

The following section addresses Zain’s response to the Task Force on Climate-Related Financial Disclosures (TCFD) in alignment with the guidance on the framework. The section represents a detailed response to Zain’s approach towards TCFD’s recommendations.

Zain’s Climate Action Journey



|                                                                                                              |                                                                                                                                                                |                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                        |                                                                                                                                                                                           |
|--------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <div>First Sustainability Report published</div> <div>2012</div>                                             | <div>Completed first five-year target cycle</div> <div>2016</div>                                                                                              | <div>Aligned the CO<sub>2</sub> emission factors to IEA Standards</div> <div>Set new CO<sub>2</sub> emissions reduction targets for five years</div> <div>2017</div>                                                                                                           | <div>Updated Zain's Environmental and Social Management Plan to include IFC recommendations</div> <div>2018</div>                                                                                                                      | <div>Became a member of the GSMA Climate Action Task Force</div> <div>Disclosed to CDP - private</div> <div>2019</div>                                                                    |
| <div>Disclosed to CDP - public</div> <div>Established a Climate Action Committee (CAC)</div> <div>2020</div> | <div>Plan to introduce Internal Carbon Pricing (ICP)</div> <div>Plan to commit to SBTi</div> <div>Published Zain's Climate Change Policy</div> <div>2021</div> | <div>Developed the Climate Change Compliance Framework (approved by the Board)</div> <div>Formal commitment letter approved by SBTi and received acceptance letter on January 6, 2023</div> <div>Set new CO<sub>2</sub> emissions targets for five years</div> <div>2022</div> | <div>Board approved waste management policy</div> <div>Submission of Science-Based Targets to the Board for approval</div> <div>The joint creation of Sustainability Innovation Hub under the GCC Telco Alliance</div> <div>2023</div> | <div>Board approved Waste Management Compliance Framework</div> <div>Zain's Science-Based Targets have been approved by the Science-Based Targets initiative (SBTi)</div> <div>2024</div> |



## Governance

### A. Describe the Board’s oversight of climate-related risks and opportunities

The Vice-Chairman of Zain Group’s Board of Directors (BoD), who is also the CEO of the company, is responsible for setting the strategic direction for the company. He is also responsible for the implementation of the company’s strategy, which includes climate change-related adaptation and mitigation plans. Zain performs an annual review of its five-year business plan to align future investments with its strategic direction set by the Board. The revised five-year business plans and 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 that would help achieve the company emissions targets. Throughout this process the CEO oversees and guides the development of Zain’s climate transition plan.

As part of the governance process, Zain’s Board reviews and approves the business plans and budgets submitted annually by the Group CEO, which become the reference for the execution of the company’s strategy. The Board, through the Group CEO, monitors the implementation of all initiatives including those related to climate change mitigation and adaptation. The Group CEO has given the responsibility of managing day-to-day climate-related issues to the Group Chief Sustainability (CSO) and Group Chief Technology Officers (CTO) who co-chair the Climate Action Committee (CAC), and whose role is to ensure the approved climate change mitigation and adaptation initiatives are properly implemented. The CSO & CTO report directly to the Vice-Chairman and Group CEO who in return reviews Zain’s climate-related performance and provides guidance to the

CAC through its co-chairs for preventive and corrective actions when required to ensure that the company meets its targets.

The CAC is a cross-functional committee appointed following an internal consultation process, with the purpose of providing the Board with oversight into climate-related matters. Through the CSO and CTO, 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, and these approvals are reflected by the CAC in the company strategy for identifying, assessing, and managing climate-related risks and opportunities.

The CAC meets quarterly to discuss climate-related risks and opportunities that are immediately reported to the Board through the Group CEO, who provides recommendations and guidance. The reports to the Board by the CAC are done during regular quarterly Board meetings, whereby all management issues are also discussed. Board decisions on reported climate-related issues are made as frequently as needed, with the quarterly reviews focusing on ensuring that the company is meeting its climate specific key performance indicators (KPIs) in terms of greenhouse gas (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 regarding climate change-related issues. In addition, the Board has a clearer viewpoint of the progress the company is making in this regard.

Zain provides its management team with incentives for its contribution to helping achieve its environmental commitments and transition goals as set in the Board’s approved climate change compliance framework. This framework outlines the strategic path to achieving net-zero emissions by 2050. The objectives and KPIs within the framework are disseminated to team members at both the Group and opco/subsidiary

levels. All stakeholders, including opcos/subsidiary CEOs, CAC members, and employees responsible for supporting climate targets, are assigned clear climate action objectives. The company conducts an annual assessment of its management team’s overall performance, including climate change mitigation and adaptation efforts. This assessment determines monetary rewards based on the progress towards achieving the predetermined objectives.

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

The Board, through the Group CEO sets the direction that shapes the strategy of the company for addressing climate change. All management issues including climate-related matters such as the company’s CO<sub>2</sub> emission reduction targets status, risks associated with ambient temperature increase, the possible changes in precipitation pattern, as well as the transition to new technologies due to climate change. These issues and more are the responsibility of the Group CEO, who delegates the day-to-day operations and control of climate-related issues to the CAC co-chaired by the CSO and the CTO.

Below is a summary of the roles and responsibilities of each major management function within the CAC:

- Chief Financial Officer (CFO):** Manages annual budgets related to environmental issues, reviews climate-related initiatives business cases and approves associated project budgets. Manages capital requirements and reviews decisions about investments in new technology such as the use of renewable energy and the deployment of energy efficient solutions.
- Chief Technology Officer (CTO):** Oversees the selection, testing, and implementation of new technologies within the company. To ensure

that transition risks and opportunities such as the deployment of energy efficient solutions are properly managed, the CTO’s contribution is key. He is responsible for energy efficiency improvements and energy use. He also measures and reports energy use against targets. The CTO sets emissions-related KPIs and monitors the implementation of low emissions solutions. The CTO co-chairs the CAC with the CSO. Both CTO and CSO provide an oversight to the Board into climate-related issues and ensure that recommendations from the Board are considered in the company’s strategy for addressing climate-related issues.

- Chief Sustainability Officer (CSO):** This executive has a central position with respect to Zain’s climate agenda. The CSO strategically drives the company’s net-zero ambition by ensuring that all value chain emissions are properly addressed through a framework that runs from the emissions boundary to the scopes; the timeline; and the engagement with suppliers and local authorities. The CSO has day-to-day responsibility for the implementation and reporting of all climate-related issues within the company. She provides guidance and recommendations for climate change and sustainability strategy, monitors climate-related KPIs (emissions, renewable energy objectives, climate awareness and engagement), and climate-related incentives. The CSO co-chairs the CAC with the CTO. Both CSO and CTO provide an oversight to the Board regarding climate-related issues and ensure that recommendations from the Board are considered in the company’s strategy for addressing climate-related issues.
- Chief Risk Officer (CRO):** Identifies and quantifies climate change risks and opportunities, performs scenario analysis, prepares mitigation plans for the identified risks, monitors them, and ensures an appropriate response whenever they materialize. Annually, the CRO ranks these risks to prioritize them and provides recommendations for mitigation and adaptation.

- The CRO identifies and quantifies climate change risks and opportunities, performs scenario analysis, prepares mitigation plans for the identified climate change risks, monitors those risks, and ensures proper response whenever the risks materialize.
- The CRO ranks the risks on an annual basis to prioritize them and provides recommendations for mitigation and adaptation.
- On a quarterly basis, the CRO reports the status of all the identified risks, including climate change-related risks to the BRC.
- The BRC reviews the risks and sets priorities for mitigation and adaptation when required.
- Those priorities are part of the recommendations that the Board provides to the CAC through the Vice-Chairman and Group CEO.



## Strategy

The information included below reflects figures and analysis for 2024.

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

|             | From (years) | To (years) | Comment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|-------------|--------------|------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Short-term  | 1            | 3          | The short-term time horizon is aligned to the company’s business planning process. The short-term business plan considers this period for the operational risks arising due to climate change events that need to be addressed to enhance services to remain competitive throughout markets. The normal life-time of some of our assets such as diesel generators used on off-grid sites is approximately three years, hence, we consider three years to be a reasonable period for assessing the impact of physical risks on such assets. From a financial and strategic perspective, Zain’s short-term horizon is focused on development and achievement of revenue forecasts, cost and profitability targets.                                 |
| Medium-term | 3            | 5          | The medium-term time horizon is aligned to medium-term business planning process that uses a five-year horizon period for the operational risks arising due to climate change events. This period is also in line with the life-time 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. Zain’s five-year business plan is prepared every year while monitoring the progress of the previous year’s five-year plan’s execution. The business plan is updated with actual figures for the first year and the revised forecast for four years, subsequently an incremental year is added.                                                          |
| Long-term   | 5            | 15         | The long-term business financial planning process is planned over 5 - 15 years to align with Zain’s goals of climate change initiatives. A significant portion of the company’s assets, including cooling systems, DC power systems, radio systems, and other active equipment in transmission and core sections, are gathered during this specific time-frame. 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, a business plan entails the long-term horizon and is focused on a forecast of cashflows and revenue potential from the initiatives that Zain identifies as part of the organization’s strategy. |

## Risks identified as input to the Strategies for scenario planning

### Transition risks: Increase in energy tariffs

During the assessment of climate-related risks for core site, offices, and base station facilities, Zain identified that there could be an increase in operational expenditure due to fuel tariff hikes and grid power units in areas of operations.

The biggest operating costs are energy-related to cater for cooling requirements for telecom and IT systems that require temperatures of approximately 23°C for optimum performance, which is much lower than ambient temperatures in Zain’s markets of operation. Our total energy consumption in 2024 was 118.5 Mn liters of diesel and 1,189.7 GWh grid across Zain’s operations.

The 2024 overall energy cost for the calendar year 2024 was USD 175.74 Mn.

For the SSP2 – 4.5 2039 scenario, we estimated that energy operating costs could increase by over 60% to USD 281 Mn.

The increase in costs is primarily due to:

1. Rise in energy tariffs due to inflation
2. Rise in mean temperatures

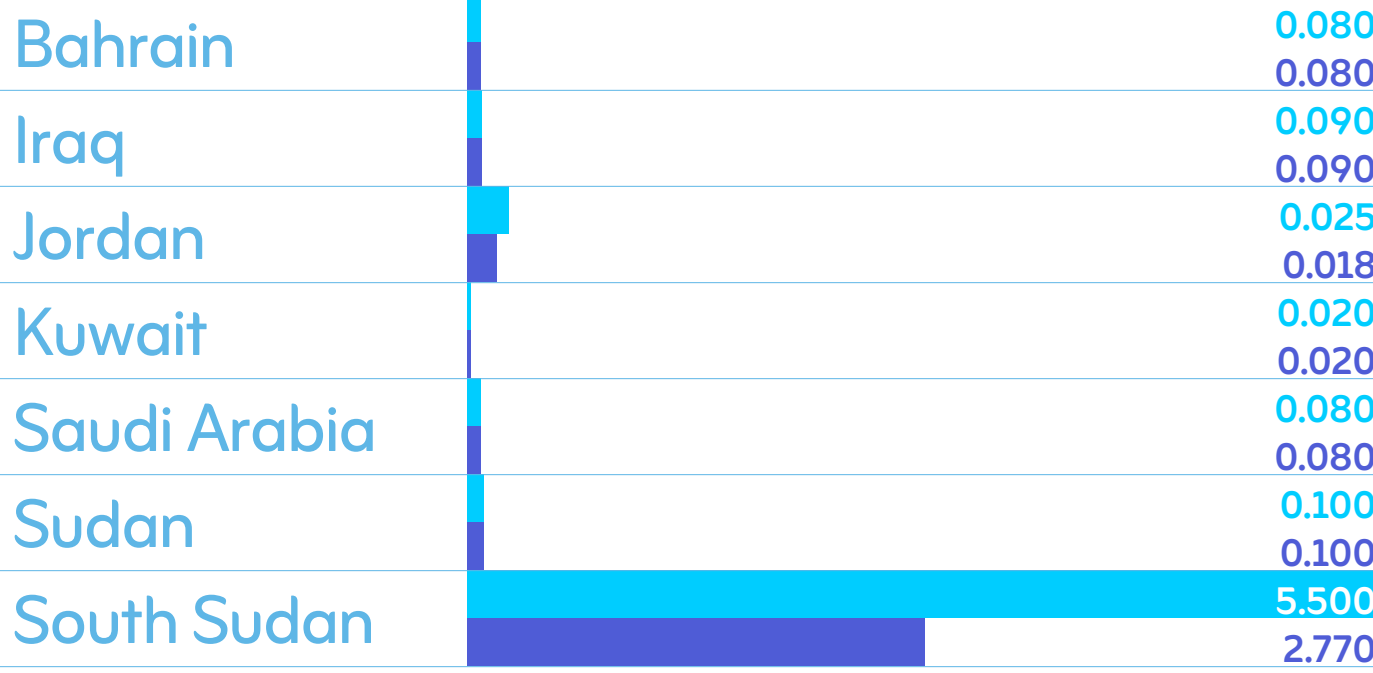
We estimate the increase in tariffs per liter of diesel and per kWh of grid power as per inflation rates in each of Zain’s operating entities due to varying macroeconomic profiles.

### Physical Risks: Rise in Mean Temperature

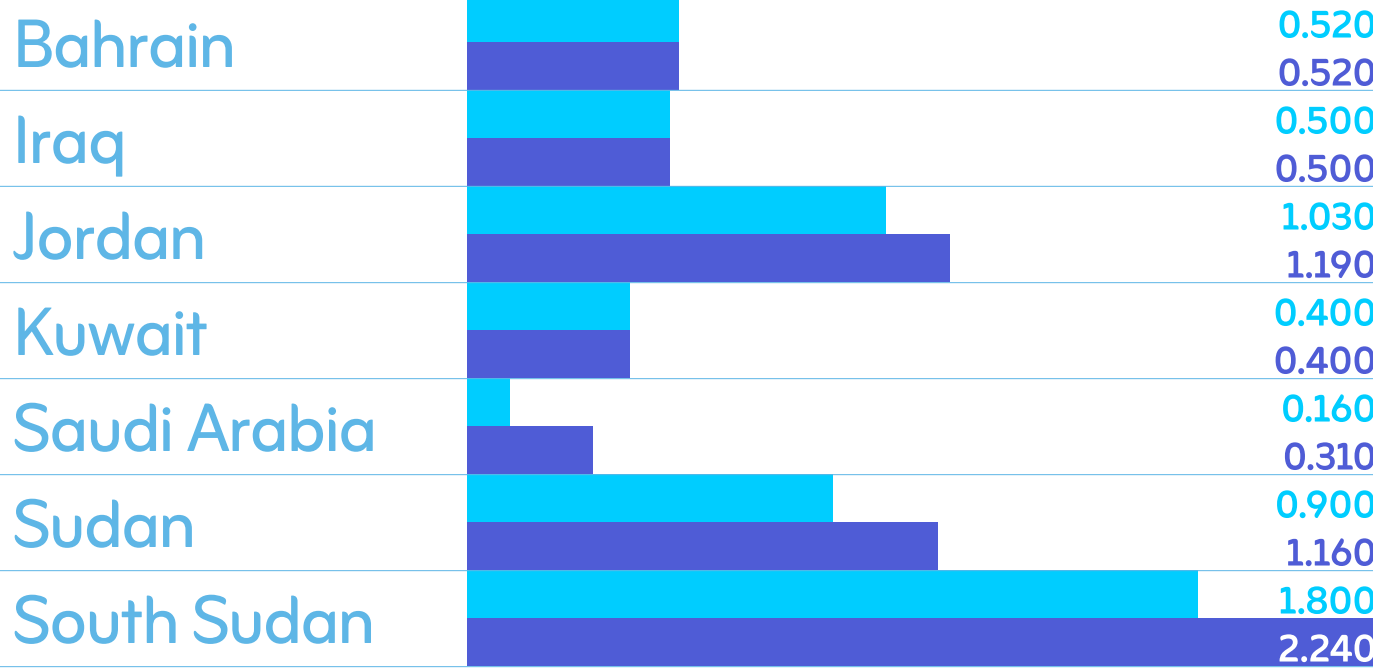
In the Middle East and North Africa (MENA), we experience extremely hot weather temperatures, which led to energy consumption increases in 2024. According to multiple studies, including the projections of the World Bank Group (WBG), the MENA region will continue to face increasingly high temperatures for longer periods under current scenarios (SSP2 4.5 - means business as usual).

As an example, in 2023, the cost for cooling sites, data centers, and office premises in KSA was USD 27.1 Mn, which rose 10.97% to USD 30.1 Mn in 2024 due to an increase in diesel prices.

Grid price (USD) per unit kWh



Diesel Fuel price (USD) per liter across OpCos



### Opportunities Identified

#### Returns on investment in low emission technology

Zain noticed that it could achieve savings in energy consumption by reducing dependency on fossil fuels, which would lead to CO<sub>2</sub> emissions and opex reductions. The driver for this initiative was the erratic availability and pricing of diesel in Zain’s markets, especially in Sudan and South Sudan.

The availability of a reliable universal grid supply is essential for economic growth and the alleviation of poverty.

While the South Sudanese government’s desire to modernize and extend on-grid coverage and introduce additional generation capacity is commendable, until such time when a stable political and conflict-free environment exists in the country, the current challenging state of the nation’s main utility supply is likely to persist for the foreseeable future.

To address the power challenge, Zain deployed green power solutions such as battery-hybrid solutions, solar systems, outdoor equipment, connection of base station sites to the grid and performed site-sharing deployments 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 operating costs with payback periods that do not exceed six years. The implementation of energy efficient solutions has led to a reduction of our Opex of USD 11.4 Mn in 2024. The benefits of such initiatives will continue for at least five more years (during the life-time of the equipment that was deployed). Zain reduced by 28,247 metric tons in 2024. The opportunity refers to Zain’s broader operations. We highlighted Iraq, Sudan, and South Sudan as these opcos represent the major beneficiaries of this opportunity due to grid availability and cost of diesel due to devaluation of the local currencies.

### 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. The risk management framework operates at varying levels and within specific contexts of the organization. The framework ensures that information 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 plan to include all Zain opcos for the purpose of scheduling periodic risk assessment exercises. During the assessment for a particular opco, the leadership of commercial and corporate divisions, and technology, define their risk attitude, including climate-change risks, which may affect their businesses. Risk severity is reviewed to ensure alignment and acceptability.

As per risk management methodology, Zain’ risk assessment impact matrix has a five-point scale based on financial indicators, namely revenue, capex intensity, and operational EBITDA margins. The highest impact grading is “extreme,” which would be applicable for an event when its financial impact exceeds the most significant thresholds. For substantive financial impact, we identified thresholds to determine if a risk has the potential to significantly affect the company and needs to be reported.

Zain’s 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, and risk. This threshold is considered when reviewing the strategy to ensure we operate within the established risk appetite.

The following are the thresholds for substantive or high financial impact as per Zain’s risk matrix:

- Whenever there is a risk that results in an impact on gross revenue of more than 4% of opco’s annual revenue.
- When capex intensity planned for the fiscal year exceeds 10% (where capex intensity is the ratio between capex to revenue).
- When the impact of the risk event exceeds EBITDA margins of the opcos by more than 3%.

### 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: The company 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 levels. Parameters, assumptions, and analytical methods increases in energy tariffs will lead to an increase in energy costs for the operation of telecom/IT sites.</p> <p>During the assessment of climate-related risks for data center locations, offices, and base station sites, Zain identified that there could be an increase in operational expenditure due to tariff hikes for fuels and grid power units in areas of operation. Energy prices are subsidized in oil rich operations in Kuwait, Saudi Arabia, and Bahrain. The biggest operating costs are energy-related to cater for cooling for telecom and IT systems, which require temperatures of 22°C, which is much lower than the average ambient temperatures in these markets.</p> <p>Zain’s total energy consumption in 2024 was 118.5 Mn Liters and 1,189.7 GWh, the overall energy cost for the calendar year was USD 175.74 Mn which is a 7% drop from 2023. The company also consumed less diesel in 2024, as the consumption was 128.2 Mn liters in 2023 down 7.5% YoY, compared to 119 Mn liters in 2024.</p> <p>Overall energy costs including diesel in 2024 were USD 175.74 Mn. With our long-range planning process of 15 years, we estimate that energy operating costs could increase by over 60% to USD 281 Mn.</p> <p>The estimated figures factor 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 consumption for the 2024 calendar year.</p> <p>The increase in costs is primarily due to two main variables: 1. A rise in energy tariffs due to inflation and reversal of subsidies in some operations, and 2. A rise in mean temperature.</p> <p>Zain chose the SSP 5 8.5 scenario to estimate the likely outcome if the governments in our operating countries do not make concerted efforts to cut GHG emissions. We took the net present value with a discount rate of 4% to arrive at USD 87.3 Mn, which when compared to 2023 EBITDA will be graded in the high category due to a financial impact of 3.3% to 2023 EBITDA figure.</p> |

| Climate-related Scenario             | Scenario Analysis Coverage | Parameters, assumptions, analytical choices                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|--------------------------------------|----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Physical Climate Scenarios SSP 5 8.5 | Company-wide               | <p>This business-as-usual scenario (SSP 2 4.5) assumes temperature increases by 0.92°C by 2039 and 1.6°C by 2059 compared to pre-industrial level.</p> <p>Parameters, assumptions, and analytical methods: Zain relies on World Bank Group (WBG) forecasts, that use data from the CMIP6 models included in the IPCC - AR5 as a reference to help project climate change states for the entire company. Two-time horizons were considered: 2020 – 2039 and 2040 – 2059. These two horizons are the default horizons proposed by the WBG using the CMI6 models for climate change projections.</p> <p>Within these horizons, and considering a linear progression, a 15-year climate change analysis from 2020 to 2035 (main time horizon) was derived to align with Zain’s corporate risk management long-term timescale and the life cycle of its assets. The company explores both physical and transition risks for Zain’s base stations, data centers, and office buildings.</p> <p>As per SSP 8.5 Ensemble, there will be an average temperature increase of 0.99°C by 2039 and 2.19°C by 2059.</p> <p>A vulnerability assessment of Zain’s operations revealed that some of the company’s assets in the eight opcos will consume more power to maintain the same level of temperature because of the positive correlation between external temperatures and energy consumption.</p> <p>To reduce the energy consumption due to increased cooling requirements, a set of initiatives has been developed under one of the strategic pillars which is, “operational effectiveness.” These initiatives helped reduce 4,889 tons of CO<sub>2</sub> emission in 2024.</p> |
|                                      |                            | <p>Temperature alignment: The company’s ambition is to be net-zero by 2050. To understand the impact of such a move on the business, Zain looked to uncover 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, energy consumption per site, and the share of renewable power.</p> <p>The projected energy consumption is based on the number of sites in 2050, against a set of initiatives ranging from the deployment of hybrid battery solutions, outdoor cabinets, and solar power solutions. Although energy consumption is likely to increase, the fact that the share of solar-based power increases at a faster rate helps predict substantial reductions in CO<sub>2</sub> emissions. It is assumed that solar plants will be deployed in operations in Bahrain, Sudan, South Sudan, Kuwait, and Jordan for the company to be able to achieve 80 – 90% reduction of CO<sub>2</sub> emissions by 2050. The remaining 10 – 20% of the emissions will be offset through investments in carbon sinks and the implementation of carbon capture solutions.</p>                                                                                                                                                                                                                                                                                                                                                                                     |

## Risk Management

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

The company recognizes that climate change poses several physical and transition-related risks to its business.

The risk assessment process consists of four steps: Risk identification, analysis, evaluation, and treatment: The scope of the risk assessment processes includes all people, processes, and technology within Zain Group and its operating countries.

Risk Identification: Risk owners and the risk management team review the risks specific to the division and identify any emerging issues that are material to the operating environment.

Risk Analysis: For the identified risks, impact of the risk event is based on the likelihood of occurrence and the impact severity of the identified risk events.

Risk Evaluation: For the identified risks, the management team assigns risk owners who perform detailed root cause analysis of their respective risk and take actionable steps.

Risk Treatment: Mitigation plans are agreed between the 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 CEOs, risk managers share the risk register with the Group risk management team.

Climate change risks are considered in Zain’s risk universe as defined in Zain’s Risk Management Policy and included in the company’s risk assessment and evaluation. The Climate Change Risk process monitors both physical risks and transition risks.

### Risks & opportunities Identification & assessment

The climate risks and opportunities identification process follows a bottom-up approach by advising opcos based on analysis of historical and projected data related to physical and transition risks and opportunities.

Risk assessment exercises are conducted annually, where the Group Risk Management team identifies risks across short-, medium-, and long-term timeframes. Risks arising from climate change impact on operations, and macroeconomic factors are some of the long-term risks in the company’s register.

Risks are quantified based on the likelihood and impact as per the risk management criteria for revenue, EBITDA, and other metrics.

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

For managing climate-related risks, energy sources are closely monitored. Fuel and electricity consumption patterns are analyzed to assess variations. In case the energy consumption increases more than 10% quarter-on-quarter, the concerned opcos are required to provide details and justifications for such changes.

The Coupled Model Intercomparison Project, Phase 6 (CMIP6) models included in the IPCC’s Sixth Assessment Report (AR6) were referenced. Global warming of 1.5C relative to 1850–1900 would be exceeded in the 21<sup>st</sup> Century under the intermediate, high, and very high GHG emissions scenarios considered in this report (SSP2-4.5, SSP3-7.0 and SSP5-8.5, respectively). For the analysis, Zain selected the following SSP scenarios: SSP1 – 1.9: Sustainability Road, SSP2 – 4.5: Middle of the Road, SSP5 – 8.5: Fossil fuel development.

The following estimations were taken per opco:

**SSP1 1.9 2039 and 2050:** Kuwait (0.25, 0.25), KSA (0.27, 0.27), Bahrain (0.38, 0.38), Iraq (0.25, 0.25), Jordan (0.16, 0.16), Sudan (0.14, 0.14) and South Sudan (0.22, 0.22).

**SSP5 8.5 2039 and 2050:** Kuwait (1.06,2.33), Saudi Arabia (1.1, 2.41), Bahrain (0.99, 2.15), Iraq (1.18, 2.52), Jordan (1.06, 2.3), Sudan (0.9, 2.03), South Sudan (0.68, 1.59).

**SSP2 4.5 2039 and 2050:** Kuwait (0.98, 1.76), Saudi Arabia (1.02, 1.79), Bahrain (0.86, 1.55), Iraq (1.1, 1.86), Jordan (1.02, 1.71), Sudan (0.86, 1.54), South Sudan (0.65, 1.26).

The timeframes include Zain’s net-zero timeline, but the analysis went beyond 2050 to provide an understanding of the extent to which the business could be impacted in the long run.

Knowing the total cooling energy requirement for the previous year, Zain can estimate the total energy consumption increases that would result from the impact of that physical risk. When mapped to Zain’s risk criteria, this is Moderate as it represents approximately 1.96% of annual EBITDA.

The risk is said to manifest across all seven countries of operation, as the underlying energy consumption data is an aggregate from operations.

To reduce energy consumption due to increased cooling requirements, a set of initiatives have been developed under one of our company’s strategic pillars which is “the operational effectiveness”. In 2024, Zain deployed a total of 189 outdoor cabinets across Bahrain, Kuwait and South Sudan for a cost of 1.7 million USD. These initiatives have led to a reduction of 28,610 metric tons in 2024 of CO<sub>2</sub> emission. It is expected that the emissions’ reductions will continue for at least five more years.

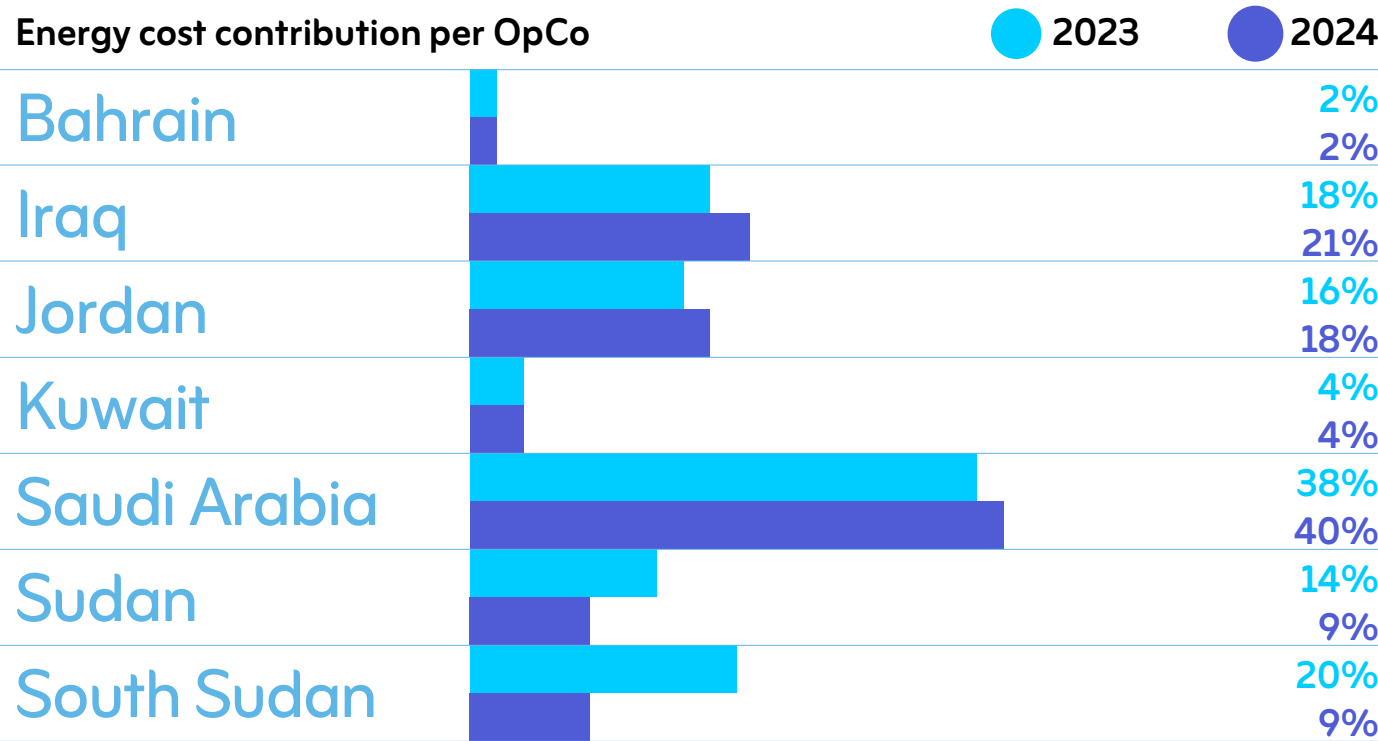
C. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management.

Zain is presenting a case study of a climate change risk, its impact, and the mitigation strategies.

**Risk 1: Transition Risk: Increases in energy tariff will lead to an increase of energy costs for the operation of Zain’s telecom/IT sites.**

During the assessment of climate-related risks for Zain’s core site, offices, and base station facilities, it was identified that there could be an increase in opex due to fuel tariff hikes and grid power units in Zain’s areas of operations.

The biggest operating costs are energy-related to cater for cooling requirements for Zain’s telecom and IT systems that require temperatures of approximately 23°C for optimum performance, which is much lower than ambient temperatures in Zain’s markets of operation. Our total energy consumption in 2024 was 118.5 million liters of diesel fuel and 1,189.7 GWh electricity across Zain’s operating entities. The 2024 overall energy cost for the calendar year was USD 175.742 million.

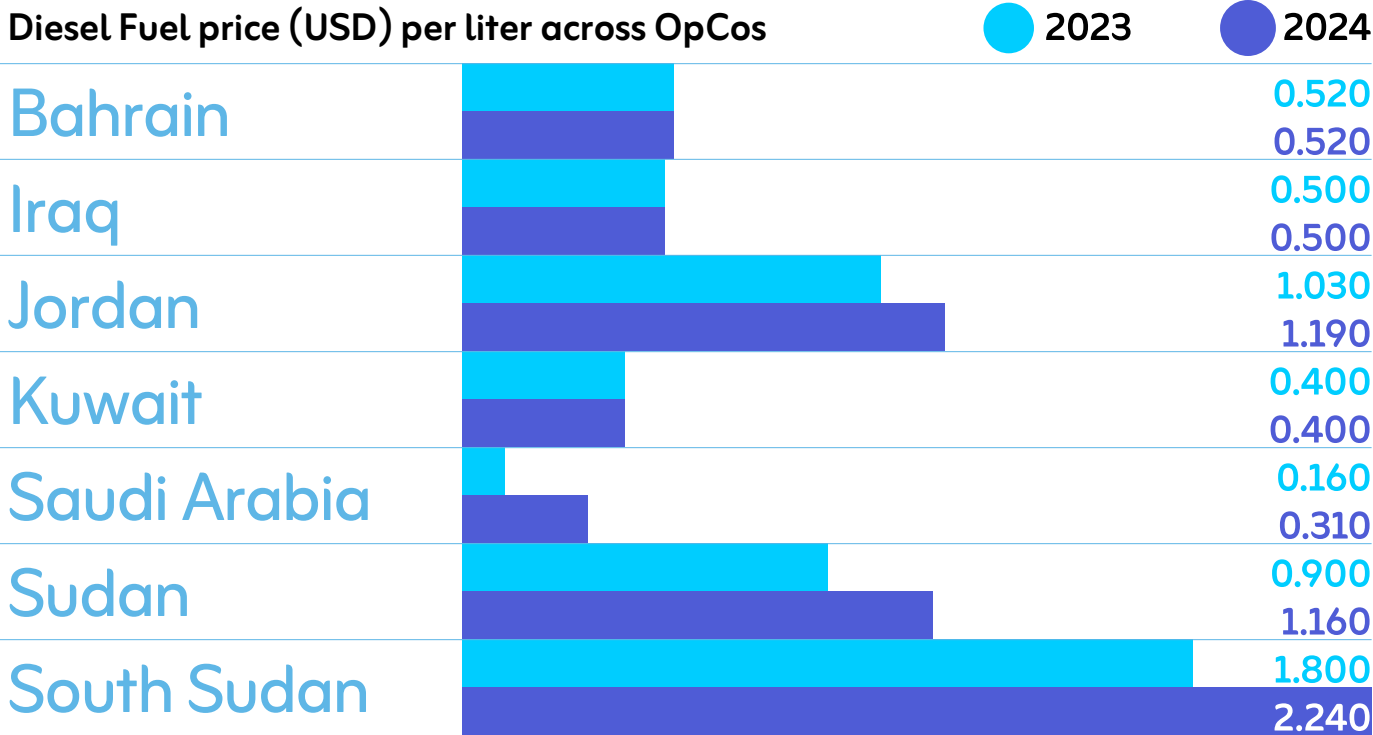
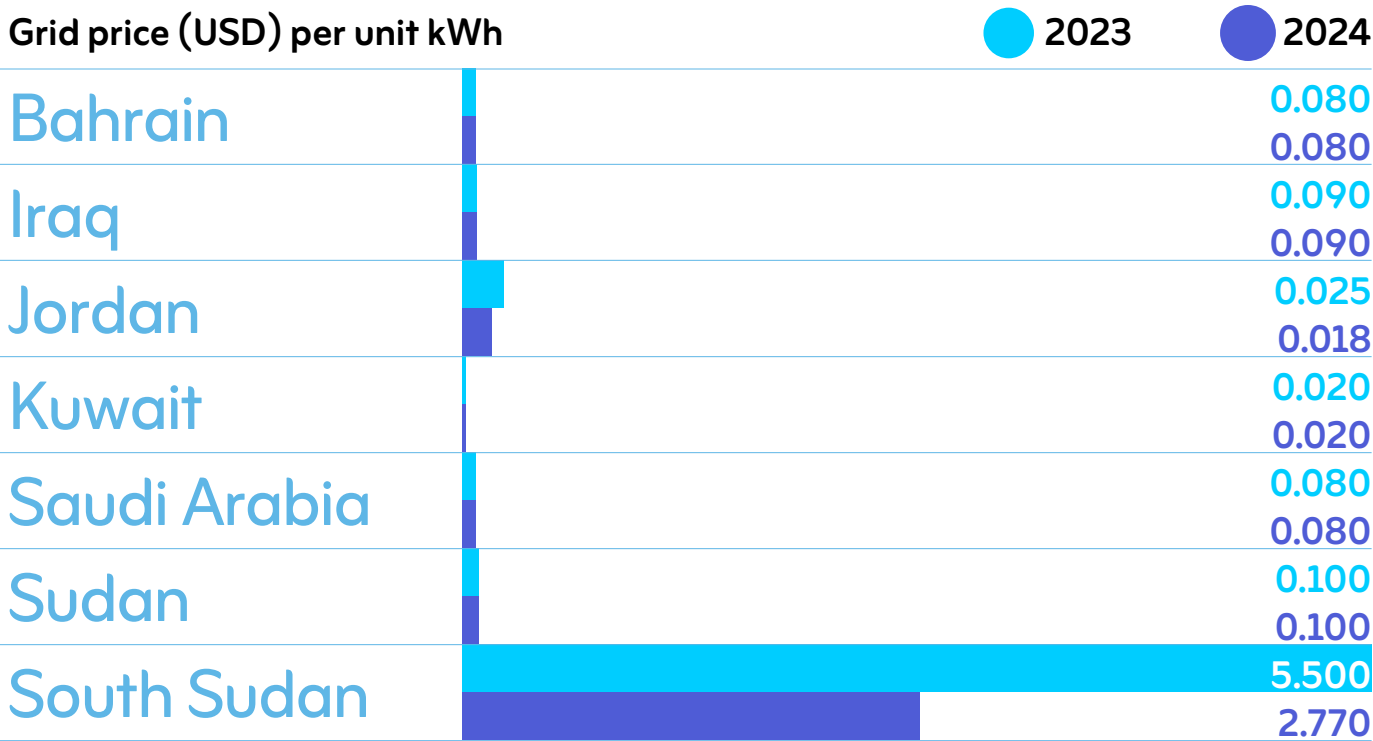


For the SSP2 – 4.5 2039 scenario, it is estimated that energy operating costs could increase by over 60% to **USD 247 million**. The estimated figures factor in the underlying per unit grid power and diesel fuel hikes as per macroeconomic indicators due to inflation and gradual reduction of subsidies.

The increase in costs is primarily due to:

1. Rise in energy tariffs due to inflation
2. Rise in mean temperatures

Zain estimates the increase in tariffs per liter of diesel and per kWh of grid power as per inflation rates in each of the company’s operating entities due to varying macroeconomic profiles.



Mitigation

Zain’s guidelines for network deployment mandate that sharing its passive infrastructure with other operators is the first course of action before exploring other options. Generally, site sharing results in savings in energy consumption because of the optimum utilization of power systems. At the same time, in countries such as Sudan and South Sudan where most of Zain’s base stations are running on diesel generators due to lack of stability of the grid, being able to reduce fuel consumption would have the double advantage of reducing the energy cost and reducing emissions. Based on previous year electricity tariffs and fuel prices, and data analysis for Zain’s opcos, we have estimated that if the trends continue, the operating cost of Zain’s base stations will double by 2035. As an example, most of the sites in Sudan and South Sudan are powered by diesel generators. This means that if the fuel cost increases, the energy cost will increase as well. To mitigate, the company deployed 39 solar solutions and 52 battery-hybrid power solutions in 2024. This represents approximately a 60% reduction in fuel consumption over a period of five years from the year 2024.

To mitigate the risks associated with additional energy costs, Zain has developed a set of initiatives ranging from infrastructure sharing to the deployment of green power solutions, and the use of smaller size diesel generators.

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.

The information included below reflects figures and analysis for the years 2023 and 2024.

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

| Metrics                          | Performance                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                  | 2023                                                                                                                                                                                                                                                                                                        | 2024                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Energy                           |                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Diesel Fuel Consumption (Liters) | Diesel fuel consumption decreased by 6% Y-o-Y across all operations.                                                                                                                                                                                                                                        | Diesel fuel consumption decreased by 7.5% Y-o-Y across all operations.                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Grid Consumption (KWh)           | The total electricity consumption increased by 3% across all operations                                                                                                                                                                                                                                     | The total electricity consumption increased by 2.8% across all operations                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Average Fuel price per Liter     | Bahrain - 0.52<br>Iraq - 0.5<br>Jordan - 1.03<br>Kuwait - 0.4<br>Saudi Arabia - 0.16<br>Sudan - 0.9<br>South Sudan - 1.8                                                                                                                                                                                    | Bahrain - 0.52<br>Iraq - 0.5<br>Jordan - 1.03<br>Kuwait - 0.4<br>Saudi Arabia - 0.4<br>Sudan - 1.6<br>South Sudan - 2.24                                                                                                                                                                                                                                                                                                                                                                             |
| Average Grid unit price          | Bahrain - 0.077<br>Iraq - 0.09<br>Jordan - 0.25<br>Kuwait - 0.016<br>Saudi Arabia - 0.08<br>Sudan - 0.1<br>South Sudan - 5.5                                                                                                                                                                                | Bahrain - 0.077<br>Iraq - 0.09<br>Jordan - 0.18<br>Kuwait - 0.016<br>Saudi Arabia - 0.08<br>Sudan - 0.1<br>South Sudan - 2.77                                                                                                                                                                                                                                                                                                                                                                        |
| Capital Deployment               |                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Investment in climate mitigation | 42 infrastructure sharing sites for USD 178,000, deployment of 206 outdoor cabinets for USD 4.9m, the deployment of 13 smaller size diesel generators, the implementation of 242 solar solutions and 96 hybrid battery solutions, as well as the connection of 123 sites to commercial power for USD 4.01m. | <ul style="list-style-type: none"><li>85 infrastructure sharing sites for a cost of USD 417,765</li><li>The deployment of 189 outdoor cabinets for a cost of USD 1.74 million</li><li>The installation of 614 DG-Battery Hybrid solutions, 17 smaller-size generators, and 20 free cooling systems for a total cost of USD 501,218</li><li>Implemented 163 solar hybrid solutions for a cost of USD 4.19 million</li><li>Connected 192 sites to commercial power for a cost of USD 923,622</li></ul> |

B. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions and the related risks.

The following tables summarize the GHG emissions and related risks for Q3 2023 across Zain Group.

| Scope of emission           | Unit               | Total       |
|-----------------------------|--------------------|-------------|
| Scope 1 emissions           | tCO <sub>2</sub> e | 330,115,856 |
| Scope 2 emissions           | tCO <sub>2</sub> e | 662,079,802 |
| Total Scope 1 & 2 emissions | tCO <sub>2</sub> e | 992,195,658 |
| Total Scope 3 emissions     | tCO <sub>2</sub> e | 502,137     |

Emissions risks:

| Scope                   | Related Risks                          | Summary                                                                                                                                                                                                                                                                                                                 |
|-------------------------|----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Scope 1 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.<br><br>As 5G is launched across operations and coverage of 4G sites increases, there could be an increase due to the demand of fuel for the greenfield sites. |
| Scope 2 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, which could lead to further increase in consumption and incremental emissions.                                                                                                                     |
| Total Scope 3 emissions | N/A                                    | Increases in the use of fossil fuel-based energy or non-decarbonized sources of energy by our value chain suppliers and partners could increase both upstream and downstream emissions.                                                                                                                                 |

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 90.94% and 9.06%. We intend to increase this mix by 2.5% annually to reduce Scope 1 and 2 emissions.                                                                                                                                                     |
| Scope 2 emissions                       | 4.2% CO <sub>2</sub> emission reduction per year. | As 5G is launched across operations and with the addition of 4G for enhancing cellular coverage, the primary energy source of grid power will witness additional demand, and this could lead to further increase in consumption and 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 power 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% per year.                                    | The current mix for prepaid recharges and postpaid payments between online and traditional channels is approximately 35:65. Zain aims 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 air-conditioning.                     |

