Partners, an operational growth investment firm focused on high growth companies across different industries and stages of development.

#### Direct Investments:

- **SWVL:** Invested in this mass transit industry leader that offers diversified transit solutions and has evolved its services to include SaaS and transport as a service (TaaS) offerings for businesses, schools, universities and other critical service organizations.
- **Pipe:** Finalized Zain's investment in this US-based fintech company that successfully developed a trading platform that transforms recurring revenue into up-front capital for growth without debt or dilution.
- **Revolut:** Established in 2015, s a British fintech company that offers banking services including GBP and EUR bank accounts, debit cards, fee-free currency exchange, equities and cryptocurrency trading, as well as peer-to-peer payments. The investment in Revolut will add value to Zain's fintech efforts and overall offerings enhancing the ecosystem across Zain's footprint.
- **ZoodPay:** Zain made a direct investment in ZoodPay's series B, where the ZoodPay and ZoodMall apps count over 8 million users and ten offices across the Middle East and Central Asia. The application provides a mobile-only high-quality shopping experience and cross-border services to merchants and shoppers across emerging markets.



## Dizlee: A Single Digital Hub

To continue to expand reach and scale up digital services across the region, Zain launched additional services, increasing accessibility in 2022. Through its Dizlee platform, the company keeps customers connected and engaged by rolling out appealing services to individuals and enterprise customers. The platform allows all Zain operations and Omantel to expose their APIs to the digital economy, removing a significant barrier to the development of profitable digital partnerships from across the globe.

The API platform allows Zain customers to connect with various services such as: entertainment, education, social networking, and health.

To date, 190 million transactions have been processed over the platform, with a reach of 49.6 million customers.

In 2022, the following list of services were added to the program:

- **XR Academy:** An extended reality-based educational program that offers customers of all ages access to a unique lineup of educational games and videos. Being device agnostic, it does not require the user to purchase expensive VR headsets or any other special device to access the platform.
- **Golden Steps:** A gamified platform that rewards its users for completing daily and weekly fitness goals, usually the number of steps completed. The

rewards are in the form of discount coupons with local and regional online/offline partners. The app uses the phone's pedometer to track steps and can also be connected to various fitness bands and smartwatches.

- **Micro-insurance application from Crosure:** A company offering various insurance services in Iraq. With Zain, they offer the 'Salamtak' life insurance product, where the user can subscribe online using a few simple steps, and the premium can be paid through operator billing.
- **Mindplus:** A web-based service offering online consultation on mental health and wellbeing from global experts, translated in Arabic and Kurdish. This is usually delivered as short videos and/or regular text-based updates.
- **Ahlan Simsim:** A program under Sesame Workshop, offering content that fosters early learning for young children in the Middle East and North Africa, especially those affected by crisis and displacement. The program can be found in the Zain Kids application.

More details of Dizlee's services can be found in 'Our Products and Customers' section on [page 79](#).

## Zain Esports

Zain esports continued to target the youth segment and find additional propositions for multiple broadband services. Throughout the year, Zain esports hosted a wide range of tournaments, along with multiple engagement activities. By establishing this entity, Zain can identify and foster e-gaming talent in the region, selecting Arabic speaking commentators, and local esports teams to expose to global recognition.

Zain esports established is a joint venture with PLAYHERA, an esports platform hub created for "gamers by gamers" headquartered in Saudi Arabia. Through this venture, Zain esports plans to launch an ambassador program for up-and-coming gamers in the region through the following:

- Creating a conducive environment for esports content creators
- Supporting local social media influencers to promote leagues among local gamers
- Creating employment opportunities in the region, given youth unemployment is considered one of the region's greatest challenges

More information on the progression of the Zain esports services can be found in 'Our Products and Customers' section on [page 79](#).

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### MAJOR TOURNAMENTS CONDUCTED

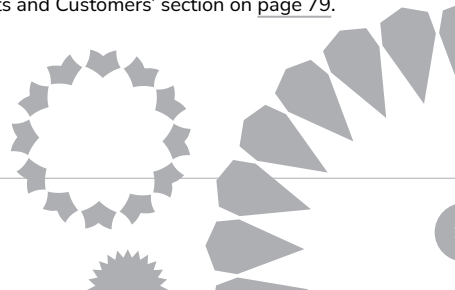
Throughout 2022

**30K+**  
NUMBER OF  
PARTICIPANTS

**70M+**  
SOCIAL MEDIA  
IMPRESSIONS

**220K**  
FOLLOWER COUNT  
ACROSS SOCIAL  
MEDIA PLATFORMS

**800K**  
VIEWERSHIP  
ACROSS  
CHANNELS





# 10

## Corporate Governance



# Corporate Governance



Zain's Board of Directors is structured in accordance with applicable laws and regulations. The Board composition ensures members' ability to fulfil the assigned roles and responsibilities. The nine members demonstrate a healthy mix of educational, professional experience, and specialized skills to enhance Zain's competence. The composition of the Board takes into consideration the relevant laws and regulations in addition to international best standards to the extent possible. The term of membership of the Board of Directors is three years, and can be renewed, provided that all regulatory and legal requirements are met.

Eight of the nine Board members, including the Chairman, are non-executive members with 20% of the members of the Board being independent members. Currently, only one Board member that sits is independent, however, the shareholders will elect an additional member during the annual general meeting of shareholders for the year 2022, to take place in March 2023. This will reflect the local regulatory update and a step in the right direction towards compliance with international standards. Zain's independent members are assigned advisory tasks related to various company activities, which helps the Board take valid resolutions that contribute to the fulfilment of the interests of all stakeholders.

Forming different committees is part of the Board's responsibilities to successfully fulfill its role in accordance with the company's needs, purpose and business environment. The following is a summary of the three Board committees at Zain Group.

## 1. Board Audit Committee

The Board of Directors Audit Committee comprises three members, provided that at least one of the members is independent. The Board Chairman or executive members of the Board of Directors shall not be members in such a committee, according to Kuwait's laws and regulations.

## 2. Board Risk Committee

The Board of Directors' Risk Committee comprises not less than three members. The Chairman of this committee is a non-executive member of the Board. Additionally, the Chairman of the Board is not a member of this committee as per local laws.

## 3. Board Nominations and Remunerations Committee

The Board of Directors' Nominations and Remunerations Committee consists of three members with one being independent. The committee Chairman is a non-executive Board member.





The Board of Directors of Mobile Telecommunications Company (Zain Group) is committed to diversity and inclusion principles. These principles are embedded in the Code of Business Conduct that sets out the values by which Zain undertakes its business activities and operations. Currently Zain's Board members are all males, aged between 40 and 65. In 2022, the Board approved the Board Diversity Policy, which aims to promote diversity and inclusion at the Board level, in terms of experience, knowledge regardless of gender, race, ethnic origin, disability, age, nationality, national origin, religion/belief, marital status, and social class. Zain opposes all forms of unlawful and unfair discrimination. This policy is largely set up to address the importance of a diverse Board in employing the unique identities, skills and experiences of the members in a way that collectively benefits the company.

The company encourages all shareholders to participate in the Annual General Meetings (AGM) and to vote on all resolutions adopted by the Assembly, including the selection of the members of the board of directors. Any class of shareholders are entitled to attend the meetings of the General Assembly without paying any fees for attendance. Voting in the General Assembly shall be by secret ballot.

The key role of the Board is to set strategies, goals, and objectives for the benefit of the company in the short-, medium- and long-term. It puts in place mechanisms to monitor progress in achieving these goals and clarifies the plans so that investors have a clear picture of the long-term outlook. The Board looks to take advantage of future opportunities, while identifying and managing actual and potential risks.

In accordance with effective corporate governance guidelines, the Board developed a clear written description of the roles of Board members, the Chairman, CEO, and Board committees. Furthermore, the Board created a framework of internal charters, codes of business conduct, and policies relating to environmental, social, and governance (ESG) dimensions to ensure compliance with domestic regulatory requirements under the jurisdictions where Zain operates and to keep up with international best standard. As the Board is responsible for reviewing and approving all policies and charters

in the company, it continues to grow internal policy structures to expand its oversight on the internal control systems within the company.

The role of the Board also includes monitoring the implementation of strategic plans and compliance with relevant policies, rules, laws, and regulations. The Board is responsible for managing the risks to an appropriate level, according to the applicable laws and regulations and within the company's objectives to maximize shareholder value while assuming full responsibility for shareholders and stakeholders. The Board sets the company's values and standards, ensuring that they are in line with the company's overall strategic objectives and corporate culture. The Board also ensures that the company's obligations are understood by shareholders and other stakeholders, including employees, suppliers, customers, law authorities, organizations and the environment in which it operates.

The Board bears full responsibility for the management and supervision of the Group and its activities. It strives to lead the company's business within the approved regulatory framework, which is based on applicable regulations, laws, internal control systems and international standards. The Board continuously reviews the implementation of good corporate governance. Zain established a governance structure that enables the Board to focus on key areas of responsibility that affect the long-term success of the business.

The Board supervises compliance with the laws, company objectives, articles of association, and decisions of the General Assembly, while adhering to the principles of governance, standards of best practices and work ethics. This includes allocating sufficient time to adopt the company's vision, mission, directions, and strategies. Board members attend meetings and review and approve the main strategies and policies, as well as the financial objectives and operational plans of the company. Furthermore, the Board meets at least six times a year; during these meetings it discusses the operations, goals, plans and actions to be taken with executive management.





Adopting innovation and its inherent risks requires the Board and executive management to develop new ways to work together. With an increase in the pace of change in the business environment, driven by technological, social, and climate change factors, one of the main competitive advantages that a company should possess is the ability to constantly innovate. As innovation affects the company's position in creating shared value, efficiency, and effectiveness in operations, Board members play an important role in guiding and supporting innovation within the company. Responsibility for implementing the approved strategy rests with the CEO and executive management, which in turn leads to delegating the required work to appropriate business units within the company. Board members are responsible for developing a clear strategy and business model, and work closely with executive management within a set timeframe to drive business growth in a changing world. This is pivotal to the company's success. The Board approves the quarterly and annual financial statements, budgets, investments, and the company's operations and those of its subsidiaries. The Board also reviews and approves material agreements, appoints

members of the executive management, and monitors the performance of its committees.

The Board is concerned with evaluating the adequacy of internal control and audit systems, reviewing the main potential risks, and developing a comprehensive risk management manual. It also ensures that executive management has effective systems and procedures to manage risks, implement adequate and effective internal controls, and search for new business opportunities either through innovative technologies and products, or different markets and sectors.

The role of the Board is crucial in ensuring the establishment of an effective control environment through a set of standards, processes and structures that supply the footing for the implementation of internal control across the organization. The Board is also responsible for overseeing a system that supports the anti-corruption policy effectively, monitoring the performance of executive management to ensure the implementation of the policy. The Board also ensures raising awareness in this regard within the corporate

culture and places great emphasis on the importance of this policy. In 2022, Zain incurred no costs related to corruption fines or penalties. Moreover, the Board provides proper channels of communication with shareholders and other stakeholders and supervises the disclosure of material information to ensure the validity, consistency, transparency, and credibility of information that is disseminated to the highest standards. The Board and executive management recognize the company's role and social contract with its operating communities and aims to address their deficits and challenges in an inclusive and progressive manner.

Zain's governance framework includes a set of policies aimed at protecting the rights of shareholders and other stakeholders. This framework includes the conflict of interest policy, which aims to define employee actions when there is a potential conflict between their personal interests and those of the company. The policy also sets limits on employees where possible conflicts may arise. Members of the Board and executive management at Zain are compelled to disclose all actual or potential cases of conflict of interest, as defined within the company's policy based on relevant laws, regulations, and international standards. Zain's conflict of interest policy includes clear examples of cases of conflict of interest and the methods of addressing them. A conflict of interest occurs when an individual's personal interests influence their judgment, decisions, or actions, in a way that negatively affects their professional commitments or responsibilities and raises questions about whether their decisions can be unbiased. Zain includes conflict of interest in its policies, procedures and charters and treats every case seriously and with top priority. Board members are also bound to disclose any personal interest in the business and contracts that involve the company. This disclosure is recorded in the minutes of the meetings. The Board member with personal interests in the matter at hand must refrain from taking part in voting on the relevant resolution. In the case that a Board member has a personal interest, a special report from the auditor shall be attached to the disclosure.

Sustainability issues, including the socio-economic and environmental impacts of Zain, fall under the responsibility of the Chief Sustainability Officer (CSO). The CSO ensures that Zain's business practices are

impactful on all economic, environmental, and social levels. She develops, manages, and monitors the company's sustainability strategy, in a manner that improves the organization's environmental, social, and economic impact. The CSO works with the Board, management, employees, customers, stakeholders, suppliers, and corporate shareholders to minimize the company's the company's environmental footprint in alignment with the Paris Agreement and the GSMA and ITU Mobile Industry Pathways. Impacts and other issues pertaining to these themes are reported to both Executive Management and the BOD by the Chief Sustainability Officer through a variety of tools that include periodic reports such as quarterly performance reviews and the annually published Sustainability Report. The Sustainability Report is prepared and reviewed by the Chief Sustainability Officer (CSO) and the final approval is provided by the Vice-Chairman and Group CEO. The CSO's role at Zain is to develop the Corporate Sustainability Strategy and ensure that the Zain operations are aligned to the CS strategy and are working towards achieving the targets. Her role also entails developing methodologies to assess the feasibility or success of sustainability initiatives and monitoring the effectiveness of sustainability programs.

A total of 6 Board Meetings were held in 2022. Meetings between Zain's Executive Management and the BOD take place on both a periodic basis and as required. Authority regarding economic, social, and environmental issues related to Zain are delegated by the BOD to members of the organization's Executive Management based on the pre-defined responsibilities of each Senior Executive. The Company is keen to align its business values and strategy with the corporate sustainability strategy which includes social and economic needs while embedding responsible and ethical business practices into every activity carried out by the company. The board must meet with the Internal Audit, Risk Management, and Finance teams on a quarterly basis at the minimum as per laws and regulations. The executive management provides quarterly updates to the board about the performance and the plans. The board has the authority to invite any member of the executive management to the meetings when deemed necessary.



## Conflict of Interest

According to the CMA executive bylaw, the company assigns an independent expert to submit a report to the General Assembly or the Board regarding any transaction or arrangement whereby each of the parties enters any project or buys an asset or provides financing for it, when the value of the transaction or arrangement is equivalent to 10% or more of the company's total assets. Such reports are submitted before the deal or arrangement is approved. The Board collects relevant information and may question any involved parties. If the Board decides there is a conflict, steps are taken to address it. If there is no conflict, the investigation is documented. When an actual conflict of interest is found, any transaction that may have been affected is reviewed retrospectively. Affected parties inside and outside the company are notified, including shareholders, directors, employees, and regulatory bodies. An investigation is conducted by the Board to determine the extent of the dispute and the intentions of the parties involved. If the dispute in question concerns a member or members of the Board, that member is excused from the relevant discussions.

The Board has the power to find the appropriate and necessary disciplinary action, including suspension and/or termination of employment. The company's conflict of interest policy encompasses the duties and responsibilities of members of the Board, executive management, and employees in this regard. The policy is based on a number of principles such as protecting the rights of stakeholders and maximizing shareholder value. It emphasizes maintaining the confidentiality of transactions and information issued by the Board. The Board follows up on the cases of conflict of interest reported by the members of the Board, executive management, or the concerned employees, to ensure such cases are dealt with in an appropriate and timely manner following the relevant regulatory requirements.

Typically, all critical concerns that may affect the stakeholders' rights materially are reported to the Board to be reviewed and discussed. The Board investigates all cases thoroughly and ensures the right course of action is taken.

The executive management is regularly updating the Board about business operations, opportunities, and risks. One topic that can be defined as highly critical was handled by the board of directors with the assistance of internal stakeholders, and legal experts during 2022. This topic relates to a compliance diagnosis report issued by the CMA after completing an inspection visit at Zain Group. The visit concluded in December of 2021 and the final report was provided to Zain by the CMA in January of 2022. Regulator inspections play a key role as part of the regulatory governance to ensure the quality and effectiveness of laws and regulations and meeting the objectives overall. The CMA inspection team provided unique insights into the performance of the company in implementing the laws and regulations, the interpretation of articles, and areas to be improved. This feedback greatly contributed to the overall effectiveness of the company's action and performance. Correspondence and meetings between the company and the CMA was handled by all involved parties within the company including CG, legal, internal audit, risk, finance, board secretary, board committees, and ultimately the board of directors. In the said process, the board approved all final communications, actions, and plans.

Accordingly, the board created a timeline to work with the internal parties to address all the observations. All comments are cleared according to the proposed timeline. Currently, the company is expecting CMA's final report after providing all evidence and required documentations either to clarify the company's compliance strategy or to improve internal procedures according to CMA's guidelines.

Furthermore, the company developed its Whistleblowing policy, which sets out the guiding principles and procedures for reporting any misconduct to the designated authorities within the company so that corrective actions can be taken. This policy is intended to encourage and enable employees to raise serious concerns within the company by offering a reporting and investigation mechanism that is objective, confidential, and independent. The Board monitors performances according to this policy and recommendations resulting from investigations into complaints through the Board Secretary. Executive management must ensure that employees are able to raise concerns without fear of reprisals. In addition, executive management will follow up on the results of any investigation related to allegations raised against employees.

## Board Evaluation

Zain's Board will run a self-assessment for the year 2022. The Board decided to conduct a self-assessment covering all areas and standards as per the criteria used by PWC in the last three years. In addition, the board included amendments to reflect recent trends and requirements by the regulators and best standards. This decision was based on the conclusion of the current tenure for the Board. Accordingly, Board elections will take place during the upcoming general shareholders' meetings (AGM) scheduled for Q1-2023. The board evaluates itself, initiated by the Chairman with practical help from the board secretary, BNRC and CG team. The evaluation is provided to all members by the board secretary as an online questionnaire.

There are many benefits to Board evaluation, including creating an opportunity for members to reflect on their performance, analyzing and assessing areas of weakness, providing Board members with a tool to measure their effectiveness and competencies, stimulating a learning culture, defining action plans to improve communication for effective decision making, and improving the working relationship between Board committees and the Board. It also helps to decide the Board's training needs to ensure it keeps pace with latest developments.

The Board designs the remuneration policy. This policy sets the basis for the remuneration of the Board and executive management, and its compatibility with the objectives and performance of the company. The policy reflects the company's objectives and considers the integrity of its operations and financial position. This

policy is part of the corporate governance framework and is implemented through the Nominations and Remuneration Committee (BNRC).

The company's remuneration policy was created in accordance with the following principles:

1. Link rewards to the degree of risk entailed in the role.
2. Attract and retain the best professionals.
3. Ensure parity within the company and competitiveness outside.
4. Comparison of performance levels in the market using analyzes received from specialized consulting firms in the area.
5. Ensure transparency in awarding bonuses.
6. Link to performance indicators (KPIs) for Board members and executive management.
7. Consistency with the company's strategy and objectives both long- and short-term.
8. Match the experience and qualifications of the company's employees at distinct levels of employment.



## Remuneration Policy

Zain's remuneration policy determines the reward system in line with the objectives of the company, shareholders, and stakeholders. This policy reflects standards and principles of best practices in good governance based on the relevant regulatory requirements. The BNRC is responsible for the implementation of this policy. It is also responsible for reviewing the policy on an annual basis and whenever necessary, taking into consideration the extent of compliance with the laws and guidelines issued by the relevant regulatory bodies such as the Capital Markets Authority and others. The committee submits proposed policy amendments to the Board for approval. The Board is keen to promote the principles of effective governance within the company's remuneration system. Through the BNRC, the remuneration policy is maintained in line with the company's strategy and overall risk framework. Executive management is responsible for designing the staff reward system in accordance with the approved policy, as well as the responsibility for following up the implementation of the approved system. The KPIs are based on the company's overall strategy and are approved by the Board. Executive management implements this strategy and reports thereon to the Board on a regular basis.

### Board Remuneration

- Total Board remuneration shall not exceed 10% of the net profits of the company (after depreciation, reserves, and payment of dividends to shareholders not less than 5% of the company's capital or any higher percentage, as provided in the Articles of Association of the company).
- The board remuneration is approved during the Annual General Meeting of shareholders as per the recommendations of the BNRC, and by the Board itself.
- Executive Management Remuneration System takes into consideration the environment in which the company operates, the results achieved, the company's risk tolerance, and includes the following key components:

### 1. Fixed Remuneration

Fixed remuneration is determined by the level of responsibilities assigned and the specific career path of the executive member. The remuneration index is established for each job, reflecting the value to the company. It is reviewed by the BNRC, in coordination with the relevant departments, if necessary (i.e., human resources), on an annual basis to reassess the total remuneration package, market conditions, and performance of divisions across the company. This includes salaries, allowances, benefits, and end of service indemnity, which are awarded under the approved salary and grading structure by the Board, the applicable laws, and regulations and the manual of contractual agreements of employees issued by human resources.

### 2. Variable Remuneration

Variable remuneration is linked to the achievement of predefined goals. This type of remuneration is designed to motivate and reward executive management members. Variable bonuses are allocated based on the individual performance of the executive Management member and the overall performance of the company. At Zain, variable remuneration may comprise of two elements: annual variable remuneration (variable remuneration granted to employees on an annual basis) and multi-annual variable remuneration (variable remuneration granted to employees over multiple years indicating that the Board focuses on short-, medium- and long-term objectives). There are two types of annual objectives: financial indicators (financial targets to be achieved by the company and departments during the fiscal year) and non-financial indicators (non-financial operational objectives to be achieved by the company through activities and processes such as product introduction, entering a specific investment, etc.).



# 11

## Enterprise Risk Management



# Enterprise Risk Management

The company continues to adapt to the advanced and rapid evolution of technology, simultaneously ensuring it adopts a robust, relevant, and agile Risk Management Framework to mitigate actual and potential risks.

At Zain, the Enterprise Risk Management department reports directly to the Board Risk Committee (BRC), showcasing the importance of the long-term sustainability of the business. The BRC oversees compliance with risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the organization. Framework changes are reviewed and approved by the BRC on an annual basis, and risk trends are reviewed on a quarterly basis. Zain's assurance functions such as Internal Audit and Corporate Governance departments, and their respective board committees, along with Group Risk Management, assist the BRC in its oversight.

Zain assesses its social, economic, and environmental impacts from a risk perspective and has continued to align them with the Corporate Sustainability strategy since 2019. These assessments take into account climate change-related risks and opportunities as well as socio-economic risks. Risks that have the most material impact on Zain are identified through proactive research and comprehensive engagement with stakeholders, so mitigation can be planned at an earlier stage.

Climate Related Risks and Opportunities are explained in depth in the Task Force on Climate-Related Financial Disclosures Report on [page 118](#).

## Membership Associations from a Risk Perspective

Zain's regulatory functions are the designated single point of contact for Zain's membership with the GSM Association (GSMA) and the International Telecommunication Union (ITU). Through this relationship, the risk department utilizes the resources for its business operations to gain insights on best practices and international standards. These resources ensure that Zain embeds industry leading standards and policies within its security-related operations.

The GSMA is a global organization unifying the mobile ecosystem to discover, develop and deliver innovation foundational to positive business environments and societal change. Zain Group is a member of the Association and participates in a Mobile World Congress event regularly. Zain also receives and shares industry information with other peers in areas of roaming, interconnection and security.

Zain is also a member of the ITU, which is the United Nations' specialized agency for information and communication technologies. The ITU facilitates international connectivity in communications networks to allocate global radio spectrum and develop the technical standards that ensure networks and technologies seamlessly interconnect, and improves access to ICTs to underserved communities worldwide.

## Risk Management Framework



Figure 1: Zain Risk Management Framework (alignment to ISO 31000)



Zain continues to utilize an impact-likelihood matrix to determine the risk rating of the events facing the company across its operations. The impacts are assessed across multiple parameters that include financial, reputational, climate change, markets, customers, employees, and others. The rating also takes into consideration the 'pre' and 'post' mitigated status of the risks, providing information on both the inherent and residual risk status of the organization.

Governance & Culture

Strategy and Objective-Setting

Performance

Review & Revision

Information, Communication & Reporting

## Precautionary Principle

As a precautionary principle, Zain complies to applicable environmental requirements in the design of its products and delivery of services. Rapid advancements in technology is one of the company's principal risks, monitored by the BRC, Climate Action Committee, and the Board. Zain's business depends on technology to develop and deliver low carbon products and services customers require. The company's product design and procurement teams engage with suppliers to develop products with lower eco footprints. The checklist used as part of the design process includes climate-related considerations such as energy use and end-of-life disassembly for repair or reuse.

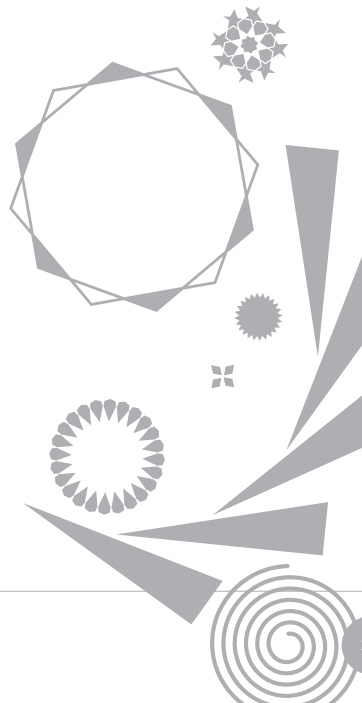


Figure 2: Zain Risk Management Framework (alignment to COSO)

Mission, Vision & Core Values	Strategy Development	Business Objective Formulation	Implementation & Performance	Enhanced Value
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## Data Privacy



The company values personally identifiable information (PII) entrusted by its customers, employees, suppliers and other stakeholders. Zain is committed to the collection, usage, retention, and non-disclosure of PII in a transparent and secure manner, in order to comply with applicable legal and regulatory requirements for processing such information. In 2022, Zain South Sudan received a cybersecurity advisory notice from the National Communications Authority, South Sudan that was shared with all telecom operators in the country. This notice mandated the operators to conduct their own security risk assessments. Zain South Sudan, in consultation with Zain Group's Risk Management, performed a security review and recommended solutions to enhance its security posture.

Zain's operations process customers' Personal Identifiable Information to provide tailored products and services based on demographics and customer behavior. The company discloses that the customer usage data could be analyzed to design products based on customers' profiles. The company ensures that when doing so, it is provided in the company's sales contract (terms and conditions) whilst also complying with specific country rules and regulations. Customers are also provided with a privacy notice through various channels, including the website and sales contract, on processing their personal data. Additional information on Data Privacy governance and policies can be found in 'Our Products and Customers' section on [page 77](#).



## Policies and practices related to collection, usage, and retention of customer information and personally identifiable information

### Zain Bahrain

Zain Bahrain maintained the ISO 27001 Information Security Management certification. This certification validates Zain's implementation of security controls to safeguard customers' information. Examples of security controls include antimalware, end point detection, and access controls. Additional information on this can be found in Zain Bahrain's Data Privacy Policy: <https://www.bh.zain.com/en/copyright/privacy-policy>

### Zain Iraq

In 2022, Zain Iraq conducted cybersecurity and vulnerability assessments, penetration testing, telecom signaling security assessment - SS7, and diameter and GTP protocols to safeguard customer information.

### Zain Jordan

A new law for data protection is under revision in Jordan, hence discussions were conducted with all involved parties to assess the risk for PII data, with policies and corrective actions set accordingly.

### Zain Kuwait

CITRA's data privacy protection regulation is applicable to both public and private sectors that collect, process and store personally identifiable information. In 2022, Zain Kuwait appointed a Data Privacy Officer, responsible for overseeing appropriate technical and regulatory controls to comply with the regulations.

### Zain Saudi Arabia

Zain Saudi Arabia is planning to develop and share a privacy policy with data owners in 2023, setting out details of their personal data processing, including the purpose for which the data is collected and how the data may be processed. Currently, Personal Data Protection and Privacy Impact Assessment requirements are being finalized.

### Zain Sudan

Zain Sudan has multiple policies in place to ensure secure practices with respect to collection, usage, and retention of customer information and personally identifiable information, which include:

1. Internal Audits
2. Code of conduct
3. Disciplinary Action Policy
4. Legal Compliance Policy

### Zain South Sudan

Zain South Sudan is currently developing information security policies to protect customer data. The policies are set to be finalized by H1 2023.



## Customer Information for Secondary Purposes

As per the Sustainability Accounting Standards Board's (SASB) definition of secondary purpose, Zain's operations process data for designing products to enhance the quality of services offered to customers. However, customer information and the usage of data is not transferred or shared to a third-party unless requested by law enforcement, in which case it takes place via a judiciary order.

Further information on Zain's Data Privacy governance and policies can be found in the 'Our Products and Customers' section on [page 81](#).

Zain continues to monitor complaints from third-parties and regulatory bodies, identified leaks and losses of customer data as indicated in the table below:

	COMPLAINTS RECEIVED FROM EXTERNAL PARTIES AND SUBSTANTIATED BY THE ORGANIZATION	COMPLAINTS FROM REGULATORY BODIES	TOTAL NUMBER OF IDENTIFIED LEAKS, THEFTS, OR LOSSES OF CUSTOMER DATA
Zain Bahrain	0	0	0
Zain Iraq	0	0	0
Zain Jordan	0	0	2*
Zain Kuwait	0	0	0
Zain Saudi Arabia	0	0	0
Zain Sudan	0	0	0
Zain South Sudan	0	1**	0

\* The two incidents in Jordan were due to human behavior and lack of awareness on control measures despite the implemented controls. The summary for those incidents are as follows:

- Customer information leakage by the shop representatives
- Customer information leakage by the dealers
- Only one customer was impacted by the data leak

\*\* National Communication Authority is providing this information to enable the affected entities to undertake their own security risk assessment and incident analysis, subsequently take the appropriate actions to disinfect the infected systems and networks and to secure their systems and networks.

## Data Security

Zain continued to place great efforts to protect its employees and customers from multiple phishing attacks by enabling features where users are able to report such attacks and spam emails through the click of a button, making the investigation process more efficient and allowing immediate action to be taken.

### Management Approach to identifying and addressing data security risks

Zain's infrastructure is extremely critical as it processes and stores highly confidential and valuable information that is prone to being targeted heavily by cybercriminals. As technology evolves globally, so do cyber threats, resulting in a variety of negative impacts on individuals, enterprises, and societies.

To mitigate and reduce the possibility and impact of cyber attacks, Zain has developed cyber resilience, which is the ability to effectively identify, protect, detect, respond and recover from potentially catastrophic cybersecurity threats. To achieve cyber resilience, Zain must effectively identify the risks, design robust controls and continuously measure effectiveness to be able to create a sustainable and safe operating environment.

Following is an illustration of a framework referenced in Zain's cyber resilience strategy:



Some examples of cyber security initiatives across Zain's markets include:

- Cybersecurity/vulnerability assessments
- Penetration Testing
- Telecom Signaling Security Assessment
- Reporting all security-related incidents and breaches to the National Telecom Regulatory Authority (NTRA)
- ISO 27001 Information Security Management System certification
- Information Security Training for all employees

## Managing Systemic Risks from Technology Disruptions

Mission critical services require continuous availability where breaks in service are intolerable and can result in immediate and significant damage. Zain continues to monitor for any disruptions that occur throughout its major systems:

ZAIN GROUP	
SYSTEM	AVAILABILITY
ERP	100%
Oracle Hyperion	100%
Website <a href="http://zain.com">zain.com</a>	99.99%

ZAIN BAHRAIN	
SYSTEM	AVAILABILITY
Billing/CRM Service	100%
Charging	100%
Electronic Voucher Distribution	100%
Website <a href="http://bh.zain.com">bh.zain.com</a>	100%

ZAIN IRAQ	
SYSTEM	AVAILABILITY
Billing	100%
Charging	100%
Electronic Voucher Distribution	100%
Website <a href="http://iq.zain.com">iq.zain.com</a>	100%

ZAIN JORDAN	
SYSTEM	AVAILABILITY
Billing	100%
Charging	100%
Electronic Voucher Distribution	100%
Website <a href="http://jo.zain.com">jo.zain.com</a>	100%

ZAIN KUWAIT	
SYSTEM	AVAILABILITY
Billing	99.95%
Charging	99.95%
Electronic Voucher Distribution	99.95%
Website <a href="http://kw.zain.com">kw.zain.com</a>	99.95%

ZAIN SAUDI ARABIA	
SYSTEM	AVAILABILITY
Billing	99.9996%
Charging	99.9996%
Electronic Voucher Distribution	99.9996%
Website <a href="http://sa.zain.com">sa.zain.com</a>	99.9996%

ZAIN SUDAN	
SYSTEM	AVAILABILITY
Billing	100%
Charging	100%
Electronic Voucher Distribution	100%
Website <a href="http://sd.zain.com">sd.zain.com</a>	100%

ZAIN SOUTH SUDAN	
SYSTEM	AVAILABILITY
Billing	100%
Charging	100%
Electronic Voucher Distribution	100%
Website <a href="http://ss.zain.com">ss.zain.com</a>	100%



## Description of systems to provide unimpeded service during service interruptions

1. Electronic Voucher Distribution - System for verification and transfer of credit purchased by customers from shops, website etc to recharge their account for calls, data etc. Used by prepaid customers only.
2. Zain ERP – Enterprise Resource Planning Tool Monitor - uptime in seconds/Month (30\*24\*60\*60 seconds)
3. Oracle Hyperion – Primary financial planning & budgeting tool Monitor - uptime in seconds/Month (30\*24\*60\*60 seconds)
4. Zain website channel – Digital channel to discover services and purchase devices, subscriptions, recharge. Used by both prepaid and postpaid customers Monitor - Website running uptime in seconds/Month (30\*24\*60\*60 seconds)
5. Billing/CRM: The internal billing system used to process and validate billing records, invoices, integration, and reconciliation with other accounting systems.
6. Charging Network allows functionality to be distributed flexibly at a variety of nodes on and off the network, and allows the architecture to be modified to control the services. These networks can separate extra services from the call switching system, making it easier to add new user services such as call screening or call waiting, as well as more complex services such as variable charging, caller ID services, and international messaging.

## Security Risk Training

As technology continues to evolve rapidly, it is becoming harder to be aware of new forms of cyber-attacks. As part of the **PAUSE.THINK.ACT** Cybersecurity Awareness Program at Zain, the company continues to raise awareness in regard to the growing popularity of such attacks.

Zain maintains subscriptions to notifications and alerts that are generated from GSMA's Telecommunications Information Sharing Analysis Center's Malware Information Sharing Platform. As cyber attacks are continuously evolving and growing in sophistication and volume, the threat intel that is available to Zain via this platform helps the organization to be proactive in its cyber defenses, and to take the necessary steps to protect Zain and its operating companies from compromise.

## Security Risk Training

- QR Codes Attacks
- Bluetooth Attacks
- Insider Threats
- Passwords and two-factor authentication
- Application Updates
- Physical Security
- Malicious Downloads
- Impersonation Attack
- Shoulder Surfing
- Internet Scams

The following list consists of the cybersecurity training courses taken by the Enterprise Risk Management employees across all operations:

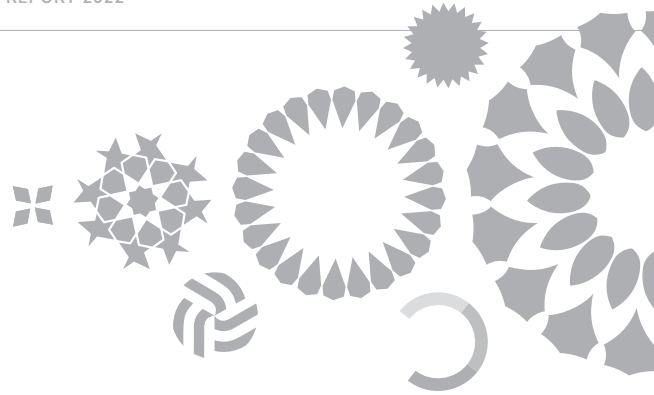
- Certified Information Security Manager – CISM
- Amazon Web Services Solution Architect - Associate
- Amazon Web Services Security Specialty
- ISO 27001 Lead Implementer
- Certified Information Security Manager preparation course
- Cybersecurity Leadership and Management
- Enterprise risk management
- BCM ISO 22301
- Web Application Firewall training (Barracuda)
- 2022 Social Engineering Red Flags
- Telecom Security Workshop
- The External Attack Surface Is Bigger Than You Think
- Fortinet Fast & Secure 2022
- Certified Ethical Hacker (CEH)
- Certified Application Security Engineer (CASE.net)
- Zain Talk - Data Privacy Protection Awareness
- Implementing the NIST Risk Management Framework

### 2022 AWARENESS UPDATES \*

	GROUP	KUWAIT	KSA	BAHRAIN	IRAQ	JORDAN	SUDAN	SOUTH SUDAN
Total Staff	200	1,478	1,752	195	1,069	1,211	783	116
Total Number of Staff that received awareness content	200	1,478	1,752	195	1,069	1,211	783	116
Total number of channels utilized	3	1	3	4	1	4	3	3
Channels utilized	Corporate Email	Corporate Email	Corporate Email	Corporate Email	Induction Session	Corporate Email	Corporate Email	Corporate Email
	Newsletter	Newsletter	Newsletter	Newsletter		Newsletter	Newsletter	Newsletter
	SMS		Wall Display	Digital Banners		Games	Induction	Posters
	Induction		Phishing Exercise	Physical Workshop		Videos	Infosec Week	SMS
				Online Sessions		Awareness Sessions		

\* All group-wide employees received security awareness content on mitigating security risks.

## Initiatives with External Stakeholders



INITIATIVE	DATE OF ADOPTION	OPCOS IN SCOPE	NATURE OF INITIATIVE (BINDING/VOLUNTARY)	RANGE OF STAKEHOLDERS INVOLVED
Stamp of Approval for Maintenance & Operations	20-May-2019	Zain Kuwait	Voluntary	Uptime Institute Professional Services
	10-Jan-2021	Zain Bahrain	Binding	Telecommunication Regulatory Authority
Information Security Management System ISO 27001:2013	02-Feb-2021	Zain Kuwait	Voluntary	DNV-GL
	15-Jan-2020	Zain Jordan	Voluntary	SGS
	05-Apr-2018	Zain Sudan	Voluntary	DNV-GL
Business Continuity Management System ISO 22301:2012	Feb-2020	Zain Kuwait	Voluntary	DNV-GL
	28-Jan-2020			
Environmental Management System ISO 14001:2015	03-Feb-2021	Zain Kuwait	Voluntary	DNV-GL
Quality Management System ISO 9001:2015	16-April-2018	Zain Sudan	Voluntary	DNV-GL
	03-Feb-2021	Zain Kuwait	Voluntary	DNV-GL
	15-Jan-2021	Zain Bahrain	Voluntary	DNV-GL





# 12

## Addressing Key Challenges to Human Rights





# Addressing Key Challenges to Human Rights

Zain is deeply committed to the basic principles of human rights, respect for related laws, and regulations, and the overall wellbeing of communities it serves and beyond. As part of its social contract, the company strives to be inclusive in its approach to business and play a leading role for the betterment of society.

The company's strategic approach towards human rights is framed by the following:

Governance and Policy

Our Approach

Identification of Salient Human Rights through Engagement

Reporting and Impact



## Zain continues its alignment with the UNGP on Business and Human Rights Reporting

The company aligns its human rights reporting methods to the United Nations Guiding Principles on Business and Human Rights Reporting Framework. Zain's commitment to the principles showcases its strong stance in upholding the highest standards across its operating communities.

In 2022, Zain joined the United Nations (UN) Global Compact initiative, a voluntary leadership platform for the development, implementation, and disclosure of responsible business practices. The UN Global Compact is a call to companies everywhere to align their operations and strategies with ten universally accepted principles in the areas of human rights, labor, environment, and anti-corruption, to take action in support of the UN's Sustainable Development Goals (SDGs).



## Governance and Policy

Zain's Human Rights Policy Statement aims to define the governance and requirements mandated to all stakeholders that engage with Zain.

The company defines human rights as per the definition of the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, and the ILO Declaration on Fundamental Principles and Rights. The policy is guided by the United Nations Guiding Principles for Business and Human Rights, the UN Convention on the Rights of Persons with Disabilities, the UN Convention on the Rights of the Child, the Guidelines of the Organization for Cooperation and Economic Development for Multinational Companies, and it is in alignment with the principles of the United Nations Global Compact and the Global Network Initiative's principles on Freedom of Expression and Privacy – GNI Principles.

The policy is published on Zain Group's website, here:

[English](#) | [Arabic](#)

## Our Approach

Zain's scope for human rights extends to all its operations (Bahrain, Iraq, Jordan, Kuwait, Saudi Arabia, Sudan, and South Sudan). Based on its continuous engagement with stakeholders, assessment of Zain's operating context and communities, industry landscape, and the Sustainable Development Goals (SDGs), the following human rights topics have been identified:

### Salient Human Rights Topics

### Value Chain and Impact

Labor Rights, Treatment and Safety



Supply Chain



Public Safety



Supply Chain and Community



Customers' Right to Privacy



Community and General Public



Child Online Safety



Community and Vulnerable Segments



## Identification of salient human rights topics through engagement

Zain identified the most relevant human rights issues primarily through high-level interactions within the company, namely between the Vice-Chairman and Group CEO, Chief Sustainability Officer, and other senior executives, the Board of Directors, Chief Risk Officer, Chief Human Resources (HR) Officer, Head of Legal/ Legal Counsel, and Chief Communications Officer. The company also takes into consideration insights from leading industry associations, data analytics platforms, industry analysts, and ESG indices.

Zain also leverages its social media channels to engage with the public on topics that include promoting the importance of child hotlines, protecting data privacy, and inclusion. Zain continued to engage with shareholders and key investors; communicate with local communities regarding site selection; and abided by all laws and regulations regarding upholding people's rights.

To ensure Zain's policies to protect human rights continue to be effective, the company frequently engages with employees, suppliers, the public and other stakeholders who may be potentially impacted by such policies. Employees, for example, possess several internal channels through which to communicate labor grievances. In cases where people are negatively impacted by the company's activities, effective remedies are stipulated within Zain's HR Policy Statement, its Supplier Code of Conduct and its Environmental and Social Management Plan (ESMP) Guidelines. Each document clarifies channels for impacted people to communicate their grievances to the company



## Impact and Reporting

The policies related to addressing human rights issues are shared and readily available to all relevant stakeholders and accessible to all employees through the Zain Group website and dedicated Zain application. Such specific policies are articulated within the Human Rights Policy Statement, Human Resources Policy, the Supplier Code of Conduct, the Corporate Sustainability (CS) Policy, Climate Change Policy, and the Environmental and Social Management Plan Guidelines. With regards to customers, Zain's policy on protecting its customers' data privacy is articulated in the GSMA Mobile Privacy Principles and reflected in the Data Privacy Policy. An updated policy was undertaken to incorporate international best practices and embed laws and regulations developed across Zain's markets. The company's position on the non-disclosure of customer information and the protection of the confidentiality and privacy of all personal information is publicly available on the website: (<http://www.zain.com/en/privacy-policy/>).

In addition, Zain ensures that its local and international suppliers also share their commitment to responsible business practices, which include human rights. Such human rights standards are upheld by Zain's suppliers and partners through compulsory compliance with Zain's Supplier Code of Conduct and a screening process that takes place prior to onboarding new suppliers.

In 2022, Zain expanded the number of international and local suppliers that adhere to its human rights policies. Through this engagement, suppliers must also commit to the human rights policy statement before registering on Zain's supplier portal. The company is currently going through a process to ensure existing suppliers are all signatories to the Human Rights Policy Statement that was launched in 2020.

Furthermore, in matters regarding geographical expansion or entry into new revenue streams through acquisitions of licenses or existing businesses, Zain pays attention to human rights impact assessments, including gender equality, inclusiveness and fair and equal opportunity labor practices such as child labor, compulsory labor, etc. This report covers all of Zain's most pertinent human rights issues that took place during the course of the year. During this period, there were no human rights abuses committed under Zain's scope.



## Labor Rights



### STAKEHOLDER ENGAGEMENT

The following policies and values are publicly available on the company website:

- ✓ Code of Conduct
- ✓ Supplier Code of Conduct
- ✓ Human Rights Policy statement

Zain's Human Resources-related policies are communicated with employees through internal announcements and the Zain employee application. The company also promotes open communication channels across the Group, which enables employees to voice their concerns, feedback, and views on the company's policies and procedures. As such, the Human Rights and Human Resources Policies remain fluid documents that are responsive to employee priorities and are adjusted accordingly.

### IMPACT ON POLICIES

Zain maintains multiple channels for employees to report any violations of their labor rights or mistreatment and ensures any updates on the policies and procedures are communicated through Zain's internal channels. The company also monitors any incidents related to discrimination and assesses the corrective action to be taken to address any cases across its operations.

## Public Safety



### STAKEHOLDER ENGAGEMENT

Zain ensures that its activities, such as the establishment of base stations, are in accordance with the ESMP guidelines and are carried out in compliance with relevant regulatory bodies. In 2022, the company started the revision process for its ESMP guidelines to ensure they capture stakeholders' concerns and Zain aims to finalize the updated version in the first quarter of 2023.

### IMPACT ON POLICIES

Zain maintains the policies specified in the ESMP Guidelines that safeguard against exposure to electromagnetic fields (EMF), radiation and other potentially harmful exposures.

## Customers' Rights to Privacy



### STAKEHOLDER ENGAGEMENT

The protection of Zain customers' personal data is communicated through its annual Sustainability Report in the 'Our Products and Customers' and 'Our Enterprise Risk Management' section, and through the website. Zain continues to place great emphasis on data privacy and information security across all areas of the business to ensure customers are protected. The company is also working with the GSM Association (GSMA) on how it can educate marginalized segments such as the elderly and people with disabilities to remain safe online.

### IMPACT ON POLICIES

The company continues to adhere to the GSMA Mobile Privacy Principles and is committed to protecting the personal information of its customers. The company applies stringent measures to avoid data leaks, theft and/or loss. Zain also aims to respond to such issues with the utmost precaution and diligence. Zain complies with laws and regulations related to the protection of customer data privacy and follows developments occurring in this space.

## Child Online Safety



### STAKEHOLDER ENGAGEMENT

The pandemic resulted in the drastic increase of children online. The company's Human Rights Policy Statement covers and protects children's rights and safety online. Under Zain's Generation Youth pillar, one of the focus areas is child online safety where designated KPIs and targets include:

- Installation of child sexual abuse material (CSAM) blocking mechanisms across all markets
- Launch of cyber bullying awareness campaigns
- Facilitation of features for nation-wide child helplines
- Ongoing stakeholder engagement with schools, government agencies, law enforcement, and child protection organizations

### IMPACT ON POLICIES

Zain maintains its adherence to the GSMA's Mobile Alliance Against Child Sexual Abuse Content. More information on Zain's progress in achieving the targets are included in the 'Our Sustainability Agenda' section on [page 113](#).

# 13

## Materiality Assessment



# Materiality Assessment



Zain conducted its annual materiality assessment to identify and prioritize Environmental, Social, and Governance (ESG)-related topics and the risks and opportunities that are important for the company and its stakeholders. Zain engaged with internal and external stakeholders to understand their concerns and address their needs. The process below showcases the steps taken to identify Zain's material topics based on the Global Reporting Initiative (GRI) Universal Standards 2021.

## Determining Materiality to Zain:

### Understanding Zain's Context

The company conducted a high-level overview of its activities, business relationships, sustainability context and stakeholder groups to better understand and identify the negative and positive impacts of its business practices.

- **Activities:** Embedding the strategic objectives set in its 4Sight strategy, digital service offerings, the industry sector, and its employee demographics, allows the company to better understand the impact of its activities on a Group-wide basis.
- **Business Relationships:** Based on its activities, the company established relationships with business partners that are aligned to Zain's vision. Throughout the value chain, the company prioritizes its engagement with suppliers to mitigate risks and ensure business continuity across the board.
- **Sustainability Context:** Zain's regional landscape gives rise to a set of unique challenges that includes youth unemployment, climate-related disasters, infringement of human rights, lack of regulatory reform in adopting data security, data sovereignty frameworks, and skills mismatch and retention of local talent.
- **Stakeholder Groups:** Engaging with the company's stakeholders is crucial in understanding their needs, concerns and how Zain is impacting them on a socio-economic, environmental and human rights level.

### Identifying Actual and Potential Impacts

In 2022, Zain conducted its materiality assessment using Datamaran, a software analytics platform that monitors current and emerging ESG-related risks. The automated analysis is conducted by benchmarking peers, assessing wider ESG regulations, online news and media outlets, in addition to gathering insights through stakeholder engagement surveys.

Zain conducted a topic mapping exercise, which takes into consideration previous material topics, GSMA benchmarks and Datamaran's telecom industry list, to ensure that emerging risks are included in the company's analysis.

A shortlist of 27 topics were compiled that are based on previous reports and upcoming trends, and which included:

- Datamaran's machine learning telco industry list
- The macro-business environment
- Benchmarking against other prominent players in the industry and the region
- Inputs gathered from operational review meetings, business plan meetings, and from leadership and executive management
- Sustainability interests raised by stakeholders
- Socio-economic and political factors

Zain bases its annual Sustainability Report on the results of the materiality assessment exercise in order to further understand the consequential issues for the company and its stakeholders.



## Assess the Significance of the Impacts



### Stakeholder Inclusiveness

Zain defines stakeholders using the definition provided by GRI:

“Stakeholders are entities or individuals that can reasonably be expected to be significantly affected by the organization’s activities, products and services, and whose actions can reasonably be expected to affect the ability of the organization to successfully implement its strategies and achieve its objectives.”

The stakeholders considered in this process range from those that directly invest in the organization such as employees, shareholders, investors, and suppliers, to those who are indirectly impacted by the company’s operations, including local communities, civil society, non-governmental organizations, and vulnerable groups.

Based on this definition, Zain identifies its main stakeholders for the purposes of this report as:

#### Internal

- Employees
- Executive Management

#### External

- Regulators
- Shareholders
- Suppliers
- Business Partners
- Financial Institutions
- General Public
- Customers

As a standard business practice, Zain frequently carries out stakeholder engagement activities throughout the course of the year, which enable the organization to address the needs and expectations of its stakeholders. Related engagement activities include:

- 1. Corporate Sustainability (CS) Social Media Outreach:** CS social media outreach campaigns engage Zain’s internal and external stakeholders to adopt a sustainability mindset. Zain encourages its audiences to provide feedback on the highlighted issues through social media engagement tools such as polls, surveys, and questions highlighted in the posts’ caption. Using this approach, the company assesses its stakeholders’ behavioral evolution by conducting pre- and post-surveys to further develop its messaging and understand its stakeholders’ priorities and concerns.
- 2. Internal Forums:** These activities are designed to engage both the Group and the operating companies to measure priorities, share best practices, and discuss issues related to their specific business areas. In 2022, the following function-specific forums were conducted: Procurement, Risk Synergy, Diversity, Equity and Inclusion (DE&I), Human Resources, Regulatory, Technology, Esports, and Corporate Sustainability.

- 3. Stakeholder engagement process through various corporate functions:** Several Zain functions devote significant resources to maintaining frequent dialog and transparency with stakeholders through analyst, investor and shareholder meetings, frequent communication with regulatory bodies, meetings with partners, customer polling, and other engagement activities related to each relevant function. In February 2022, Zain participated in the GSMA Mobile World Congress (MWC) the largest and most influential event for the ICT ecosystem, with a designated stand.

Based on Datamaran’s map testing exercise and the GSMA’s working Group ‘ESG Metrics for Mobile’, Zain revised its material topics to ensure they are in line with international best practices (such as SASB and TCFD guidance) and are presented in a cohesive manner. In some areas, Zain combined topics and in others it divided them into more specific themes.

The following table showcases the changes that have been made and provides a year-on-year comparison of the rankings based on the results from Datamaran and survey responses.

#### MATERIALITY ASSESSMENT

MATERIAL TOPICS	RANKING ORDER 2022	RANKING ORDER 2021
Customer Privacy & Data Security	1	2
Customer Service	2	3
Employee Health & Safety	3	1
Climate Change	4	16
Digital Transformation	5	6
Diversity & Inclusion	6	8
Business Ethics and Governance	7	4
Workforce Management	8	
Digital Inclusion	9	
Business Model Resilience	10	
Mobile Communications and Health	11	17*
Supply Chain Management	12	14
Labor Practices	13	
Modern Slavery	14	18
Economic Performance	15	5
Socioeconomic Compliance	16	13
Waste & Hazardous Materials Management	17	15*
Competitive Behavior	18	
Responsible Consumption & Production	19	14 & 15
Management of the Legal & Regulatory landscape	20	
Entrepreneurs and Skill & SME Development	21	11
Physical & Sociopolitical Risks	22	
Children's Rights	23	10*
Philanthropy and Community Engagement	24	
Ecological Impacts	25	16
Natural Capital	26	
Selling practices & Product Labeling	27	

Legend

- Low Priority Issues
- Medium Priority Issues
- High Priority Issues



## Disclosures on Material Topics

As per the GRI Universal Standards, the company continued to assess and address its impacts across the value chain. Zain assessed each of its material topics by identifying its economic, social, environmental and human rights impacts. Through this lens, the company can prioritize and take a holistic approach when conducting its business activities.

The table below provides a summary and overview of the social, economic, environmental and human rights impacts of the top 17 material topics the company will be reporting on throughout the report.

MATERIAL TOPICS	OVERVIEW OF SOCIAL, ECONOMIC, ENVIRONMENTAL, AND HUMAN RIGHTS IMPACTS	ACTUAL/POTENTIAL	NEGATIVE/POSITIVE IMPACT
Customer Privacy & Data Security	Enables societies to optimize data handling practices to build strong digital pathways by strengthening Zain's data privacy mechanisms as per best practices and adhering to the laws and regulation per country. This allows its stakeholders to avoid exposure to improper account charges, privacy intrusions or identity theft.	Actual	Positive
Customer Service	Providing top quality and inclusive products and services, the company can empower and uplift its customers. By ensuring Zain's customers have access to connectivity, it allows for the reduction of information asymmetries, increased economic activity, and allows for greater efficiencies. The company continues to track Net Promoter Scores (NPS) and ensure open communication channels across its footprint to engage and respond to its customers' needs.	Actual	Positive
Employee Health & Safety	<p>Failure to ensure a healthy and safe work environment for employees can lead to fatalities, serious injuries, and illnesses. Impacting the quality of life of employees may also damage the businesses' productivity, finances, and reputation.</p> <p>Zain continued to prioritize employee health &amp; safety and well-being from a physical and mental standpoint by assessing the possible risks and addressing any work-related injury, fatalities or illnesses. Activities conducted include enabling employees to work remotely and provide equitable insurance packages in addition to the various programs under Zain's 'Be Well' wellness stream.</p>	Actual	Negative
Climate Change	The company continues to address its emissions across its footprint while also tackling the increase in data consumption. Climate change continues to be a driver for Zain to adapt and mitigate its risks while continuously rolling out green solutions to help other sectors do the same. Moving beyond ambition, Zain is dedicated to take the necessary steps and use its sphere of influence to lobby for policy reform, introduce green technologies, and spread the awareness needed to combat climate change.	Actual and Potential	Negative / Positive





MATERIAL TOPICS	OVERVIEW OF SOCIAL, ECONOMIC, ENVIRONMENTAL, AND HUMAN RIGHTS IMPACTS	ACTUAL/ POTENTIAL	NEGATIVE/POSITIVE IMPACT
<b>Digital Transformation</b>	Digital transformation has profound impacts on the world impacting all industries. Zain's 4sight strategy aims to enhance the digital ecosystem through its core services but also to develop other industries, under its digital transformation and investment arm tackling areas such as fintech, e-education, e-health, and esports.	Actual	Positive
<b>Diversity &amp; Inclusion</b>	Zain continues to proactively promote diversity, equity and inclusion (DE&I) to foster social stability, further economic development, and gain access to a larger set of potential employees. Establishing D&I competencies, launching strategic Group-wide initiatives, and creating greater awareness allows Zain to nurture a diverse and inclusive culture.	Actual	Positive
<b>Business Ethics and Governance</b>	The company emphasizes the importance of strengthening its integrity among all stakeholders to build trust. By developing a strong relationship, Zain can address stakeholder concerns in an effective and accurate manner. Having a well-equipped governance model provides management the ability to oversee and address the organization's impacts.	Potential	Positive
<b>Workforce Management</b>	With approximately 7,100 employees across seven markets, Zain can positively influence its workforce through its policies, practices, recruitment, retention, and skill development.	Actual	Positive
<b>Digital Inclusion</b>	Bridging the digital divide and ensuring that no one is left behind leads to a multitude of socio-economic benefits. The company explores the needs of excluded and marginalized segments to provide opportunities that are inclusive by design. Zain targets various segments that include children and youth, elderly, and people with disabilities and sets targets accordingly.	Actual	Positive
<b>Business Model Resilience</b>	Zain continues to embed business continuity in its risk management policies, practices, and processes. The pandemic highlighted the need to ensure resilience as it leads to better business and societal outcomes. Other external crises such as natural or humanitarian disasters, in addition to geopolitical instability continue to underline the need to systemically embed business resilience mechanisms within the company's practices.	Actual	Positive

MATERIAL TOPICS	OVERVIEW OF SOCIAL, ECONOMIC, ENVIRONMENTAL, AND HUMAN RIGHTS IMPACTS	ACTUAL/ POTENTIAL	NEGATIVE/POSITIVE IMPACT
<b>Mobile Communications and Health</b>	According to the GSMA, no health risks have been established from exposure to the low-level radio signals used for mobile communications. Zain ensures that it follows official guidelines and maintains the policies and practices specified in its Environmental and Social Management Plan (ESMP) to safeguard its communities against exposure to electromagnetic fields (EMF).	Actual	Negative
<b>Supply Chain Management</b>	Societies with highly developed supply chain management systems are proven to have great influence on all facets of societies. Numerous stakeholders depend on the supply chain as it provides vast employment opportunities where some are then able to gain access to healthcare. However, the risk of human rights abuses that include labor rights, child labor, corruption and health & safety concerns are more prominent across supply chains. Zain continues to expand and scale its mechanisms and processes across all markets to address human rights impacts across its entire value chain.	Actual	Negative
<b>Labor practices</b>	There are several economic implications to upholding local and international labor laws. Through adherence to such practices, the company can influence employment practices not only for its own workforce but also throughout its supply chain. This reduces the risk of any abuses or discrimination occurring.	Actual	Negative / Positive
<b>Modern Slavery</b>	Modern slavery, including forced labor, increased significantly in recent years, where most cases of forced labor are found in the private sector with migrant workers being the most vulnerable. Improving and enforcing laws, regulations and inspections helps progress towards addressing modern slavery. Operating in seven markets and working with a high volume and range of suppliers, Zain aims to expand its influence and uphold its social and environmental values across its supply chain.	Potential	Negative / Positive
<b>Economic Performance</b>	Achieving its economic goals and objectives allows the company to create and distribute wealth to its stakeholders. Though the economic value generated, Zain identifies key investment areas such as infrastructure, assets, and its workforce.	Actual	Positive

MATERIAL TOPICS	OVERVIEW OF SOCIAL, ECONOMIC, ENVIRONMENTAL, AND HUMAN RIGHTS IMPACTS	ACTUAL/ POTENTIAL	NEGATIVE/POSITIVE IMPACT
<b>Socioeconomic Compliance</b>	Compliance to laws and regulations showcases a company's ability to manage and conform to certain performance parameters. By ensuring the company complies to all social and economic-related laws and regulations protects the communities in which it operates.	Actual	Positive
<b>Children's Rights</b>	Child online safety continues to be an important area where a variety of risks can arise from online addiction, access to child sexual abuse material, cyber bullying, and widespread online scams and other threats. Zain's approach to spreading awareness and engaging with stakeholders to strengthen child protection mechanisms such as child helplines, allows the company to tackle the negative effects of connectivity. With monitored use, children can reap the benefits of accessing the internet through e-education and edutainment services.	Actual	Negative/Positive





# 14

## Our Regulatory Context





# Zain's Regulatory Context

The below tables highlight some of the regulatory challenges that each Zain operation faces and how the company is addressing them.

## Zain Bahrain

CHALLENGES	ZAIN'S RESPONSE
<b>Customer Defaults Leading to Bad Debt:</b> Operators typically offer devices on instalments to customers. However, some customers default in payment, abscond with devices, and resell them in the local market, leading to bad debt for operators.	Working with the Telecom Regulatory Authority (TRA) of Bahrain, all operators implemented an IMEI blocking solution – which would prevent the concerned devices from accessing networks and launched an awareness campaign that aims to educate customers when purchasing second-hand devices to check on the status of the device through its IMEI (International Mobile Equipment Identity) code.
<b>Cross Border Interference:</b> Operators using 2.6 GHz and 3.5 GHz spectrum have continued to face significant cross border interference from neighboring countries.	Zain conducted detailed measurements and engaged with the TRA demonstrating proof of cross-border interference. The TRA now has information to engage with other national regulators.
<b>New Regulatory Obligations:</b> The regulator consulted with the industry about proposed amendments to the Consumer Protection Regulation and the introduction of a Billing & Metering Regulation, which expands the current obligations on with consequential additional costs on MNOs (Mobile Network Operators).	Zain and other MNOs engaged with the regulator and reached a middle ground in lieu, by providing operator undertakings that address the main pain point raised by the regulator. The draft undertaking was shared by the regulator and under discussion with the MNOs.

## Zain Iraq

CHALLENGES	ZAIN'S RESPONSE
<b>4G Congestion and QoS:</b> Following launch of 4G, increased data usage leading to congestion and challenging quality of service (QoS).	Acquisition of new spectrum in 2100 MHz band to enhance QoS and capacity.
<b>4G Routers:</b> Prohibition on rollout of 4G routers to enhance home-based experience for customers.	Engagement with the regulator, the Communications and Media Commission (CMC) Appeal Board, which subsequently approved the rollout.
<b>Creating a level-playing field:</b> Unfair regulatory competitive landscape with one operator granted licenses for 2G/3G/4G despite non-payment for either renewal or new license.	Continuous engagement with government stakeholders – the CMC and Prime Minister's Office – resulting in actions being taken by the CMC to create a level playing field. However, more decisive action is required.
<b>USF Sites Ownership:</b> Universal Service Fund (USF) sites constructed by operators using funds provided by the CMC were initially deemed to be owned by the CMC.	Through continuous engagement with the CMC and provision of benchmarking information from other countries, Zain was able to convince the authorities that operators should own sites.
<b>Digital Operator Launch:</b> Zain required regulatory approval to launch a digital sub-brand (Oodi) to enhance customer reach, provide a richer experience, and support digital inclusion. The CMC initially perceived this as a separate mobile virtual network operator (MVNO) and would not approve.	Working with the CMC, Zain provided benchmarks to demonstrate that the platform was not an MVNO and was able to successfully launch Oodi as its digital sub-brand, the first 'digital operator' in Iraq.

## Zain Jordan

CHALLENGES	ZAIN'S RESPONSE
<b>Licensing:</b> Operators faced challenges with some licenses being technology-specific, disputes with the regulator on applicable revenue share, and uncertainty on the rollout of 5G.	Zain and other MNOs successfully negotiated with the regulator, Telecommunications Regulatory Commission (TRC) and reached a settlement that makes all licenses in Jordan technology neutral, extended licenses by 10 years, resolved revenue share disputes, and granted 5G licenses for 25 years.
<b>Digital Identity Authentication:</b> Operators face challenges with regards digital authentication, limiting growth in digital services.	Zain and other MNOs were able to work with the TRC and the Jordan Payments & Clearing Com (JoPACC) to work on a plan to deploy a national electronic know your customer and authentication platform that is to be used by telecommunication companies, payment service providers, and banks.



## Zain Kuwait

CHALLENGES	ZAIN'S RESPONSE
<b>Cross-Border Interference:</b> Operators using 2.6 GHz and 3.5 GHz spectrum continued to face significant cross-border interference from neighboring countries.	Zain conducted detailed measurements and engaged with the Communication and Information Technology Regulatory Authority (CITRA) demonstrating proof of cross border interference. CITRA now has information to engage with other national regulators.
<b>B2B:</b> In line with its 4Sight strategy, Zain is expanding its footprint in B2B, cloud computing, and internet-of-things. Zain requires all licenses/authorizations to do so.	Engaged with CITRA to obtain a cloud computing license which allows the company to become compliant with CITRA's cloud computing framework.



## Zain Saudi Arabia

CHALLENGES	ZAIN'S RESPONSE
<b>Cross-Border Interference:</b> Operators using 2.6 GHz and 3.5 GHz spectrum have continued to face significant cross-border interference from neighboring countries.	Zain conducted detailed measurements and engaged with the regulator, Communications, Space & Technology Commission (CST) demonstrating proof of cross-border interference. CST now has information to engage with other national regulators.
<b>International Connectivity:</b> Growing data consumption necessitates increased international data connectivity.	Engaged with the regulator (CST) to secure initial approval to land the PEACE submarine cable in Saudi Arabia.



## Zain Sudan



CHALLENGES	ZAIN'S RESPONSE
<b>Currency Devaluation:</b> Devaluation of domestic currency relative to foreign currencies has impacted Zain's revenues over time.	Engaged with the Telecommunications and Post Regulatory Authority (TPRA) to secure approvals to raise prices multiple times throughout the year, while still giving consideration to customer affordability.
<b>International Connectivity:</b> Growing data consumption necessitates increased international data connectivity.	Engaged with TPRA to secure approvals to land international submarine cables (Africa1) and to build a landing station.
<b>Spectrum Auction:</b> Given limited spectrum in the market, TPRA initiated a spectrum auction to release 800 MHz, 1800 MHz, and 2100 MHz spectrum, but at high reserve prices.	Zain and other MNOs lobbied the TPRA to introduce a multi-year payment plan for spectrum as the general concern was that higher spectrum costs would mean passing on even higher prices to customers.

## Zain South Sudan

CHALLENGES	ZAIN'S RESPONSE
<b>4G Congestion:</b> Growing subscriber base following launch of 4G has resulted in increased data consumption.	Zain worked with the regulator, the National Communications Authority (NCA) and secured additional spectrum in the 1800 MHz band to enhance QoS.
<b>Currency Devaluation:</b> Devaluation of currency relative to foreign currencies has impacted Zain's revenues over time.	Engaged with NCA to secure approvals to raise prices while still giving consideration to customer affordability.
<b>Customer Registration Mandate:</b> The NCA instituted mandatory customer registration procedures to curb fraud and for national security reasons. This mandate, however, could have impacted Zain customer base.	Zain took steps to identify unregistered SIM cards, created an outbound calling team, issued directives to dealers to ensure registration of all newly issued SIM cards, and launched awareness campaigns.





# 15

## Stakeholder Engagement



# Stakeholder Engagement

Zain maintains a proactive, consistent, and transparent communication process with its various stakeholders. This section discloses how the company engages with its relevant stakeholder groups, their priorities, and addresses their concerns.

Zain engages with its various stakeholders, including Customers, Shareholders and Investors, Employees, General Public and Community Institutions, Business Partners and Government and Regulators, through its various communication channels such as: social media, meetings, website, press releases and Zain app.

OUR STAKEHOLDERS	STAKEHOLDER PRIORITIES	OUR RESPONSE	FREQUENCY OF ENGAGEMENT
<b>Customers:</b> 52.4 million customers	<b>Reliable and accessible service</b>	Investments in network quality and coverage, and continuous investment in networks to provide the latest and most reliable network coverage and quality	On a continuous basis
		Evaluated network performance through monthly and quarterly reviews across operations	On monthly and quarterly basis
	<b>Innovative service</b>	Provided customers with access to the latest technology	On a continuous basis
		Continued to expand 5G networks in Kuwait, Saudi Arabia and Bahrain, and 4G/LTE in South Sudan to address the data services gap	On a continuous basis
		Diversified and explored additional products and services in our line of business	On a daily basis
	<b>Affordable service</b>	Launched tailored products and services covering different value segments and catering to the connectivity needs of customers for both voice and data	On a daily basis



OUR STAKEHOLDERS	STAKEHOLDER PRIORITIES	OUR RESPONSE	FREQUENCY OF ENGAGEMENT
<b>Customers:</b> 52.4 million customers	<b>Accessible service</b>	Provided our customers with basic connectivity and value-added services at affordable prices	On a daily basis
		Ensured services are available via multiple channels (mobile app, online, retail outlets, and contact centers)	On a daily basis
		Availability of packages for the disabled segments	Currently available in Bahrain, Jordan, Kuwait, and assessment conducted for remaining operations
		Provided connectivity in remote areas in South Sudan through network expansion	On an annual basis
		Ensured sales channels are disability inclusive	On a quarterly basis
		Provided digital and alternative channels for product delivery representatives such as inbound customer service agents and telesales	On a daily basis
		Trained sales agents in sign language	In all operations
		Provided a customer service hotline for people with disabilities	Currently in Zain Bahrain
	<b>Stay informed about promotional offerings and relevant information</b>	Communicated via direct messaging, social media platforms, and various media outlets	On a daily basis
		Provided updated information via Zain channels	On a daily basis
		Provided professional assistance in retail stores, outlets, contact centers, and various digital channels including the Zain app, MyZain and WhatsApp	On a daily basis

OUR STAKEHOLDERS	STAKEHOLDER PRIORITIES	OUR RESPONSE	FREQUENCY OF ENGAGEMENT
<b>Customers:</b> 52.4 million customers	<b>Customized services – inclusive of products and services that fit different needs and lifestyles</b>	Maintained ongoing engagement with customers to ensure an accurate understanding of customer needs. Examples of engagement processes include customer research and collection of feedback within retail outlets and contact centers	On a daily basis
		Designed and offered converged value propositions including mobile service and internet	On a daily basis
		Offered customized packages for specific segments such as youth, students, women, the underserved, refugees, disabled and the disadvantaged	Offered continually across operations. Details are provided in the 'Our Products and Customers' section of this report, <a href="#">page 77</a>
		Zain is a signatory to the GSMA's 'Principles for Driving the Digital Inclusion of Persons with Disabilities'	N/A
	<b>Ease, clarity and transparency of billing</b>	Offered support through contact centers and other accessible channels	Zain's branches, social media and call centers are available to answer inquiries 24/7
		Provided online services and billing options	Zain online services are available to customers across all communication channels
		Customer bills and data usage are readily available for customers through our digital channels and call centers	On a daily basis



OUR STAKEHOLDERS	STAKEHOLDER PRIORITIES	OUR RESPONSE	FREQUENCY OF ENGAGEMENT
<b>Customers:</b> 52.4 million customers	<b>Information security and data protection</b>	Zain implements ISO/IEC 27001 standard, to include technical, operational, managerial and physical security controls to protect any information from unauthorized access or disclosure	Information security policies are reviewed on an annual basis
		Zain is developing its Data Privacy Policy to provide guidance to operations on the collection, processing, and usage of personally identifiable information in compliance with applicable laws and regulations	The Data Privacy Policy is currently being established to align with new regulations in our operating countries
		Ensuring that Zain's networks block all child sexual abuse material (CSAM)	Working towards having additional CSAM blocking mechanisms Group-wide, per-country regulations and international best practices. Entered a Group-wide agreement with the Canadian Center for Child Protection to integrate Zain's Project Arachnid into the Canadian Center's networks. All CSAM content is blocked in Bahrain, Kuwait, Jordan, and Sudan.
	<b>Fast and efficient complaint resolution</b>	We operate contact centers and respective contact channels including the branches, call centers, and social media channels where complaints are routed to the resolution department	On a continuous basis

OUR STAKEHOLDERS	STAKEHOLDER PRIORITIES	OUR RESPONSE	FREQUENCY OF ENGAGEMENT
<b>Customers:</b> 52.4 million customers	<b>High-quality customer care</b>	Continued to address the shift in customer needs and behavior	On a continuous basis
		Maintained various channels to keep customers informed, receive feedback, and measure performance through customer satisfaction surveys, store experience surveys, contact centers, and brand trackers	On a continuous basis
		Tracked Net Promoter Scores – the degree to which customers would recommend our services to others – across operations	On a weekly basis
		Continued to provide an interactive digital channel called zBot, a smart customer service channel utilizing artificial intelligence (AI) to respond to customer needs	Always available
<b>Shareholders and Investors are:</b>  Kuwait Investment Authority (KIA) 24.57%  Oman Telecommunications (Omantel) 21.90%  Al-Sharq Holding Co. 5.05%  Public Institution For Social Security 5.00%	<b>Strong return on investment</b>	Remained profitable	On a weekly basis
		Grew customer base	On a weekly basis
		Maintained shareholder value	On a weekly basis
		Maintained management access and excellence	On a weekly basis
	<b>Provide a fair and transparent understanding of the company's strategy and business to potential and actual investors</b>	Provided updates through the Investor Relations department	On a weekly basis
		Issued periodic reports (i.e., audited financial statements, earnings press releases, investor presentations, analyst call reports, etc.	On a quarterly basis
		Conducted earnings conference calls	On a quarterly basis

OUR STAKEHOLDERS	STAKEHOLDER PRIORITIES	OUR RESPONSE	FREQUENCY OF ENGAGEMENT
<b>Shareholders and Investors are:</b>  Kuwait Investment Authority (KIA) 24.57%  Oman Telecommunications (Omantel) 21.90%  Al-Sharq Holding Co. 5.05%  Public Insitution For Social Security 5.00%	<b>Provide a fair and transparent understanding of the company's strategy and business to potential and actual investors</b>	Hosted an Annual General Assembly Meeting (AGM)	On an annual basis
		Conducted virtual one-to-one meetings with current and potential investors, sell-side, and buy-side analysts	On a quarterly basis
		Disclosed the company's financial performance	On a quarterly basis
		Provided market disclosure	Zain provides market disclosures in accordance with the Capital Markets Authority (CMA) laws and regulations, and as deemed necessary
	<b>Management excellence</b>	Increased transparency and efficiency	On a quarterly basis
		Ensured access to C-suite	On monthly basis
	<b>Encourage more investors to be interested in the company's shares to increase the number of buyers and sellers, thereby improving the liquidity of shares in the market, to improve the relative performance of the shares</b>	Communicated company updates through our Investor Relations channels	On a weekly basis
		Issued periodic reports (i.e., audited financial statements, earnings press releases, investor presentations, analyst call reports, etc.	On a quarterly basis
		Conducted earnings conference calls	On a quarterly basis
	<b>Provide investors and other stakeholders with clear, honest, and accurate representation of the company's past performance as well as its prospects for the future</b>	Attended conferences and one-to-one meetings to strengthen relations with current and potential shareholders	On a quarterly basis
		Targeted potential investors that might be interested in the region and sector	On a quarterly basis

OUR STAKEHOLDERS	STAKEHOLDER PRIORITIES	OUR RESPONSE	FREQUENCY OF ENGAGEMENT
<b>Employees:</b> 7,090 Full Time Employees	<b>Have multiple engagement channels within the organization</b>	Functional forums	On a quarterly basis
		Open door policy with senior management	On a daily basis
	<b>Job security and satisfaction</b>	Engaged employees, maintained open communication channels, and developed action plans based on employee feedback	Communicated with employees via various channels, including social media and internal communication
		Ensured job security and continuation	The company adhered to quarantine periods without any deduction on payroll
	<b>Employee benefits</b>	Offered competitive benefit packages comparable to the local market	N/A
		Offered recreational services and packages for employees at a discount	On a bi-annual basis
	<b>Opportunities for development, growth, and skills development</b>	Developed a comprehensive training and development program offering employees opportunities to develop	Offered training programs whenever requested, in addition to periodically sharing training opportunities to employees in their relevant fields
		Established succession management plans and employee guides to facilitate career growth	On a bi-annual basis
		Continued to drive ZAINIAC, an internal e-platform for employees to share innovative ideas and create solutions to stimulate creativity within the company	On an annual basis. Details are provided in the 'Our Sustainability Agenda' section of this report on <a href="#">page 97</a>

OUR STAKEHOLDERS	STAKEHOLDER PRIORITIES	OUR RESPONSE	FREQUENCY OF ENGAGEMENT
<b>Employees:</b> 7,090 Full Time Employees	<b>Opportunities for development, growth, and skills development</b>	Continued the WEABLE GROW initiative, which is a two-month development program facilitated by Zain employees for people with disabilities to raise awareness and extend their knowledge of disability inclusion with our customers and employee	On an annual basis
	<b>Competitive salary</b>	Conducted benchmark exercises and salary surveys for similar regional and international organizations and implemented a salary scale	Bi-annually
	<b>Working for a company that matches their values</b>	Provided access to the internal HR Policy available to all employees	On a continuous basis
		Implemented multiple engagement channels	On a continuous basis
		Conducted workshops and webinars that tackled sustainability, gender diversity, disability inclusion and mental health & wellbeing	On a quarterly basis
	<b>Access to international conferences and networking opportunities</b>	Enabled employees to participate in conferences and forums	Employees are encouraged to develop and further their skills on an ongoing basis
	<b>Health and safety protection</b>	Maintained a health and safety policy for employees and temporary workers	On a continuous basis
		Conducted fire and emergency drills. Selected two employees per floor to be trained as fire marshals in case of emergencies	Conducted fire and emergency drills annually as per policy, after obtaining approval from the Department of Civil Defense. In addition, risk teams checked emergency access doors monthly to ensure that there are no obstructions to pathways

OUR STAKEHOLDERS	STAKEHOLDER PRIORITIES	OUR RESPONSE	FREQUENCY OF ENGAGEMENT
<b>Employees:</b> 7,090 Full Time Employees	<b>Health and safety protection</b>	Provided insurance coverage for all employees	On a continuous basis
	<b>Mental health and wellbeing</b>	Provided employees with resources for mindfulness and mental wellbeing	Unlimited access to the Tuhoon app throughout the year
		Provided employees confidential therapy sessions in collaboration with the Kuwait Counseling Center	Each employee is entitled to up to four sessions
		Provided workshops on mental wellbeing in the workplace	On a quarterly basis
<b>General Public and Community Institutions:</b> Neighborhoods near base stations, media, civil society, NGOs, advocacy groups, charities, associations, foundations, schools, universities, and medical institutions	<b>Minimal visual and noise pollution</b>	Deployed super silent diesel generators in urban areas	A continuous process
		Installed environmentally friendly solutions for base stations, where applicable	A continuous process
		Minimized the use of space through the deployment of outdoor cabinets where feasible	A continuous process
	<b>Commitment to upholding health and safety standards</b>	Upheld Environmental and Social Management Plan (ESMP) Guidelines that include health and safety provisions	On a continuous basis
		Conducted electromagnetic field (EMF) assessment as part of our safety procedures for radio operations	On a continuous basis
		Complied with TRA/Ministry of health base station frequency ranges	On a continuous basis



OUR STAKEHOLDERS	STAKEHOLDER PRIORITIES	OUR RESPONSE	FREQUENCY OF ENGAGEMENT
<b>General Public and Community Institutions:</b> Neighborhoods near base stations, media, civil society, NGOs, advocacy groups, charities, associations, foundations, schools, universities, and medical institutions	<b>Address priority community needs</b> (such as education, health, and economic development and mitigate societal deficits such as youth unemployment, human displacement, and job readiness)	Ensured the company aligns with and tracks the 2020-2025 Corporate Sustainability (CS) Strategy. More information can be found in the 'Our Sustainability Agenda' section of this report on <a href="#">page 97</a>	Monitored the progress and status of its initiatives on a monthly and quarterly basis internally
		Supported and developed locally relevant CS activities and established partnerships that further the CS agenda and address prevalent societal deficits	Zain's CS department tracks the progress and status of its initiatives on a quarterly basis
		Launched awareness campaigns on the company's social media channels	On a monthly basis
	<b>Build climate change mitigation and adaptation plans that address physical and transition risks</b>	Installed DG battery hybrid solutions where feasible	A continuous effort
		Promoted the use of solar energy within our operations	A continuous effort
		Retrofitted our data centers and headquarter buildings	A continuous effort
		Installed higher efficiency DC power systems	A continuous effort
		Utilized outdoor cabinets where feasible	A continuous effort
		Explored possibilities for site-sharing and implemented the 'right-sizing concept'	A continuous effort
		Implemented e-waste recycling and reuse initiatives	A continuous effort
		Implemented ESMP	A continuous effort
		Set short, medium and long-term carbon emission reduction targets	A continuous effort
		Benchmarked energy efficiency progress with similar regional and global organizations	On a quarterly basis through the Climate Action Committee

OUR STAKEHOLDERS	STAKEHOLDER PRIORITIES	OUR RESPONSE	FREQUENCY OF ENGAGEMENT
<b>General Public and Community Institutions:</b> Neighborhoods near base stations, media, civil society, NGOs, advocacy groups, charities, associations, foundations, schools, universities, and medical institutions	<b>Build climate change mitigation and adaptation plans that address physical and transition risks</b>	Actively developed the Climate Action Journey	On an annual basis
		Membership to the Carbon Disclosure Project (CDP)	A continuous effort
		Launched several social media campaigns raising awareness on the increasing risks of climate change	A continuous effort
		Committed to furthering Post-2015 Sustainable Development Goals	On a quarterly basis
		Tracked the company's water consumption with the aim of reducing it	On a quarterly basis
<b>Business Partners:</b> Suppliers, contractors, and distributors	<b>Engage Zain in relevant community events and forums</b>	Participated in relevant community events and forums	On a regular basis
	<b>Provide favorable terms</b>	Encouraged discussions with relevant departments through upper management	To ensure that certain clauses are made with the highest level of transparency and fairness, Zain continuously revises its terms and conditions to make sure they are aligned with best practices
		Negotiated contracts and terms	To ensure contracts and terms are made with the highest level of transparency and fairness, Zain continuously revises its terms and conditions to make sure they are aligned with best practices

OUR STAKEHOLDERS	STAKEHOLDER PRIORITIES	OUR RESPONSE	FREQUENCY OF ENGAGEMENT
<b>Business Partners:</b> Suppliers, contractors, and distributors	Provide timely payments	Conducted periodic evaluations	On a daily basis
		Maintained open channels of communication and clearly articulated contract terms and agreements to ensure parties agreed on method and date of payments	On a quarterly basis and depending on each contract
	Maintain opportunities for frequent interaction and engagement with Zain	Maintained open channels of communication	Zain communicates with its business partners on a continuous basis
		Participated in forums in Zain's operating markets, to ensure alignment with strategic approach	On an annual basis
		Automated processes of engagement with suppliers to ensure transparent and timely responses	On a continuous basis
	Remain informed about Zain's guidelines and standards regarding human rights, health and safety, the environment, and labor standards	Communicated Zain's Supplier Code of Conduct, which is included in contracts	Zain communicates the Supplier Code of Conduct when onboarding new suppliers and communicates it to existing suppliers on an annual basis. Zain also resends its Supplier Code of Conduct to all suppliers if changes are made
		Provided Supplier Assessment Questionnaire when onboarding new suppliers and recommunicated to existing ones	On an annual basis
		Zain communicated and tracked its suppliers' alignment to the Human Rights Policy Statement	On bi-annual basis

OUR STAKEHOLDERS	STAKEHOLDER PRIORITIES	OUR RESPONSE	FREQUENCY OF ENGAGEMENT
<b>Government and Regulators:</b> Bursa Kuwait, Competition Protection Agency, Anti-Corruption (Nazaha), Ministry of Finance, Ministry of Commerce and Industry (MOCI), Capital Markets Authority (CMA), Communication and Information Technology Regulatory Authority (CITRA), other national telecommunications regulators, ministries of communication, GSMA and ITU	Access to information about the company, including financial data, customer data and other relevant information	Published a financial report and issued other periodic reports	On an annual basis
		Published a sustainability report	On an annual basis
		Published disclosure reports	On a quarterly basis
		Maintained open direct channels and frequent engagement with public officials	On a continuous basis
	Access to tele-communications services	Maintained network quality and coverage	On a continuous basis
		Complied with laws and regulations	As per laws and regulations, reports are provided annually or semi-annually and provide up-to-date disclosures on material information
		Submitted corporate income tax returns, and Zakat and National Labor Support Tax (NLST) declarations, where applicable	On an annual basis
		Filed indirect tax declarations	On a monthly basis depending on the local tax regulations, where applicable
		Submitted payroll income tax declarations to the tax authorities, where applicable	On a monthly basis depending on the local tax regulations, where applicable
		Conducted meetings and ongoing contact with tax authorities to ensure we are up-to-date with the most recent tax laws	Continuous engagement with tax authorities
		Engaged with external tax advisors and received newsletters on the most recent tax laws and regulations	On a continuous basis

OUR STAKEHOLDERS	STAKEHOLDER PRIORITIES	OUR RESPONSE	FREQUENCY OF ENGAGEMENT
<b>Government and Regulators:</b> Boursa Kuwait, Competition Protection Agency, Anti-Corruption Agency (Nazaha), Ministry of Finance, Ministry of Commerce and Industry (MOCI), Capital Markets Authority (CMA), Communication and Information Technology Regulatory Authority (CITRA), other national telecommunications regulators, ministries of communication, GSMA and ITU	Compliance with regulations	Ensured and oversee compliance through Corporate Governance and Compliance department, Regulatory department, and other relevant functions	Continuous engagement with regulatory authorities.
		Ensured compliance with the regulatory requirements in the countries where we operate	Continuous cooperation is in place between internal and external parties to ensure any changes in regulations are addressed immediately
	Stakeholders' Rights Protection	Implemented through the Corporate Governance framework	On a continuous basis including periodic reporting
		Policy in place and approved by the Board of Directors and shared with executive management	Revision is done by the Corporate Governance team on an annual basis
		Ensured that principles of transparency are applied throughout the organization with the focus by Corporate Governance and Investor Relations departments on working collectively to guarantee transparency and efficiency throughout operations	On a continuous basis, including periodic reporting
	To develop the company's reputation and provide insurance against unforeseen events	Invested in network quality and coverage	On a continuous basis
		Maintained business continuity and contingency plans	On a continuous basis
		Maintained insurance coverage for critical assets such as data centers and employees	On a continuous basis

OUR STAKEHOLDERS	STAKEHOLDER PRIORITIES	OUR RESPONSE	FREQUENCY OF ENGAGEMENT
	Awareness of key organizational risks	Updated Risk Register	On an annual basis
		Updated Key Risk Indicators	On a quarterly basis
		Maintained mitigation plans for all significant company risks that are communicated directly to the Board Risk Committee	On a quarterly basis



# 16

**Our  
Economic  
Impacts**



# Our Economic Impacts

This section explores Zain's economic impacts across its footprint. From a financial standpoint, it considers Zain's economic performance, its impact on supply chain management, indirect jobs generated, and the impact generated by the company's fintech activities.

## Major Milestones

**341**  
SUPPLIERS

Further developed and scaled the self-assessment questionnaire process to all markets, reaching 341 suppliers in 2022, reflecting an increase from 40 suppliers last year.

**122,493**  
JOBS GENERATED

Contributing to employment opportunities through Zain's distribution channels. In 2022, the company generated 122,493 jobs across Zain's value chain.

**64%** **995K**  
FINTECH CUSTOMERS GROWTH TOTAL CUSTOMERS

Continued to develop the financial sector across Zain's markets, allowing the company to grow its fintech customers by 64%, reaching a total of 995,000 customers.

## Financial Performance

In 2022, Zain achieved a solid financial performance, showcasing a **14% year-on-year (Y-o-Y)** growth representing consolidated revenue of **USD 5.6 billion**.

### Financial Performance: Direct Economic Value Generated and Distributed

	2022		2021	
	KD M	US\$ M	KD M	US\$ M
Revenues	1,728	5,644	1,520	5,044
Cost of Sales	(566)	(1,847)	(461)	(1,530)
Operating Costs	(490)	(1,599)	(428)	(1,421)
Net Profit	224	640	186	616
Retained Earnings	393	1,285	340	1,125
Dividends Paid	(142)	(463)	(186)	(615)
Dividends paid to non-controlling interests	(2)	(7)	(4)	(15)
Staff Costs	(147)	(479)	(127)	(423)
Finance Costs Paid	(53)	(174)	(45)	(150)
(Repayment of)/ proceeds from bank borrowings (net)	38	125	114	378
Income Tax Payments	(11)	(37)	(19)	(62)
Kuwait Foundation for the Advancement of Sciences Paid	(7)	(22)	(4)	(14)
National Labor Support Tax and Zakat Paid	(3)	(10)	(6)	(20)

The Annual General Meeting of shareholders for the year ended 31 December, 2020 held on 17 March, 2021 approved distribution of cash dividends amounting to 33 fils per share for the year 2020.



## Zain's Economic Impact through the Value Chain

Zain's value chain spans across multiple key enterprises that support the company by providing services that address the needs of its customers. To ensure that the company operates responsibly, Zain aims to ensure that its environmental, social, and governance (ESG) indicators are embedded throughout.

### • Network and Equipment Providers:

Explores areas of circularity, capacity building, emission reduction and efficiency.

### • Hardware and Software Manufacturers:

Assess energy consumption, explore efficiency and AI mechanisms for CO<sub>2</sub> emissions.

### • Product Research and Development:

Identify and follow development of ESG trends, conduct analysis and research on market composition, collaborate with stakeholders in the ESG space.

### • Distribution Channels:

Number of jobs generated through channels and alignment to Zain's environmental and social standards.

### • Cloud Solutions Providers

### • System Integrators

Through its distribution channels this year, Zain provided 122,493 jobs that helped boost economic activity across its markets.

#### Zain's Economic Impact through its Value Chain - The Supply Chain 2022

	BAHRAIN	IRAQ	JORDAN	KUWAIT	SAUDI ARABIA	SUDAN
Outlets	2,500	73,000	2,837	1,766	23,711	41,070
Distributors	2	3	5	8	5	48
Franchise Shops	0	77	25	97	220	69
Flagship and Zain-owned stores	16	28	31	7	31	3

#### Zain's Economic Impact through its Value Chain - Our Supply Chain 2021

	BAHRAIN	IRAQ	JORDAN	KUWAIT	SAUDI ARABIA	SUDAN
Outlets	2,700	71,000	2,920	1,766	23,274	31,000
Distributors	2	3	5	8	4	48
Franchise Shops	0	80	27	102	212	72
Flagship and Zain-owned stores	15	29	28	5	30	3

	JOBS PROVIDED IN 2022
Bahrain	180
Iraq	1,432
Jordan	5,749
Kuwait	6,914
Saudi Arabia	3,100
Sudan	105,118

## Responsible Supply Chain

Zain's approach to responsible supply chain management encompasses its footprint to address ESG impacts. The company recognizes there is a strategic need to develop its supply chain to ensure alignment to Zain's values and sustainability agenda KPIs. The development of Zain's supply chain faces challenges due to different business practices coupled with financially driven factors. To address this, the company has been working with its suppliers to upskill them and set business boundaries. As part of the supplier assessment and selection criteria, sustainability-related factors of its supply chain range from sourcing of materials, health and safety, human and labor rights, and anti-corruption amongst others.

Throughout Zain's journey, the company continues to take into consideration the complexity of addressing the risks that arise from its supply chain. Zain's objective is to continue to evolve and better engage with its suppliers as this approach will allow the company to better identify the risks and manage disruptions. In 2022, the focus was to scale set processes piloted with Zain Group's suppliers the previous year. Prior to scaling such processes across markets, the supply chain management team hosted engagement sessions with the most material suppliers to establish a more collaborative relationship. Through this engagement process, Zain was able to identify suppliers' concerns and sustainability-related areas that require further development. As a result, the knowledge gap and awareness between local and foreign suppliers was evidenced. The observations led to pivoting the self-assessment questionnaire for our local suppliers to ensure

they can engage with Zain in a productive manner. Zain also continued to develop a capacity-building training plan to allow suppliers to provide their feedback and identify topics for further knowledge development. The enhanced approach allows the company to better align its suppliers with Zain's environmental and social criteria, as well as spread greater awareness amongst local suppliers.

Zain's supply chain management process aims to capture and identify and mitigate possible risks:

### Zain Supply Chain Management Process

**Adhere to Zain's supplier code of conduct, and human rights policy statements**

1

**Complete Zain's training video available on the website and complete feedback form**

2

**Complete Zain's self-assessment questionnaire**

3

**Complete physical audit for high risk suppliers**

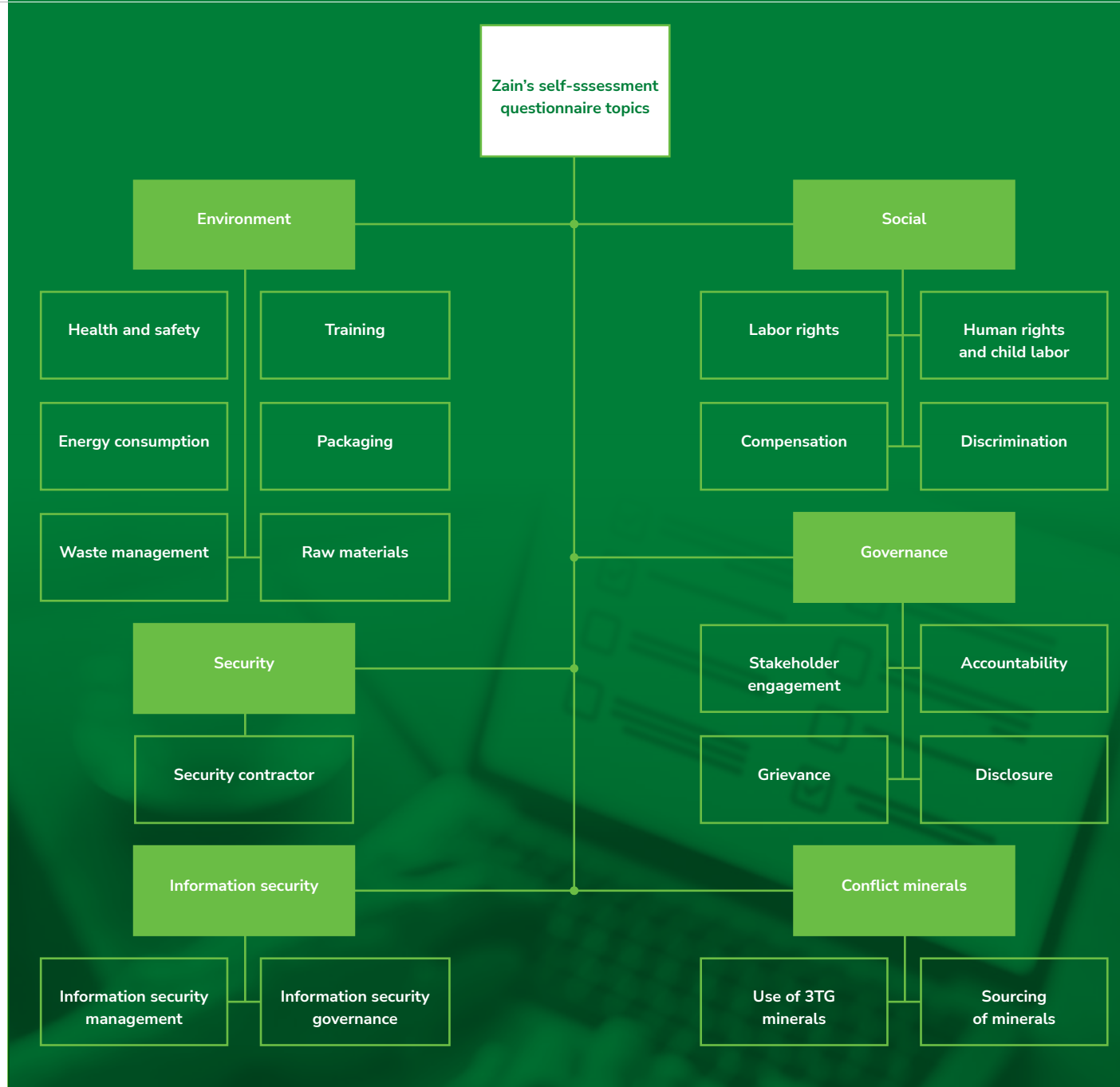
4



**Supplier Code of Conduct, and Human Rights Policy Statements are available in Arabic and English on the Zain Group website page.**

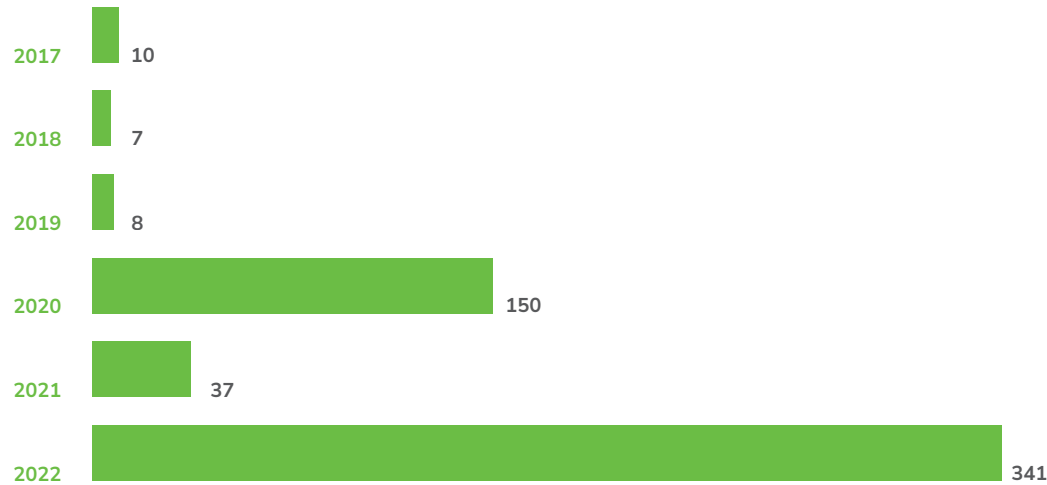
Zain launched the first training video available on the Zain Group website covering topics included in the Supplier Code of Conduct. The company then sent across a feedback survey to all suppliers to confirm they had viewed it and to gain insights on what topics they would want additional exposure to. Zain provided a drop-down menu for suppliers, highlighting the most material sustainability-related topics in the industry and the related context. Suppliers were requested to select topics to learn more about anti-corruption, fair labor, forced and child labor, human rights, compliance, climate change and others. 134 suppliers completed the training during the year.

In 2022, Zain scaled its self-assessment questionnaire across all markets after conducting a stakeholder engagement process with its suppliers in each country operation. After compiling the feedback, Zain reiterated the use of the questionnaire as a useful engagement tool to ensure alignment to its strategic objectives and to address any concerns from suppliers. The topics covered in the questionnaire included:





### Progression of Supplier Self-Assessment Questionnaire



\*2021, the number of responses reflects those from Bahrain and Group suppliers only.

\*2022, the number of responses reflects those from Group and suppliers across all operations.

During 2022, Zain also scaled its physical audit process across its footprint. Each market had to conduct two audits, with the corporate sustainability and procurement departments working together, with observations then raised with suppliers. Zain provides a notice period to suppliers to address the observations raised. The notice period is determined by the material aspects of the observation and remedial action is implemented as stipulated in the framework agreement and supplier code of conduct.

Any negative related impacts from Zain's supply chain is raised through either the self assessment questionnaire of the company's physical audit process. This year, there were no major concerns raised based on the company's social and environmental criteria.

OPERATION	NUMBER OF SUPPLIER TARGET	NUMBER OF SUPPLIER COMPLETION	PERCENTAGE ACHIEVED
Group	72	45	63%
Bahrain	72	72	100%
Iraq	72	73	101%
Jordan	72	81	113%
Kuwait	72	30	42%
Saudi Arabia	72	26	36%
Sudan	72	11	15%
South Sudan	72	3*	0%
<b>Total</b>	<b>576</b>	<b>341</b>	<b>59%</b>

\* The response rate in South Sudan is hindered due to the lack of awareness. In 2022, Zain South Sudan procurement and sustainability team focused on training and developing its suppliers on fulfilling the self-assessment questionnaire.

\*\* From the suppliers who completed the Self-Assessment Questionnaire 302 suppliers are considered active suppliers. This showcases the company's commitment to reach all types suppliers across Zain's value chain.

OPERATION	TARGET OF NUMBER OF SUPPLIER	COMPLETED
Bahrain	2	Yes
Iraq	2	Yes
Jordan	2	Yes
Kuwait	5	4
Saudi Arabia	2	Yes
Sudan	2	Yes
South Sudan	2	No

## Procurement Spending

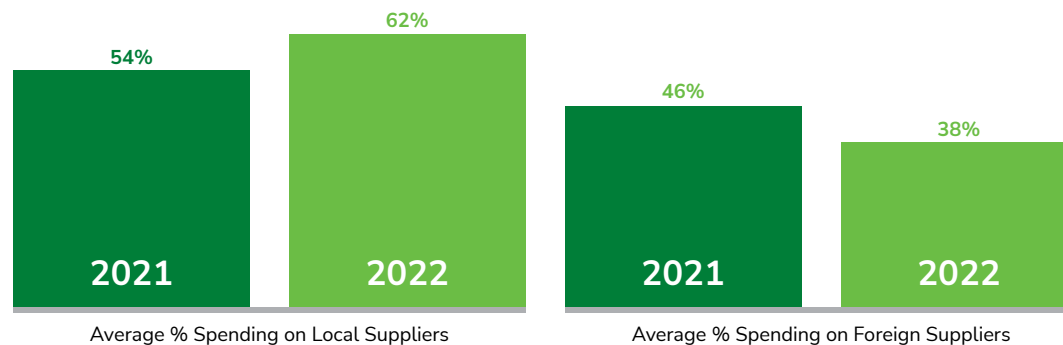
In 2022, the spending on local suppliers increased year-on-year (YoY) by 8%. This indicates Zain's contribution to improving the local economy and employment rates.

### 2022 Procurement Spending Per Operation

OPERATION	% SPENDING ON LOCAL SUPPLIERS	% SPENDING ON FOREIGN SUPPLIERS
Bahrain	20%	80%
Iraq	25%	75%
Jordan	53%	47%
Kuwait	49%	51%
Saudi Arabia	88%	12%
Sudan	44%	56%
South Sudan	10%	90%
<b>Total</b>	<b>62%</b>	<b>38%</b>

The graph below illustrates Zain Group's procurement spending for local vs. foreign suppliers for 2022 as compared to 2021.

### Procurement Spending: Year-on-Year



## Financial Inclusion

In 2022, Zain continued to develop the digital financial sector in areas such as digital lending, online payments, and micro-loans. To further accelerate systemic change, the company's is further developing it's fintech ecosystem through the subsidiaries across the footprint. The strategic direction allows Zain to provide a wide range of services allowing for inclusive growth and access.

### Zain Cash Iraq

Mobile wallet licensed by Central Bank of Iraq

Secured license to offer credit cards

### Zain Cash Jordan

Largest mobile financial services provider in the country

Launched credit card services and remittance services in collaboration with Western Union

### Tamam Saudi Arabia

First micro-financing license in the region

Licensed by Saudi Central Bank (SAMA)

Launched Murabaha Financing - digital installments service

### Bahrain

Awarded a fintech license by the Central Bank of Bahrain in 2022, and planning to launch services in 2023

### Sudan

During the end of 2022, the technical platform was finalized

### Kuwait

Digital banking application submitted to the Central Bank of Kuwait

# 17

## Our Products and Services





# Our Products and Customers

## Major Milestones

**Establishment of ZainTech by consolidating the company's different streams to provide enterprises and governments with solutions across the ICT stack, including cloud, cybersecurity, big data, IoT, AI, smart cities, and drones.**

**Continued to provide the Youth Community Bundle in Sudan, serving 6.2 million users at discounted rates.**

**In 2022, there were two reported cases related to breaches of customer privacy, data leaks, theft or loss. The company continues to monitor data privacy and enhance cybersecurity protocols by ensuring its Group-wide data privacy policy is in line with international best practices and development of necessary skills required to further expand this space.**

Through the execution of the company's 4Sight strategy, Zain continued to forge ahead with its digital transformation objectives across its operations with an emphasis on providing inclusive products and services. With the increase of cyber threats and in order to ensure that the company addresses possible risks and safeguards customers' privacy proactively, Zain enhanced the privacy policy and consolidated its cybersecurity solutions for enterprises and government entities.

## ZainTech

Zain restructured the ICT solutions it provides by consolidating different streams of the business under a newly formed subsidiary, ZainTech. The company offers a unique value proposition under one roof, providing enterprises and governments with solutions across the ICT stack including cloud, cybersecurity, big data, IoT, AI, smart cities, robotics, drones, and emerging technologies. Headquartered in the United Arab Emirates, ZainTech leverages Zain's global reach, regional footprint, and infrastructure across its operations in Kuwait, Saudi Arabia, Bahrain, Jordan, Iraq, as well as other key markets in the Middle East and Africa region.

The World Bank has reported that a fully digitized economy in the MENA region could lead to a 50% rise in GDP per capita over 30 years. This would have a significant impact on the region's economy, driving growth and prosperity for businesses and individuals alike.

The World Bank report also suggests that digital technologies could double the female labor force participation rate by about 20% over a 30-year period. Furthermore, digitization can also help to eliminate frictional unemployment within 16 years. Frictional unemployment is caused by the time it takes for job seekers to find suitable employment, and can be a significant challenge for many job seekers in the region.

As the world continues to become more digital, companies like ZainTech will be at the forefront of driving change and enabling progress in the MENA region and beyond.

## Challenges faced by ZainTech and how it addressed them

With the fast-paced evolution in digitization and technology, governmental authorities across operating countries are trying to implement stricter controls on data sovereignty, especially when it comes to government entities, financial institutions, and healthcare. Newly established laws and regulations are being constantly issued or updated, some of which lack clear enforcement procedures resulting in potential business implications.

To mitigate the challenges of in-country data residency, Zain Tech has a network of Zain local data centers across our countries of operation. By having those centers in place, Zain Tech can ensure direct alignment with each country's rules and regulations.

To mitigate legal and regulatory risk, Zain Tech set in place the following processes:

- A project checklist that each internal business owner provides to the Legal and Regulatory Department where such department recommendations and advice based on the laws governing the country, business line, and customers in addition to the risks associated with the project if and the necessary compliance needed to mitigate such risks.
- Applying ZainTech's Data Privacy Policy that covers all operations: <https://www.zaintech.com/privacy-policy>
- Enforcing a Data Protection Agreement that defines the responsibilities of the parties for each specific project
- Including Data Protection articles in customer agreements to offload the liability in terms of regulatory requirements and financial implications that might arise due to new regulatory compliance and updates issued by the governments
- Applying VPN Agreements with vendors in cases of remote access
- Liaising with Zain Group Legal and Regulatory Teams to ensure we follow the same policies and processes.

## Dizlee – Zain Group's API platform

In 2022, Zain Group's API platform rebranded to Dizlee, representing the evolution of the company's API Program to that of a digital monetization ecosystem provider offering an appealing array of content and gaming services, direct billing, messaging, and digital authentication, among other services under one platform. Established in 2018 as an effort to bolster and standardize the digital services offerings for Zain's markets, Dizlee is a one-stop-shop with one of the largest premium customer bases in the region, enabling growth opportunities for digital content providers. Dizlee offers best-in-class connectivity through the award-winning Google Cloud Apigee EDGE platform, ensuring seamless connectivity while providing a highly robust and secure IT backend. Dizlee, as an independent entity, is also committed to streamlining partners' needs regarding contractual relationships and financial reconciliations.

The Zain Kids application, a Dizlee service, experienced a large drop in users due to the high volume of free educational platforms offered worldwide. To address this decrease, Dizlee introduced XR Academy, which is an educational platform provided via the metaverse using virtual reality features.

**7** **26**

COUNTRIES

PARTNERS

**190M+**

SUCCESSFUL TRANSACTIONS

**50M**

CONNECTED CUSTOMERS

**\$200M+**

END USER SPEND

## Zain Esports

Youngest region in the world with **57% OF THE POPULATION BELOW 30**

**SMARTPHONE PENETRATION OF 89%** in MENA and 98% in GCC

Established gamer base with **MORE THAN 80M GAMERS**

**USD 2B OF GAMING REVENUES** generated in the MENA region

**ONLINE POPULATION** of more than 300M

**FASTEST GROWING REGION** in terms of revenues with YoY growth of 24%

Zain Esports was established to create a gaming ecosystem to develop gaming talent in the region. Based on an assessment of customer behavior and market trends, the company identified that the highest proportion of data was consumed via streaming and gaming. Zain tapped into this as an opportunity to continue to build loyalty and diversify its revenue streams.

To establish a community for online gamers, Zain Esports hosted and expanded its reach across markets hosting a total of **28** tournaments in 2022, garnering approximately **13,500** participants and over **50** million plus social media impressions across its channels. This showcases the appetite for online gaming in the region coupled with its rapid progression due to the presence of 5G networks, AI, the metaverse, and big data. Compounded by having the highest youth bulge in the world, Zain recognized the opportunity to cater to this segment and offer youth a variety of employment opportunities.

Examples of employment opportunities offered through the gaming ecosystem

Audio

Software and Web

Human Resources

Education

Game Programming

Game Design

Broadcast

Event Management

Game Production

Animation

Media

Content Creation

## Access to communication for vulnerable segments

### BASMA LINE+

Established in 2019, Zain Jordan's Basma Line+, is a mobile bundle package tailored for deaf and mute customers. This bundle provides 3,000 minutes of video calls, 12 GBs of cellular data, 60 local minutes and 2,000 minutes of voice calls to address the community's specific needs at a discounted rate. In 2022, Zain adjusted the service to better fit the needs of the deaf and mute community as it noticed low levels of traction and interaction with the service. Having conducted a focus group comprising 10 people from the deaf and mute community. The stakeholder engagement process was inclusive to accurately capture feedback from diverse backgrounds which included varied ages, different socio-economic status, gender, and various governates. Through this engagement, they highlighted their pain points regarding this service, and a need to embed Zain Cash (fintech) services as part of the bundle was identified. Zain Jordan will continue to gain further insights and plans to launch a revised bundle in 2023.

### Free Basics v2

Zain Iraq continues to provide its Freebasics.com service to customers, providing them access to Facebook, Facebook Messenger and a selection of additional websites, at no additional charge. In 2022, a total of 2 million people utilized the service, with a year-on-year growth rate of 23%. The organic growth showcased the need for the service given the macro-economic challenges and unstable political situation in the country resulting in more lockdown periods. During such times, users tended to rely more on social media channels to network and communicate with family and friends.

### Youth Community Offer

The Youth Community Offer targets youth segment in Sudan. The offer includes a series of discounted mobile packages that provide users with the ability to call other subscribers at a discounted rate of 0.111 SDG/minute. The appealing and affordable offer provides Zain the opportunity to tap into the youth segment, which represents 60% of the country's population. To date there are 2.3 million youth subscribed to the service.

### Ziyara Season

"Ziyarat Arba'een" refers to the 40-day religious pilgrimage that occurs every year in Iraq. During this time, Zain ensures that visitors have access to robust connectivity through strong mobilization of sales and technical support. Approximately 320,000 activations occurred during this time period in which Zain focused on ensuring optimum network capacity, customer experience, and providing seamless coverage to visitors. Additionally, Zain helped supply first aid to visitors through 10 medical units in partnership with the Iraqi Red Crescent Society (IRCS). From a child protection standpoint, the company established five centers from where tracking bracelets were distributed to children to avoid separation from their families.

#### SERVICE

	NUMBER OF SUBSCRIBERS IN 2021	NUMBER OF SUBSCRIBERS IN 2022	Y-O-Y CHANGE	MARKETS AVAILABLE	TARGETED COMMUNITY
Basma Line+	329	341	0%	Jordan	People with Disabilities
Free Basics v2	1.5 million	2 million	24%	Iraq	Youth
Youth Community Offer	6.1 million	6.2 million	0.02%	Sudan	Youth
Zain Kids	1.57 million	870,512	-45%	Iraq, Kuwait, Saudi Arabia	Children
Salamtak Insurance Program	30,437	24,469	-0.24%	Iraq	Low-income community
Busuu	242,980	431,249	77%	Iraq	Low-income community
XR Academy (launched in 2022)	N/A	24,508	N/A	Saudi Arabia and Oman	Children and Youth





## Protecting Customer Privacy and Breaches

Governments across Zain's markets are taking a proactive approach to protect personal data based on the visions, strategies, and execution plans for increased digital transformation, as well as the accompanying risks surrounding digital threats. Personal data protection has become a highly relevant focus area for administrations in the MENA region in recent years, where laws and regulations have been passed or are in a position to be passed in the near future. Additionally, data protection authorities responsible for enforcing compliance to the law and regulations have been identified and established in some of Zain's markets of operation.

### Examples of the laws include:

Kingdom of Bahrain, Law No. 30 of 2018 "Personal Data Protection", 12 Jul 2018

**Effective: 1 Aug 2019**

Kingdom of Saudi Arabic, Royal Decree No. M/19 of 2018 "Personal Data Protection Law", 16 Jul 2021

**Effective: 17 Mar 2023**

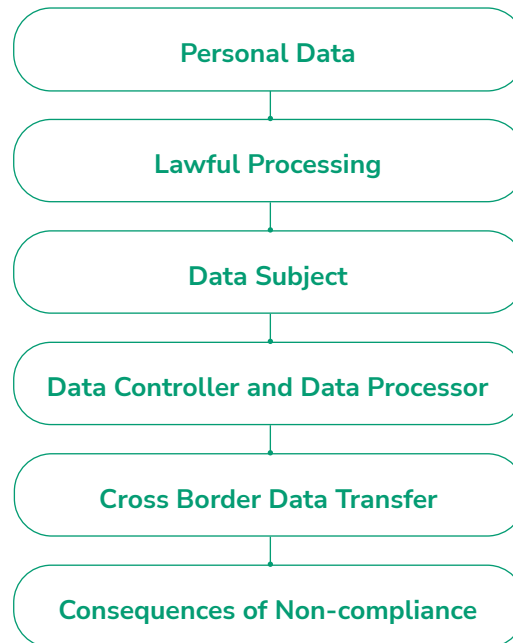
Kuwait, CITRA Resolution No. 42 of 2021 concerning Data Privacy Protection Regulation, 4 Apr 2021

**Effective: 4 Apr 2021**

Jordan, Draft 2022 Personal Data Protection Law (under consideration)

**Expected: 2022**

Zain continues to uphold data privacy as one of its top priorities as the risk from data protection breaches gives rise to potential financial loss; significant reputational damage; and major fines. Zain's personal data protection activities identified the following areas of critical focus:



One of the challenges Zain faces pertains to the slow progression of data privacy regulations and laws in the region. The company is confident the frameworks to govern data privacy will fully come into place in due course, however, does not yet have a view on how this development may impact the business. To address this challenge, Zain has adopted a strategic approach, formulating benchmarks indicating the existing laws as a minimum.

In parallel, the company continues to lobby with regulatory bodies at either the Group or operating company level to engage with regulatory bodies in a proactive and productive manner. The engagement process also entails receiving consultancy prior to the law coming into effect to ensure Zain is adequately prepared. Lastly, Zain aligns to international best practices by engaging with entities such as the GSMA.

The company continues to adhere to the GSMA Mobile Privacy Principles that ensure best practice is followed on matters related to privacy and confidentiality of customer data. Zain established protocols to assure the protection of customer data to avoid data leaks, theft and/or loss. Responses related to data privacy issues are executed with the utmost precaution and diligence. Zain complies with all prevailing laws and regulations related to the protection of customer privacy and data and takes steps to align with ISO certification standards on the matter.

Each of our operating markets have a dedicated data privacy policy that can be found below:

**Zain Group:**  
[www.zain.com/en/privacy-policy](http://www.zain.com/en/privacy-policy)

**Bahrain:**  
[www.bh.zain.com/en/copyright/privacy-policy](http://www.bh.zain.com/en/copyright/privacy-policy)

**Iraq:**  
[www.iq.zain.com/en/privacy-policy](http://www.iq.zain.com/en/privacy-policy)

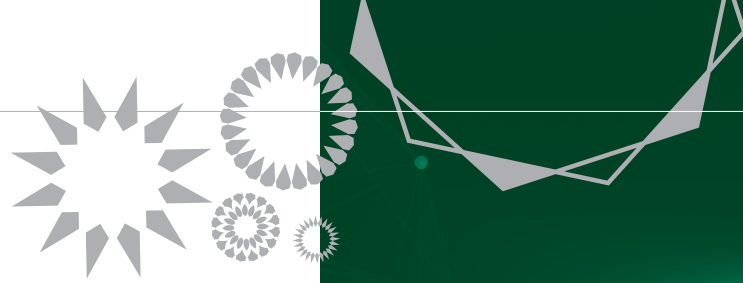
**Jordan**  
[www.jo.zain.com/english/Pages/terms.aspx#privacyPolicy](http://www.jo.zain.com/english/Pages/terms.aspx#privacyPolicy)

**Kuwait:**  
[www.kw.zain.com/en/privacy-policy](http://www.kw.zain.com/en/privacy-policy)

**Saudi Arabia:**  
[sa.zain.com/en/privacy-policy](http://sa.zain.com/en/privacy-policy)

**Sudan:**  
[www.sd.zain.com/English/Pages/privacypolicy.aspx](http://www.sd.zain.com/English/Pages/privacypolicy.aspx)

**South Sudan:**  
[zain.com/en/privacy-policy](http://zain.com/en/privacy-policy)



## Identifying market challenges and opportunities for our customers

Zain continues to place great emphasis on addressing customer needs to uplift their telecommunications experience. The company aims to continue to improve its products and services, listen and address customer concerns by providing quality customer care.

Post-pandemic, Zain continued to experience challenges, which included increased political instability and lockdowns in markets such as Iraq and Sudan. The uncertainty coupled with inflation led to negative impacts on the general economic situation in those operations.

The cultural shift from traditional forms of customer engagement to digital continues to be an issue of concern as it requires a behavioral shift. Aggressive and irrational price wars continue to be a challenge in some of Zain's markets, impacting financial performance.

Zain's response to addressing its challenges varies depending on each market. The company continues to diversify its digital products and services, providing e-payments, e-education, gaming, and microinsurance. Through these offerings, the company is expanding its scope with the view to tapping into new segments through accessible price points and long validity data offerings. Zain also redesigned its traditional data bundles to better fit the operating context, for example the introduction of the 'Bikaifi' service in Iraq, a dynamic data centric and voice bundle designed for prepaid customers.

Migrating customers from traditional channels to digital methods of engagement continues to be a challenge in Zain's markets. To address this issue, in Bahrain, the introduction of the Zain Gaming Store, provided customers with a wide range of mobile games and access to multiple gaming platforms. Zain Jordan introduced a number of initiatives to ensure the transition for customers is seamless including,:

- After interacting with the customer through traditional channels, the company offers the customer a digital alternative and ensures the sales agent explains the process.
- Offering Value Added Services (VAS) and discounts through online payment channels.
- Encourage credit card holders to pay online through promotions.
- The following data measurements help Zain monitor its performance:
- Follow-up surveys that track customer experience within stores and call centers. Zain has a centralized process to monitor and track related KPIs.
- Continuous tracking of customer sentiments through interviews, SMS campaigns, and over-the-phone surveys. Through the company's Net Promoter Score (NPS) surveys, Zain tracks customer dissatisfaction rates and creates actionable plans to address them.

- Maintaining feedback and suggestion forms on all Zain websites. Zain also leverages its social media channels and call centers to receive customer feedback.
- Zain proactively engages with its customers to understand their concerns, needs and behavior. In addition, dedicated staff are held accountable to respond to customer comments and messages via social media.
- Customers are called back based on their survey feedback to better understand their needs and enhance their experience.

# 18

**Our Customer  
Base**





# Our Customer Base

Zain Group's total customer base reached 52.4 million by end of December 2022. Zain's overall customer base increased by 7% compared to 2021, mainly supported by the healthy customer growth by 12% in Zain Iraq and 8% in Zain KSA, adding around 3.5m additional customers to the base.

The Group customer base remains dominated by the markets with the largest populations and highest potential for growth acquisition - namely Iraq, Sudan and KSA, in order of contribution.



## Customer Contribution: 2022

Bahrain  
**2%**

Iraq  
**35%**

Jordan  
**7%**

Kuwait  
**5%**

Saudi Arabia  
**17%**

Sudan  
**31%**

South Sudan  
**3%**

	OWNERSHIP (%)	ACTIVE CUSTOMERS (000S) DECEMBER 31, 2022	ACTIVE CUSTOMERS (000S) DECEMBER 31, 2021	Y-O-Y CHANGE	ACTIVE PREPAID CUSTOMERS (%) DECEMBER 31, 2022
Iraq	76%	18,405	16,448	12%	93%
Jordan	96.5%	3,841	3,645	5%	60%
Kuwait	100%	2,603	2,466	6%	57%
Saudi Arabia	37%	8,644	8,027	8%	63%
South Sudan	100%	1,431	1,108	29%	99%
Sudan	100%	16,358	16,309	0.3%	98%

# 19

Our People





# Our People



## Major Milestones

**5,018**

**RESPONDENTS OF THE  
EMPLOYEE ENGAGEMENT  
SURVEY**

Relaunched the annual group-wide employee engagement survey reaching a total of 5,018 respondents with an 86% response rate. Based on the results and feedback received, Zain will develop a set of initiatives to be implemented during 2023.

Operating in markets with young populations without the right skill sets poses challenges for the company as shifts in mindset and expectations are adding further pressure on talent acquisition. Shifts in priorities include greater emphasis in remuneration over career growth as well as seeking jobs that offer flexible working culture. To address the new changes in mindset, the company is exploring flexible contract-based employment and temporary remote employment allowing for Zain to be more agile in its talent acquisition practices.

**Z22**

**GENERATION Z PROGRAM**

The company continued developing its annual Generation Z program, geared towards enhancing the skills of fresh graduates. Rebranded as ZTwentyTwo, the program looks to cultivate internal entrepreneurs and innovators who already possess an entrepreneurial mindset to support Zain's strategy.

Pre-pandemic skills used to rotate among the MNOs as the available opportunities were limited to the sector. However, the acceleration digital transformation has expanded employment opportunities to include other sectors such as banks, government institutions and private enterprises as well. This wider competitive landscape is putting further pressure on Zain. To address this, the company is focusing on the new generation of digital savvy well educated graduates to tap into this talent pool.

**318**

**ZAIN EMPLOYEES TRAINED  
IN SIGN LANGUAGE**

Exceeded its target for sign language training by training 318 sale agents and employees across its footprint.





## Employee Breakdown

In 2022 Zain's workforce was stable and no significant changes were observed throughout the year. To proactively support Zain's digital transformation journey, the company placed greater efforts in hiring women in STEM fields to embed digitally savvy talent. Bahrain, Sudan and South Sudan experienced some growth in the employee headcount, needed to respond to market demands and strategic direction.

\* New Hire % - Females is calculated by dividing No. of New Hire Females with Total No. of Full Time Employees

\* Employee Turnover % - Males is calculated by dividing Employee Turnover - Males with Total No. of Full Time Employees

\* Employee Turnover % - Females is calculated by dividing Employee Turnover - Females with Total No. of Full Time Employees

\* Return to work rate is defined as employees returning to work after their respective maternity or paternity leave

\* Full-time employees do not include 319 employees under Zain's subsidiaries

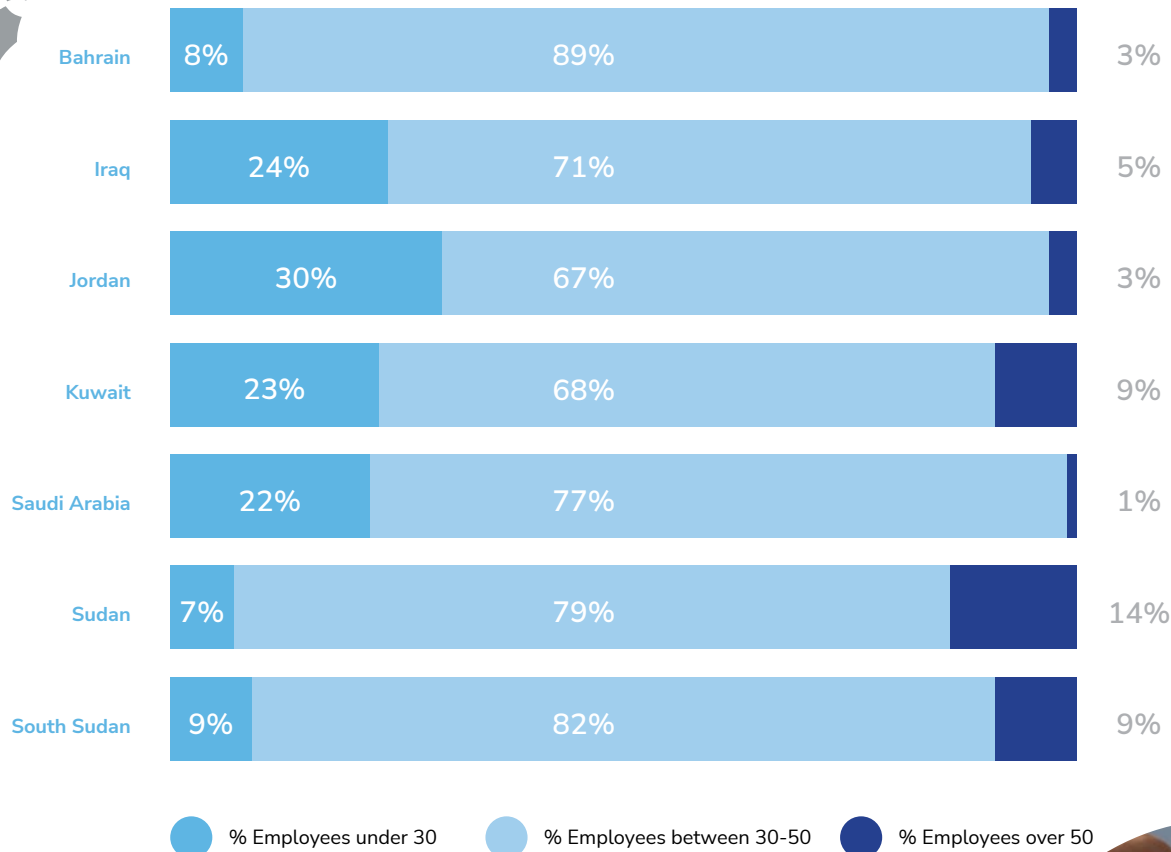
\* New Hire % - Males is calculated by dividing No. of New Hire Males with Total No. of Full Time Employees

	BAHRAIN	IRAQ	JORDAN	KUWAIT	SAUDI ARABIA	SUDAN	SOUTH SUDAN	TOTAL AVERAGE
Full-Time Employees	194	1,174	1,335	1,742	1,743	780	122	7,090*
Part-Time and Temporary Employees	171	1,549	388	1	0	1,029	0	3,138
Employees (All Contract Types)	365	2,723	1,723	1,742	1,743	1,809	122	10,227
Full-Time Male Employees	143	845	937	1,461	1,406	429	101	5,322
Full-Time Female Employees	51	329	398	281	337	351	21	1,768
% Of Full-Time Male Employees	74%	72%	70%	84%	81%	55%	83%	74%
% Of Full-Time Female Employees	26%	28%	30%	16%	19%	45%	17%	26%
New Hires - Male Employees	12	91	150	338	216	44	31	882
New Hires % - Males	6%	8%	11%	19%	12%	6%	25%	13%
New Hires - Female Employees	6	74	152	98	152	65	5	552
New Hires % - Females	3%	6%	11%	6%	9%	8%	4%	7%
Total New Hires	18	165	302	436	368	109	36	1,434
Total New Hires - %	9%	14%	23%	25%	21%	14%	30%	19%
Employee Turnover - Males	6	174	198	273	323	37	9	1,016
Employee Turnover - Males %	3%	15%	15%	16%	19%	5%	7%	11%
Employee Turnover - Females	5	95	114	68	84	34	1	401
Employee Turnover - Females %	3%	8%	9%	4%	5%	4%	1%	5%
Total Turnover	8	269	312	341	407	71	10	1,418
Return to Work Rate After Parental Leave - Females	67%	100%	100%	92%	100%	100%	100%	94%
Return to Work Rate After Parental Leave - Males	100%	100%	100%	95%	99%	100%	100%	99%
Retention Rate After Still Working for Zain One Year After Return From Parental Leave - Females	100%	67%	33%	74%	78%	81%	100%	76%
Retention Rate After Still Working For bin One Year After Return From Parental Leave - Males	100%	84%	38%	80%	90%	71%	89%	79%



### Employee Age Structure

\* Includes only full time employees



## Achieving results through Engagement

### Employee Engagement Survey

Post-pandemic, Zain relaunched its annual employee engagement survey titled 'I AM ZAIN' to capture critical insights into employee wellbeing and employee outlook with respect to the company's evolution. Maintaining motivation and inspiring our employees to give their best at all times is essential to transition the business and achieve the company's objectives.

The theme for this year's survey stems from Zain's organizational brand values of 'Radiance', 'Belonging', and 'Heart'. By combining these elements, Zain believes the survey aligns aspirations, inspires positive and sustainable change, and helps employees make better decisions.



## Internal Innovation

As a component of Zain's Diversity, Equity and Inclusion (DE&I) agenda, the company's internal innovation stream focuses on the following areas:

# ZAINIAC

1

Established in 2017, the ZAINIAC platform aims to foster internal ideation and intrapreneurship for all Zain employees to support incubation and development of business ideas through sprints, exchange programs, speaker sessions, and competitions. In 2022, D&I launched the ZAINIAC Innovation Academy. The three-month leadership program is geared to senior leaders to spark creativity and innovation. During 2022, ZAINIAC's progress materialized with:

- **42** directors and senior managers committed to the program
- **Five** teams consisting of eight members working on programs aligned to Zain's 4Sight strategy
- **90%** satisfaction rate based on feedback survey

2

ZAINIAC sprints program established in 2020 with the goal of providing Zain employees access to the latest innovation tools, the art of customer testing, and unlocking new creative ideas. The themes covered:

- Innovation, Infrastructure, Allyship, and Leadership, with a target to train **3,500** employees in 2022. In fact, a total of **3,692** employees ended up being trained during the course of the year.



## Developing Our Talent

As part of Zain's 4Sight digital transformation strategy, the company prioritizes the upskilling and reskilling of its employees to drive continuous learning and development. The company developed its 'Workforce of the Future' plan to diversify its talent and embed the required skills of the future. This plan focuses on training employees in the following areas:

Data Analytics

Data Literacy

Digital Enablement

Innovation and Creativity

Leadership

Digital Customer Experiences

The 'Workforce of the Future' plan was initiated in response to addressing the skill mismatch risk prominent in the company's markets. The region continues to face this challenge and is finding it difficult and costly to reskill the population and meet the anticipated demands of a green and digital future. Governments continue to place great importance on the need to reskill the local population through education reform and training.

Additionally, the pandemic highlighted the need for digital transformation across all sectors, increasing the demand for specialist skills in the area of digital products and services. According to Outsized, a platform for professional freelancers, independent consultants, skilled contractors and consulting firms, the fastest growing and prominent areas in the region include:

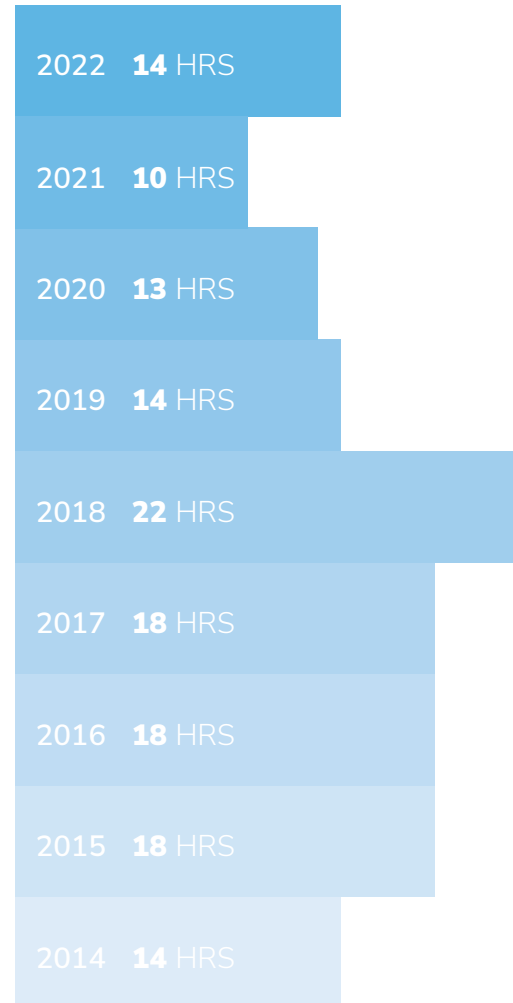
- Payment and card skills due to the rise in e-wallets, payment gateways, and e-commerce
- Digital transformation and market skills such as data science, data analytics, AI, and cyber security skills
- Change management experts, including agile coaches, project, and business analysts



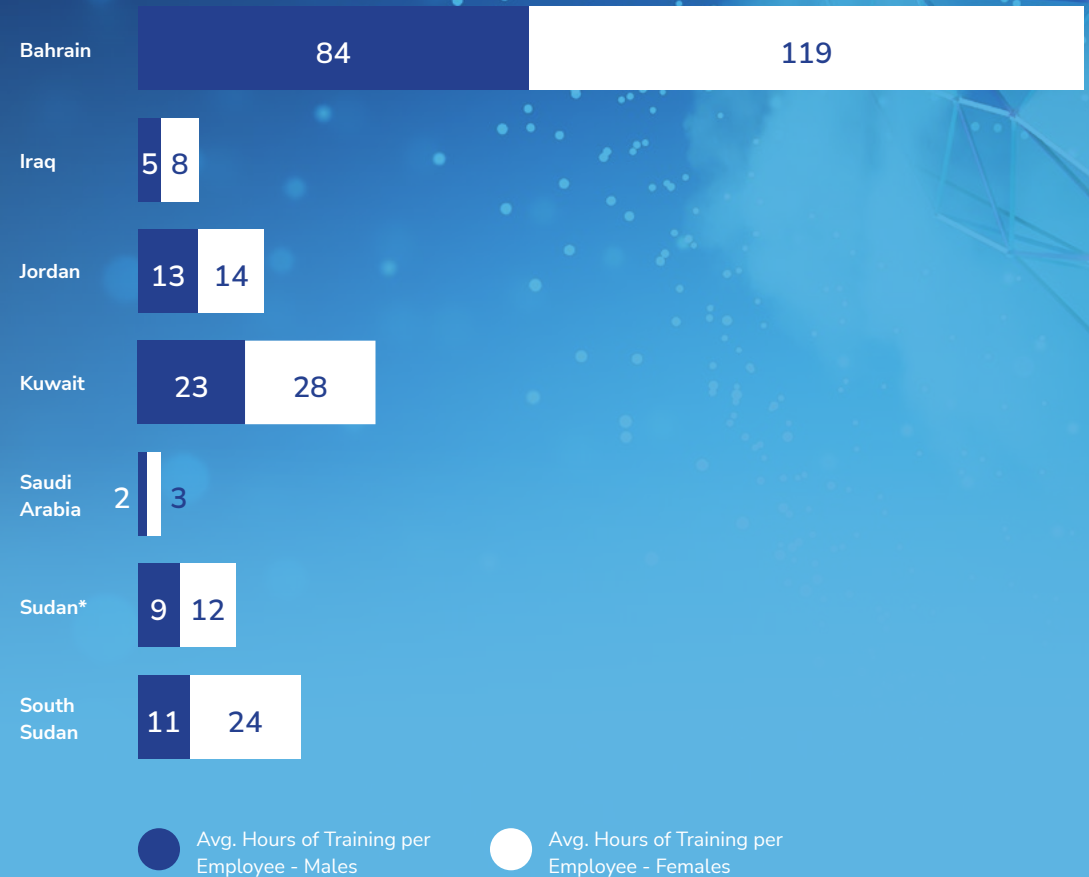
This context provides Zain the opportunity to accelerate the skills needed to execute the company's strategy but to also address the needs of the communities it serves. In 2022, Zain leveraged online training platforms that focus on evolving technology-based skills. In countries such as Iraq and Sudan that exhibit higher than usual sociopolitical risk, it was a challenge to conduct in-person training sessions with external experts, therefore online courses were prevalent. However, some of the online training platforms used do not capture the data needed to record the hours of training, and as such, the pertaining data is not included in the below table. Zain continues to work on evolving the platforms used to be able to gather the necessary insights to better manage online training programs.

These online learning platforms have greater focus on workforce of the future skills, such as machine learning, digital marketing, working with big data, and overall elevating digital literacy across Zain's footprint to enable this aspiration. Digital enablement development will build digital capacities within the workforce by bridging the gap between existing and future profiles and competency requirements.

### Year-on-year average hours of training per employee



### Training and Development\*



## 1. ZY

Established in 2018, Zain Youth (ZY) focuses on providing youth employees with the knowledge and resources to perform their best in the workplace. ZY launched multiple programs to enhance the younger people's skillset, including Reverse Mentoring, Generation Z and CODE 7.

# ZY

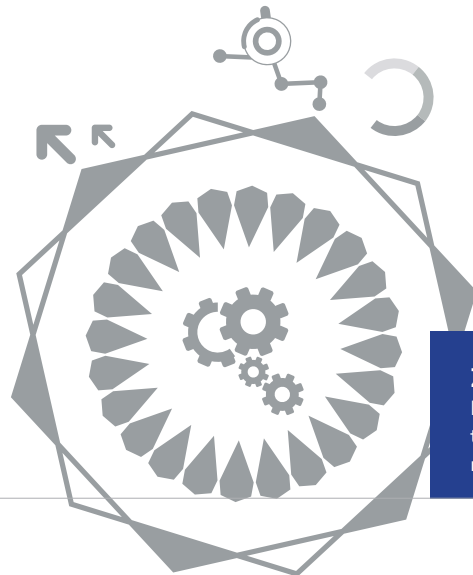
### ZY Leadership

ZY Leadership is a year-long program that incorporates four main streams:

1. Achievement of personal objectives: Each ZY member outlined personal objectives by working towards establishing a carefully crafted development plan.
2. Achieved Fundamental Interpersonal Relations Orientation-Behavior (Firo B) goals: Firo B assessment allows individuals to assess workplace interactions.
3. Created a ZY community: 19 members of the ZY Leadership program started a ZY Leader Community that aims to foster collaboration, team building, and cross-country teamwork.
4. Certification: ZY participants were awarded certifications on leadership skills, which helped enhance each member's leadership style and role.

### Generation Z

In 2022, Zain reconceptualized its CODE 7 program from the previous year to ZTwentyTwo (Z22) to align with the transformational aspects of the workplace. The progression of the program supports Zain's 4Sight digital transformation strategy and the skills required to achieve the company's goals and objectives. Through this program, Zain aims to build a strong capable team that contributes to the organization's innovation-oriented business units.



### ZTwentyTwo

2022 Geared towards cultivating internal entrepreneurs, innovators, and new thinkers who already possess a mindset capable of supporting Zain's strategic goals

### CODE 7

2021 Focused on developing digital skills for future data analysts, this cycle addressed topics that included big data, artificial intelligence and sustainable innovation

### Generation Z, 2020

This cycle incorporated three themes: corporate culture, leadership styles and future trends

### Generation Z, 2019

Enhancing corporate culture and teamwork when managing projects were the main focus of this edition

### Generation Z, 2018

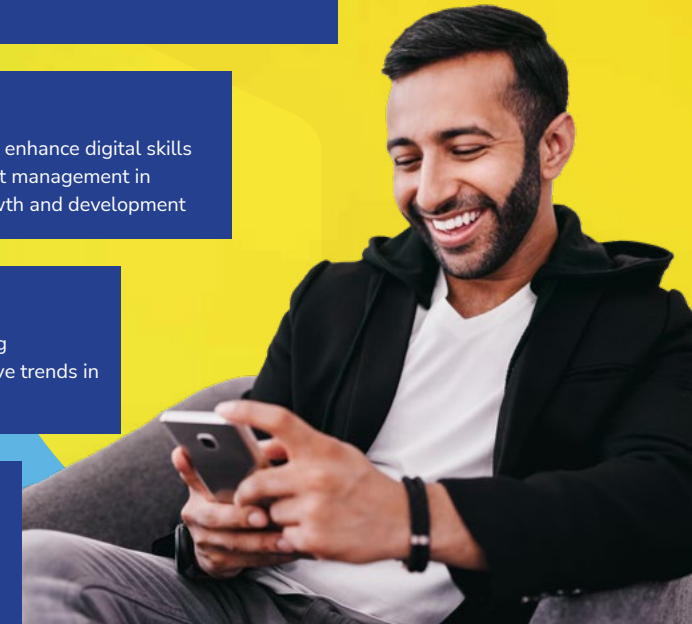
The theme for this cycle was to enhance digital skills such as coding and agile project management in addition to a focus on self-growth and development

### Generation Z, 2017

Centered on establishing a business, gaining entrepreneurial skills and studying innovative trends in the market

### Zainers 2.0, 2016

Focused on a rotation in different departments throughout Zain Group with a focus on conducting research of various digital verticals



## 2. Supporting Local Talent

Investing in local talent is crucial to stabilizing the workforce and aligning to governments' labor national policies. Zain places great efforts in developing its local talents as it leads to societal benefits across Zain communities. The company is firmly committed to providing a diverse, inclusive, and equitable workplace, reaffirmed in Zain's Code of Conduct, to provide a workplace free from discrimination of any type, including gender, race, ethnicity, religion, nationality, disability, or age (according to the national labor law).

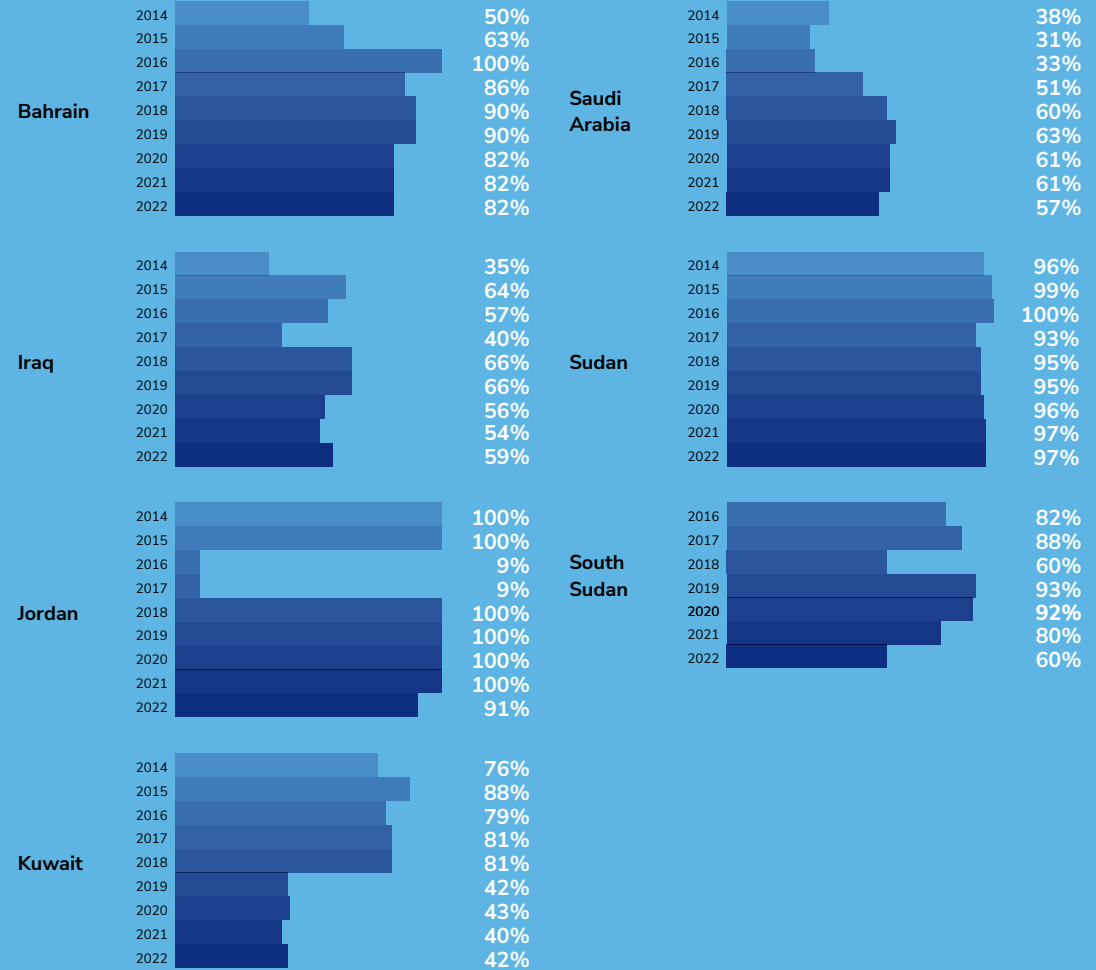
In 2022, the percentage of locals in senior management increased in most of our markets. The following tables demonstrate the year-on-year percentages of senior management (defined as the top two management levels) comprised by locals in each operation.

The table below represents the percentage of total local employees in each of our operating markets:

### Percentage of Locals/Foreign Employees

	LOCAL	FOREIGN
Bahrain	87%	13%
Iraq	97%	3%
Jordan	99.6%	0.4%
Kuwait	36%	64%
Saudi Arabia	84%	16%
Sudan	99.9%	0.1%
South Sudan	98%	2%

### Supporting Local Human Capital: Percentage of Locals in Senior Management



Note: Senior Management defined as top two management levels (ie. Chiefs and Directors)



## Creating a Diverse and Inclusive Culture

### WE ABLE

Zain's disability inclusion initiative, WE ABLE, launched in 2019 to embed disability inclusive practices in the company by 2025. The four main targets include:

## WE ABLE

1. Increase the employment of people with disabilities across operations
  2. Ensure all training programs provided to employees are disability inclusive
  3. Ensure all Zain operating premises are disability inclusive
  4. Identify and implement assistive technologies that will enable employees with disabilities to perform independently
- With respect to Global Entrepreneurship Week, Zain hosted a Group-wide virtual hackathon that aimed to create assistive technology solutions. The week-long event provided workshops that supported employees to develop a fully-fledged pitch, where the top five teams were given the opportunity to win a share of a KWD 2,250 prize pool.
  - In 2022, Zain has **73** employees with disabilities across its markets. The breakdown is as follows:

The below efforts were conducted throughout the year, aiming to achieve the targets set above:

- Under WE ABLE, Zain continued to provide sale agents and employees with sign language training. The group wide target was to train **150** employees and the company exceeded the target, reaching **318** employees.
- **34** awareness sessions were provided throughout the year, targeting people with disabilities Over **630** attendees participated. The awareness sessions covered topics such as:

- ✓ Microsoft Digital Accessibility
- ✓ Global Accessibility Awareness
- ✓ Sign Language
- ✓ Interviewing and Sales Skills
- ✓ Technical Accessibility Session
- ✓ Disability Etiquette
- ✓ International Day of People with Disabilities

### Total number of employees with disabilities

Zain Bahrain	4
Zain Iraq	18
Zain Jordan	17
Zain Kuwait	6
Zain KSA	21
Zain Sudan	6
Zain South Sudan	1
<b>TOTAL</b>	<b>73</b>

### Full-time employees with disabilities

Zain Bahrain	0
Zain Iraq	2
Zain Jordan	6
Zain Kuwait	6
Zain KSA	21
Zain Sudan	6
Zain South Sudan	1
<b>TOTAL</b>	<b>42</b>

### Part-time employees with disabilities

Zain Bahrain	4
Zain Iraq	16
Zain Jordan	11
Zain Kuwait	0
Zain KSA	0
Zain Sudan	0
Zain South Sudan	0
<b>TOTAL</b>	<b>31</b>



## BE WELL

### BE WELL

Launched In 2021, BE WELL is one of the first programs to be offered by a private organization in the MENA region focused on mental health. The initiative seeks to cultivate a holistic approach to D&I by considering the well-being of Zain employees who may have been impacted by the pandemic or other issues.

Through the initiative, a wellness strategy was developed that included creating wellness zones, meditation, speaker sessions, creative mindfulness, policy change, and events. Activities conducted in 2022 included:

- Expansion of established partnership with the Kuwait Counseling Center (KCC) with the aim of assisting and educating employees on de-stressing techniques, mindfulness, and ways to create a calmer, more productive working environment. To date, **178** employees reached out to KCC resulting in **539** sessions conducted.
- 39 awareness sessions on mental health and well-being were provided to employees with over **1,000** attendees attending the sessions.

- To ensure Zain remains inclusive, the company established a new partnership with Tuhoon, the first Arabic self-help application, which offers tools that help maintain mental health, increase productivity, reduce stress, and enhance and empower workplace well-being. Through this partnership, Zain employees receive free access to a variety of content provided via the application including meditation, sleep stories, masterclasses and relaxation tips, and deep focus music. To date, **693** Zain employees have registered for the application.
- Launched **BE WELL Champions**, a three-month long competition that focused on raising awareness of mental wellness in the workplace. The role of the champions is to use their influence at work to inspire others to engage in healthier, more mindful behaviors. The winner of the competition received a week-long trip to a mindfulness retreat. **34** champions were appointed across Zain.

## WE

The WE initiative aims to achieve a gender parity target of 25% female representation in leadership roles by 2025 across all Zain markets.

# WE

Three focus areas were established under this stream:

1. **Women in STEM:** Aims to increase the number of women working in STEM fields within the organization.
2. **WE Disrupt:** focuses on leave time for caregivers and addresses implicit bias.
3. **Women in Leadership:** Working to achieve the WE Leadership targets through middle management succession planning and promotions.

### Number of promotions

Groupwide depiction of total promotions by gender in Q3



### Number of Zainers in STEM

Groupwide depiction of total Zainers in STEM divisions by gender in Q3



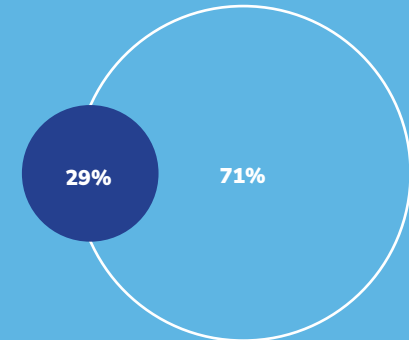
### Number of Zainers in Revenue Generating

Groupwide depiction of total Zainers in RG divisions by gender in Q3



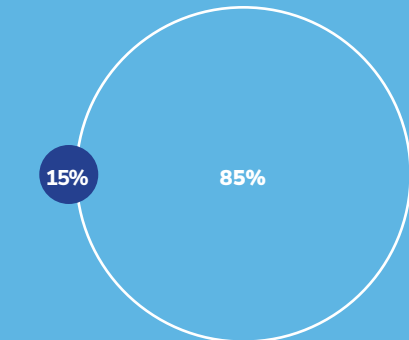
### Zain Headcount

- Men
- Women



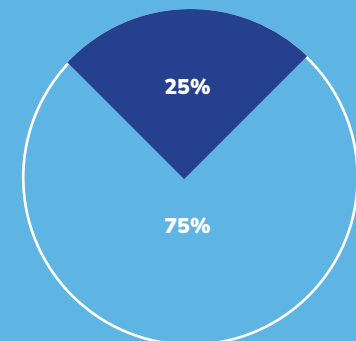
### Groupwide Leadership

- Men Leaders
- Women Leaders



### Women Leadership Target by 2025

- Women Leaders





## Gender Pay Gap

The company continues to measure remuneration ratios across its markers based on hierarchy levels. Zain places great emphasis on ensuring that it improves the gap by measuring the ratios on an annual basis.



*Average Remuneration Ratio Females to Males by Employee Category*

		BAHRAIN	IRAQ	JORDAN	KUWAIT	SAUDI ARABIA	SUDAN	SOUTH SUDAN
Level 1	Executive Management	71%	104%	NA	93%	68%	103%	NA
Level 2	Senior Management	81%	NA	50%	88%	77%	86%	NA
Level 3	Middle Management	88%	126%	85%	102%	91%	93%	69%
Level 4	Team Leaders	NA	91%	70%	91%	93%	95%	80%
Level 5	Professional	NA	81%	91%	NA	91%	NA	95%
Level 6	Team Members	101%	100%	102%	NA	80%	86%	NA

# 20

## Our Sustainability Agenda







# Our Sustainability Agenda

With an evolving landscape and increased interest in long-term sustainable value, Zain ensured that its Corporate Sustainability (CS) strategy incorporates stakeholders' concerns. The strategy takes into consideration the company's operating context within its targets to drive forth socio-economic development. During the first quarter of 2022, the company underwent a comprehensive stakeholder engagement process that provided Zain with insights needed to adjust the CS strategy to address the feedback gathered. This reiteration process included Group-wide meetings with each operating company, guidance provided by leading industry associations, and data from machine-learning based analytic platforms.

## Mission

**To provide Meaningful Connectivity leading to equitable systemic change to empower Zain's communities.**

## Vision



**Safeguard the planet**



**Address societal challenges through the core business**



**Enable an inclusive digital society**



**Build the youth of the future**

## Strategic Pillars



**Climate Change**

Decarbonize our business & transition towards **NetZero** by 2050



**Operating Responsibly**

Embed ESG across our value chain



**Inclusion**

Reduce the digital inequality gap



**Generation Youth**

Build **resilience** across our communities by targeting **16 million** children and youth





## A. Climate Change

Throughout the year, the company continued to achieve milestones to transition to Net-Zero by 2050. Zain recognizes that the journey is complex and requires a robust and agile approach to achieve this ambition. A thorough adaption and mitigation plan is being put in place to take the necessary steps to mitigate climate change risks. Zain continues to place great effort in responding to market signals, investor, and consumer demands, while simultaneously reducing its carbon footprint. Each operating market has unique preconditions where unexpected climate-related challenges can arise, including severe weather events, inadequate infrastructure, and the lack of a comprehensive regulatory environment.

### The Challenge

Addressing the impacts of climate change in the region presents challenges requiring everyone to adapt to achieve low carbon growth and development. The MENA region's context is considered challenging as the regulatory environment on climate change requires significant development. It is evidenced that there is momentum to establish clear policy frameworks across Zain's countries of operation, however, the gains continue to lag in comparison to the international community.

One of the biggest challenges Zain faces in achieving its emission reduction targets is the lack of decarbonization of the grid in the company's markets. Based on the International Energy Agency's (IEA) conversion factors for the operating markets, very high rates of carbon emissions across continue to exist, across the board, as a result of the energy mix. The IEA also states that the MENA region faces significant climate-related challenges due to the increased demand for cooling and water desalination, which impacts energy consumption significantly. This plays a role in ensuring that Zain consumes energy efficiently in order to become resilient to future changes in the energy market.



### BAHRAIN

In Bahrain, Zain towers are mostly built on buildings' rooftops with limited space making it difficult to use renewable energy sources because of the space required for the deployment of solar panels. There are around 20 off-grid sites that provides the company the opportunity to install energy efficient solutions including solar and hybrid solutions. In addition, due to the country's small size, space limitation presents a challenge when installing additional energy efficient solutions.

### IRAQ

The country started the process of decarbonizing the grid, though power supply is still considered to be unstable. On average, the energy sources from the grid are estimated to be available 12 hours a day. As such, Zain Iraq ends up relying on diesel generators that burn approximately 2,000 liters per month per site. Due to extremely low fuel prices, it is difficult to transition to renewable energy sources.

### JORDAN

Zain Jordan plans to transition towards utilizing decarbonized grids for its sites given the availability of alternative energy sources in the country. In 2023, the company aims to connect its sites, estimated to reduce 90% of its emissions. Zain is currently optimizing the use of hybrid and free cooling systems in Jordan due to the high cost of fuel and the suitability of weather conditions. So far, the company has deployed over 1,000 free cooling and connected 23 off-grid site to solar power.

### KUWAIT

The country's infrastructure coupled with low fuel costs do not facilitate decarbonization. Additionally, Kuwait has been regularly recording the highest temperatures in the world and if temperatures continue to heighten, this will impact energy consumption exponentially leading to increased CO2 emissions. Zain will continue to engage with stakeholders to explore and drive the needed discussions to bring forward the necessary reforms. The Ministry of Electricity, Water and Renewable Energy is constantly seeking ways to promote the

use of clean energy. An example of such includes the Shaqaya project, undertaken in collaboration with the Kuwait Institute for Scientific Research (KISR), and pilot programs launched by Kuwait Foundation Advanced Sciences (KFAS) for cooperative societies and private residences. Zain continues to monitor the developments of solar plants in the country to leverage opportunities to shift to renewable sources of energy.

### SUDAN

The absence and instability of a power grid in Sudan requires the company to utilize diesel generators to power its base stations. Shifting to renewable sources of energy would have the dual advantage of reducing energy costs as well as CO2 emissions. With Sudan's vast landscape, base stations are spaced widely, particularly in rural areas, making it even more compelling to install solar/hybrid solutions.

The increase in flooding in recent years as a result of climate change has impacted the supply chain, due to inaccessibility of roads and airports. Hence, the decision to maintain an adequate safety stock, to ensure continuity of sales through uninterrupted availability of stock during climate change events. As a result of the climate change related disruptions, the company referred to the TCFD's Aqueduct Global Flood Risk Country Rankings by Population Affected, where Iraq, Sudan and South Sudan are ranked in the top 10% in the study of 163 countries.

### SOUTH SUDAN

South Sudan continued to experience devastating flooding and excessive rainfalls impacting two thirds of its sites. The company had to postpone the roll out of hybrid and solar solutions due to climate-related incidents. As a result of the unstable grid availability in South Sudan, Zain relies on diesel generators to power its base stations.

## Zain's Response

In 2022, there was a marked improvement in transitioning towards Net-Zero due to the establishment of the Climate Action Committee as well as other initiatives. The company's progression in this area marks a shift in mindset representing a common commitment to addressing climate change from a business and societal context.

For Zain, developing the necessary business case for the adoption of green technology posed a challenge as the company's major markets operate in oil producing countries with high subsidies. However, with an evolving landscape, pressure from international investors, increased risks, and heightened awareness, the company revised its emission reduction targets to reflect its commitment to Science Based Targets (SBTi).

The company aims to deploy energy efficient solutions that are in line with SBTi targets set in each operation, and integrate mitigation and adaption plans through the following:

Network and Energy Consumption Transition

Strategic Approach & Communications

Waste Management & Circular Economy

## 1. Network and Energy Consumption Transition

### CO<sub>2</sub> EMISSIONS REDUCTION (YOY) (2021-2022)

		BAHRAIN	IRAQ	JORDAN	KUWAIT	SAUDI ARABIA	SUDAN	SOUTH SUDAN
CO <sub>2</sub> emissions per base station (Scope1+2)	Kg	58,588	44,516	14,447	48,197	48,879	27,241	48,682
Year-on-Year Decrease / Increases in emission per base station	%	-13.44%	-15.50%	-2.97%	+10.21%	+1.06%	-12.05%	+28.31%

Note: Refrigerants emissions included in Scope 1.

**Bahrain:** Zain Bahrain's electricity consumption is estimated based on site topologies. In Bahrain, there is a decrease in CO<sub>2</sub> emission per base station due to the deployment of outdoor solutions in the previous years.

**Iraq:** Zain Iraq electricity consumption decreased slightly, and the fuel consumption increased slightly resulting in an increased impact on overall CO<sub>2</sub> emission.

**Jordan:** Due to the addition of new layers to existing network sites, Zain Jordan witnessed an increase in energy consumption from base stations.

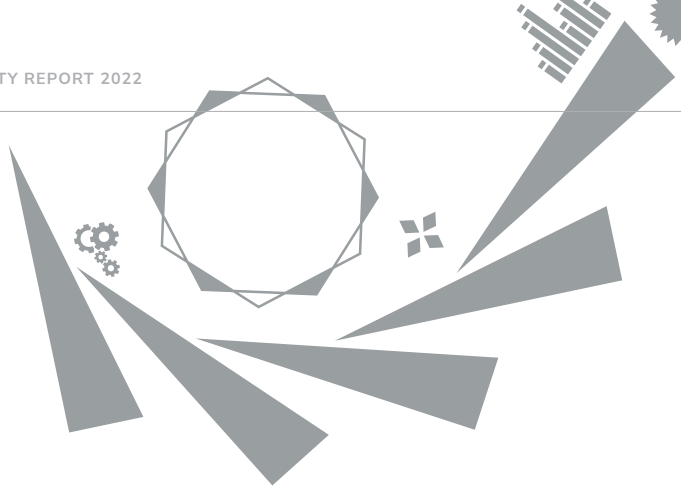
**Kuwait:** The sites transferred to the TowerCo company are hosting Zain's radio equipment for which the entire energy is produced. Hence, the related emissions have been moved from Scope 3 to Scope 1 and 2.

**Saudi Arabia:** In Saudi Arabia, there was an increase in energy consumption as 5G technology was implemented on existing sites. This led to an increase of CO<sub>2</sub> emissions per base station.

**Sudan:** The country's unstable commercial power couple with expansions on existing sites resulted in the use of diesel generators' run time and site energy consumption. Hence, there was an increase in fuel and electricity usage that led to an increase in CO<sub>2</sub> emissions per base station.

**South Sudan:** Zain South Sudan continues the installation of hybrid solutions, which resulted in a reduction of fuel consumption on sites. However, there was a substantial increase in the amount of fuel and electricity consumed due to the opening of new offices. Therefore, there was an increase in the overall energy consumption (despite the decrease in the energy consumption per base station), and a slight increase of the CO<sub>2</sub> emission per base station.





Zain follows the Greenhouse Gas (GHG) protocol guidelines for the inventory of its emissions. The new emission reduction targets are set based on SBTi recommendations:

- Emissions' reductions are in absolute value
- A minimum reduction of 4.2% on yearly basis
- The timeline is five years for the short-term targets, 10 years for medium-term and a Net Zero target by 2050
- All the relevant gases such as the CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O and HFCs are considered in the inventory
- Renewable energy deployment is the main mitigation strategy
- Carbon capture and storage solutions will help abate residual emissions

**BOUNDARY:** All entities where Zain has an operational control are included in the organizational boundary for its emissions inventory. The TowerCo emissions related to the energy consumption of the company's active equipment is Zain's responsibility and is therefore included in the boundary.

**EMISSIONS BASELINE:** The baseline used for setting the emissions targets is based on 2022's full year actual consumption and emission data.

**EMISSIONS REDUCTIONS:** The reductions in CO<sub>2</sub> emissions are estimated based on the type and quantity of energy efficient solutions planned to be deployed in each operation. Those reductions are affected by network expansions and the addition of new sites. The balance between the emissions reductions through energy efficient solutions and the emissions resulting from network expansions constitute the net emissions reductions.

**TARGETS CALCULATIONS:** The net emissions reduction of each operation is compared to the baseline emissions to derive the CO<sub>2</sub> emissions target for each operation.

**ZAIN'S TARGET:** The total net emissions for all operating markets is divided by the baseline emissions to arrive at the total target for Zain.

Starting in 2023, Zain will align its activities to the targets below:

## 2023 – 2027 CO<sub>2</sub> Emissions targets for Scope 1 and Scope 2

OPCOs	BASELINE - 2022 SCOPE 1 & 2 EMISSIONS (METRIC TONS)	TARGETS				
		2023	2024	2025	2026	2027
Bahrain	42,606	-4.6%	-8.8%	-11.5%	-14.3%	-29.3%
Iraq	239,542	-0.9%	-8.9%	-7.9%	-13.1%	-12.7%
Jordan	52,130	-86.7%	-83.8%	-83.2%	-82.5%	-81.9%
Kuwait	132,115	-1.4%	0.4%	-2.2%	-0.3%	-15.6%
Saudi Arabia	501,069	-2.6%	-7.6%	-10.4%	-13.1%	-23.1%
Sudan	82,509	-10.3%	-17.0%	-30.2%	-34.8%	-36.1%
South Sudan	12,590	-5.4%	-26.0%	-44.3%	-62.2%	-77.3%
<b>Total</b>		<b>-6.8%</b>	<b>-11.41%</b>	<b>-14.15%</b>	<b>-16.99%</b>	<b>-24.5%</b>

Note: Baseline contains refrigerants-related emissions



Throughout 2022, Zain continued to install energy efficient solutions across its operating markets that include the following:

## Hybrid Solutions Installations

OPERATING COUNTRIES	DG-BATTERY HYBRID SOLUTION	SOLAR HYBRID SOLUTION
Bahrain	-	-
Iraq	-	-
Jordan	-	-
Kuwait	-	1
Saudi Arabia	-	-
Sudan	30	4
South Sudan	22	-
<b>Total</b>	<b>52</b>	<b>5</b>
	<b>57</b>	

## Improvements to Energy Efficiency And Site Optimization (Units)

OPERATING COUNTRIES	SMALLER SIZE GENERATORS	OUTDOOR (BTS/ POWER) SOLUTIONS	SMALL SHELTERS (<2.5MX2.5M)	GRID CONNECTION	UPGRADE TO EFFICIENT DC POWER SOLUTION
Bahrain	0	73	0	0	0
Iraq	152	163	0	0	37
Jordan	0	110	0	0	0
Kuwait	0	0	18	0	68
Saudi Arabia	0	14	0	3	0
Sudan	108	0	0	15	0
South Sudan	23	23	0	0	0
<b>Total</b>	<b>283</b>	<b>383</b>	<b>18</b>	<b>18</b>	<b>105</b>



## Spending Related to Initiatives – 2022

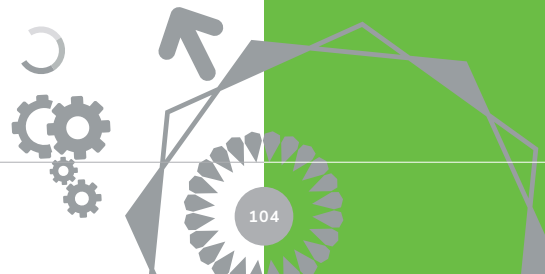
INITIATIVES	TOTAL DIRECT COST (USD)	TOTAL INDIRECT COST (USD)
Zain sharing others' sites	0	1,035,284
Others sharing Zain sites	0	0
Outdoor (BTS/Power) solution	3,538,776	3,538,776
Small shelters ( $\leq 2.5\text{m} \times 2.5\text{m}$ )	0	120,240
DG-Battery Hybrid solution	1,300,000	0
Smaller size Generators	0	3,123,600
Solar Hybrid solution	120,000	0
Grid Connection	159,696	0
Free Cooling system	0	0
<b>Total</b>	<b>5,118,472</b>	<b>7,817,900</b>

## Driving Operational Efficiency: Our Sites (Tower Sharing Program)

OPERATING COUNTRIES	BAHRAIN	IRAQ	JORDAN	KUWAIT	SAUDI ARABIA	SUDAN	SOUTH SUDAN
Zain sharing Others sites	19	-	0	-	28	-	9
Others sharing Zain sites	15	-	0	-	15	-	1

The tables below exhibit the total fuel and electricity consumptions across our operating markets as well as the respective Scope 1 and Scope 2 CO<sub>2</sub> emissions. The data also illustrates the percentage increase/decrease in emissions per base station from 2017 to 2022.

DESCRIPTIONS	UNITS	BAHRAIN	IRAQ	JORDAN	KUWAIT	SAUDI ARABIA	SUDAN	SOUTH SUDAN	TOTAL
Scope1 - Fuel	Liters	1,216,987	44,691,794	299,745	11,515,668	59,058,842	23,208,786	2,937,432	142,929,253
Scope2 - Electricity	KWh	54,820,976	157,244,462	122,315,898	166,809,751	548,141,625	61,233,317	6,120,157	1,116,686,186
Scope1 emissions – Fuel	Kg CO <sub>2</sub> e	4,316,447	127,853,858	1,552,760	36,557,213	169,298,161	63,883,521	8,022,530	411,484,491
Scope1 emissions – Refrigerants	Kg CO <sub>2</sub> e	1,054,922	8,079,852	770,533	5,695,223	11,020,465	1,683,974	150,212	28,455,180
Scope2 emissions	Kg CO <sub>2</sub> e	38,303,416	104,253,078	47,788,821	102,521,273	334,640,462	18,719,025	5,149,500	651,375,576
Total Scope1 & 2 emissions	Kg CO <sub>2</sub> e	42,619,863	232,106,936	49,341,581	139,078,486	503,938,623	82,602,547	13,172,030	1,062,860,067
CO <sub>2</sub> emissions per base station [Scope1 & Scope2]	Kg	58,588	44,516	14,447	48,879	48,197	27,241	48,682	
Baseline-year 2020 Decrease/ increases in emission per base station [Year 2017 vs 2020]	%	-16.71%	-44.49%	-11.49%	8.20%	26.78%	9.62%	-30.80%	





The tables below exhibit the total fuel and electricity consumptions across our operating markets as well as the respective Scope 1 and Scope 2 CO<sub>2</sub> emissions. The data also illustrates the percentage increase/decrease in emissions per base station from 2017 to 2022.

## Energy consumptions and CO<sub>2</sub> emissions

DESCRIPTIONS	UNITS	BAHRAIN	IRAQ	JORDAN	KUWAIT	SAUDI ARABIA	SUDAN	SOUTH SUDAN	TOTAL
Scope1 - Fuel	liters	1,216,987	44,691,794	299,745	11,515,668	59,058,842	23,208,786	2,937,432	142,929,253
Scope2 - Electricity	KWh	54,820,976	157,244,462	122,315,898	166,809,751	548,141,625	61,233,317	6,120,157	1,116,686,186
Scope1 - Refrigerants	CO <sub>2</sub> e KG	1,054,922	8,079,852	770,533	5,695,223	11,020,465	1,683,974	150,212	28,455,180
Total Scope1 & 2 Emissions	Kg CO <sub>2</sub>	42,619,863	232,106,936	49,341,581	139,078,486	503,938,623	82,602,547	13,172,030	1,062,860,067
CO <sub>2</sub> Emissions per Base station [Scope1 & Scope2]	Kg	58,588	44,516	14,447	48,197	48,879	27,241	48,682	
Baseline-year 2022 Decrease/ increases in emission per base station [Year 2017 vs 2022]	%	-17%	-44%	-11%	27%	8%	10%	-31%	

### Note:

- For the conversion from liters of fuel to KWh, we have considered that 1 L = 3KWh on the basis that 1 liter produces 10KWH with Diesel generator efficiency of 30% as recommended by GSMA
- DG Battery Hybrid solution usually leads to around 50% saving on fuel consumption
- Estimate of KWh for solar system is based on the data provided by Zain Jordan as per sites monitoring and management solution. 750KWh is produced per site on average

\*\* Zain has updated its emissions factors based on the IEA 2020 dataset for the reporting year. Due to changes in the energy generation mix and efficiency, the share of oil-based electricity decreased compared to the base year's levels in some of our markets in 2020, while the natural gas-based electricity share increased. Since the product specific carbon factor of natural gas is lower than the one of oil, the resulting grid emission factor decreased in 2020. Zain considers this as a slight decarbonization of the grid in the markets where this took place, such as Iraq. Hence, the baseline emissions factors have been kept unchanged, but the reporting year factors were updated to reflect the 2020 figures. [Note: 2020 factors are the ones available in IEA 2022].

## Scope 3 Emissions Breakdown

SCOPE 3 BREAKDOWN VIEW		CO <sub>2</sub> -EQ VALUE (METRIC TON)
Category 1	Purchased goods and service	167,891
Category 2	Capital goods	93,100
Category 3	Fuel and energy related activities	121,271
Category 4	Upstream transport	51,685
Category 5	Waste generated in operations	7,694
Category 6	Business travel	536
Category 7	Employee commuting	10,818
Category 8	Upstream leased assets	23
Category 9	Downstream transport	-
Category 10	Processing of sold products	-
Category 11	Use of sold products	14,548
Category 12	End-of-Life of sold products (intermediate product, if relevant)	-
Category 13	Downstream leased assets	-
Category 14	Franchises	-
Category 15	Investments	29,056
<b>TOTAL SCOPE 3 EMISSIONS</b>		<b>496,624</b>

## 2. Strategic Approach and Communications

### Climate Change Governance

On an annual basis, the company reviews its five-year business plan to align future investments with its strategic direction. The revised business plans and the annual budgets are consolidated and submitted to the Board for approval at the end of each year. These plans and budgets include capex requirements for the implementation of energy saving initiatives, which have a direct impact on the company's carbon footprint. Once approved, these business plans and annual budgets become the reference for the execution of the company's strategy. The Board, through the Vice-Chairman and Group CEO, monitors the implementation of all initiatives, including those related to climate change. The Vice-Chairman and Group CEO has given the responsibility of the day-to-day climate related issues management to the Chief Sustainability Officer (CSO) who chairs the Climate Action Committee (CAC), and whose role it is to make sure those issues are identified, monitored, and controlled as part of a plan that is approved by the Board.

The CAC of Zain Group is a cross-disciplinary team appointed after an internal consultation process, with the purpose of providing the Board with an oversight on climate-related matters. The CSO ensures that quarterly environmental audits are performed, and climate-related risks and opportunities are identified. The Board Risk Committee also have an oversight on climate-related risks, where they are monitored and tracked accordingly. Through the CSO, the CAC provides recommendations to the Board on how to manage climate-related risks and opportunities. The Board reviews and approves the recommendations from the CAC for climate-related issues. The approved recommendations are reflected by the CAC in the company's strategy for identifying, assessing and managing climate-related risks and opportunities. The CSO, in coordination with other members of the

CAC, ensures that the company capitalizes on climate change-related opportunities while mitigating risks as they materialize.

The CAC meets on a quarterly basis and as frequently as needed to discuss climate-related risks and opportunities. Climate related issues reported by the CAC during their meetings are immediately reported to the BoD through the Vice Chairman and Group CEO and the Board Risk Committee, who provides recommendations and guidance. The Reports to the Board by the CAC are not timed to regular quarterly Board meetings, with Board decisions on climate-related issues being made as frequently as required. The quarterly reviews focus on ensuring that the company is meeting its climate specific key performance indicators (KPIs) in terms of GHG emission levels, fuel and electricity consumption, waste management, and public awareness on climate change. By monitoring such KPIs on a quarterly basis, the Board can assess, evaluate, and support the company's performance in this area. In addition, the Board would gain a clearer understanding of the progress the company is making in achieving its climate-related targets.

In 2022, Zain continued to embrace its evolving landscape by revisiting the assumptions made regarding climate-related issues and how they might impact the business in the short-, medium- and long-term. To remain agile and competitive, and address its stakeholders' concerns, the company continued to transition from a business-as-usual energy intense organization to a Net Zero emissions' pathway.

To do so and embark in a comprehensive transition, Zain developed its Climate Change Compliance Framework, necessary to structure climate change adaptation and mitigation initiatives, allowing the company to assess its business resilience to physical and transition risks and create more value for shareholders and customers.



The Climate Change Compliance Framework was approved at the Q3 Board meeting, outlining Zain's strategic ambition to become Net Zero by 2050 and providing guidance on a set of key energy efficiency initiatives that are set to transform the company's operating models.

The framework covers Zain's entire value chain, from the adoption of eco-design principles to the use of energy efficient equipment; the deployment of renewable energy solutions; the engagement process with suppliers and partners; and the implementation of a proper waste management system.

This framework will be used to assess the extent to which each of Zain's operations is aligning its business with a transition to Net Zero by 2050. Zain has taken on board the recommendations set forth by the Intergovernmental Panel on Climate Change (IPCC), the Science-Based Targets initiative (SBTi) and the GSM Association (GSMA), which further support Zain's ambition to transition to Net Zero by mid-century to reduce the risks associated with climate change and help capitalize on the related potential opportunities.

## Climate Change Awareness

In 2022, the Zain's Board received training in climate change and biodiversity to increase their awareness, competency, and oversight on related issues. The material included in the training deck included:

- Mitigation and Adaptation Plans
- Climate Change Scenario Analysis
- Biodiversity Loss
- Foreseen Climate Change Impacts

From a community and customer standpoint, the company continued to track and measure behavioral change concerning climate-related issues. Zain set quantitative targets for each of its markets to address 40% of its customer base by 2025. After revising the targets in 2022, the company increased the target by 10%. Additionally, Zain continues to further efforts in afforestation initiatives through partnerships with multiple stakeholders including governmental entities and environmental organizations.

Each market conducted a variety of communication campaigns where Zain embedded pre- and post-surveys to assess, and measure generated impacts. The following are examples of the awareness campaigns launched in each market:

## BAHRAIN

Zain Bahrain reached a total of 92,000 people through its campaigns in 2022. Under its annual e-waste campaign, the company conducted an e-waste competition where students participated in a country-wide competition resulting in the top three schools being awarded prizes from Zain. In comparison to 2021, Zain Bahrain increased the number of schools participating in the competition by 53% to 23 public and private schools.

In collaboration with the National Initiative of Agriculture Development (NIAD), Zain Bahrain supported an afforestation program of the Al Istiqlal Walkway and Abu Dhabi Avenue in the Kingdom. The project is undertaken in cooperation with the Ministry of Works, Municipality Affairs and Urban Planning, and the Supreme Council for the Environment within the overarching national afforestation campaign 'Forever Green'. Additionally, under the same initiative, NIAD collaborated with the Supreme Council for the Environment and Ministry of Information Affairs and planted 90 trees in the Heritage Village in Bahrain. The partnership resulted in enhancing six out of the 27 sites planned in the first stage of the campaign, planting a total of 370 trees with a target of planting 1,000 by 2025.

## IRAQ

In 2022, Zain Iraq reached a total of 10 million people via its awareness campaigns. The company continued to calculate with the public's response to questions that tackle plastic consumption and afforestation to measure

behavioral change. Through this assessment, Zain Iraq received 85% responses stating that the respondents would change their behavior to become more eco-friendly.

Zain Iraq collaborated with Nakhleh Company to support the Ekfel Palm project that aims to plant palms in addition to the spreading awareness on carbon offsetting initiatives. Through this partnership, Zain Iraq has planted 2,000 palm trees to date. The company also launched a communication campaign to spread awareness through an interactive communication campaign. The campaign reached nearly 1.64 million people across Zain Iraq's social media platforms.

## JORDAN

Throughout the year, Zain Jordan reached 3.9 million users through its social media and traditional campaigns. The company launched a country-wide survey to educate its customers on basic facts related to climate change. Through this campaign, 2,184 people participated and responded to the survey. The questions in the survey included:

- Do you know the definition of climate change?
- Do you believe climate change is a reality?
- Is climate change important to you?
- Do you believe that your individual actions can impact climate change?
- Are you following Zain's climate change awareness campaigns?
- Have you gained more knowledge on climate change through Zain's campaigns?



Zain Jordan, in partnership with its innovation center ZINC, launched its very first climate change hackathon targeting innovative ideas and projects to solve emerging environmental challenges in the following areas: Water crisis, energy consumption, agriculture, and waste management. With more than 200 participants and 52 ideas pitched, two winners were selected to receive funding and support from Zain. The winners were Recycle Carbon Emissions and FarmJo. Recycle Carbon Emissions, created a solution that recycled CO2 to soil fertilizer by applying an electrical voltage system with low currency, while FarmJo developed an agricultural application and website that connects farmers to major markets and stores, increasing production and farmer income.

### KUWAIT

Zain Kuwait partnered with the Kuwait Dive Team to collect waste found in the Arabian Gulf. Through this collaboration Zain Kuwait aims to raise much needed awareness on marine pollution. According to National Geographic, marine trash poses dangers to both human and animals as fish become tangled and injured in debris and consume microplastics. When small organisms consume microplastics it eventually becomes part of the food humans eat.

### SAUDI ARABIA

The total reach for this year's climate change awareness campaign in Saudi Arabia was 2.23 million people. Zain continued to support the National Green Initiative by planting a total of 12,000 trees under the Um Shagoog reforestation initiative in partnership with Green Horizon. Through this partnership Zain included the Kayan Charity Orphans where the children and Zain Saudi Arabia employees engaged in this activity. Zain also installed electronic vehicle chargers that support 10+ business towers and 5,000 individuals at Granada Business Park to promote the use of electric cars.

### SUDAN

As part of the company's role in addressing climate change and preserving biodiversity within the country, Zain collaborated with the Sudan Animal Rescue Center in Khartoum to rehome and rehabilitate threatened

and endangered species found in the country, most prominently the Center's lions. The company engaged with the Center and provided irrigation supplies such as a 5,000-liter water yard, gardening equipment and pipelines. In addition, the company also planted 500 seedlings across the center and provided a caravan that could be used as a mobile veterinary clinic.



### SOUTH SUDAN

In South Sudan, Zain launched a country-wide SMS campaign to its 1.4 million subscribers on World Environment Day in addition to corresponding social media campaigns. Based on the comments and feedback, customers expressed excitement, and some called for further action from Zain South Sudan on environmental protection. The company collated those insights and is in the process of creating a plan to address them in 2023.

## 3. Waste Management

During the year, Zain aimed to establish a standardized process for waste management. Therefore, the company identified and categorized its waste to then be able to set a designated process for each category identified. Based on the materiality of each category, Zain decided to first prioritize the management of network related waste. Based on the GSMA ESG Metrics Working Group, it is crucial to extend equipment lifetime and embed circularity to be able to minimize the environmental impact of network equipment as the risks associated with the mismanagement is growing exponentially.

The steps below were set during 2022 to unify the process across Zain's operating companies for network related waste:

1. Assessment of equipment dismantled from sites
2. Understand the status of each equipment
3. Generate the value of each equipment
4. Determine if equipment can be sold/reused
5. Estimate the total weight of equipment
6. Establish a proper disposal plan of equipment

In 2023, Zain will continue to assess the implementation of the aforementioned process and work on revising the process for the remaining waste categories identified across Zain's value chain.

## B. Operating Responsibly

### Target

504

Suppliers to respond to Zain's Self-Assessment Questionnaire

14

Physical audits to be conducted

Conduct training to all suppliers across all markets and feedback form

### Zain's Response

Information on Zain's Supply Chain Management can be found on [page 69](#) in the 'Our Economic Impact' section of the report.

### Target

Educate marginalized communities on the importance of data privacy and protection and establish plan by Q1 2023

### Zain's Response

In 2022, Zain's operating companies explored different segments across its markets. Through the assessments, the company is engaging with various stakeholders and commercial teams to identify communities that experience information gaps on how to protect their data. Zain is exploring content from the GSMA's Mobile Internet Training Toolkit (MISTT), which provides the knowledge and tools for marginalized segments to ensure their protection online. Additionally, some Zain operations are looking into their existing relationships with suppliers

that work with marginalized segments to use them as a channel to reach target audiences. Based on the above target, each operation will establish a plan in 2023 to roll out training, capacity building workshops, and informational videos to educate communities.

## C. Inclusion

The company's inclusion pillar was reiterated this year to provide greater focus on closing the gap of the digital divide for vulnerable and disadvantaged segments of society. With this shift, Zain was able to centralize its efforts to create more meaningful impacts.

With the aim to bridge the digital divide that exists across operating markets, the company focuses on targeting the following segments:

ELDERLY COMMUNITY

PEOPLE WITH DISABILITIES

WOMEN IN TECHNOLOGY

Other marginalized segments that include low-income communities, refugees, and rural communities are assessed and embedded within the company's overall commercial and business strategies.

### Elderly Community:

### Target

Target 260,000 elderly people across Zain's footprint by 2025 through products and services, marketing campaigns, and benefit features

To address the gap in the experience elderly people receive when accessing digital solutions, it is important to recognize the challenges they face when interacting with technology-based services. The lockdown period highlighted the need for them to use digital services to access basic needs such food delivery, banking services, and communications. The rapid advancement of technology makes it extremely challenging for them to utilize and benefit from the use of such services.

As this is considered a new segment for Zain, the company continues work on setting the baseline and engaged with elderly people to gain a better understanding of the deficits they face. One of the challenges the company encounters is to identify customers from this segment from its user base as the mobile lines created for them are typically done by relatives and not by the users themselves. Therefore, the company is taking a different approach and is targeting elderly homes directly, and through its communication campaigns aims to reach this specific audience.

To better understand and develop products and services geared to serve the elderly, Zain Iraq employees accompanied 20 nursing home residents to the Iraqi Cinema on World Humanitarian Day to see how Zain can better support this community. Zain Iraq aims to address their concerns in 2023.



## People with Disabilities

### Target

All marketing and communications to be disability inclusive by 2023

### INCLUSIVE MARKETING AND COMMUNICATIONS

As part of Zain's journey to ensure no one is left behind, one of the targets in its Inclusion pillar is to transition all media and communications campaigns to become disability inclusive by 2023 and ensure they adhere to global accessibility of social media standards, such as closed captions, alt-text and meeting visual requirements for the visually impaired. The company launched its first fully accessible campaign titled #AlwaysAccessible in collaboration with the GSMA's Connected Societies and Digital Inclusion teams and Microsoft MENA on creating tips and tutorials on how to utilize accessibility features found in smartphones (Using GSMA's Mobile Internet Skills Training Toolkit) and Microsoft Office. The campaign reached 615,034 social media impressions. Please visit the Zain Instagram page and click on the #AlwaysAccessible highlight to view the tutorials.



### ZAIN'S PROGRESS

#### LAUNCH CORE DATA BUNDLES & PACKAGES FOR PEOPLE WITH DISABILITIES BY 2023

#### Bahrain

Launched the disability bundle that includes an additional 8 GB of data to any existing Zain line.

#### Iraq

##### CHALLENGE:

- Facing regulatory and commercial challenges on identifying people with disabilities

#### Jordan

Launched a data package for the deaf and mute under the BASMA Line+ package.

#### Kuwait

Launched the disability package mainly catering to the deaf and mute and people with visual impairments.

#### Saudi Arabia

##### CHALLENGE:

- Facing commercial challenges on creating packages for disabled segments

#### Sudan

##### CHALLENGE:

- Facing commercial constraint on creating packages for disabled segments

#### South Sudan

##### CHALLENGE:

- Facing regulatory and commercial challenges on identifying people with disabilities

### DATA BUNDLES & PACKAGES

Zain allocated targets to have all operating markets launch data bundles and packages for people with disabilities by 2023. Currently, Zain Bahrain, Jordan and Kuwait have curated data packages and/or bundles for people with disabilities.

- In Kuwait, the company revamped its disability packages heavily. Nine Zain megastores across Kuwait serve disabled segments, where stores are fully equipped with accessible facilities and select employees can communicate in the Kuwaiti sign language. In addition, curated brochures were printed on braille for the visually impaired. The customer care team in Zain Kuwait collaborated with the Kuwait Blind Association to ensure data bundles were rolled out that address their needs. Additionally, an extensive stakeholder engagement process was performed with the association to validate all communications included braille. Packages have recently been launched and the company is preparing marketing materials and promotions to create coverage on the packages so the targeted segments can learn and benefit from the offers.

- To learn more about Zain Jordan's Basma Line+, please visit the Products and Customers section on [page 80](#).
- Zain Bahrain launched its disability offer in 2019, where any individual with a disability card that has been issued by the Bahraini Ministry of Social Development is eligible to receive an additional 8GBs at no additional charge to their current package or bundle. In line with the company's transition to digitizing its services, the offer can be applied through Zain's digital channels rather than going to a Zain store or kiosk. At present, approximately 50 individuals are enrolled on the offer. The company will be looking into updating the offer in 2023 to ensure it addresses the needs of the disabled fully.



## INCLUSIVE PRODUCTS & SERVICES

Several Zain operations launched new products and services aimed to bridge the communication gap that people with disabilities face daily. In partnership with Primary Health Care & Bahrain Deaf Society, Zain Bahrain launched 'Natawasel', the first sign language video call center in government health centers in the Kingdom. The goal of Natawasel is to ensure that deaf and hard-of-hearing people do not receive medical misdiagnosis due to communication gaps between deaf and hard-of-hearing patients and doctors. The initiative was undertaken through extensive engagement with the Bahraini Deaf Society, which highlighted the pain points people from the deaf community face when visiting government medical facilities. Currently, Natawasel connects 27 health centers across the Kingdom and logged more than 500 calls.



In a continuous effort to create a better and more inclusive workplace in Jordan, Zain Jordan launched a digital library that teaches users Jordanian sign language (JSL) most used within Zain and the public. The sign language library has been integrated into new employees' orientation and the ZLearning platform to allow easy access for employees to learn basic sign language and terminologies. The library contains lessons from JSL experts and trainers and is now available to the public. Please [click here](#) to view the lessons on Zain Jordan's YouTube page. Currently, the library has reached more than 25,680 beneficiaries successfully.

Throughout Zain's operating companies, employees are learning sign languages to interact with customers, employees or potential hires. The initiative targets sales agents mainly, to equip them sign language skills to better serve customers with hearing impairments. Currently, more than 300 Zain employees from different departments including: Human Resources, Corporate Sustainability, Regulatory, Corporate Communications, Finance, and Technology are trained in national sign languages.

### ZAIN EMPLOYEES TRAINED IN SIGN LANGUAGE

Zain Bahrain	44 employees
Zain Iraq	15 employees
Zain Jordan	97 employees
Zain Kuwait	16 employees
Zain Saudi Arabia	30 employees
Zain Sudan	96 employees
Zain South Sudan	20 employees
<b>Total:</b>	<b>318 employees</b>

In a bid to ensure connectivity worldwide, Zain took the initiative to translate the Mobile Internet Skills Training Toolkit (MISTT), a set of free resources to teach people basic internet skills to access and use mobile internet, into Arabic. Some of the modules include Google, Facebook, WhatsApp, Online Safety, and Accessibility. This contribution to the GSMA shows the company's commitment to addressing access to communications and technology globally. During the year, Zain conducted assessment gaps in each of its operating companies to explore the possibility of implementing the toolkit in respective markets.



## INTERNATIONAL DAY FOR PEOPLE WITH DISABILITIES

For the third consecutive year, Zain commemorated International Day of Persons with Disabilities by joining the global movement, #PurpleLightUp, across its operating markets, to acknowledge the economic contribution of the 386 million employees with disabilities around the world.

In Zain South Sudan, the company took the initiative to send positive messages to commemorate the day to more than 1.5 million beneficiaries. In addition, the company hosted a football match at the Nyakroun Cultural Center where disabled teams played friendly matches. More than 500 people joined the event and celebrated the day.





## Women in Tech

### Target

To mentor 100 women university students studying STEM in each market.

To foster the development of girls and women in Science, Technology, Engineering and Math (STEM), Zain continued to scale its Women in Tech program across its operating markets where female STEM students are matched with seasoned experts from Zain's operations to be mentored. By creating successful matches, the program aims to enable future generations of females to enter the field with the promise of becoming change-makers in the industry.

The program was designed by consulting with women who are currently studying STEM to fully address their needs and challenges. A campaign was launched in Iraq, Jordan, Saudi Arabia, and Sudan to attract women who are passionate about their field but might be facing difficulties.

Based on the pilot program launched last year, where the company set a target to mentor five women per operation, Zain noticed an overwhelming need to expand the reach of the program. The noticeable appetite for mentorship opportunities led the company to increase its target this year to 100 women per operation.



### OPERATION

### PROGRESS

### REACH

#### Zain Bahrain

During the year, Zain Bahrain explored various options to collaborate with stakeholders who can help support in mentorship opportunities and reaching STEM students. The company continued to explore partnerships with universities and governmental associations dedicated to closing the gender gap.

NA

#### Zain Iraq

In Iraq, the Zain team started its Women in Tech program by inviting and encouraging Technology experts and potential mentors to join the program. The company then approached universities in Baghdad and Basra and announced the program in Career Development Centers 'CDCs' and throughout Zain's social media channels. After that, the company received 500+ registrations where it had to filter the applications following the WiT criteria. The program delivered six sessions for each student in addition to access to Udey, an online learning platform. 124 women graduated from the program. Based on the feedback, Zain organized a job fair in its headquarters where graduated mentees can apply for available jobs at Zain or its sister companies. 12 females were then hired as a result.

115 Mentees

#### Zain Jordan

Zain Jordan's Women in Tech stream was established where collaborative efforts were taken between various stakeholders to reach 100 students. The company leveraged its Zain Innovation Center (ZINC) to reach out to universities. A total of eight sessions were provided to each student by Zain's experienced mentors.

100 Mentees

#### Zain Kuwait

Zain Kuwait aims to start establishing the Women in Tech program in 2023.

NA

#### Zain Saudi Arabia

During the year, Zain Saudi Arabia kicked off its Women in Tech program by launching a country-wide campaign to attract its target audience, with more than 500 applicants being received. The company established a partnership with CST and Google to provide additional informative workshops.

100 Mentees

#### Zain Sudan

Zain Sudan rolled out its Women in Tech program in batches, where it aims to target 15 women in each cycle. The program continued to focus on a hybrid approach where it provides the mentees with soft and technical skills based on the needs and challenges of the sector.

69 Mentees

#### Zain South Sudan

Throughout 2022, Zain South Sudan established its plan for its Women in Tech stream. The company conducted comprehensive stakeholder engagement with Technology and Risk and Safety functions, ICT engineers, executive management and the University of Juba. Zain South Sudan decided to establish an MoU with two major universities first, then roll out the program in 2023.

NA

## D. Generation Youth

### CHILD ONLINE SAFETY

### DIGITAL LITERACY

### YOUTH UNEMPLOYMENT



### 1. Child Online Safety

Online safety continues to be of material importance to Zain. One third of online users are children and it is the role of all stakeholders to ensure children are protected and that their rights fully recognized. Commissioned by Watchdog, a newly published report by Ofcom suggests that 77% of children aged 8-17 years have a social media account with a false birth date. Among half of the younger age group 8-12 years had set up their own account while the rest had help from a parent or guardian. It is dangerous for children to have user accounts that suggest they are older than they are because it is noted that 47% of children ages 8-15 have accounts with access to 16+ content while 32% have a user age of 18+.

Online risks for children continue to be a major concern due to the harm it can cause. It is crucial to recognize that collaborative efforts from a wide variety of stakeholders needs to be taken to ensure children are protected from online threats. The Organization for Economic Co-operation and Development identified the following risks:

- Content Risks: Disinformation, hateful, harmful or illegal content
- Conduct Risks: Children's own conduct can make them vulnerable i.e., cyberbullying and self-generated content
- Contact Risks: Inappropriate marketing messages including online fraud
- Privacy Risks: Many children do not yet understand the privacy disclosures they encounter, nor the value of their personal information
- Advanced Technological Risks: Use of AI-based technologies, Internet of Things (IoT) and extended virtual reality (XR) pose further risks. The immersive virtual worlds within the Metaverse come with new and exacerbated threats, many of which are not well understood yet

Zain continues to address the online risks children face through the following identified KPIs and targets:

#### Target

Partner and support the functionality of child helplines and hotlines across all markets

#### Zain's Response

In 2022, Zain expanded an MoU with Child Helpline International to facilitate child helplines across its footprint. Through the partnership, Zain aims to mobilize, facilitate and support child helplines in its markets of operation. The MoU allows Zain to explore new ways to develop collaborations between child helplines and key child protection stakeholders including governments, as well as ways to evolve child helpline platform technologies, and expand services to include instant messaging and social media channels. The MoU was established following an extensive stakeholder engagement in which approximately 30 people from Child Helpline International's network and Zain attended a brainstorming workshop and discussed the objectives of the agreement, sharing experiences and insights to formulate achievable goals and KPIs.



## OPCO PROGRESSION OF HELPLINE

**Zain Bahrain** The child helpline in Bahrain is already activated, nevertheless, the company plans on engaging with the Bahraini Child Helpline to understand the current challenges and integrate technology-based solutions.

**Zain Iraq** The Iraq child helpline is activated only in Kurdistan therefore Zain Iraq aims to initiate discussions with relevant parties in 2023 to explore setting up a helpline across the entire country.

**Zain Jordan** The 110 Jordan River Foundation Number has been operational since 2007. Zain Jordan continues to support the helpline, having created an internal and external campaign to raise awareness of the helpline on social media with a reach of 31,822 people.

**Zain Kuwait** The 147 National Child Helpline is activated, where Zain Kuwait initiated further discussions to launch awareness campaigns planned for 2023.

**Zain Saudi Arabia** Partnered with the National Family Safe Program and created an awareness campaign on International Day for Child Helplines at the King Abdullah Specialized Children's Hospital.

**Zain Sudan** The 9696 Child Helpline is activated, and Zain Sudan is planning to further its engagement with the helpline in 2023.

**Zain South Sudan** In South Sudan, a child helpline is not available on the ground, however Zain South Sudan plans on starting the discussions with relevant parties in 2023.

## Target

Install CSAM blocking mechanisms within our networks across all markets

## Zain's Response

Zain continued to take major strides in installing blocking mechanisms that prevent child sexual abuse material (CSAM) through Project Arachnid across its operations. In 2020, the company conducted a Group-wide assessment in each market to understand the current regulations and baseline of existing blocking mechanisms installed in Zain's network. After it conducted this assessment, the company set the target that each of its markets must have a CSAM blocking mechanism in place.

## OPCO PROGRESS

**Zain Bahrain** Already installed as extensive CSAM blocking per TRA requirements

**Zain Iraq** Final stages of RFP process and planned to launch in Q1 2023

**Zain Jordan** Launched Q4 2022

**Zain Kuwait** Launched Q3 2021

**Zain Saudi Arabia** Final stages of the process to launch in Q1 2023

**Zain Sudan** Installed and operating with the Internet Watch Foundation

**Zain South Sudan** Initiated the process of installation with related stakeholders

## Target

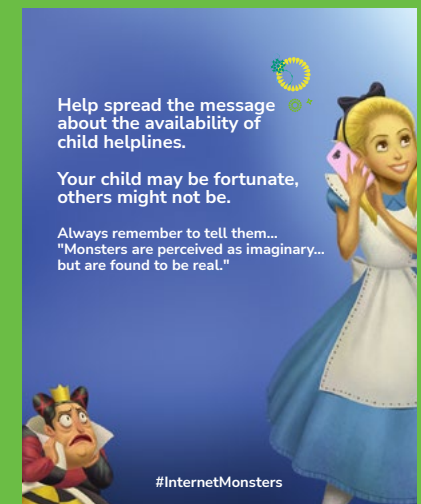
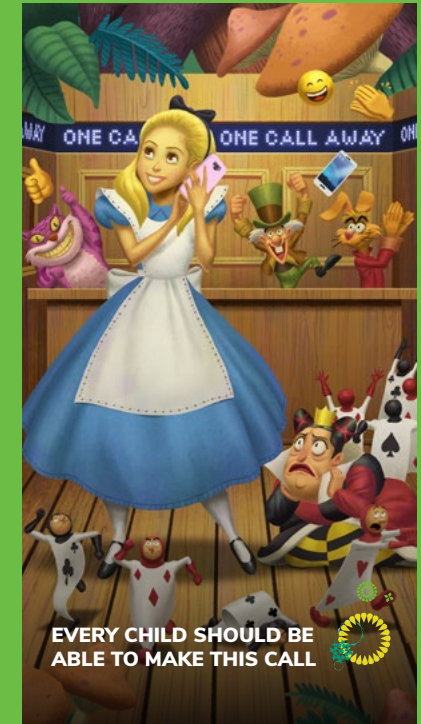
Raise awareness and mitigate impacts related to cyber bullying through campaign and partnerships

## Zain's Response

In 2022, Zain Group launched the second phase of its Internet Monsters campaign, showcasing the company's commitment to raise further awareness on the risks children face online with lessons being taught through the adaptation of popular fairy tales including Little Mermaid; Sleeping Beauty; Pinocchio; Rapunzel; Hunchback of Notre-Dame; and Alice in Wonderland. The campaign supports and is in alignment with the UN's Sustainable Development Goal 16.2, calling on ending all forms of violence against children by 2030. It also reinforces Zain's recent joining of the UN's Global Compact initiative, of which 10 principles include upholding human rights and protecting children in the digital and physical realms. The online risks highlighted in this year's campaign include cyberbullying, self-generated child abuse content and material, social media addiction, and widespread online scams and threats.

Through this campaign, Zain also commissioned a dedicated illustration that draws attention to the fact that children can report online risks and abuse by calling their national child helplines. The campaign includes the development of two animated videos narrating different safety tips, to be shared with children, on how to protect themselves online. The videos are positioned to be light and playful to appeal to children. To view the videos, please click [here](#) and [here](#).

The campaign successfully reached 7.2 million individuals across groupwide communication channels, including Instagram, Twitter, Facebook, LinkedIn and YouTube.



## 2. Digital Literacy

### Target

To equip 471,000 children and youth with digital literacy skills by 2025

According to each of Zain market's operating context, the company launched newly formed programs or further enhanced existing initiatives to provide children and youth with needed digital skills to thrive in the online space. It is estimated that in the MENA region, there will be 160 million potential digital users by 2025, showcasing the need to ensure such users are equipped to contribute and fully utilize digitalization. It is evident that the pandemic fueled the need for digital skills but also highlighted the fundamental aspect of ensuring connectivity is affordable, contextually appropriate, and inclusive.

### Zain's Response

#### LEARNING PASSPORT

During the pandemic, Zain Jordan, in partnership with UNICEF launched UNICEF's Learning Passport, a global digital learning platform powered by Microsoft. This was the first version of the program to be launched in Arabic and is provided at no cost to youth providing offline and online components, coding, software development, digital literacy, life skills, social entrepreneurship and in English.

	2020	2021	2022
Number of users	21,931 users	33,696 users	70,000 users

#### BACK-TO-SCHOOL

According to UNICEF, one in three school-aged children do not attend school in Sudan. Also, 12 million children nationwide will have their school years severely interrupted by the lack of available teachers, infrastructure, and an enabling learning environment. As part of the company's contribution to increase literacy rates across Sudan, Zain Sudan partook in the 'Back-to-School' program that focuses on supporting schools and students. In 2022, the company rehabilitated and renovated a school in the North Omdurman area. The renovation is expected to positively impact around 500 students yearly. In addition, Zain has provided 200 young students with school uniforms and 195 students with seating for their classrooms. This program's aim is to reduce the rampant absenteeism across the nation and ensure the youth in Sudan get the necessary tools and resources to continue their education.

#### KUWAIT CODES

Zain Kuwait in partnership with CODED, launched Kuwait Codes, an educational coding program for high school students in Kuwait. This program aims to teach students how to code iPhone and Android applications and game programming skills. The lessons offered are through a hybrid format as there is a mix of both recorded and live sessions to provide students the flexibility and support to balance the program with schoolwork. The program is offered to students free of charge in Arabic. In 2022, 950 students registered and 340 graduated from the program. Zain Kuwait alongside CODED aim to conduct an assessment with the students to understand the impact of the program through surveys and focus groups in 2023.

#### GOOGLE DEVELOPER GROUPS

In partnership with Google Developer Groups (GDGs), Zain Iraq conducted a training workshop under the GDG Basra stream that includes different topics related to technology, speeches and exams. The program included training in skills in areas such as Google Cloud, TensorFlow, and Gaming.

	2020	2021	2022
Number of users	350 participants	200 participants	500 participants

#### GIRLS FOR TECH

Zain Bahrain continued its partnership with the Supreme Council for Women to offer the Girls for Tech program powered by Clever Play, an organization that embeds STEM learning in children's education. The program provides girls aged 8-14 with skills on website creation, code games, and basic robotics. Since inception of the program in 2020, Zain Bahrain achieved its target of reaching 1,000 girls. Due to the popularity of the program, Zain will continue to support the initiative and set a new target of reaching 750 participants in 2023.

	2020	2021	2022
Number of users	1,000 girls	100 girls	250 girls

### 3. Youth Unemployment

#### Target

- Reach 891,000 unemployed youth by 2025 through training, developing skills, conducting workshops and mentorship opportunities
- Foster startup community and capturing jobs generated
  - > Five startups by 2023

According to a World Bank report titled 'Jobs Undone: Reshaping the Role of Governments Towards Markets and Workers in the Middle East and North Africa' the following has been stated:

- Joblessness, especially among MENA youth and women, requires a more prominent and vibrant private sector as well as regulatory reforms for the labor and product markets.
- Employment in MENA countries grew 1% per year on average within private sector firms, which is much lower than the 5% average among middle-income countries.
- Female labor force participation of 20% is the lowest in the world, along with the high youth unemployment rate estimated at 26%.
- Nearly 1 in 3 youth (32 percent) aged 15 to 24 in MENA are not engaged in employment, education, or training (NEET).
- Youth unemployment rates in MENA have been consistently the highest in the world over the past few decades. Moreover, the share of youth that are not in employment, education, or training also remains high, even among the high-income countries of the region.
- One of the most striking and persistent patterns of the labor market in the MENA region today is the large share of healthy and capable working-age populations that are excluded from the labor force and employment altogether. This is most evident for youth and women.

#### Zain's Response

##### EVOLVE PROGRAM

In 2022, Zain KSA established the Evolve program that targets fresh graduates to develop their skills to prepare them for the market's demands. The objective of the program is to provide fresh graduates with technological skills and be part of the workforce of the future. With a target of training 100 youth, Zain KSA received 26,000 applicants where 65 people have been accepted and are part of the year-long on job training program. After the completion of the program, Zain KSA aims to recruit selected individuals to become full-time employees.

##### SUMMER TRAINING

For the fourth consecutive year, Zain Iraq conducted its Summer Training in Entrepreneurship in collaboration with IREX, a global development and education organization that operates in 100 countries worldwide, and the Ministry of Higher Education. Through cooperative efforts with 15 universities, Zain Iraq aims to provide professional development and entrepreneurship skills to trainees.

	2020	2021	2022
Number of Youth	87 trainees	76 trainees	87 trainees

##### ZAIN GREAT IDEA

The Zain Great Idea (ZGI) accelerator program is an initiative established by Zain Kuwait in association with Brilliant Lab, a startup funding acceleration services that operates between Kuwait and Bahrain and Mind the Bridge, a global innovation center that provides entrepreneurship education for startups, enterprises, and investors to succeed in global markets. Mind the Bridge is based in Silicon Valley with offices in San Francisco, London, Barcelona, and Milan. To date, ZGI has conducted seven editions (2010, 2013, 2015 and

2017 (two editions), 2019 and 2020.), where it trained and empowered Kuwaiti youth to become owners and managing of small and medium-sized enterprise (SMEs). Over the years, more than 500 entrepreneurs have had the opportunity to showcase their projects in four countries and 70 participants were supported to accelerate their ideas into viable businesses.





## 4. Zain's Community Outreach

Since 2018, Zain has partnered with SANAD, a non-governmental organization based in Lebanon and a field leader with a vision to help strengthen home palliative and hospice care in the MENA region. Palliative care is specialized medical care for people living with end-of-life illness with a focus on enhancing the patient and family's quality of life. In the Arab world, topics such as illness and death are kept private due to cultural taboos

revolving end-of-life care. SANAD is working on raising awareness on the importance of palliative care among the general public to help support institutions in different countries build palliative care functions based on its framework.

*Under this partnership, the following initiatives were conducted in 2022:*

PROJECT NAME	LOCATION	OBJECTIVE	ACHIEVEMENTS
Palliative Care Advancement in Kuwait	Kuwait	The objective of this project is to enhance palliative care in Kuwait by implementing capacity-building and awareness raising activities targeting healthcare professionals and the public.	SANAD and the Women Culture and Social Society conducted two face-to-face awareness sessions where 20 healthcare professionals attended the sessions from different medical backgrounds. The sessions covered aspects related to the definition of palliative care, its pillars, models of care, benefits, challenges, the home hospice model, communication with patients and breaking bad news.
Establishment of a home-based Palliative Care Service Model in Sudan	Sudan	The objective of this project is to support the Khartoum Oncology Hospital Palliative Care department to enhance its current informal home hospice model.	SANAD conducted a pilot training program for a period of 6 months. The program consisted of theoretical training with a practical observership, as well as developing program policies and documentation forms, and shadowing. At the end of the training, on May 2022, the home palliative care team consisting of two nurses, one doctor and one psychologist cared for 20 patients, with 89% (8 patients) passing away at home and just 11% (1 patient) at the hospital.
Mental Health in Palliative Care Training in the MENA region	Lebanon, Bahrain	The overall objective of this project is to raise awareness and enhance knowledge about mental health in palliative care in six countries.	SANAD conducted 4 generalist trainings in 4 different countries; Kuwait, Iraq, Sudan and Lebanon, that was attended by 126 non-palliative healthcare professionals from various disciplines and hospitals. The trainings provided positively impacted the attitudes of healthcare professionals towards several aspects related to palliative care such as healthcare decision making and death.
SANAD app-Telehealth and Electronic Medical Record	Virtual use	The overall objective of this project is to develop an electronic medical record system and patient application for SANAD.	SANAD piloted a "telehealth project"; a structured form of its phone support services that aims to enhance the quality and efficiency of phone support services to better support patients in crisis situations such as lockdowns, road blockages and increase in number of referrals. A total of 34 telehealth calls were evaluated by assessing patients/caregivers' and nurses/psychologists' feedback highlighting success factors, challenges and lessons learned.
SANAD Hospice Services Expansion to West Baqaa	West Beqaa, Lebanon	The objective of this project is to expand SANAD's provision of hospice care to West Beqaa, Lebanon.	Zain continues to support SANAD's services through two nurses, a psychologist and a medical coordinator. Medical coordinator: A new medical coordinator was appointed in 2022 conducting a total of 41 visits and involved in reviewing, revising and leading the Interdisciplinary Team (IDT) meeting, updating the COVID-19 policy and guidelines. In addition, two hospice nurses were allocated to support the services in Beirut for 55 newly admitted patients and at Beqaa for 49 patients, caring for a total of 104 newly admitted patients and their families. One clinical psychologist was appointed to support the staff, patients and their families in addressing psychological issues to reduce suffering. The clinical psychologist cared for a total of 92 patients, where 57 of them were family members.

# 21

## Task Force on Climate-Related Financial Disclosures



# Task Force on Climate-Related Financial Disclosures (TCFD)

The following section addresses Zain's response to the Task Force on Climate-Related Financial Disclosures (TCFD) in alignment with the guidance of the framework. The section represents a detailed response on Zain's approach towards TCFD's recommendations. The information covers the year 2021 in alignment to the CDP disclosure cycle.

## Zain's Climate Action Journey





## Governance:

### A. Describe the board's oversight of climate-related risks and opportunities:

On annual basis, the company reviews its 5 years business plan to align future investments with its strategic direction. The revised 5 years business plans and the annual budgets are consolidated and submitted to the Board for approval at the end of each year. These plans and budgets include Capex requirements for the implementation of energy saving initiatives, which have a direct impact on the company carbon footprint. The BoD reviews and approves the business plans and budgets which become the reference for the execution of the company's strategy. The BoD, through the Group CFO, monitors the implementation of all initiatives including those related to climate change mitigation & adaptation. The Group CFO has given the responsibility of the day-to-day climate related issues management to the Chief Sustainability Officer (CSO) who chairs the Climate Action Committee (CAC), and whose role is to make sure that those issues are identified, monitored, & controlled as part of a plan that is approved by the BoD. The CAC of Zain Group is a cross-disciplinary team appointed after an internal consultation process, with the purpose of providing the BoD with an oversight on climate-related matters. The CSO ensures that quarterly environmental audits are performed, and climate related risks and opportunities are identified. Through the CSO, the CAC provides recommendations to the BoD on how to manage climate related risks and opportunities. The BoD reviews and approves the recommendations from the CAC for climate-related issues. The approvals by the BoD are reflected by the CAC in the Company strategy for identifying, assessing and managing climate related risks and opportunities. The CSO in coordination with other members of the CAC, ensures that the Company

capitalizes on climate change related opportunities while mitigating the risks when they materialize. The CAC meets on a quarterly basis and as frequently as needed to discuss climate related risks and opportunities. Climate related issues reported by the CAC during their meetings are reported to the BoD through the Group CFO who provides recommendations and guidance. The formal reports to the BoD by the CAC are done during the regular quarterly meetings held by the BoD to discuss all management issues including climate related matters. The quarterly reviews focus on ensuring that the Company is meeting its climate specific Key Performance Indicators (KPIs) in terms of Greenhouse Gas (GHG) emissions levels, fuel and electricity consumption, waste management, recycling and public awareness on climate change. By monitoring such KPIs on a quarterly basis, the BoD can assess, evaluate, and support the company's performance when it comes to climate-change related issues. In addition, the BoD would have a clearer viewpoint of the progress the company is making towards its climate-related targets.

### B. Describe management's role in assessing and managing climate-related risks and opportunities.

In 2022, a major milestone was achieved when the BoD approved the company's climate change compliance framework that sets a clear direction for an organizational transformation to address climate change. This framework clearly outlined Zain's ambition to become Net Zero by 2050 and builds on key strategic energy efficiency related initiatives. Subsequently, the Group CFO made the decision to submit a commitment to setting science-based targets to SBTi which will set the Company on the path of limiting global warming to 1.5°C compared to pre-industrial levels as aimed by the Paris Agreement. The Company's new CO2 emission targets set in 2022 are aligned with the requirement of an annual reduction of 4.2% as recommended by SBTi for a transition to Net Zero by 2050.

The BoD through the Group CFO sets the direction that shapes the strategy of the Company for addressing climate change. All management issues including climate related issues such as the company's CO2 emission reduction targets status, the risks associated with ambient temperature increase, the possible changes in precipitation pattern as well as the transition to new technologies due to climate change are the responsibility of the Group CFO who delegates the day-to-day operations and control of the climate related issues to the Climate Action Committee chaired by the Chief Sustainability Officer.



## Strategy:

### A. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.

\*The information included below reflect figures and analysis for the year 2021.

	FROM (YEARS)	TO (YEARS)	COMMENT
Short-term	1	3	This definition follows our business planning process. Our short-term business plan considers this period for the operational risks arising due to climate change events that need to be addressed to enhance our services to remain competitive in our markets. The normal lifetime of some of our assets such as Diesel generators used on off grid sites is around 3 years. Hence, we consider 3 years to be a reasonable period for assessing the impact of physical risks on such assets. From a financial and strategic perspective, our short-term horizon is focused on development and achievement of revenue forecasts, cost targets and profitability targets based on existing Consumer and Enterprise Business portfolio.
Medium-term	3	5	Our medium-term business planning process uses a 5-year horizon this period for the operational risks arising due to climate change events. This period is also in line with the lifetime of other assets such as the deep cycling batteries, which are used to mitigate the risks associated with some of the physical and transition risks. Our 5-year business plan is prepared every year while monitoring the progress of the previous year's 5-year plan's execution. The business plan is updated with actuals of the first year and revised forecast for 4 years, subsequently an incremental year is added.
Long-term	5	15	Our long-term business financial planning process is planned over 5 years and 15 years to align with our goals of Climate change initiatives. This is the time frame that gathers a big portion of the company assets such as the cooling systems, the DC power systems, the radio systems and other active equipment in transmission and core sections. The impact of physical risks on such assets is evaluated and mitigated to ensure that the company remains competitive in its markets of operation. From a strategic perspective, our strategic business plan entails the long-term horizon and is focused on forecast of cashflows and revenue potential from the initiatives that we identify as part of our organization strategy.

### Risks identified:

#### TRANSITION RISK: INCREASE IN FUEL AND ELECTRICITY TARIFFS

During the assessment of climate related risks for our core site, offices, and base stations sites' facilities, we identified that there could be an increase in operational expenditure due to tariff hikes of fuels and grid power unit in our areas of operations.

Energy prices are subsidized in our oil rich operations in Kuwait, KSA and Bahrain. Our total energy consumption in 2021 was 1099 MWh up by 6% from 2020. With our long-range planning process of 15 years, we estimated that energy operating costs could increase by over 120% at USD 387,177,592. The breakup of 2035 estimated energy costs of USD 387,177,592 between the 2 risks is the following:

USD 30,313,022 due to increase in cost of cooling for 2C temperature rise and USD 356,864,570 due to increase in unit economics of energy prices for both Grid Power and Diesel fuel. The estimated figures factors in the underlying per unit grid power and diesel fuel hikes as per macroeconomic indicators due to inflation and gradual reduction of subsidies. We took the Net Present Value with a discount rate of 10% to arrive at USD 61,122,941 which when compared to 2021 EBITDA will be graded in HIGH category due to a substantive financial impact of 2.8% to 2021 EBITDA figure of USD 2.16 B.

Scope: All Markets – Kuwait, KSA, Bahrain, Iraq, Jordan, Sudan and South Sudan  
Time Horizon: Long-Term

#### CHRONIC PHYSICAL: RISE IN MEAN TEMPERATURE

An increase in average temperature could impact our operating costs and result in more energy consumption for additional cooling requirements.

In 2021, the cost of cooling for office premises, data centres and radio equipment across our operations was USD 73,301,502 which is lower than 2020 figure of USD 81,697,053. However, if we exclude the currency devaluation Sudan in mid-2021, the figure would have been USD 90,072,605.

As per RCP 8.5, we have projected a 2°C rise of mean temperature by 2035 for our Operations in Kuwait, Kingdom of Saudi Arabia, Bahrain, Iraq, and Jordan. For South Sudan, the projection has been kept at 1°C.

The total energy cost in 2035 has been estimated as USD 387,177,592. Out of this, estimated increase in cost for cooling would be USD 30,313,022.

Scope: All Markets – Kuwait, KSA, Bahrain, Iraq, Jordan, Sudan and South Sudan  
Time Horizon: Long-Term

#### ACUTE PHYSICAL: INCREASED SEVERITY AND FREQUENCY OF EXTREME WEATHER EVENTS

With the incident reports from the network monitoring systems, we estimated the outage or downtime in minutes for the respective sites affected by the floods and estimated the revenue opportunity loss after multiplying the average revenue per minute with the outage as reported from the monitoring systems.

We aligned the estimated impact to our risk matrix to classify the risk profile. To this effect, our 2021 Earnings before Interest, Tax, Depreciation and Amortization figure was USD 19.97 M or SSP 8 B. As per our climate risk analysis, the impact of floods which was USD 22,300 will be graded in Low category due to a minor financial impact of 0.1% to 2021 EBITDA. In financial terms, the impact may be low, however the severity has been increasing year on year, hence we continue to monitor this risk. Further, this risk is also one of the top 10 risks in the register for South Sudan.

The impact estimation due the precipitation in South Sudan was based on the historical pattern. In future, we shall be disclosing the forecasted impact on operations based on climate studies.

Scope: South Sudan  
Time Horizon: Short-Term

## Opportunities identified:

### 1. INCREASE IN ADOPTION OF RENEWABLE ENERGY SOURCE

We deployed green power solutions such as battery-hybrid solutions, solar systems, outdoor equipment, connection of base station sites to the grid and performed sites sharing with other MNOs. The strategy followed by Zain is to transform the identified physical and transition risks into opportunities by responding in a way that helps reduce our operating costs with payback periods that do not exceed 6 years. The implementation of energy efficient solutions (solar solutions, battery hybrid power, outdoor cabinets and small shelters) has led to a reduction of our Opex of USD 1.969M in 2021. The benefits of such initiatives will continue for at least 5 more years (during the lifetime of the equipment that were deployed). The initiatives have also helped Zain reduce its CO<sub>2</sub> emission by 10,484 metric tons in 2021.

Scope: KSA, Bahrain, Sudan and South Sudan  
Time Horizon: Medium-Term

### 2. PRODUCTS AND SERVICES: ABILITY TO DIVERSIFY BUSINESS ACTIVITIES TO ELECTRONIC CHANNELS

We are witnessing steady growth in adoption of digital channels and target to achieve 85% of recharge transactions over digital by 2025 in our markets.

Zain Jordan is the first and only mobile operator who implemented paperless systems in the shops, franchisees and point of sales. Digital Contract transformation for Zain Shops that modernize and digitize the contract management cycle starting from Customer signing to reviewing and archiving the contract. Business modernization was essential to fit with the digital cycle. Customers will sign the contract on a tablet instead of paper and receive it by email or SMS and the rest is digital. Better customer experience, Digital look, Cost saving, Operational efficiency, and Environmental effect are some of the advantages we gained out of it.

Scope: Jordan  
Time Horizon: Long-Term

## B. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.

The success of risk management will depend on the effectiveness of the management framework providing the foundations and arrangements that will embed it throughout the organization at all levels. Our Risk Management framework assists in managing risks effectively through the application of the risk management process at varying levels and within specific contexts of the organization. The framework ensures that information about risk derived from the risk management process is adequately reported and used as a basis for decision making and accountability at all relevant organizational levels. The Group Enterprise Risk Management team develops an annual risk calendar plan to include all Zain Operations for the purpose of scheduling periodic risk identification through risk assessment exercises. During the assessment for a particular Operation, Commercial Divisions, Technology, and Corporate Divisions' leadership define their risk attitude in relation to the major risks including climate change risks that may affect their business, against which assessed risks severity is reviewed to ensure alignment and acceptability. As per our Risks Management methodology, our risks assessment impact matrix has a 5-point scale based on the financial indicators namely Revenue, Capital Expenditure Intensity and Operational EBITDA Margins. The highest impact grading which is "Extreme" would be applicable for a risk event when its financial impact exceeds the most significant thresholds. For substantive financial impact, we have identified thresholds to determine if a risk has the potential to significantly affect the company and needs to be reported. Our Risk Management corporate policy defines an acceptable risk as the degree of exposure that the

company is ready to accept in as much as it allows the creation of value, achieving the right balance between growth, performance & risk. This threshold is considered when reviewing our strategy to ensure we operate within the established risk appetite. Following are the thresholds for substantive or High financial impact as per our Risk Matrix: -Whenever there is a risk that results in an impact of our Gross Revenue: >2% of Operating Company's (OpCos) Annual Revenue; -When Capital Expenditure Intensity planned for the fiscal year exceeds 10% (where Capital Expenditure Intensity is the ratio of Capital Expenditure to the Gross Income) - When the impact of the risk event exceeds Earnings Before Interest Tax Depreciation and Amortization (EBITDA) Margins of the OpCos by > 2%.







### C. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

CLIMATE-RELATED SCENARIO	SCENARIO ANALYSIS COVERAGE	PARAMETERS, ASSUMPTIONS, ANALYTICAL CHOICES
Transition Scenario IEA 450	Company-wide	<p>Temperature alignment: we explored changes in energy costs under one of the IEA scenarios namely the IEA 450 which is aligned with temperature increases to or below 2°C compared to pre-industrial level. Parameters, Assumptions, and analytical methods: increases in energy tariff will lead to an increase of energy costs for the operation of our telecom/IT sites. During the assessment of climate related risks for our core site, offices, and base stations sites' facilities, we identified that there could be an increase in operational expenditure due to tariff hikes of fuels and grid power unit in our areas of operations. Energy prices are subsidized in our oil rich operations in Kuwait, KSA and Bahrain. Our biggest operating costs are energy costs to cater for cooling requirements for our telecom and IT systems that need 25°C which is much lower than ambient temperatures in our operations. Our total energy consumption in 2021 was 1,099 MWh up by 6% from 2020 where it was 1,031 MWh and 158.3 M liters of diesel up by 3% from 153.4 M liters of diesel in 2020. The 2021 overall energy cost including diesel cost was USD 176,164,623. With our long-range planning process of 15 years, we estimated that energy operating costs could increase by over 120% at USD 387,177,592. The estimated figures factors in the underlying per unit grid power and diesel fuel hikes as per macroeconomic indicators due to inflation and gradual reduction of subsidies. The estimates are based on the 2021-year end consumption. The increase in costs is primarily due to two main variables: 1. rise in energy tariffs due to inflation and reversal of subsidies in some of operations and 2. Rise in mean temperature. We aligned the estimated impact to our risk matrix to classify the risk profile. To this effect, our 2021 Earnings before Interest, Tax, Depreciation and Amortization figure was USD 2.16 B. As per our climate risk analysis, the delta increases due to RCP 8.5 scenario for 2035 on account of increased grid and fuel costs is estimated at USD 211,012,969. We have chosen the RCP 8.5 scenario to estimate the likely outcome if the governments in our operating countries do not make concerted efforts to cut greenhouse gas emissions. We took the Net Present Value with a discount rate of 10% to arrive at USD 61,122,941 which when compared to 2021 EBITDA will be graded in HIGH category due to a substantive financial impact of 2.8% to 2021 EBITDA figure of USD 2.16 B. The transition from current power generation solutions to solar and DG Battery hybrid solutions is estimated to cost more than USD 400M by 2035.</p>

CLIMATE-RELATED SCENARIO	SCENARIO ANALYSIS COVERAGE	PARAMETERS, ASSUMPTIONS, ANALYTICAL CHOICES
Physical Climate Scenarios RCP 8.5	Company-wide	<p>This business-as-usual scenario assumes temperature increases by 2°C by 2040 and 3°C by 2059 compared to pre-industrial level. Parameters, Assumptions, and analytical methods: Zain relies on the World Bank Group (WBG) forecasts, who uses data from the CMIP5 models included in the IPCC - AR5 as a reference to help project climate change states for the entire company. Two times' horizons were considered: 2020 – 2039 and 2040 – 2059. These two horizons are the default horizons proposed by the WBG using the CMIP5 models for climate change projections. Within these horizons and considering a linear progression, a 15-years climate change analysis from 2020 to 2035 (our main time horizon) was derived to align with our corporate risks' management process long-term risks timescale and the life cycle of our assets. We explore both physical and transition risks for our base stations, Data Centers, and Office Buildings. As per RCP 8.5 Ensemble, there will be an average temperature increase of 2°C by 2035. A vulnerability assessment of our operations revealed that some of our assets in all our 7 operating countries such as the equipment premises will consume more power to maintain the same level of temperature because of the positive correlation between external temperature and the energy consumption. We estimate the rise in mean temperature will have an impact of additional USD 30.3M on cooling energy costs, and an anticipated increase of 120% of energy cost, an impact of USD 211M by 2035. After mapping these costs to our corporate risks' identification and management matrix, the rise in mean temperature was categorized as a high risk for our business. We also found that there will be some changes in the precipitation pattern from 2021 to 2035 with some consequences felt in 2021. Our operations in Sudan and South have witnessed some unprecedented flooding resulting in fiber cuts in Sudan and delayed services rollout in South Sudan. Using 2020 as a baseline, we established a relationship between the level of precipitation and revenue loss. Flooding was found to be a medium risk for our Businesses in Sudan and South Sudan. Hence, the change in precipitation became one of our physical risks. To reduce the energy consumption due to increased cooling requirements, a set of initiatives have developed under one of our company strategic pillars which is "operational effectiveness". These initiatives have led to a reduction of 3,864 metric tons of CO<sub>2</sub> emission in 2021.</p>

CLIMATE-RELATED SCENARIO	SCENARIO ANALYSIS COVERAGE	PARAMETERS, ASSUMPTIONS, ANALYTICAL CHOICES
Physical Climate Scenarios RCP 1.9	Company-wide	<p>Temperature alignment: Our ambition is to be net zero by 2050. To understand the impact of such move on our business, we tried to uncover all the associated costs. This analysis is based on RCP 1.9 pathway that limits the rise in mean temperature to 1.5 °C compared to the pre-industrial era. Parameters, Assumptions, and analytical methods: The parameters considered in this analysis are the number of sites, the energy consumption per site, and the share of renewable power. We projected our energy consumption based on the number of sites at the horizon of 2050. We then laid down a set of initiatives ranging from the deployment of battery hybrid solutions, outdoor cabinets and solar power solutions. While we observed that our energy consumption is likely to increase, the fact that the share of solar based power increases at a faster rate helps foresee substantial reductions in CO2 emissions. It is assumed that solar plants will be deployed in our operations in Bahrain, Sudan, South Sudan, Kuwait and Jordan for us to be able to achieve 80 – 90% reduction of CO2 emissions by 2050. The remaining 10 – 20% of the emissions will be offset through carbon sink and the implementation of carbon capture solutions.</p>

Note:

RCP 8.5: This is Business as Usual (BaU scenario). It was selected because of the need to project our operating costs considering that we continue to do business as usual. This reference scenario is used to assess to impact of the identified physical risks on our current operating costs when performing business as usual.

RCP 1.9: This is the scenario that was close to a transition to Net Zero by 2050. It was selected because Zain wants to assess the impact of an adoption of clean energy sources on its operations. This scenario is then compared

to the BaU scenario to see the real impact of climate change on our business. The Operating costs (energy costs) under both RCP 8.5 an RCP 1.9, cost implications are compared to see whether there is a difference to allow for possible adjustments in the way we do business.

The IEA 450: This transition scenario was selected because the adoption of clean energy would require a transition to more energy efficient solutions and therefore lead to additional Capex for our business. This scenario allows us to assess the additional Capex that would be required if we have to transition to a low carbon economy.

## Risk Management:

### A. Describe the organization's processes for identifying and assessing climate-related risks.

We recognize that climate change poses several physical and transition-related risks for our business.

We identified three risks in line with Task Force on Climate Related Financial Disclosures guidance. We quantified the business impacts of all climate-related risks under each scenario over different time horizons.

Key risk and opportunity areas arising from the scenario base climate risk and opportunity assessment are as follows:

- Physical Risk: Rise in mean temperatures that could negatively impact margins and operating costs.
- Physical Risk: Increase in frequency and impact of extreme weather events to disruption of services.
- Transition Risk: Increase in unit economics of energy costs.

The scope of the risk assessment processes includes all people, processes and technology within Zain group and its operating countries.

Our risk assessment process consists of the following steps:

#### Risk Identification

Risk Owners and the Risk Management team review the risks specific to the Division and identify any emerging risks based on changing market conditions and business dynamics.

#### Risk Analysis

For the identified risks, likelihood for each risk based on the probability of occurrence and the impact severity based on the identified consequences are determined.

#### Risk Evaluation

For the identified risks, the Management team assigns Risk owners to perform detailed root cause analysis of their respective risk, build actionable steps considering the following risk mitigation strategies based on Risk Management policy. The risks are quantified based on the likelihood and impact as per our established risk management criteria for Revenue, EBITDA, and other metrics.

### B. Describe the organization's processes for managing climate-related risks.

Once climate change related risks are identified and evaluated, the process for managing the risks is the following:

#### Risk Treatment

Appropriate risk mitigation plans are designed that would reduce the impact or likelihood of the risk event. Group Risk Management proposes the draft mitigation plans which are agreed between the OpCo Risk Manager and the Risk Owners. OpCo Risk Managers present the status of current and proposed plans for the approval of OpCo CEO. Once the mitigation plans are approved by the respective OpCo CEO, OpCo Risk Managers share the risk register with the Group Risk Management team.

Climate change risks are considered in Zain's Risks Universe as defined in our Risk Management Policy and included in the company's risks assessment and evaluation. Our Climate Change Risk process monitors both Physical risks and Transition risks.



## C. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.

Climate change risks are considered in Zain's Risks Universe as defined in our Risk Management Policy and included in the company's risks assessment and evaluation. Our Risks Management and Sustainability Chiefs are part of the Climate Action Committee (CAC) and always in constant engagement on the evolving climate change related risks. Our Climate Change Risk process monitors Physical risks and Transition risks that are likely to affect our OPCOs.

Through our climate risks and opportunities identification process, we conducted a review with our Commercial Divisions in our Operations, we identified that there is a need to maintain a safety stock of our consumables. This is due to the anticipated delay from the current 2 months lead time between ordering and delivery of sim cards and recharge vouchers. During floods, supply chains might get impacted due to inaccessibility of roads and the airport. Hence, the decision to maintain an adequate safety stock. This shall ensure continuity of sales through uninterrupted availability of stock during climate change events such as floods caused by excessive precipitation. This risk is prevalent in Sudan and Iraq which are more prone to floods due to their precipitation receipt patterns. As per Coupled Model Intercomparison Project, Phase 5 (CMIP5) models included in the IPCC's Fifth Assessment Report (AR5), annual precipitation will rise by 13.89mm in 2040-2059 (RCP 8.5, Ensemble). Our operations in South Sudan continued to face the impact of excessive rainfall. In December 2021, profuse and continuous rainfall in South Sudan caused a devastating flood reaching water levels not seen for nearly a century. It ranks among the most severe floods recorded in the

region. Due to 2021 floods, 159 sites were switched off due to power disruption and were not accessible because of the excessive rainfall and floods. As a telecom service provider, we have two categories of retail customers – post-paid and prepaid. For prepaid customers to ensure validity of their lines, they need to recharge their account balance on a periodic basis which is usually on a monthly cycle. We have made this recharge service available through offline (paper recharge voucher) and online channels (website, mobile app, bank recharge, smart branch etc.). As per OCHA situation reports, we have observed severe floods in these markets due to excessive rainfall as per their climate patterns which has in the past affected clearance of shipment from customs and delivery to point of sales from warehouse. We also referred to the TCFD's Aqueduct Global Flood Risk Country Rankings by Population Affected, where Iraq, Sudan and South Sudan are ranked in the top 10% quartile in the study of 163 countries. As per our risk assessment plan, we performed a review with our Commercial division to estimate the impact of non-availability of vouchers due to exhaustion of existing supplies at warehouse and due to disruption of shipments from airports due to calamities. Based on the consumption pattern of the recharge vouchers for various denominations and the estimated lead time from time of ordering to delivery of shipment, we observed that there should be sufficient stock as buffer to be kept at the warehouse for adequately servicing our sales channels. Our approach to mitigate this problem was to build a safety stock of 180 days from the previous 90 days of Recharge vouchers and which should always be maintained at all times of the year. We arrived at the

figure of 180 considering the delay in the average lead time of 60 days from our suppliers due to the supply chain disruptions. Monthly reviews of stock levels are performed by our logistics teams. Further, we are promoting social media campaigns to educate customers in these markets to gradually adopt online channels. This is also in line with our digital strategy which will result in lower operating costs due to lesser printing cost incurred on recharge vouchers. Our safety stock policy has been implemented and has proven effective during the flood calamities. Our digital channels are also seeing good customers. We are witnessing steady growth in adoption of digital channels and target to achieve 85% of recharge transactions over digital by 2025 for the above markets. Post-paid payments and recharge transactions comprised 20% of the value share in Sudan which is steadily increasing to more than 30% in Q4-21. This is because of our continuous push to digitize the sales channels and encourage our customers to adopt digital channels for their telecom needs.

## Metrics and Targets

### A. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.

Metrics used by Zain include emissions, energy consumption, capital deployment.

METRICS	PERFORMANCE
Energy	
<b>Diesel Fuel Consumption (Liters)</b>	Excluding South Sudan as it has a smaller base and as the consumption de-grew by 20% YoY due to electrification by the Government, the average increase in consumption across the operations was 5.33%.
<b>Grid Consumption (KWh)</b>	Excluding South Sudan as it has a smaller base and as the consumption rose by 300% YoY, the average increase in consumption across the operations was 8.83%.
<b>Average Fuel price per Liter</b>	Except Jordan 13% YoY increase, the average fuel price was unchanged across the 6 other Operations for 2021 over 2020.
<b>Average Grid unit price</b>	The average grid price in terms of 1 KW h was unchanged across the 7 other Operations for 2021 over 2020.
Capital Deployment	
<b>Investment in climate adaptation (total capital invested in networks)</b>	USD 17.106 M USD across Iraq, Bahrain and KSA 129 sites infrastructure sharing for a cost of USD 1.385M, the deployment of 553 outdoor cabinets for a cost of USD10.102M, and the deployment of 319 smaller size diesel generators, the implementation of 31 solar polar solutions & 55 battery hybrid solutions as well as the connection of 58 sites to commercial power for an estimated cost of USD 5.619M
<b>Investment in climate mitigation</b>	SSP 1,130,116 – South Sudanese Pound cost of response to the mitigation includes repair of Diesel Generators SSP 1117890 or USD 2780 and contamination removal costs SSP 192226 or USD 478 due to mixing of water with fuel

### B. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.

Metrics used by Zain include emissions, energy consumption, capital deployment.

SCOPE OF EMISSION	UNIT	TOTAL
Scope1 emissions	tCO2e	411,484
Scope2 emissions	tCO2e	651,376
Total Scope1 & 2 emissions	tCO2e	1,062,860
Total Scope3 emissions	tCO2e	496,624

Emissions risks:

SCOPE	RELATED RISKS	SUMMARY
Scope1 emissions	Increase in consumption of Diesel.	Sporadic availability of Grid across Operations due to natural or man-made events may entail an increase in Diesel consumption as a backup energy source. As 5G is launched across the operations and coverage of 4G sites increases, there could be an increase due to the demand of fuel for the greenfield sites.
Scope2 emissions	Increase in consumption of Grid Power.	As 5G is launched across the operations and coverage of 4G sites increases, the primary energy source is Grid power and this could lead to further increase in consumption and hence incremental emissions.
Total Scope3 emissions	NA	As Scope 3 is not in the ambit of Zain's initiatives for climate change, it would be difficult to quantify and articulate the risks from value chain. As a general principle, we advise our suppliers to assist Zain through deployment of energy efficient solutions.



### C. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

INITIATIVES	TARGET	NARRATIVE
Enhance share of renewable Power source	2.5% increase per year	The current energy source mix between fossil fuel and renewable sources is 97.5% and 2.5%. We intend to increase this mix by 2.5% annually to reduce the Scope 1 and 2 emissions.
Scope2 emissions	4.2% CO <sub>2</sub> emission reduction per year	As 5G is launched across the operations and with the addition of 4G for enhancing cellular coverage, the primary energy source through Grid power will witness additional demand and this could lead to further increase in consumption and hence incremental emissions.
Virtualization of Core Network	75% in Core	Core Network equipment such as CS Core, PS Core (2G,3G, 4G) and IMS for VoLTE require to be powered on 24*7. The migration from legacy bare metal system design to virtualized core entails benefits of approximately 40% reduction in energy consumption as smaller equipment footprint translates to lower cooling and power consumption.
Digitalization	2.5% every year	The current mix for prepaid recharges and postpaid payments between online and traditional channels is approx. 35:65. We want to enhance the online segment as this will entail a reduction of branch operation costs due to savings in energy costs at the branches for lighting and aircon.



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## Looking Forward



# Looking Forward



**The 2022 Sustainability Report: An Inclusive Transition for Future Generations provides a comprehensive overview of Zain's actions, challenges, and opportunities towards achieving sustainable development. In the past two years, the company has concentrated its efforts on safeguarding the business from the negative impacts of the pandemic. The need to pivot led to the acceleration of digital transformation ecosystems, where the company was able to achieve stability and steady growth.**



Throughout the year, Zain took significant strides in achieving its strategic objectives, pushing the envelope on creating shared value in an inclusive, just, and equitable manner.

From a climate change perspective, the company officially submitted its commitment to SBTi and set mitigation and adaptation plans to become Net-Zero by 2050. Through this commitment, Zain set newly revised emission reduction targets starting from 2023 as its baseline year.

- Zain's pillar to operate responsibly continues to focus on embedding environmental, social, and governance (ESG) components throughout its value chain, including supply chain management. Zain continued to evolve and better engage with its suppliers as it better identifies risks and manages actual or potential disruptions.
- Inclusion continues to be a crucial competent area for Zain, where bridging the digital divide facilitates the achievement of its strategic objectives. Addressing the needs of people with disabilities, conducting a Group-wide assessment on the elderly, and mentoring women in STEM fields provides Zain the opportunity to tap into new market opportunities.
- Across the region, youth are the largest segment and experience challenges such as skills mismatch and unemployment. Zain continues to take concerted action to keep young people safe online while developing their digital literacy skills to increase opportunities for meaningful employment.

The table below highlights Zain's plans for 2023, addressing the company's Corporate Sustainability targets and related progression:

CORPORATE SUSTAINABILITY TARGET	ACHIEVED	COMMENTS
Set strategic targets to address climate change and reduce GHG emissions by addressing the risks, unlocking new market opportunities, and improving resource efficiency	Ongoing	<ul style="list-style-type: none"> <li>• Communicate and coordinate with across Group business units, operations, and subsidiaries to ensure full adoption of the newly revised CO2 emission targets based on the SBTi Framework</li> <li>• Implementation of the climate change compliance framework across the entire value chain</li> <li>• Further lobbying efforts with regulatory entities through the GCC Sustainability MoU towards Net-Zero transition</li> </ul>
Aiming to bridge the divides that exist in our operating markets, focusing on marginalized segments	Ongoing	<ul style="list-style-type: none"> <li>• Set quantitative accessibility targets for disadvantaged/ rural communities</li> <li>• Continue to roll out data bundles and packages targeting people with disabilities</li> <li>• Extensive stakeholder engagement with the elderly community to explore their challenges and address them through core services and digital inclusion</li> </ul>
Advocacy and mentoring of girls and young women in schools and universities to support them in entering STEM-related fields	Ongoing	<ul style="list-style-type: none"> <li>• Continue to scale Women in Tech program to reach targets set in the strategy</li> <li>• Reach targets set for the Girls for Tech program in Bahrain, addressing 750 students</li> </ul>
Ensuring a responsible supply chain across Zain business practices	Ongoing	<ul style="list-style-type: none"> <li>• Develop programs for suppliers to verify compliance on ESG-related indicators</li> <li>• Automate supplier self-assessment questionnaire and supplier training on ESG</li> <li>• Expand the number of suppliers for physical audits</li> </ul>
Committing to empower 16 million youth across its footprint, enabling them to reach their full potential	Ongoing	<ul style="list-style-type: none"> <li>• Continue to assess challenges, gaps and opportunities related to children's rights across all business activities</li> <li>• Develop the implementation of the Child Helpline International MoU across all operating companies</li> <li>• Evolve the child online safety campaign to expand its reach</li> <li>• Further embed the online safety booklet with Zain Esports' activities</li> </ul>



CORPORATE SUSTAINABILITY TARGET	ACHIEVED	COMMENTS
Building human capital within the organization	Ongoing	<ul style="list-style-type: none"> <li>Continue to develop and progress the Workforce of the Future plan to address the skills mismatch risk</li> <li>Develop employee training programs on ethical standards that cover all employees including part-timers and contractors</li> <li>Implement the action plan derived from the Group-wide employee engagement survey 'I am Zain'</li> </ul>
Expand and improve Zain's stakeholder engagement strategy across all functions	Ongoing	<ul style="list-style-type: none"> <li>The company continues to uphold its commitment to improving its stakeholder engagement processes by having open, effective and frequent communications with major stakeholders. For more details about Zain's stakeholder engagement, visit 'Stakeholder Engagement' on page 60.</li> </ul>
Continue to improve governance policies and practices to maintain compliance with Kuwait's Capital Markets Authority (CMA) regulations	Yes	<ul style="list-style-type: none"> <li>Zain successfully complies with CMA regulations in Kuwait, as related to transparency and governance, and is taking steps to further refine its compliance in alignment with global best practice</li> </ul>
Continue to optimize the company's risk management policies and practices	Ongoing	<ul style="list-style-type: none"> <li>Zain's Risk Management and Internal Audit functions will continue to coordinate in union with both the Board Risk and Audit Committees to improve the organization's effectiveness in identifying and mitigating organizational risks</li> </ul>
Expand and broaden the organization's Innovation Agenda	Ongoing	<ul style="list-style-type: none"> <li>Zain will continue to develop its innovation agenda through its strategic activities by further developing its Dizlee (API platform), ZainTech, Zain Esports, and Zain Fintech amongst others</li> <li>The company continues to contribute to the innovation space by establishing innovation centers, ZINC in Kuwait, Iraq, and Jordan. Zain aims to further enhance the intrapreneurship ecosystem within the company through its ZAINIAC program</li> </ul>

CORPORATE SUSTAINABILITY TARGET	ACHIEVED	COMMENTS
Continue to take steps to address and improve gender and disability disparity and encourage greater inclusivity within the organization	Ongoing	<ul style="list-style-type: none"> <li>Development of the Diversity, Equity and Inclusion (DE&amp;I) competencies across the board to further the targets set in each of the D&amp;I focus areas:               <ul style="list-style-type: none"> <li>WE – tackling gender gaps within the company</li> <li>WEABLE – addressing people with disabilities in the workplace</li> <li>ZAINIAC – internal innovation</li> <li>BEWELL – promoting mental health and well-being</li> <li>ZY – empowering young Zain employees through skills development</li> <li>Reach – embed a mentoring culture within the organization</li> </ul> </li> </ul>





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**Appendix**

# Appendix: SASB Telecommunications Industry Metrics

## Telecommunication Sector

TOPIC	SASB CODE	SASB STANDARD/METRIC	SECTION	COMMENTS	EXTERNAL ASSURANCE
	TC-TL-000.A	Wireless Subscribers		46,674	
	TC-TL-000.C	Broadband Subscribers		5,744	
	TC-TL-000.D	Network Traffic		23 Petabyte	
Environmental Footprint of Operations	TC-TL-130a.1	Total energy consumed		5,646,329 Gigajoules	Yes
		Percentage grid electricity		71%	
		Percentage renewable energy		1.46%	
Data Privacy	TC-TL-220a.1	Description of policies and practices relating to behavioral advertising and customer privacy	Enterprise Risk Management		Yes
	TC-TL-220a.2	Number of customers whose information is used for secondary purposes	Enterprise Risk Management		Yes
	TC-TL-220a.3	Total amount of monetary losses as a result of legal proceedings associated with customer privacy		This information is considered confidential, as such Zain does not disclose this indicator.	
	TC-TL-220a.4	1. Number of law enforcement requests for customer information		This information is considered confidential, as such Zain does not disclose this indicator.	
		2. Number of customers whose information was requested			
		3. Percentage resulting in disclosure			

TOPIC	SASB CODE	SASB STANDARD/METRIC	SECTION	COMMENTS	EXTERNAL ASSURANCE
Data Security	TC-TL-230a.1	1. Number of data breaches	Enterprise Risk Management		Yes
		2. Percentage involving personally identifiable information (PII)			
		3. Number of customers affected			
	TC-TL-230a.2	Description of approach to identifying and addressing data security risks, including use of third-party cybersecurity standards			
Product End-of-Life Management	TC-TL-440a.1	1. Materials recovered through take back programs, percentage of recovered materials that were, (2) reused, (3) recycled and (4) landfilled		Zain does not yet report on this metric. The company however is conducting a baseline assessment on its waste management process.	
Managing Systemic Risks from Technology Disruptions	TC-TL-520a.1	1. System average interruption frequency and	Enterprise Risk Management	Zain does not yet report on this metric.	
		2. Customer average interruption duration			
	TC-TL-550a.2	Discussion of systems to provide unimpeded service during service interruptions			
Competitive Behavior & Open Internet	TC-TL-520a.1	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations		This information is considered confidential, as such Zain does not disclose this indicator.	
	TC-TL-520a.2	Average actual sustained download speed of		Zain does not yet report on this metric	
		1. Owned and commercially associated content			
		2. Non-associated			
	TC-TL-520a.3	Description of risks and opportunities associated with net neutrality, paid peering, zero rating, and related practices		Zain does not yet report on this metric	



# Appendix:

## TCFD Recommendations

		EXTERNAL ASSURANCE
Governance	a. Describe the board's oversight of climate-related risks and opportunities.	Yes
	b. Describe management's role in assessing and managing climate-related risks and opportunities.	Yes
Strategy	a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Yes
	b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Yes
	c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Yes
Risk Management	a. Describe the organization's processes for identifying and assessing climate-related risks.	Yes
	b. Describe the organization's processes for managing climate-related risks.	Yes
	c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Yes
Metrics and Targets	a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Yes
	b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	Yes
	c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Yes

# Appendix:

## GRI Standards

GENERAL DISCLOSURE		SECTION	COMMENTS	EXTERNAL ASSURANCE
2-1	Organizational details	<a href="#">About the Report</a> <a href="#">Company Overview</a>		Yes
2-2	Entities included in the organization's Sustainability Reporting	<a href="#">About the Report</a>		Yes
2-3	Reporting period, frequency and contact point	<a href="#">About the Report</a>		Yes
2-4	Restatements of information		There is no significant information restated in the 2022 Report	Yes
2-5	External Assurance	<a href="#">About the Report</a> <a href="#">Independent Assurance Report</a>		Yes
2-6	Activities, value chain and other business relationships	<a href="#">About the Report</a> <a href="#">Our Products and Customers</a>		Yes
2-7	Employees	<a href="#">Our People</a>		Yes
2-8	Workers who are not employees	<a href="#">Our People</a>	All outsourced labor-related services are provided through third parties that go through the company's procurement practices.	Yes
2-9	Governance structure and composition	<a href="#">Corporate Governance</a>		Yes
2-10	Nomination and selection of the highest governance body	<a href="#">Corporate Governance</a>		Yes
2-11	Chair of the highest governance body	<a href="#">Corporate Governance</a>		Yes
2-12	Role of the highest governance body in overseeing the management of impacts	<a href="#">Corporate Governance</a>		Yes
2-13	Delegation of responsibility for managing impacts	<a href="#">Corporate Governance</a>		Yes
2-14	Role of the highest governance body in sustainability reporting	<a href="#">Corporate Governance</a>		Yes
2-15	Conflicts of interest	<a href="#">Corporate Governance</a>		Yes
2-16	Communication of critical concerns	<a href="#">Corporate Governance</a>		Yes
2-17	Collective knowledge of the highest governance body	<a href="#">Corporate Governance</a>		Yes

GENERAL DISCLOSURE		SECTION	COMMENTS	EXTERNAL ASSURANCE
2-18	Evaluations of the performance of the highest governance body	Corporate Governance		Yes
2-19	Remuneration policies	Corporate Governance		Yes
2-20	Process to determine remuneration	Corporate Governance		Yes
2-21	Annual total compensation ratio		This information is considered confidential however detailed information on remuneration can be found in Zain Annual Report on page 105.	
2-22	Statement on sustainable development strategy	Message from the Board of Directors Message from the Vice-Chairman and Group CEO Message from the Corporate Sustainability Officer		Yes
2-23	Policy commitments	Corporate Governance Addressing Key Challenges to Human Rights		Yes
2-24	Embedding policy commitments	Corporate Governance Addressing Key Challenges to Human Rights		Yes
2-25	Processes to remediate negative impacts	Addressing Key Challenges to Human Rights		Yes
2-26	Mechanisms for seeking advice in raising concerns	Corporate Governance Addressing Key Challenges to Human Rights		Yes
2-27	Compliance with laws and regulations	Enterprise Risk Management	0 instances of non-compliance and related fines incurred in 2022.	Yes
2-28	Membership associations	Introduction Enterprise Risk Management		Yes
2-29	Approach to stakeholder engagement	Stakeholder Engagement		Yes
2-30	Collective bargaining agreements		Iraq 8% Sudan 100% All Zain employees are covered by regional work conditions standards and their terms of employment are determined based on the same.	Yes
Disclosure on Material Topics				
3-1	Process to determine material topics	Materiality Assessment		Yes
3-2	List of material topics	Materiality Assessment		Yes
3-3	Management of material topics	Materiality Assessment		Yes



GENERAL DISCLOSURE		SECTION	COMMENTS	EXTERNAL ASSURANCE
Topic Specific Disclosures				
Number	Material Topics - Based on Materiality Assessment			
GRI 201 - Economic Performance				
201-1	Direct economic value generated and distributed	Our Economic Impacts		Yes
201-2	Financial implications and other risks and opportunities due to climate change	Our Sustainability Agenda TCFD Report		Yes
GRI 202 - Market Presence				
202-1	Ratios of standard entry level wage by gender compared to local minimum wage		This indicator is not relevant to the industry we operate in, as such data is not collected for this measure. The company's pay scales are reviewed on regular bases and adhere to each operating country's labor law guidelines.	
202-2	Proportion of senior management hired from the local community	Our People		Yes
GRI 203 - Indirect Economic Impact				
203-1	Infrastructure investments and services supported	Our Economic Impacts Our Sustainability Agenda		Yes
203-2	Significant indirect economic impacts	Our Economic Impacts Our Sustainability Agenda		Yes
GRI 204 - Procurement Practices				
204-1	Proportion of spending on local suppliers	Our Economic Impacts		Yes
GRI 205 - Anti-Corruption				
205-1	Operations assessed for risks related to corruption		100% of Zain's operations are assessed for fraud risks and violations of the Code of Conduct which include anti-corruption risks	Yes
205-2	Communication and training about anti-corruption policies and procedures	Corporate Governance	Through its onboarding process, the company communicates its anti-corruption policies and procedures to all new joiners. Furthermore, it ensures that such policies and procedures are accessible to all through the company's internal portal.	Yes

GENERAL DISCLOSURE		SECTION	COMMENTS	EXTERNAL ASSURANCE
205-3	Confirmed incidents of corruption and actions taken		There were 0 incidents	Yes
GRI 302 Energy				
302-1	Energy consumption within the organization	Our Sustainability Agenda		Yes
GRI 305 - Emissions				
305-1	Direct (Scope 1) GHG emissions	Our Sustainability Agenda		Yes
305-2	Energy indirect (Scope 2) GHG emissions	Our Sustainability Agenda		Yes
305-3	Other indirect (Scope 3) GHG emissions	Our Sustainability Agenda		Yes
GRI 308 - Supplier Environmental Assessment				
308-1	New suppliers that were screened using environmental criteria	Our Sustainability Agenda		Yes
308-2	Negative environmental impacts in the supply chain and actions taken	Our Economic Impacts	There were no negative environmental impacts identified through Zain's supply chain in 2022.	Yes
GRI 401 - Employment				
401-1	New employee hires and employee turnover	Our People		Yes
401-2	Benefits provided to full-time employees that are not provided to temporary or parttime employees		Found in Zain's Financial Statement on Page 52	Yes
401-3	Parental leave	Our People		Yes
GRI 405 - Diversity and Equal Opportunity				
405-1	Diversity of governance bodies and employees	Corporate Governance Our People		Yes
405-2	Ratio of basic salary and remuneration of women to men	Our People		Yes
GRI 406 - Non Discrimination				
406-1	Incidents of discrimination and corrective actions taken		0 cases were reported in 2022.	Yes
GRI 413 - Local Communities				
413-1	Operations with local community engagement, impact assessments, and development programs		100% of our operations include local community engagement and development programs	Yes

GENERAL DISCLOSURE	SECTION	COMMENTS	EXTERNAL ASSURANCE
413-2	Operations with significant actual and potential negative impacts on local communities	<div>Our Sustainability Agenda</div> <p>The company aligns to the Zain Environmental and Social Management Plan (ESMP) Guidelines. The ESMP Guidelines were developed to minimize Zain's potential harmful environmental impacts, protect the safety of its surrounding communities and address negative impacts of the company's business activities. The processes in the ESMP Guidelines include reviewing environmental and social risks, notifying local communities before undertaking any installation or maintenance work and issuing policies that address grievance from local community members. Zain's equipment is tested regularly to ensure compliance is maintained with the International Commission on Non-Ionizing Radiation Protection (ICNIRP) for occupational public exposure to electric and magnetic fields, and to guarantee that the public is protected and made aware of EMF zones by restricted access and appropriate signage of Antenna propagation zones that exceed the ICNIRP maximum public level.</p>	Yes
GRI 414 - Supplier Social Assessment			
414-1	New suppliers that were screened using social criteria	<div>Our Economic Impacts</div>	Yes
414-2	Negative social impacts in the supply chain and actions taken	<div>Our Economic Impacts</div> <p>There were no negative social impacts identified through Zain's supply chain in 2022.</p>	Yes
GRI 416 - Customer Health and Safety			
416-1	Assessment of the health and safety impacts of product and service categories	<p>In accordance to industry standards, the company ensures that all its products and services are in accordance to health and safety best practices when it comes to network equipment. When it comes to launching new products and services into the market, the company abides by health and safety standards set by the local regulatory entities. Furthermore, the company covers all health and safety impacts of its products and services in its Environmental and Social Management Plan (ESMP) which includes public exposure to Electro- Magnetic Fields, compliance to International Commission on Non-Ionizing Radiation Protection (ICNIRP).</p>	Yes
GRI 418 - Customer Privacy			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	<div>Enterprise Risk Management</div>	Yes



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# Independant Assurance Report

# Independant Assurance Report



To the Board of Directors and Management of Mobile Telecommunications Company K.S.C.P.

## Scope

We have been engaged by Mobile Telecommunications Company K.S.C.P. ("Zain Group") to perform a 'limited assurance engagement,' as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on material areas / performance metrics (as described below, the "Subject Matter") in Zain Group's 2022 Sustainability Report (the "Report") for the year ended 31 December 2022.

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

Our limited assurance engagement covered disclosures reported in full or partially by Zain Group in the Report against the indicators in the Global Reporting Initiative Sustainability Reporting Standards 2021 (GRI Standards), Sustainability Accounting Standards Board (SASB) Telecommunication Services Sustainability Accounting Standard Codes and, Recommendations of the Task Force on Climate-related Financial Disclosures June 2017 (TCFD). Our assurance is limited to indicators as specified in the table below:

### Global Reporting Initiative (GRI)

- The organization and its reporting practices: 2-1, 2-2, 2-3, 2-4, 2-5
- Activities and workers: 2-6, 2-7, 2-8
- Governance: 2-9, 2-10, 2-11, 2-12, 2-13, 2-14, 2-15, 2-16, 2-17, 2-18, 2-19, 2-20
- Strategy, policies and practices: 2-22, 2-23, 2-24, 2-25, 2-26, 2-27, 2-28
- Stakeholder engagement: 2-29, 2-30
- Disclosure on material topics: 3-1, 3-2, 3-3
- Economic performance: 201-2
- Market presence: 202-2
- Indirect economic impacts: 203-1, 203-2
- Procurement practices: 204-1
- Anti-Corruption: 205-1, 205-2, 205-3
- Energy: 302-1
- Emissions: 305-1 [Direct (Scope 1) GHG emissions], 305-2 [Energy indirect (Scope 2) GHG emissions], 305-3 [Other indirect (Scope 3) GHG emissions]
- Supplier environmental assessment: 308-1, 308-2
- Employment: 401-1, 401-3
- Diversity and equal opportunity: 405-1, 405-2
- Non-Discrimination: 406-1
- Local communities: 413-1, 413-2
- Supplier assessment for labor practices: 414-1, 414-2
- Customer health and safety: 416-1, 416-2
- Customer privacy: 418-1

### Sustainability Accounting Standards Board (SASB)

- Environmental footprint of operations: TC-TL-130a.1
- Data privacy: TC-TL-220a.1, TC-TL-220a.2
- Data security: TC-TL-230a.1, TC-TL-230a.2

### Taskforce on Climate-Related Financial Disclosures (TCFD)

- Governance – Board oversight and management role in assessing and managing climate-related risks and opportunities
- Strategy – Climate-related risks and opportunities identified and its impact on the organization along with the climate-related scenario analysis
- Risk management – Organization process of identifying, assessing and managing climate-related risks and the integration of these into the organization's overall risk management
- Metrics & targets – Metrics includes energy consumption from diesel fuel and grid electricity and emissions (Scope 1, Scope 2 and Scope 3) and climate-related targets

The scope excludes future events or the achievability of objectives, targets and expectations of Zain Group. EY has not conducted an audit, review or conduct an examination of any of the Zain Group's financial statements or any other financial information.

### Criteria applied by Zain Group

In preparing the Subject Matter, Zain Group applied the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards), the Sustainability Accounting Standards Board (SASB) Telecommunication Services Sustainability Accounting Standard and, Recommendations of the Task Force on Climate-related Financial Disclosures June 2017 (TCFD) (Collectively the "Criteria").

### Zain Group's responsibilities

Zain Group's management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

### EY's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information ('ISAE 3000'), and the terms of reference for this engagement as agreed with Zain Group on 24th October 2022. Those standards require that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Subject Matter is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

### Our Independence and Quality Control

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Control 1, *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information, and applying analytical and other appropriate procedures.

### Our procedures included:

- Conducted interviews with personnel in the Group Corporate Sustainability Department, Networks team, Procurement team, Human Resource team and Legal and Risk Management team to understand the business and reporting process;
- Conducted interviews with key personnel to understand the process for collecting, collating and reporting the Subject Matter during the reporting period;
- Checked documents and internal communications received by the Group Corporate Sustainability Department to validate the accuracy of information reported;
- Checked that the calculation criteria have been correctly applied in accordance with the methodologies outlined in the Criteria;

- Undertook analytical review procedures over the Subject Matter and made inquiries of relevant personnel;
- Tested, on a sample basis, underlying source information to check the accuracy of the data;
- Tested the disclosure and presentation of the subject Matter within the report against the criteria.

We also performed such other procedures as we considered necessary in the circumstances.

### Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that need to be made to the Subject Matter as of 31 December 2022 and for the period from 1 January to 31 December 2022, in order for it to be in accordance with the Criteria.

For Ernst & Young (AL Aiban, AL Osaimi & Partners)



Signed by Waleed Al-Osaimi  
2 April 2023  
Kuwait



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We look forward to receiving your thoughts and feedback on this report. Kindly send comments and/or questions to [cs@zain.com](mailto:cs@zain.com).