



# THE ROAD TO THE **FUTURE**

**SUSTAINABILITY  
REPORT – 2019**

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With its 9th consecutive year of Sustainability Reporting, the company continues its commitment to providing transparent, in-depth reporting on the socio-economic and environmental impacts of its operations. The 2019 consolidated report describes the sustainability strategy, related performance and associated achievements of Zain Group and its operating companies for the year ended December 31, 2019. To ensure accuracy and adequacy, an independent limited assurance was provided by Deloitte for the 2019 Sustainability Report, details of which are included in the Independent Assurance Report on page 274. The Group CEO Operations, the Chief Financial Officer, the Chief Sustainability Officer and the heads of the individual business units across the organization formally review and approve the Sustainability Report. The Sustainability Report is published on an annual basis in which the content within the report is based on its materiality to both Zain and its stakeholders, as well as the operational context within which Zain operates. Furthermore, the company's consistent dedication to sharing its social, economic and environmental impacts with its stakeholders and wider public shows the organization's commitment to improving the overall wellbeing of its communities. The report involves all of Zain's operating countries which include: Bahrain, Iraq, Jordan, Kuwait, Saudi Arabia, Sudan and South Sudan. The report also covers Lebanon, where Zain Group manages 'touch' on behalf of the Lebanese Government. In Morocco, Zain has a 15.5% stake in INWI through a joint venture. However, as Zain does not manage operations for INWI, this operation is not part of the scope of the Sustainability Report.

ABOUT THE REPORT

The company uses the AA1000 Accountability<sup>1</sup> Principles (AA1000AP) 2018 and the Global Reporting Initiative's (GRI) Standards when it comes to preparing the report. Accordingly, the company utilizes the 'In Accordance' core option of the GRI Standards. The content included in the report is also aligned with the United Nations Guiding Principles (UNGP) on Business and Human Rights Reporting Framework that was launched in February 2015. As this is the company's 9th Sustainability Report, some information deemed significant that was mentioned in previous reports is repeated, while information deemed redundant, unnecessary or available in publicly accessible documents may be omitted to ensure the fluidity and clarity of the report. The Report also describes situations where considerable organizational changes have taken place during the annual period.

We welcome any comments, feedback or suggestions regarding the content of this report.

Please get in touch with us on:  
 Facebook / Twitter / LinkedIn @Zain  
 Instagram @Zaingroup  
 Email CS@zain.com

1. <https://www.accountability.org/standards/>

The 2019 Sustainability Report provides an overview of the company's strategic and future targets on issues related to its social, economic and environmental impacts. This report represents how Zain addresses and tackles issues related to sustainability to effectively achieve positive change when it comes to the communities it operates in. This report reflects the perspective of internal and external stakeholders to ensure that we address their concerns through transparent and accurate reporting. Consequently, our Executive Management remains determined to surpass the expectations of our shareholders, employees and the wider public in furthering our sustainability agenda. The company is dedicated and committed to 'creating a digital future' which demonstrates its inherent capabilities to deliver sustainable growth. In our world, digital and technological advancements offer endless opportunities to not only address negative impacts but create positive ones. Through digitalization coupled with our wide-range of services and reach, we aim to unlock the possibilities in which the Sustainable Development Goals (SDGs) offer. Spreading awareness and actively addressing the goals through our services ensures that our efforts are done in a consistent and effective manner.

## INTRODUCTION

The message portrayed in the 2019 Sustainability Report is centered on demonstrating how action-led solutions are what can really drive change. Contributing to the socio-economic development of our operating countries, improving our environmental performance and developing our employees ultimately leads to a more successful and profitable organization. Our actions to promote the well-being and prosperity of our communities take place across all of our operations by utilizing our core business activities to achieve this goal.

# Our social, economic and environmental engagements are based on six main pillars in which the company measures its progress and targets.

The six pillars identified under Zain's Sustainability Strategy are: Creating Shared Value, Promoting Social Innovation, Tackling Climate Change, Inclusivity and Leaving No One Behind, Addressing the SDGs and Youth Empowerment. By identifying these pillars, the company shares a clear and collective vision which is implemented across all of its country operations.

Recognizing our efforts that fall under Zain's ESG standards, The FTSE Russell has included Zain Group in its FTSE4Good Index Series, the world's leading Environmental, Social and Corporate Governance (ESG) index. This key indicator helps investors identify companies that meet globally recognized sustainability standards. This honor was bestowed on Zain, marking the first time a telecommunications company from Kuwait has been recognized in this way.





**COMMITTED  
TO THE  
SUSTAINABLE  
DEVELOPMENT  
GOALS**



**ICT IS AN ENABLER OF THE SUSTAINABLE DEVELOPMENT GOALS. THE BELOW IS A LIST OF INITIATIVES, PROGRAMS AND ACTIVITIES THE COMPANY HAS UNDERTAKEN TO ADDRESS THE GOALS.**



- Kifalat Yateem (Iraq)
- Zain Relief Fund (Jordan)
- Tykyiet Um Ali (Jordan)
- Alkhair Campaign (Jordan)
- Zain Alkhair Fund (Jordan)
- Princess Taghreed Foundation (Jordan)
- Kiswet Al-Eid Ramadan Campaign (Jordan)
- Machla Delivery (Kuwait)
- Partnership with Direct Aid (Kuwait)
- Partnership with the Kuwait Red Crescent Society (Kuwait)
- Al Nouri Campaign (Kuwait)
- Partnership with Ekha'a (Saudi Arabia)
- Eid Al Adha Event (Sudan)

- Mawaed Al Rahman (Jordan)
- Tykyiet Um Ali (Jordan)



- Multiple Sclerosis Symposium (Bahrain)
- Mobile Clinic for Children (Jordan)
- King Hussein Foundation (Jordan)
- Partnership with the Kuwait Association for the Care of Children (Kuwait)
- Rijeemi Campaign (Kuwait)
- Visit to Zain Hospital (Kuwait)
- Childhood Cancer Awareness Month (Lebanon)
- World Health Day (Saudi Arabia)



- Zain Youth Mentor Program (Bahrain)
- Hour of Code (Iraq)
- Back to School (Iraq, Jordan)
- IoT Solution Competition (Iraq)
- Coding for Kids (Iraq)
- UNITAR Leadership Program (Iraq)
- Shine Program (Jordan)
- Equipping school with interactive white boards (Jordan)
- Al Aman Fund for orphans (Jordan)
- Abjad Line Fund (Jordan)
- Al Hussein Technical University Labs (Jordan)
- I-Learn (Jordan)
- Zain Education Fund (Jordan)
- Zidnei Application (Kuwait)
- Codivity (Kuwait)
- Coded Bootcamp (Kuwait)
- Night School Program (Lebanon)
- Collaboration with Saudi Arabia's Data Science Academy (Saudi Arabia)
- Summer Training (Saudi Arabia)
- Inter-Secondary School Competition and World Teachers Day (South Sudan)
- Summer Course for Orphans (Sudan)

## 5 GENDER EQUALITY



- Women Empowerment
- ePAY Summit: “Diversity in the Workplace” (Bahrain)
- Women Tech Makers (Iraq)
- Supporting the Jordan River Foundation (Jordan)
- Banat Connect (Jordan)
- Women in Data Science (Kuwait)
- Women on the Front Lines (Lebanon)

Monitor the Quality of Water Resources (Jordan)  
 ‘Imagine’ Campaign (Kuwait)

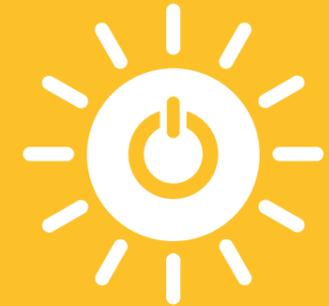
## 6 CLEAN WATER AND SANITATION



## 8 DECENT WORK AND ECONOMIC GROWTH



## 7 AFFORDABLE AND CLEAN ENERGY



- Zain Youth Platform
- Zain Cash (Iraq and Jordan)
- Google Developers Group Najaf (Iraq)
- IoT Solution Competition (Iraq)
- Zain Mobile Training Center (Jordan)
- Dar Abu Abdullah (Jordan)
- Zain Innovation Center – ZINC (Jordan and Kuwait)
- Inventors, Entrepreneurs and Consumers (Kuwait)
- Kuwait Foundation for the Advancement of Sciences (KFAS) Innovation Challenge (Kuwait)
- The ERADA Startup (Kuwait)
- 500 Startups (Kuwait)
- Zain Great Idea 5 (Kuwait)
- 12<sup>th</sup> Edition MIT Enterprise Forum Pan Arab Startup Competition (Lebanon)
- touch Innovation Program (Lebanon)
- Arabnet (Lebanon)
- COOP Trainees (Saudi Arabia)

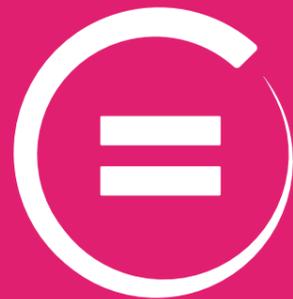
## 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



- Iraq Innovation Hackathon (Iraq)
- Knowledge Stations (Jordan)

- Workshop on Importance of Sign Language (Bahrain)
- Mobile Maintenance Training Courses Marginalized Youth, Deaf & Mute And Refugees (Jordan)
- Al Amal Al Jadid Center for people with disabilities (Jordan)
- Hearing without Borders (Jordan)
- The Hashemite Commission for Disabled Soldiers (Jordan)
- Mindrockets – The 3D Online Assistive Zain Jordan Avatar and Ramz Application (Jordan)
- Partnership with UNHCR (Kuwait)
- Ramadan Program (Sudan)

## 10 REDUCED INEQUALITIES



- Partnership with NXN – Smart City technology provider
- Knowledge Station (Jordan)
- Road Construction (South Sudan)
- Disaster Recovery after flooding (Sudan)

## 12 RESPONSIBLE CONSUMPTION AND PRODUCTION



## 11 SUSTAINABLE CITIES AND COMMUNITIES



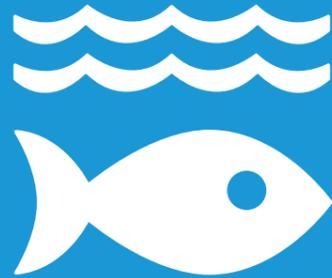
- E-waste Awareness for Students (Bahrain)
- Recycling Paper Initiative (Jordan)
- Recycling Plastic Water Bottles (Kuwait)

# 13 CLIMATE ACTION



- Commitment to Emission Reduction
- Arab Group for the Protection of Nature (Jordan)
- Earth Day (Kuwait)

# 14 LIFE BELOW WATER



- Zain Forest (Jordan)

# 15 LIFE ON LAND



# 16 PEACE AND JUSTICE



- Addressing Child Abuse Target 16.2
- Iraqi Orphan Day (Iraq)
- SOS Village (Jordan)
- Save the Children (Jordan)
- 110 Hotline (Jordan)
- Princess Alia Foundation (Jordan)
- Child Safety Awareness Event (Kuwait)

- Zain UNHCR and Facebook Partnership
- Child Helpline International Partnership
- Membership with the GSMA Humanitarian Connectivity Charter
- Partnership with the GSMA Mobile 4 Development
- SDGs and Entrepreneurship Workshop (Iraq)

# 17 PARTNERSHIPS FOR THE GOALS





# OUR 2019 HIGHLIGHTS



**OUR ECONOMIC IMPACTS**

Scaled our digital financial services to Saudi Arabia under the name 'Tamam' which is an end to end digital micro lending platform offering micro-loans targeting the most vulnerable populations in the Kingdom.

**145,719**

Created 145,719 jobs through our value chain across our operations.



Zain continued to solidify its Supply Chain Process by incorporating a series of steps to ensure a more responsible supply chain. The steps included in this process are: The Supplier Assessment Questionnaire, signatory to Zain's Supplier Code of Conduct, alignment to international best practices through Zain's ESMP Guidelines, two audit visits per year on selected suppliers on social and environmental criteria.



**700** Innovative Ideas

**OUR PEOPLE**

Launched the WE ABLE Program to promote diversity and inclusion in the workplace and become Disability Inclusive by 2022.

Continued to evolve Zainiac internal e-platform to encourage intrapreneurship within the organization. Zainiac received 700 innovative ideas to date.

Organized several forums where all operations came together to further engage and align their department's strategy and objectives. Functions included were Regulatory, Group API (Application Programming Interface) Platform, Enterprise Risk Management, B2B, Legal, Procurement and Technology.

**ZAIN IN**

**GENERAL HIGHLIGHTS**

**2019**

**OUR PRODUCTS & CUSTOMERS**

Continued to expand on the B2B front, as the company further customized its B2B services to include IoT services and expanded its reach by including SoHo (small and home offices) and SMEs segments.

Launched the Zain Kids application that offers educational games and videos that can be managed by parents. Parents have the access to control time limit, content and statistics of their children's usage.



Scaled its Group API Platform by including additional markets which are Bahrain and Iraq allowing the company to expand its reach and include larger segments.



**OUR COMMUNITIES**

Exercised our firm commitment to protecting children by publishing a report titled Child Online Safety: Minimizing the Risk of Violence, Abuse and Exploitation Online under the Broadband Commission for Sustainable Development Working Group: Child Online Safety.

Continued to develop Palliative Care in Kuwait and Lebanon through our partnership with SANAD. For Kuwait, the partnership between SANAD and local health care representatives were further developed to work on policies in hospice care. In Lebanon, SANAD continued to work on gathering data and conducting scientific research on hospice care in the country.

**ZAIN IN**

**GENERAL HIGHLIGHTS**

**2019**

OUR ENVIRONMENT

Became a member of the Carbon Disclosure Project which provides a reporting framework and guidance to our impacts in relation to climate change.

849

Installed 849 outdoor (BTS/Power) solutions and 91 small shelters across our operations to reduce CO<sub>2</sub> emissions.



31

Deployed 31 solar and hybrid base solutions.



ZAIN IN

GENERAL HIGHLIGHTS

2019

**167** Annual Revenue (USD m)

**188** Full-Time Employees



**722** Customers (000)



Pledged to provide 1,000 girls the opportunity to learn coding and strengthen their skills in STEM related fields.

Held 50 awareness sessions across schools in Bahrain on e-waste management.



**53** Total Capex (USD m)

# BAHRAIN

## COUNTRY HIGHLIGHTS

**1,078** Annual Revenue (USD m)

**15,658** Customers (000)



Offered 3,000 employees training in Digital Security. Topics included: financial crimes online, analysis of personal data and exploring tools that further protect data online.

**1,213** Full-time Employees

**133** Total Capex (USD m)



**15,000**

Supported 15,000 students in the Back to School campaign by providing them with school desks, smart boards for their classrooms and printers.

Provided 1,000 youths aged 18-24 years old with the SDGs and Entrepreneurship Workshop in partnership with Leaders for Change which mentors Iraqi youth on how to start a business that contributes to the SDGs.

# IRAQ

## COUNTRY HIGHLIGHTS

**496** Annual Revenue (USD m)

**3,589** Customers (000)



Provided 200,000 children living in rural and remote areas with free medical and dental health care service under the Zain Jordan Mobile Clinic which has been operating for the last 18 years.

**1,249** Full-time Employees

**51** Total Capex (USD m)



**18,270**

Received 18,270 calls from the 110 helpline for Families and Children which provides victims of abuse with psychological support, consultation and referrals.

Through the Zain Mobile Maintenance Center, the company was able to train 1,000 students, 22 individuals from the deaf and mute community and four refugees.

# JORDAN

## COUNTRY HIGHLIGHTS

**2,240** Annual Revenue (USD m)

**7,596** Customers (000)



# SAUDI

**512** Total Capex (USD m)

**1,823** Full-time Employees



Provided 9 students with training for eight weeks in programming and data science.

700 employees joined the Zain Saudi Arabia Volunteering Program.

# ARABIA

COUNTRY HIGHLIGHTS

**1,098** Annual Revenue (USD m)

**2,777** Customers (000)



**35,000**

During the month of Ramadan, Zain Kuwait provided a total of 35,000 meals to disadvantaged individuals.

# KUWAIT

**1,441** Full-time Employees



**210** Total Capex (USD m)

**500**

Since its establishment in 2010, the company supported over 500 tech startups through its bi-annual Zain Great Idea (ZGI) program.

Through its partnership with LOYAC, Zain Kuwait provided 65 students with training in social entrepreneurship methodologies and skills.

## COUNTRY HIGHLIGHTS

**2,293** Customers (000)



**19**

touch Lebanon supported 19 startups through its touch Innovation Program.

**741** Full-time Employees



**22**

Provided 22 children from ages 10 years and over with training in robotics under the Robotics Workshop program.

Hosted the annual MIT Enterprise Forum Pan Arab Startup Competition in partnership with the World Bank and Investment Development Authority of Lebanon that supported 400 startups across the region.

# LEBANON

## COUNTRY HIGHLIGHTS

**304** Annual Revenue (USD m)

**15,870** Customers (000)



**6,000**

Supported more than 6,000 families that were affected with heavy rain and flooding by providing them with equipment such as tents and blankets.

**51** Total Capex (USD m)

**867** Full-time Employees



**2,648**

During Ramadan the company supported 2,648 individuals from the disabled and refugee communities by providing them with Iftar meals.

Provided summer courses which include sports and swimming classes to 200 orphans.

# SUDAN

## COUNTRY HIGHLIGHTS

**54** Annual Revenue (USD m)

**991** Customers (000)



**21,000**

Constructed a main road in South Sudan that was damaged by heavy rain falls and flooding. The road reconstruction benefited around 21,000 people.

# SOUTH

**8** Total Capex (USD m)

**86** Full-time Employees



**8,000**

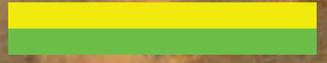
In collaboration with the Ministry of Culture, Youth and Sports, the company hosted the National Unity Day where 8,000 individuals attended the event.

# SUDAN

## COUNTRY HIGHLIGHTS



# AWARDS



**In 2019, Zain received a variety of accolades and awards across its operations.**

The following listing highlights a selection of honors.

**ZAIN GROUP****BEST GENDER DIVERSITY  
INITIATIVE IN THE WORKPLACE  
FOR A CORPORATE  
IN MENA REGION****– ENTREPRENEUR MAGAZINE'S ACHIEVING WOMEN AWARDS**

Zain Group received the award for the 'Best Gender Diversity Initiative in the Workplace for a Corporate in MENA region for 2019' for its Groupwide Women Empowerment (WE) Gender Diversity Program. Recognized by Entrepreneur Magazine Middle East during its annual Achieving Women Awards gala held in Dubai, Zain's Groupwide WE Program advances an initiative launched officially in Kuwait in November 2017.

**ZAIN IRAQ****ALI AL-ZAHID  
BEST TELECOM CEO  
IN THE MIDDLE EAST****– CEO MIDDLE EAST MAGAZINE**

Ali Al-Zahid, Zain Iraq CEO was named the Middle East's Best CEO in the Telecommunications Industry for 2019 by the Dubai based CEO Middle East magazine. The honor was given during the magazine's annual conference held in Dubai on 23 September, which recognizes and rewards the characteristics of great leadership based on integrity, passion, courage, creativity and vision as hallmarks that drive true success.

**ZAIN GROUP****BEST OPERATOR AND  
BEST BRAND****– TELECOM WORLD MIDDLE EAST AWARDS**

Zain was awarded the 'Best Telecom Operator' and 'Best Brand' accolade for 2019 at the prestigious Telecoms World Middle East Awards held in Dubai. This honor marks the sixth consecutive year that Zain has won the 'Best Brand' award, having also been recognized as the 'Best Telecom Operator' across the MENA region on several occasions over the years. This award was based on numerous factors linked to the company's digital innovation, corporate sustainability programs, eye-catching marketing and social media campaigns.

**TOUCH LEBANON****PRODUCT OF THE YEAR****– TELECOM CATEGORY**

On March 27, touch Lebanon was awarded the Product of the Year 2019 award within the Telecom category for the company's Student Plan, touch Mobile App and touch Business Bundles. The Product of the Year is a consumer-voted competition where over 100 consumer products and services were submitted across multiple categories in 2019. The Student Plan scored the highest across the Telecom category. This initiative involves touch developing digital value propositions that equip young people with tools that meet their needs for the digital world.

**ZAIN GROUP****BEST TELECOM  
SERVICE INNOVATION****– 5G MENA AWARDS**

Zain Group and EXFO Inc., a company that tests tools and service assurance for mobile networks, were jointly recognized with the 5G MENA award for Best Telecom Service Innovation. The award was presented at 5G MENA 2019, the largest event in the Middle East and North Africa to focus on advancing and commercializing 5G networks. The award recognized Zain and EXFO Inc. for utilizing existing technology capabilities and developing new ones to introduce new products and services for customers.

**ZAIN GROUP****BEST OVERALL  
TELECOM GROUP****– COMMSMEA MAGAZINE**

Zain Group was recognized as the 'Best Overall Telecom Group' for 2019 by CommsMEA Magazine for delivering impressive operational and financial results despite a range of challenges and industry developments. The Group's focus on raising the customer experience while still looking to drive cost efficiencies has seen its investment in innovation and winning approach to digital transformation produce commendable results for all stakeholders.

**ZAIN SAUDI ARABIA****BEST 5G INFRASTRUCTURE  
DEPLOYMENT****– TELECOM REVIEW LEADERS' SUMMIT**

On December 10, Zain Saudi Arabia received the Best 5G Infrastructure Deployment title during the Telecom Review Leaders' Summit. This recognition exemplifies Zain Saudi Arabia's committed in enabling and providing opportunities by deploying the most advanced infrastructure which falls in line with the country's digital transformation. The company completed the first phase of its 5G network which covers a total of 27 cities across Saudi Arabia through 2,600 towers.

**ZAIN SAUDI ARABIA****BEST MEA  
TELECOM OPERATOR****– COMMSMEA MAGAZINE**

Zain Saudi Arabia was awarded with the 'Best MEA Telecom Operator in the MEA' for 2019 by CommsMEA Magazine. The company was recognized for the innovation evident in offering comprehensive mobile broadband solutions, it's customer centricity and operational efficiency among other factors including its commitment to playing a key role in the Kingdom's ICT sector.



# MESSAGE FROM THE BOARD OF DIRECTORS





**MR. AHMED TAHOUS AL TAHOUS**  
CHAIRMAN



**MR. BADER NASSER AL KHARAFI**  
VICE CHAIRMAN AND GROUP CEO



**MR. TALAL SAID AL MAMARI**  
BOARD MEMBER



**MR. MEHDI MOHAMED JAWAD ABDUWANI**  
BOARD MEMBER



**MR. SAUD AHMED ABDULKARIM AL NAHARI**  
BOARD MEMBER



**MR. MARTIAL ANTOINE MARCEL CARATTI**  
BOARD MEMBER



**MR. NIGEL KEVIN GOVETT**  
BOARD MEMBER



**MR. ABDULRAHMAN MOHAMMAD IBRAHIM AL ASFOUR**  
INDEPENDENT BOARD



**MR. YOUSEF KHALED AL-ABDULRAZZAQ**  
BOARD MEMBER

MESSAGE FROM THE BOARD OF DIRECTORS

The Board of Directors is steadfast in its conviction that growth and development is the result of collective action that is guided by a forward-thinking strategy. For Zain, the latest strategic direction through which much needed change could be realized is a positive step for both the organization and our communities. Over the course of 2019, we witnessed organic growth across the organization that was results oriented as well as being inclusive. The growth of our vertical segments is a demonstration of the company's progress towards becoming a digital player. Through our commitment to addressing the UN's Sustainable Development Goals (SDGs), the company made greater efforts in addressing its supply chain by revising the Supplier Code of Conduct to ensure that it is in-line with international best practices. The revision of the code exemplifies the company's commitment to human rights and labor principles. In addition to our supply chain management, we also identified risks related to climate change and child labor as we recognize that focus is needed in this area as some of our operating companies are surrounded by geo-political instability that has resulted in mass displacement. Unfortunately, children have become more vulnerable and susceptible to harm and exploitation. As an organization established on a strong set of ethics, it is upon us to ensure that all our stakeholders are not exposed to harm and instead can thrive and lead meaningful lives. We would like to extend our sincere gratitude to His Highness the Amir of the State of Kuwait, Sheikh Sabah Al Ahmad Al Jaber Al Sabah; His Highness the Crown Prince, Sheikh Nawaf Al Ahmad Al Jaber Al Sabah; His Highness the Prime Minister, Sheikh Sabah Al Khalid Al Hamad Al Sabah, as well as the members of the governments of the countries in which we operate for their invaluable support that has been central to the continued success of our organization.

ZAIN GROUP BOARD OF DIRECTORS

**MESSAGE FROM  
THE VICE  
CHAIRMAN  
AND GROUP  
CEO**





VICE CHAIRMAN AND  
GROUP CEO MESSAGE

Throughout the years, Zain has consistently worked towards developing the mobile telecommunications ecosystem centered on a vision of inclusive development that leads to socio-economic growth. Since our early days, we not only recognized the deep links that we have with our communities, but we always reiterated our firm commitment to an overarching social contract.

As we continue to mature and evolve, the gravitational pull of our social contract has become a material aspect for the company.

Now more than ever, the need for a fundamental systemic change is central to the region's transformation and growth. While there was great growth for the company during 2019, the surrounding environment was filled with immense developmental challenges. It is through the lens of growth, development and evolution that we revisited our corporate strategy to focus on specific cores that bring value to stakeholders. Through our digital strategy, the concept of Meaningful Connectivity permeates throughout the organization and is beginning to materialize across the company. In recent years, it has been required that we change the culture within the organization to transform how we operate, paving the way for greater growth of our transformational verticals. The business and societal opportunities are significant in this area as we are now witnessing the rapid growth of Fintech. We see exponential progress with Zain Cash in Iraq and Jordan, the micro-lending platform (Tamam) in Saudi Arabia, in addition to, new prospects materializing in Kuwait, which will provide unbanked populations with the ability to conduct financial transactions. Like financial services, we are also witnessing the unfolding of e-health related solutions. The Group API Platform has moved significantly closer to a full-fledged digital service provider. Its steady growth provides benefits as it enables a variety of services and solutions to be offered efficiently. B2B and B2C segments are growing exponentially as a result. As part of our digital strategy, we will continue to evolve the B2B segment through a centralized ICT and Digital professional services hub that serves Zain's operations and other business entities across Zain's footprint and beyond. This hub will provide Cloud and Cybersecurity services, IoT,

Big Data and Analytics as well as a wider spectrum of new technologies covering areas related to Artificial Intelligence, Blockchain and Drone solutions to name a few.

Efforts taken in the digital front further accelerates much needed systemic change. It is through these changes that the connectivity Zain provides takes a life of its own and embodies the true meaning of Meaningful Connectivity. Our launch of 5G networks in Kuwait and Saudi Arabia exemplifies these efforts. Our commitment to gender equality, inclusivity, youth empowerment and climate action continue at a steady pace. In 2019, we developed the WE ABLE strategy aiming to be Disability Inclusive by 2022 and became a signatory to the International Labor Organization (ILO) Global Business and Disability Network Charter. On matters related to climate change, the company became a member of the Climate Disclosure Project (CDP), thus paving the path towards a structured reduction of our environmental footprint.

With our region undergoing drastic changes, our sustainability agenda will continuously evolve so that we remain of value to all our stakeholders.

**BADER NASSER AL KHARAFI**  
**VICE-CHAIRMAN AND GROUP CEO**  
**ZAIN GROUP**



# MESSAGE FROM THE CHIEF SUSTAINABILITY OFFICER

In an era of rapid change and disruption, having a forward-thinking vision is an essential aspect of our sustainability strategy. Often, our surrounding environment frames our individual and collective actions which can catapult those who embrace the opportunities that sprout from the evolutions that are taking place. At Zain, we welcome the tides of disruption as they often provide us the chance to evolve in a positive manner. Part of our progress has resulted in the establishment of significant initiatives such as Women Empowerment within the organization, as well as the recently launched WE ABLE track, focusing internally and externally on people with disabilities. It is this drive that has also led Zain to take a more active and transformational role on climate action.

In 2019, Zain became a member of the GSMA Climate Action Task Force with the objective to play a more strategic role in addressing our environmental footprint. This move led the company to disclose its energy consumption and emissions at the Carbon Disclosure Project; symbolizing a firm step in the fight against climate change. On the business front, the solid growth of the Group API Platform is encouraging. The social ambition is to open some of our assets to emerging developers both regionally and internationally with the aim of creating new opportunities for young entrepreneurs to partner with Zain. This will allow the company to provide their services to our customers therefore expanding their reach ultimately creating shared value for both the company and the entrepreneurs.

## MESSAGE FROM THE CHIEF SUSTAINABILITY OFFICER

It is also encouraging to witness the transformation taking place as a result of the advancement made by our verticals. Through the various streams under development, marginalized segments of society are now able to make financial transactions in Iraq and Jordan as a result of Zain Cash. The launch of the Tamam service in Saudi Arabia provides microloans to underbanked segments of the population. On a separate area, the company is offering micro-insurance services to underprivileged segments in Iraq. E-learning continues to evolve with the launch of Zain Kids, a digital platform that provides educational videos and games with parental controls for children in Saudi Arabia, Iraq and Kuwait. To date, the e-learning platform has five services that span across our operations. Throughout the year, we decided to take concerted action regarding child online safety. The company considers this a matter of great importance as it is morally incumbent upon us. Zain co-chaired a working group with Childhood USA at the ITU/UNESCO Broadband Commission for Sustainable Development and developed a report with a set of actionable recommendations that provides a holistic approach to safeguarding children for the digital world. In addition to the report, the working group developed a Universal Declaration that is cross-sectoral as an advocacy tool necessary for promoting change.

As we move forward, we will continue to push the envelope in the sustainability front as we recognize the numerous benefits it brings to all our stakeholders.

**JENNIFER SULEIMAN**  
**CHIEF SUSTAINABILITY OFFICER**  
**ZAIN GROUP**



# COMPANY OVERVIEW



## COMPANY OVERVIEW

Zain, formerly known as Mobile Telecommunications Company (MTC), was established in 1983 by an Amiri decree in Kuwait. MTC which was the first mobile telecommunications company to be launched in the Middle East was rebranded as Zain in 2007 which then became the Group's corporate brand. The company considers the Zain brand to be one of its most important assets and its promise of a "A Wonderful World" exemplifies Zain's passion for customer experience, operational effectiveness, development of its communities and protection of our planet.

Since its inception, Zain experienced continuous growth and development where at one point reached a footprint of 23 countries across the Middle East and Africa. In 2010, a strategic move to refocus on the company's core region, Zain divested 15 of its African operations to Bharti Airtel for an enterprise value of USD 10.7 billion. In the following year after the split of Sudan into two countries, Sudan and South Sudan, Zain successfully completed the separation of the respective networks, and Zain South Sudan formally became an independent operating company in January 2012.

This year, Zain provided mobile voice and data services to 49.5 million active customers. Our products and services are mostly divided between core and non-core services. Some of our products and services include postpaid to prepaid packages, cloud services, handset devices, entertainment services, B2B services and mobile applications amongst others. Due to the nature of the business, the quantity of products and services is not mentioned, however; the number of prepaid customers can be found in the 'Our Network' section of the report. Our commercial presence extends across eight countries, with operations in Bahrain, Iraq, Jordan, Kuwait, Sudan, Saudi Arabia and South Sudan. In Lebanon, Zain manages the touch operation on behalf of the Lebanese government. Zain is headquartered in Kuwait and is listed on the Kuwait Stock Exchange (KSE) as a publicly traded company with no restrictions on shares as the company's capital is 100% free float. Our largest shareholder is the Kuwait Investment Authority, which has an equity stake of 24.22%. Zain Group owns a 37.05% stake in Zain Saudi Arabia (formally Mobile Telecommunications Company Saudi Arabia), which is traded on the Saudi Stock Exchange as a Saudi joint stock company. Relevant Information on Net Sales and Total Capitalization is available in the Consolidated Financials in the financial reports section on the Zain official website. In 2019, no major changes in the location of operations, facility openings, closing or expansions took place.

Zain is an active member of the Global System for Mobile Communications Association (GSMA), which represents the interests of the Mobile Network Operators across the world. The company continues to take guidance from the GSMA regarding sustainability, regulatory and other related topics. Zain collaborates and participates with various initiatives set by the GSMA which include the GSMA's Humanitarian Connectivity Charter and Mobile Alliance Against Child Sexual Abuse Content.

Zain continues to commit and align its activities to the United Nation's Sustainable Development Goals as the company realizes that by addressing some of the targets will not only improve the welfare of societies, but can also provide a wide-range of opportunities.

**49.5 MILLION**

ACTIVE CUSTOMERS

**USD 5.5 BILLION**

IN CONSOLIDATED REVENUES

**358**

SMALLER SIZE GENERATORS INSTALLED WITH THE EFFORT TO REDUCE EMISSIONS

**USD 715 MILLION**

IN NET INCOME

**600 WELLS**

BUILT IN DONATIONS RAISED BY ZAIN KUWAIT IN NIGER

**1.5 TONS**

OF E-WASTE WERE COLLECTED BY ZAIN BAHRAIN WHICH WERE RECYCLED AND REUSED

**724,000**

MORE THAN 724,000 REFUGEES WERE PROVIDED WITH ACCESS TO HIGH-SPEED BROADBAND CONNECTIVITY THROUGH THE ZAIN, FACEBOOK AND UNHCR PARTNERSHIP

COMPANY OVERVIEW

**15,000**

STUDENTS WERE SUPPORTED IN THE SOUTH WEST REGION OF IRAQ UNDER THE BACK TO SCHOOL PROGRAM

**31**

DG-BATTERY AND SOLAR HYBRID SOLUTIONS INSTALLED IN SUDAN AND SOUTH SUDAN

**6,000 FAMILIES**

MORE THAN 6,000 FAMILIES RECEIVED AID AND SUPPORT AFTER THEIR AREAS WERE AFFECTED BY HEAVY RAIN AND FLOODING IN SUDAN

**5G**

NETWORKS WERE LAUNCHED IN KUWAIT AND SAUDI ARABIA

**19 STARTUPS**

WERE CREATED AND SUPPORTED UNDER THE TOUCH INNOVATION PROGRAM IN LEBANON

**21,400 PEOPLE**

MORE THAN 21,400 PEOPLE BENEFITTED FROM THE ROAD CONSTRUCTION IN SOUTH SUDAN

**200,000**

**CHILDREN**

IN REMOTE AND RURAL AREAS WERE PROVIDED WITH HEALTH SERVICES IN JORDAN UNDER THE ZAIN MOBILE CLINIC



# OUR STRATEGY



## Zain's Journey to becoming a Digital Service Provider

In 2019, Zain continued to take confident strides towards delivering its digital growth strategy as demonstrated in our solid financial performance and various achievements. The company always strives to provide customers Meaningful Connectivity through a relevant suite of services to help them lead better lives as individuals. The newly developed sustainable and value-creating strategy aims to create a positive socio-economic impact across the region. It is centered around evolving the telco core business to maximize value and to selectively invest in growth verticals beyond standard telco services. This provides opportunities to diversify revenues increasing shareholders' value while simultaneously generating sustainable growth for its operating communities.

# EVOLVE TELCO CORE

As a well-established player in the telecom sector, Zain is incessantly improving the value proposition for its customers by the efficient management of its telecom operations and assets. Over the past years, Zain has been committed to investing in its networks towards providing the best and latest connectivity to customers enabling them to grow and prosper. To sustain the telco core operations, the company continues to execute several initiatives aimed at enhancing the telecom business focusing on the following strategic pillars.

## OPERATION DIGITALIZATION

From the moment that Zain embarked on the path of digital transformation, the company accomplished several milestones to differentiate its customer experience, increase agility & efficiency and allow for better use of resources. Zain's digital transformation can be summarized under the following themes:

- DIGITAL FIRST** Zain's operations are continuously working on improving the customer experience and ease their journey through the introduction of new digital channels that offer truly digital personalized experience with full control over purchase, usage and interaction with Zain at anytime and anywhere. Examples of digital channels include web, applications, chatbot, social media and smart branches. These efforts are coupled with back-end internal transformation of system automation and processes. Zain will continue to develop and modernize its channels to reduce customer efforts and maximize customer satisfaction. The journey of digitalization across the company's geographic footprint differs with the varying levels of market maturities coupled with internet and/or smartphone penetrations. In markets like Kuwait where digital uptake tripled and overall digital penetration reached 45% of the total customer base. In Bahrain, overall digital self-care interactions increased by 93% with many of the customer interfacing digital tools already in place. Efforts over the past year were guided towards developing a better understanding of customers' behavior by building a library of digital KPIs and driving for structural improvements. The strategic focus over the coming year will be on designing and implementing the load shift strategies and digitalizing the back-end processes and systems.
- OPTIMIZATION AND SIMPLIFICATION** As part of the company's digital transformation efforts, Zain's operations are taking serious steps to simplify and optimize its internal and external processes. This includes simplifying customer-facing tariffs and product portfolios, shifting from assisted to non-assisted sales and care channels allowing for channel optimization. Zain's operations are deploying digital tools for internal use that automate the internal processes, simplifying the back-end systems and optimizing network and IT infrastructure.

Zain is committed to the optimization of the network by monetizing the passive infrastructure as with the agreements signed in both Kuwait and Saudi Arabia utilizing smart CAPEX and network sharing. These efforts alongside virtualizing network functions and using software defined networks result in higher productivity and lower energy consumption contributing to the much-needed global efforts to reduce carbon emissions.

- ANALYTICS & ARTIFICIAL INTELLIGENCE (AI)** Under the theme of analytics and artificial intelligence (AI), Zain is building an ecosystem that aims to expand on the up-and-running Customer Value Machine (CVM) deployed in all of the company's operations. Customer data is used to implement proactive and predictive analytic-based CVM which allows the organization to better understand customers' needs and consequently target them with relevant real-time offers, reducing churn and enhancing customer experience. Furthermore, the use of digital channels to communicate real-time relevant offers to customers has significantly increased the take up rate of CVM campaigns and improved the efficiency of marketing efforts.

## BROADBAND CONNECTIVITY

Zain believes that the expansion of fast and reliable broadband coverage is a cornerstone of socio-economic development of its societies. The company understands the importance of providing the best broadband connection to customers to cater to their needs as individuals and businesses. Accordingly, the organization strategically chose to invest in bringing the latest 5G technology to customers in Kuwait and Saudi Arabia, where Zain deployed the first 5G network in the Kingdom and the largest 5G network in the region. In Jordan, Zain is relentless in widening its FTTH coverage in order to contribute to the national reach of fast broadband coverage to the households and businesses in the country.

## ENTERPRISE AND GOVERNMENT SEGMENT GROWTH

One of the main strategic focus areas for Zain is to continuously grow relevance as a comprehensive connectivity and solutions provider to the Government and Enterprise segments across its different markets. In 2019, Zain developed the “Zain Business” brand that stems from the high equity and solid foundations of the “Zain Brand”. This appeals to its business and government customers and captures the essence of the value proposition targeted at them. In addition to providing these segments with the latest technologies and best connectivity, Zain partnered with governments and businesses by bringing in the latest IT solutions and cloud services that help customers achieve their goals. Zain focuses on always enhancing the wide spectrum of capabilities and services it offers. Over the past year and in the respective markets, Zain enriched the suites of services driving an increase in efficiency, reducing the unnecessary consumption of resources and increase effectiveness contributing to the region’s economic development. Some of the examples of B2B services and solutions that were introduced by Zain’s operations include: Video Surveillance as a Service (VSaaS) in Kuwait, fleet management and smart vehicle surveillance in Bahrain. In September 2019, Zain Jordan launched “the Bunker”, a military-grade commercial data center equipped with the highest standards of security and redundancy. The state-of-the-art facility is a unique enterprise that redefines disaster recovery and business continuity offerings.

- **SMALL-TO-MEDIUM ENTERPRISE DEVELOPMENT** As part of Zain’s commitment to making a sustainable impact on the region’s socio-economic development, Zain dedicates a special focus on supporting the Small to Medium Enterprises (SMEs) segment. Zain offers SMEs a selection of relevant bundles of core telecom products and services that provide them with basic connectivity with their own clients and convenience to manage their day-to-day operations. Zain also offers SMEs several cloud-based services that grant these companies access to the latest tools to achieve growth and success. Zain Kuwait has gone far and beyond to cater for these segments by developing a specific SME Application that digitalizes the experience from customer onboarding to managing contracts as well as other facets governing the interaction between Zain and its SME clients in Kuwait.

## DIVERSIFY INTO GROWTH VERTICALS

Zain Group aims to diversify into growth opportunities that span beyond the core telco business to serve its ambition for continuous sustainable growth tied into the company's commitment to play a leading role in the region's digital future. The approach for selecting these verticals was all-encompassing coupled with a rigorous selection process. Effectively, Zain Group opted in for the verticals that comply with the following guiding principles:

### DISRUPTIVE

- Zain identified new digital business models that show signs of success at a global level but are yet to be established regionally
- Zain strives to be the first in the market to shape the regional industry and establish sustainable competitive advantage

### SCALED

- Zain looks for opportunities that can exist as standalone cores
- Zain favors business models that can be scaled regionally, across operating countries and beyond

### ECOSYSTEM

- Zain seeks complementarities between selected business models in order to propel growth
- Zain ensures that all parts of the ecosystem align with and support the UN Sustainable Development Goals (SDGs)

SUSTAINABLE DEVELOPMENT GOALS

## CAPABILITY LEVERAGE

Zain Group aims to use existing differentiating capabilities to obtain a competitive advantage and accelerate growth.

## NEW GROWTH VERTICALS

### TELCO INFRASTRUCTURE

Zain is seeking opportunities to establish an independent infrastructure operator capitalizing on the company's vast and valuable network assets in various markets. Such an entity plays a major role in the consolidation of telecom infrastructure, thus widening the coverage of telecom connectivity and furthering the development of ICT infrastructure. The separation of the network operations from the telecom business creates significant value for all stakeholders and allows for the necessary focus on service delivery and enhancement of customer experience.

### IT & DIGITAL SERVICES CORE

Focus on both the lucrative Enterprise (B2B) and Consumer (B2C) segments, Zain aims to create a centralized ICT and Digital professional services hub that serves Zain's operations and other business entities across Zain's footprint and beyond. This hub will provide Cloud and Cybersecurity services, IoT, Big Data and Analytics as well as a wider spectrum of new technologies covering areas related to Artificial Intelligence, Blockchain and Drone solutions to name a few. Zain already has positioned its subsidiary "NXN" as a provider of smart city consulting and digital services. NXN continues to partner with governments and businesses in order to accelerate the digital transformation of cities, districts and enterprises as well as provide them with pre-built and custom-built digital services.

### VENTURE CAPITALS

Mobile operators play an important role in the development of the startup and digital ecosystem. We must innovate to remain relevant and the exploration of new opportunities is vital to future prosperity. Zain has taken a pro-active step to cooperate with a broad range of initiatives starting with investing in venture capital partners (VCs) which share our vision providing the company with a vast range of opportunities to diversify and expand its reach in the surrounding ecosystem. Investments to date include VCs such as MEVP, Earlybird, Colle Capital and WAMDA that have all proven ultra-successful based on recent valuations and exits.

Furthermore, Zain has been actively engaged in direct investments in innovative early stage startups in various sectors with the view of attaining new business streams, with a focus on offering Zain's large customer base and footprint adding up to the startup's financial viability and market capitalization.

## ZAIN GROUP API: APPLICATION PROGRAMMING INTERFACE

In 2019, Zain expanded its Zain Group API Platform, offering customers top-tier regional and international content. Zain Group API digital partnerships provided Direct Operator Billing and attracted key content providers such as Apple, Google, DOCOMO Digital, OSN, Digital Virgo, EROS and Centili across Zain markets. This efficient centralized tool allows the company to scale its partnerships and prosper in the digital landscape, providing Zain's partners the ability to use one platform that provides customers access to multiple mobile-led services. Zain Kuwait, Bahrain, Iraq, Jordan and Saudi Arabia are benefiting from new revenue streams from this cloud service. Through the Group API Platform, the company was able to scale a variety of services to cope with different customers' preferences and requirements ranging from gaming, to content, to entertainment and to education.

# 33.9 MILLION

**CUSTOMERS CONNECTED - ONE OF THE LARGEST REACHES OFFERED BY A SINGLE CONNECTION ACROSS THE MIDDLE EAST**



# Launched mid 2018, with the ambition to create a global digital services hub for the Middle East

6 COUNTRIES ALREADY ON BOARD

2018 | 3 COUNTRIES

2019 | 6 COUNTRIES

2020 | 10 COUNTRIES  
PLANNED

The plan is to expand in the region across multiple verticals

# 19 MILLION

TRANSACTIONS PROCESSED SINCE THE LAUNCH OF THE ZAIN GROUP API PLATFORM

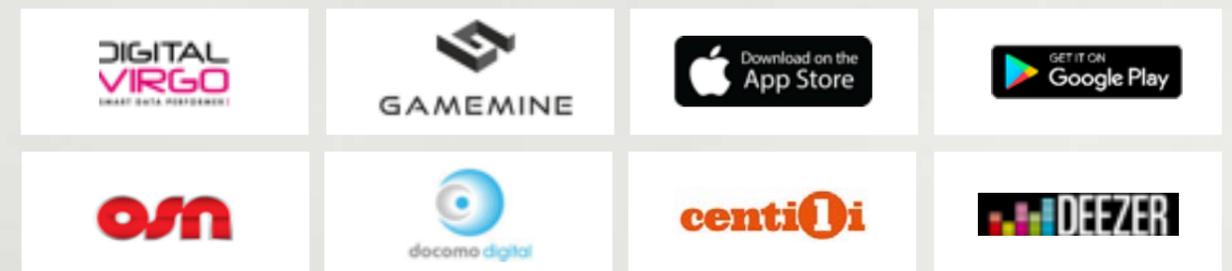
THE FUTURE OF ADVERTISING

# 28%

OF ALL ADVERTISING SPENDING WILL BE DIGITAL BY 2022\*. ZAIN PLANS TO BE A MAJOR CONTRIBUTOR IN THIS SPACE.



NEW SERVICES BEING ADDED CONTINUOUSLY



DIGITAL IDENTITY

Zain plans to become a trusted source for digital identity across the MENA region



DATA MONETIZATION

We plan to be a regulatory and privacy compliant source of non-private data for over 50 Million customers in the Middle East



## FINTECH

Zain continues to strategically focus on mobile financial services following the success of Zain Cash in Jordan and Iraq which focuses on the underbanked populations in its various markets. Zain Cash managed to tackle a serious lack of reach and provide financial inclusion through a simple and agile platform allowing customers and businesses to conduct transactions seamlessly and securely. Notably, during 2019, Zain Cash Iraq launched a revolutionary EyePay Cash platform enabling refugees to cash-out their financial assistance via iris identification through integration with IRIS Guard Technology.

During the year, in Saudi Arabia, the company undertook a pilot, launching the first fully digitalized micro-lending platform in the region, Tamam, through the support of the Saudi Arabian Monetary Authority (SAMA). Furthermore, in Kuwait, Zain is teaming up with Boubyan Bank to launch an Islamic digital banking solution with the support of the Central Bank of Kuwait. To support digital innovation and solution development in the Fintech space, Zain is cooperating with FOO, a regional Fintech entity offering a full spectrum of innovative end-to-end mobility related digital solutions.

## E-HEALTH

Zain aims to expand its reach to the healthcare sector with a focus on transforming the patient care journey through the implementation of a series of digital initiatives in the sector. The company's infrastructure, technological capabilities and strong customer base offers healthcare providers a prime opportunity to partner with Zain and create much needed e-health services. It is expected that several e-health services will be launched in 2020 and across key Zain markets.

## ZAIN DRONE

Launched in 2018, Zain Drone focuses on the delivery of drone-powered solutions. In 2019, Zain Drones expanded its reach to cover Kuwait and Saudi Arabia as well as a variety of industries and verticals. Starting with telecom tower inspection, the company managed to diversify its experience and expertise to cover verticals such as the oil and gas industry, construction and shipping. The objective is to establish a full fledge asset management platform for corporations and governments.

Zain Drone continues to spread awareness and educate the market on the magnitude of benefits the usage of drones offers, particularly in the realm of asset digitization, operational efficiency, data accuracy and cost cutting while using advanced analytics that help governments and businesses alike.

Furthermore, in order to reinforce its vision and help provide full-fledge solutions to



its clients, Zain Drone formed alliances and signed agreements with industry leaders. In 2019, an MoU was signed with Baker Hughes, one of the world largest oil field services companies. Zain Drone continued to participate in multiple exhibitions and conferences in the region and is consistent in providing products and services in line with regulatory requirements. Zain Drone is dedicated to develop its ability to provide enhanced customer satisfaction and becoming a globally recognized Drone-as-a-Service provider. The company was recently certified for ISO 9001:2015. Furthermore, this certificate contributes to the following goals: Goal 1, 9, 12 and 14.



Zain Drone offers multiple solutions across its core industries which demonstrate its success throughout its one-year journey. Such services include:

- Oil & Gas (Flare Stack and Tanks Inspection, Pipeline monitoring, Anti-drone Solutions, etc.)
- Utilities (Overhead Powerline Inspections)
- Construction (BIM)
- Infrastructure (Asset Inspections)
- Security (Surveillance)
- Real Estate (3D Modeling)
- Telecom Infrastructure (Tower Inspection)
- Agriculture (Crop Health Monitoring)

Overall, this service facilitates the gathering of image data related to work advancement through measurement of key parameters, assessment of image data to evaluate compliance with original designs and performing automated stock-taking along with reducing accidents and human error.



# CORPORATE GOVERNANCE



## CORPORATE GOVERNANCE

Mobile Telecommunications Company K.S.C.P. (Zain) seeks to provide the best services and achieve excellent levels of its operations and disclosures to create long-term sustainable value. We are dedicated to maximizing the shareholders' value through committing to the corporate governance best practices in all operations. Zain continues to ensure compliance with all applicable laws and regulations issued by authoritative bodies in Kuwait including the Ministry of Commerce and Industry (MOCI), Boursa Kuwait, the Capital Markets Authority (CMA), the Communication and Information Technology Regulatory Authority (CITRA), the Ministry of Finance (MOF), the Anti-Corruption Authority (Nazaha), the Competition Protection Authority and other regulatory entities. The Board of Directors is accountable to shareholders and stakeholders for the decision and actions undertaken by the company.

This responsibility is based upon the authority granted by majority shareholders to the board in establishing the company's values, mission and vision, set the strategy and delegate tasks to the Executive Management. The purpose of the board of directors' lays at the heart of the notion of corporate governance by making sure that management is acting in the best interests of the shareholders and according to the company's Code of Conduct.

The board reviews and approves the company's business plans, significant company policies and the inherent level of risk in these plans in coordination with Board Risk Committee. Moreover, the board is responsible for approving the internal policies and charters and ensuring transparency and separation of power and responsibilities between the board and Executive Management. Hence, they approve authorities delegated to the Executive Management and develop policies that regulate the relationship with stakeholders. Each member of the board and the Executive Management is dedicated to fulfilling a designated purpose and is working towards a collective goal. As such, the company's sustainability performance and related risks which include its social, economic and environmental impacts are incorporated within the goals. The Board is decisive and responsive to the changing demands of different stakeholders. Members provide oversight and support to management for strategic long-term value. An effective governance framework enables all stakeholders to better understand, plan and implement strategies in response to challenges and risks arising from changes in laws, market, financial, environmental and operational factors. The qualifications of the Board of Directors are tied to the company strategy and risks and their board's approach to diversity and succession planning is transparent.

The company's business is carried out by the Executive Management led by the CEO with the supervision of the board. Accurate information is derived from strong internal controls to ensure better management decisions are taken. The responsibility of the Board extends to the approval of the organization's policies, guidelines, Key Performance Indicators (KPIs), strategy, goals, purpose, values and socio-economic and environmental impacts as developed by the company's CEO and Executive Management. Considering the obligations of subsidiary directors and the potential liability of the parent company (Zain), subsidiary governance frameworks are an important tool in facilitating risk management and ensuring compliance with applicable legal and ethical obligations.

Nomination and selection for the Board of Directors (BOD) takes place every three years, the latest of which took place in March 2017 in accordance with the company's Articles of Associations.

The process for nominating and selecting Board Members takes place in line with the approved Nomination and Remuneration Committee Charter and the rules for selecting Members as stipulated in the articles of association and company memorandum in accordance with applicable laws and regulations.

The BOD consists of nine Members, with two Members of the Board appointed by the Kuwait Investment Authority (the investment arm of the Kuwait Government and Zain's largest shareholder) and one independent director as per laws and regulations.

The remaining Board Members represent other shareholder groups (companies and individuals). Members of the BOD maintain independence and hold no major equity in the company. The Chairman of the Board is a non-executive officer. This is in accordance with CMA regulations and the commercial law. The Vice Chairman is an executive member since he has been appointed as the Group CEO by the Board. The Board was elected during the 2017 Annual General Meeting for shareholders with a three-year

tenure. Information regarding the composition of BOD Members are available in the following table. The corporate governance framework includes charters defining the responsibilities of the board of directors, its members and its committees. The board also evaluates the performance of these committees and their members. The committees must report to the board the results and decisions with absolute transparency.

Zain's Board Committees (BCs) ensure that all critical concerns, news and information are communicated in a timely manner to regulatory bodies and shareholders in compliance with the disclosure regulations and guidelines developed by the MOCI, CMA and Bursa pertaining to transparency. Zain's BCs include:

- Board Audit Committee (BAC)
- Board Risk Committee (BRC)
- Board Nominations and Remunerations Committee (BNRC)

All BCs maintain communication with the CEO, CFO and executives from related functions within the Group.

## COMPOSITION OF THE BOARD OF DIRECTORS

NAME	CLASSIFICATION	COMMITTEE MEMBERSHIP	PROFESSIONAL EXPERIENCE
Mr. Ahmed Tahous Al Tahous Chairman	Non-executive		34 years in the banking and investment sectors in the global and Kuwaiti markets
Mr. Bader Nasser Al-Kharafi Vice Chairman & Group CEO	Executive	BRC BNRC	Industrial and banking sector, investment and business sectors, non-profit institutions, telecommunications and mechanical engineering sector
Mr. Talal Said Al Mamari	Non-executive	BRC BNRC	Finance experience in the telecommunications sector
Mr. Mehdi Mohamed Jawad Abduwani	Non-executive	BNRC (Chairman)	29 years in communications, economic planning, banking, corporate management, finance, energy, industry, sectors of tourism and maritime transport
Mr. Saud Ahmed Abdulkarim Al Nahari	Non-executive	BRC (Chairman)	Economic and commercial sectors, insurance, port management and corporate governance
Mr. Martial Antoine Marcel Caratti	Non-executive	BAC (Chairman)	30 years of financial experience in the telecommunications sector in the Middle East and Europe
Mr. Nigel Kevin Govett	Non-executive	BAC	20 years in investment, finance, telecommunications, strategies, acquisitions, fellow of the Chartered Accountants Association
Mr. Abdulrahman Mohammad Ibrahim Al Asfour Independent	Independent	BAC BNRC	Technical expertise in the application of IT solutions, audit and finance
Mr. Yousef Khaled Al-Abdulrazzaq	Non-executive	BAC	Audit and investment expertise within the general reserve sector and investment funds

More information about Zain's BOD and Executive Management is available on the official Zain website:  
<https://www.zain.com/en/about-us/our-management/>

# The Board has the responsibility of overseeing, counseling and directing the company's Executive Management to ensure that the interests of the company and its shareholders are being served.

The governance structure at Zain extends to all departments starting with the control functions that form the three defense lines at the company: The control functions at Zain (Corporate Governance, Risk Management and Internal Audit) report directly to the board to ensure compliance with CMA regulations regarding independence of control functions. Member qualifications are considered based on the articles of association of Zain Group, CMA Corporate Governance Regulations and other applicable regulations. Members possess the knowledge and skills required to provide leadership by setting the vision, principles, values & strategic plan and to supervise management to ensure maximization of shareholder's wealth. Their expertise covers the company's activities, the markets and management of business affairs. All members dedicate enough time and effort to fulfill their responsibilities, including a review of required reports, assessment of relevant performance and attendance of meetings.

Currently the board members are all males, between the ages of 36 to 62 years. The nationalities mix include: Kuwait, Oman, United Kingdom and France. Their experiences cover a vast range of industries including financial services, investment, real estate, telecommunications, banking, non-profit business, in addition to other industries. The independent member meets all provisions stated in the CMA corporate governance regulations. In addition, the independent member has the relevant technical experience and competencies that are aligned with the company's activities. Members of the Board of Directors are elected every three years for a renewable period by a secret ballot. Each shareholder, regardless of the number of shares held thereby, shall have the right to attend General Assembly meetings and shall have a number of votes equal to the number of the votes allocated for that class of shares.

The company has detailed the responsibilities of the Board of Directors including independent, executive and non-executive members. In addition, responsibilities and duties of the Board Committees and the Executive Management have been defined.

The primary responsibility of the Board is to provide effective governance over the company's affairs for the benefit of its shareholders, and to balance the interests of its clients, employees, suppliers and local communities. The Board of Directors is the key decision maker in the areas of strategy, policy, planning, finance, auditing, governance, compliance, risk management and internal control.

The Board aims to ensure fair treatment of all shareholders, in accordance with regulatory requirements. In addition, the board ensures that transparent procedures for regulating the relationship with shareholders are in place.

In discharging its oversight role, the Board is empowered to investigate any matter, brought to its attention with full access to all books, records, facilities and personnel of the Company and the power to retain outside counsel, auditors or consultants.

A total of 6 Board Meetings were held in 2019. 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 social and economic needs while embedding responsible and ethical business practices into every activity carried out by the Company. The Company's business is conducted by its employees and Executive Management, led by the Chief Executive Officer (CEO), with oversight from the Board. The Board, in coordination with the Board Nomination and Remuneration Committee, appoints the CEO and works with him/her and the Committee to appoint the other members of Executive Management, who are mandated to manage the business of the company. The Board selects members of the Executive Management based on competencies and capabilities that ensure that the company's strategy is consistent with the expected performance to maximize the value of stakeholders. The Board holds periodic meetings with the Executive Management to discuss the operations, obstacles and opportunities. Accordingly, performance standards are set for Executive Management consistent with the company's objectives and strategy.

The Board has the responsibility of overseeing, counseling and directing the company's Executive Management to ensure that the interests of the company and its shareholders are being served. The Executive Management shall carry their responsibilities as delegated by the Board of Directors and in accordance with laws and regulations issued by the CMA and related regulatory authorities.

The Executive Management leads the company's business and operations by managing activities and operations to ensure profit optimization and cost reduction in accordance with the company's strategy and objectives. The Board, in approving the charters for the various committees, recognizes the important role management must play. This has given the various committees adequate authority to involve management in their meetings and discussions to the extent the committee members feel this will prove beneficial to the decision-making process. To facilitate the Board's oversight role, the Executive Management shall provide the Board and concerned committees with periodic performance reports during a given period against KPIs set by the Board.

The Board approves the principles and codes and the Executive Management is responsible for implementing them. Each executive ensures that their respective policies and procedures are following the company's ethics and principles and have the ownership of the department's policies and procedures.

The role of the management extends to ensure the proper implementation of the company's approved Corporate Governance Framework. Executive Management ensures that internal control and risk management systems are in place, monitors the adequacy and effectiveness of such systems and ensures compliance with the company's risk appetite approved by the Board of Directors. Sustainability issues, including the socio-economic and environmental impacts of Zain, fall under the responsibility of the Chief Sustainability Officer (CSO), who develops the company's sustainability strategy, measurements and KPIs, and coordinates with relevant stakeholders to communicate key issues both internally and externally as deemed necessary. 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 board Risk Committee (BRC) reviews and approves, for subsequent Board ratification, the following:

- Risk policies, related standards and methodologies
- Adequate and comprehensive Risk Strategy and Risk Appetite of the company and operating countries which include strategic, market, operational & socio-economic and environmental risks
- Risk Register
- Board Risk Committee Charter of the Company

The BRC advises the Board on the company's risk strategy and risk appetite and monitor the Executive Management in the implementation of this strategy. It also reviews the company's risk profile, risk strategy, risk appetite and risk control framework on an annual basis. The committee's role extends to assist the Board to set and evaluate accepted risk limits in the company and ensure that the company's risk tolerance levels are not exceeded. Any breaches are escalated to the Board of Directors. The committee reviews and approves the company's overall risk governance framework annually, and reviews the company's risk management structure, roles, responsibilities and methodologies prior to the Board's approval. It is important to ensure the availability of adequate and effective management information systems for risk reporting and decision making that is in accordance with the scope, complexity and nature of the company's activities. The BRC reviews the compliance risk processes that are in place to anticipate and effectively manage the impact of regulatory change on the company's operations.

In addition, it ensures the existence of clear lines of authority and accountability for managing, monitoring and reporting risks as performed internally and as required by applicable laws and regulations. The remuneration policy of the company sets out the basis for the remuneration of Board of Directors and the Executive Management and its alignment to the local laws and regulations in addition to the company's long-term performance and risk tolerance. The policy reflects the company's objectives and takes into consideration soundness of the company's operations and financial position. Zain considers that the remuneration system is a key element in value creation. Thus, it has an advanced remuneration scheme based on the exchange of value for Board of Directors, the Executive Management and for the company in line with the interests of shareholders.

The entire BOD shall be fully accountable for promoting effective governance and sound practices of the remuneration system of the company. The BOD, through the Nomination and Remuneration Committee, is responsible for drafting and updating the remuneration policy consistent with the company's risk strategy. The BNRC is responsible for monitoring the implementation of the remuneration system and ensuring that there are no significant deviations from the policy and the system of rewards. The BNRC is also responsible for reviewing the policy on an annual basis and when 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 overall strategy of the company is set and approved by the BOD and is translated into Key Performance Indicators (KPIs). KPIs are documented and communicated to ensure alignment of the management activities to the strategy applied. The KPIs are based on the company's overall strategy and are approved by the Board of Directors. The Executive Management implements this strategy and reports thereon to the Board of Directors on a regular basis.

The total annual remuneration of each board member shall be determined and approved annually during the Annual General Meeting of shareholders as per the recommendations of the BNRC, and by the Board of Directors. It shall comprise of Board Membership, Committees membership and Performance Bonus. The 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 Executive Management remuneration considers the environment in which it operates and the results it achieves.

The Board conducts an annual assessment of its performance which will address its composition, structure, processes and effectiveness in accomplishing its responsibilities. Since the Board of Directors determines the general climate of professional and ethical conduct within the organization, it is necessary to regularly assess the governance and performance of the Board. This process helps the board to understand and assess how governance structures can add value to the company.

The purpose of the board assessment is to ensure that the company is represented by a well-functioning board that can help build connections with stakeholders and make better decisions by understanding relevant information on the business environment in which we operate.

The Board seeks to identify new business opportunities and to identify gaps in expertise in order to improve the company's business strategy and capacity for innovation. The board follows a third-party evaluation process which provides an unbiased independent recommendation in order to assist the board in taking their roles and responsibilities to the next level. The company appointed Price Waterhouse Coopers (PWC) to conduct this impartial review of the board assessment.

Ongoing education is an important part of good governance. New members of the Board are provided with the key information including financial, reporting, risk and audit, human resources, marketing, legal and governance related affairs of the company. In addition, all members go through training sessions during the year to address any concerns related to expertise and performance as per the annual board assessment results.

The company is committed to ensuring that all shareholders exercise their rights fairly. In addition, the company is committed to protecting shareholders' assets from any misuse by the company's Executive Management, Board of Directors or key shareholders. The company treats all shareholders of the same class equally and without any discrimination, in line with the company's interests and in accordance with the laws and regulations. Zain has specific policies and procedures in place for handling unethical or unlawful behavior. These are articulated in the company's whistleblowing, insider trading, Code of Conduct, conflict of interest and stakeholders & shareholders' rights protection policies.

The Corporate Governance framework at Zain ensures the implementation of control systems to prevent conflicts of interest and improper conduct. The company has developed its Conflict of Interest Policy which sets out the guidelines for the identification, reporting, disclosure, prevention, or strict limitation of potential conflicts of interest. Each member of the Board of Directors and Executive Management shall be responsible for disclosing to the Board any cases that may result in a conflict between their interests and the interests of the company. The Board shall monitor and deal with cases of conflict of interest reported by the members of the Board, the Executive Management or the company's employees and ensure that such cases have been dealt with in an appropriate and timely manner with the necessary approvals in accordance with the relevant regulatory requirements. The Board shall also review all proposed transactions with related parties to ensure that no conflict may arise as a result of such transaction. Any Board member shall not attend or participate in any discussion or decision-making or voting that involves a subject, transaction or proposed transaction where there is a potential conflict of interest.

Zain's whistleblowing policy covers the mechanism of reporting any misconduct internally and investigation of suspicious activities. This Policy is intended to encourage and enable employees to raise any concern by offering a reporting and investigation mechanism that is objective, confidential and independent so that appropriate corrective actions can be taken while guaranteeing protection for the whistle-blower. Policies and procedures for employees related to handling unethical or unlawful behavior are shared with all members of the organization and are available in the HR Policy Manual which is internally accessible to all employees. The Corporate Governance and Compliance Department is responsible for monitoring the implementation of the set Corporate Governance Framework to ensure the quality of such implementation. The Department facilitates the review assessment of the company's corporate governance framework to verify full compliance with the set framework and related laws and regulations. The results of the assessment are highlighted and reported to the BOD on a periodic basis.

One critical concern took place in 2019 with regards to a newly implemented regulatory requirement by the CMA concerning the valuation of real estate properties owned by Zain. The corporate governance and compliance department handled communications with the CMA, the Board and the concerned departments. Communications with the CMA were handled through, phone conversations, emails, letters and meetings in order to ensure full compliance and clear understanding of regulatory requirements. The CMA issued a violation against Zain as a result, however, the CMA dismissed the Company's appeal and since then Zain has complied with the requirements as provided in the applicable laws and regulations. The Company has also submitted the required paperwork to the CMA accordingly.

The company is committed to providing accurate and transparent disclosures of all material information, while ensuring fairness and equality of access to such information. The Board of Directors monitors the process of disclosure and communication with stakeholders within and outside the company and ensures that all disclosures are fair, comprehensive, transparent, clear and accurate and timely, ensuring that they reflect the nature and extent of the risks inherent in the company's business activities. The Corporate Governance and Compliance Department is responsible for ensuring that the company's disclosures are conducted in a timely manner and in line with regulatory requirements. It also coordinates with the company's subsidiaries to ensure that disclosures related to subsidiaries are also conducted in a timely manner without delays. The Department also handles correspondences between the company and concerned regulatory authorities (i.e. CMA, Bursa, MOCI). In 2019, no violations were reported against Zain regarding its disclosure and transparency practices. The company is committed to protecting the rights of its shareholders (and all other stakeholders) in a way that guarantees the best interest of both stakeholders and the company. The Shareholders' Rights Protection Policy and the Stakeholders' Protection Policy assure that the rights of shareholders and all stakeholders as established by relevant laws and regulations are respected and protected by the company. The company's Stakeholders as per internal policies include: the shareholders, regulators, customers, employees, vendors, community and counterparties (partners, competitors, etc).



# ENTERPRISE RISK MANAGEMENT



## The company believes that in order to achieve its long term strategic goals and objectives, it needs to adopt a robust, relevant and agile Risk Management Framework.

This approach ensures that the framework adopted is constantly revised and adapted in order to align to international best practices which includes COSO and ISO 31000 guidelines. The flexibility of the framework ensures that the company is responsive to the ever changing landscape in which we operate in.

The Enterprise Risk Management's function directly reports to The Board Risk Committee (BRC), therefore exemplifying the importance of the long term sustainability of the business. On an annual basis, the BRC reviews and approves framework changes. Furthermore, any changing risk trends are reviewed on a quarterly basis. In addition, a risk assessment exercise is undertaken once a year which covers all of Zain's operations.

The BRC oversees compliance with the risk management policies and procedures and reviews adequacy of the risk management framework in relation to the risks faced by the organization. Zain identifies its risks based on a multidimensional approach where the company assesses its social, economic and environmental impacts from a risk perspective. In 2019, Zain took a proactive step to ensure that there is further synergy between the Sustainability Strategy and Risk Management where the company is specifically exploring climate change related risks & opportunities, the rights of children including child online safety and child labor. From an organizational standpoint, the company engages with its stakeholders and conducts thorough studies and research to ensure that it captures and mitigates the risks that could have the most material impact on Zain. Along with Group Risk Management, the Board Risk Committee is assisted in its oversight role by Zain's assurance functions such as the Internal Audit Department and its respective board committee and the Corporate Governance department, and its respective board committee.

# RISK MANAGEMENT FRAMEWORK

Zain's Enterprise Risk Management (ERM) Framework has been benchmarked with leading global risk management standards and guidance available such as the ISO 31000 and Committee of Sponsoring Organization (COSO) framework.

## ERM POLICY, PROCEDURES AND ROLES & RESPONSIBILITIES

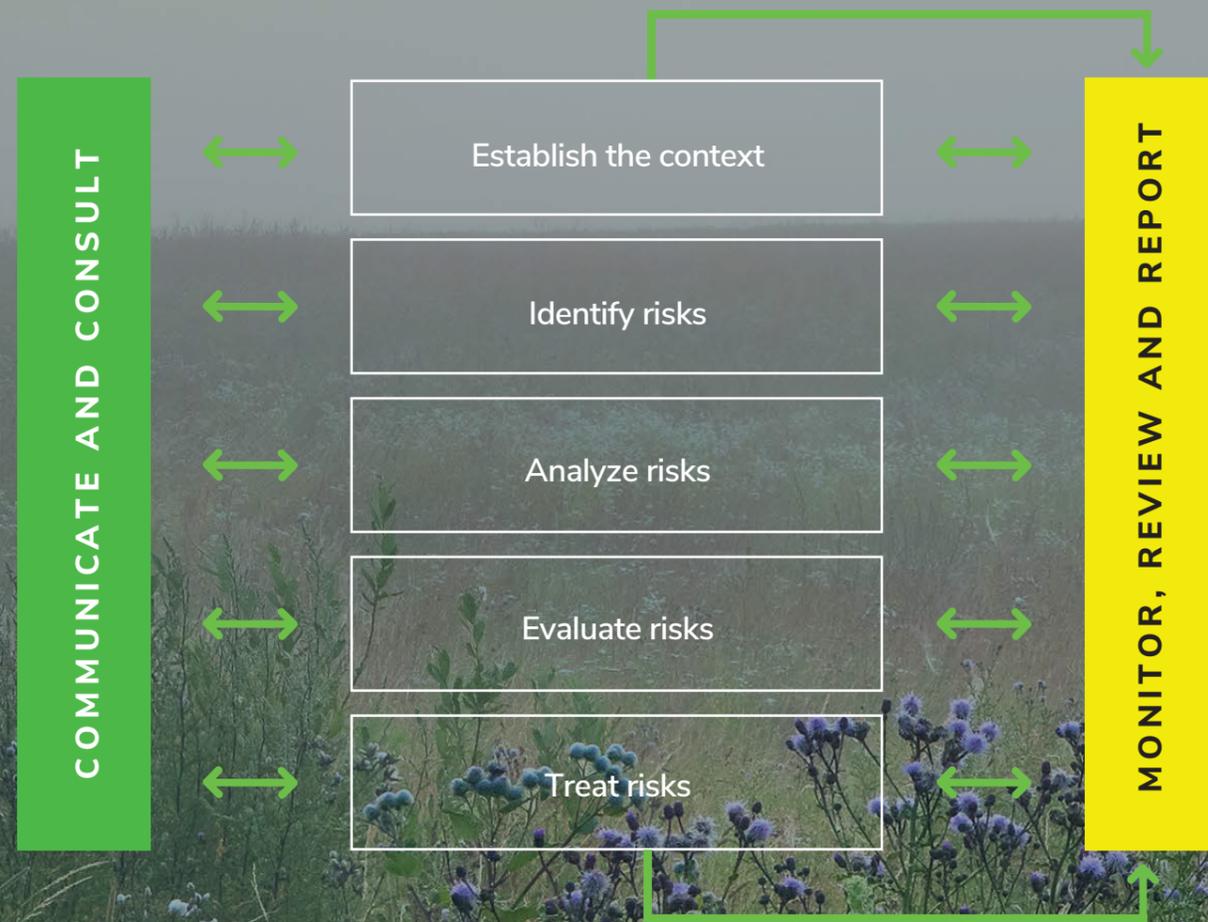


Figure 1: Zain Risk Management Framework (alignment to ISO 31000)

Zain continues to use 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 which 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, thereby providing information on both the inherent and residual risk status of the organization.



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

The table below illustrates some of the key risks across Zain Group and how they are being mitigated through the various mitigation options:

	DESCRIPTION	IMPACT	MANAGEMENT RESPONSE
Regulatory Changes and Management of External Stakeholders	As our business is undergoing a digital transformation, the regulatory implications bring new challenges.	<p>Increased cost of operations (license fees, cost of regulatory compliance) leads to lower profits.</p> <p>The delay or rejection in launching new businesses and services can hinder the creation of new revenue streams.</p>	<p>Participate with market regulatory authorities and other stakeholders, engaging on market issues, with clear focus on common benefit.</p> <p>Innovation on new products and services to enhance revenues and overcome increased regulatory costs.</p>
Cyber Security Risks	As technologies are rapidly advancing, cyber security threats are also evolving and need continuous monitoring.	Customer data breach, financial, reputational or regulatory consequences.	<p>Continuous enhancement of our Cyber Security capabilities by updating:</p> <ul style="list-style-type: none"> <li>• Policies and Procedures</li> <li>• Latest Security tools</li> <li>• Training and Awareness programs</li> <li>• Periodic Security Assessments</li> </ul>
Over the Top (OTT) Applications	Disruptive technologies are being adopted at an extremely fast rate where competitors are infringing into traditional voice and SMS revenue streams.	These OTT players continue to impact revenue for all mobile network operators without having to conform to regulatory implications.	Transform our business from a pure telecommunication model to a digital lifestyle provider by creating innovative products and services and reinventing business models through diversification of revenue streams.

Table 1: Key Risks for Zain

	DESCRIPTION	IMPACT	MANAGEMENT RESPONSE
Geopolitical and Macro-economic Situation	Zain operates in multiple markets, and changes to macro-economic indicators which impact operations enormously.	<p>Reduced customer spending ability leads to reduced revenues impacting the execution of the company's plan and strategy.</p> <p>Weakening currencies impacts the profitability of Zain's operations and asset valuation.</p> <p>Geopolitical hindrances lead to reduced access to capital and technology.</p>	<p>Ensure cost optimization initiatives and access to long-term and short-term capital options through varied sources of funding.</p> <p>Employ various hedging instruments to prevent value erosion of assets.</p> <p>Continuous improvement of our business continuity capabilities across our operations.</p>
Price Wars and Irrational Competition	Unrestrained competitors or irresponsible operators with low value and market share could perpetrate market erosion through price pressures.	Impacts revenue, profitability and customer metrics of experience.	<p>Observe the competitor landscape in all markets, and counter suitably. Ensure the market is fair and competitive, while trying to create value propositions to maintain customer loyalty.</p> <p>Enhance efficiency in operations to reduce operational expenditure to maintain margins. Enhancement of quality of services to our customers.</p>

Table 1: Key Risks for Zain

# When it comes to data privacy and management, Zain values the privacy of Personally Identifiable Information (PII) entrusted to its operations by its customers, employees and suppliers.

We are committed to the collection, usage, retention, and non-disclosure of PII personal data in a secure way to comply with applicable legal and regulatory requirements for processing PII. Our operations established technical and procedural controls for the implementation of the principles as outlined in Zain's Data Privacy Policy. Zain recognizes the recent EU General Data Protection Regulation (GDPR) legislation as an opportunity to further enhance its data responsibilities and oversight.

## 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



Zain Group is a signatory to the Humanitarian Connectivity Charter. The GSMA launched the Humanitarian Connectivity Charter to support mobile network operators in improving preparedness and resilience among mobile networks. The Charter consists of a set of shared principles adopted by its members that aims to improve access to communication and information to those affected by crisis, as mobile networks will be able to coordinate assistance with government, NGOs and the international humanitarian community.

The charter is aligned with **SDG 9: Industry, Innovation and Infrastructure** as it ensures access to connectivity in times of natural disasters and other humanitarian emergencies such as the refugee crisis.

As part of assuring that Zain identifies and manages risks at their infancy stages, the company consistently engages with material stakeholders to be able to control and address their needs and concerns on a firsthand basis. The below is a list of how the Risk Department engages with its top four stakeholders:

- **EMPLOYEES** This year the enterprise risk team worked on compiling information, research and coordinated with other stakeholders to launch a year long security awareness campaign in 2020.
- **GOVERNMENT & REGULATORS** Engagement with Government is done through the Corporate Governance team.
- **SHAREHOLDERS** Group Risk Management reports to the Board Risk Committee on a quarterly basis.
- **EXECUTIVE MANAGEMENT** Group Risk Management and the Operation's risk management teams continually engage with the Executive Management to ensure that risks are being identified, addressed and mitigated as per the direction of the Board of Directors.

## BUSINESS CONTINUITY MANAGEMENT

Zain Group is committed to ensuring the continuity of its businesses in the event of an incident or disaster which could cause major disruption. To achieve this, Zain Enterprise Risk Management conducted resilience reviews in 2019 for various services within its operations where resilience and continuity risks were identified and the assigned mitigation plans are monitored and addressed by the management. Further, Group Risk Management along with its local counterparts have embarked on controlled testing and exercising of its business continuity plans to assess the robustness and reliability of its plans.

## HEALTH & SAFETY

Zain continues to emphasize its commitment to ensuring the protection and safety of all of its staff. Consequently, Zain established Emergency Evacuation Guidelines to achieve optimal protection and ensure a safe work environment for all employees. As per the Guidelines, floor marshals are assigned on each floor in order to support and guide employees on exits, provide assistance and facilitate a safe and timely evacuation from the building. Zain's operations conduct evacuation drills on an annual basis to enhance emergency response controls.

## RISK SYNERGY FORUM

After the successful conduct of the first Risk Synergy Forum in 2018, Group Risk organized its second Risk Synergy Forum in Bahrain during October 2019. The two-day conference was inaugurated by the Board Risk Committee Chairperson and the Chief Risk Officer. Risk Management professionals from Zain's Operations shared their best practices from enterprise risk, business continuity and cyber security management. New trends in cyber security and risk management were presented to all operations to enhance synergy possibilities and establish a clear and strategic direction for Risk Management.

## ZAIN'S RESPONSE TO ENVIRONMENTAL RISK

As part of the GSMA-led initiative that aims to establish a climate action roadmap for the mobile industry, Zain decided to disclose their climate impacts and energy & greenhouse gas (GHG) emissions through the internationally recognized Climate Disclosure Project (CDP).<sup>1</sup> As such, Zain started to monitor climate-related risks and opportunities as part of the risk assessment framework. By formalizing this approach, the company is able to assess and measure the impact of climate change on its operations. This demonstrates the company's commitment to ensuring that it mitigates and decreases the impact of any climate-related risks by addressing its negative impacts on the environment.

## RISK MANAGEMENT MILESTONES

- Implementation of an enhanced Enterprise Risk Management reporting process among the Group and the Operations.
- Commencement of Group wide Cyber Security Program Maturity Benchmark exercise to operationalize the company's Cybersecurity Strategy 2019-2021.

The scope includes a full spectrum review of Telecom & IT security environments across Zain's operations.

## ISO CERTIFICATES

- Zain Kuwait achieved the ISO 22301 Certification on Business Continuity Management System which specifies requirements to plan, establish, implement, operate, monitor, review, maintain and continually improve a documented management system to protect against, reduce the likelihood of occurrence, prepare for, respond to and recover from disruptive incidents when they arise.<sup>2</sup>
- Maintenance of existing ISO 27001 Certification on Information Security Management System across all operations.

## ASSESSING THE RISK OF CORRUPTION

Zain Group Internal Audit conducts internal reviews based on risk methodology and management inputs in line with guidelines stipulated by the Institute for Internal Auditors (IIA) to assess the risks of corruption and controls in place in order to prevent them. Building on the work done during 2018, the company covered most of its operations in key areas where corruption is most likely to exist. Based on information reviewed, no cases of corruption were identified during such assessments during the period.

# ADDRESSING KEY CHALLENGES TO HUMAN RIGHTS



## The company takes an inclusive and systematic approach to addressing human rights by ensuring that its human rights policies and procedures can be adopted and are applicable across its footprint.

Embedding such practices into our business and across our value chain allows the company to leverage on its reach in order to address human rights impacts across our sphere of influence. In 2019, growing socio-economic tensions in the region have led to conflict and uprisings which further exacerbate to macroeconomic instability. Examples of such geopolitical instabilities include the change in regime and political crisis in Sudan, the insurgency and wave of protests in Iraq and Lebanon. Such events pose grave challenges as during such times of turmoil, human rights violations could escalate leaving the most vulnerable and disadvantaged populations at risk. For Zain, prioritizing the protection of human rights within and across the business during this time is of utmost importance. It is during such circumstances in which a collaborative effort throughout our value chain on human rights is crucial to establishing systematic and long-lasting changes across our communities.

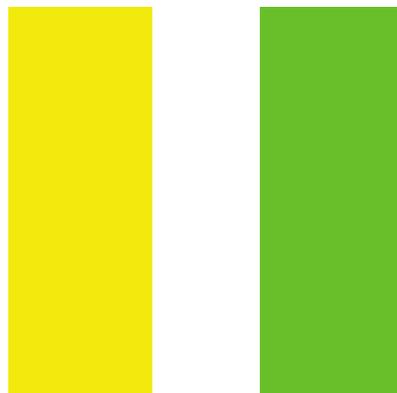
## ADDRESSING KEY CHALLENGES TO HUMAN RIGHTS

### ZAIN CONTINUES ITS ALIGNMENT WITH THE UNGP ON BUSINESS AND HUMAN RIGHTS REPORTING

The company recognizes its commitment and responsibility to ensure that it embeds human rights principles in all of its activities as it is important to the overall sustainability of the business and socio-economic development. As such, Zain continues to align to the United Nations Guiding Principles on Business and Human Rights Reporting Framework. Zain's commitment to the principles demonstrates the company's strong stance in upholding the highest human rights standards within and across its markets as it is extremely relevant to areas impacted by conflict and instability.

### ZAIN'S POSITION ON HUMAN RIGHTS

The company recognizes its responsibility to comply with international human rights principles through commitments made within its Corporate Sustainability (CS) Policy, HR Policy Manual, Code of Conduct and Supplier Code of Conduct. Zain understands that through its sphere of influence, it can establish processes within and across the value chain to really drive positive behavior. Consequently, emphasis on human rights issues that affect employees, the organization's value chain and the communities is embodied within the fabric of the organization. Adherence to human rights principles across the company's supply chain are expressed clearly through Zain's Supplier Code of Conduct to which existing suppliers are held accountable. In 2019, the company conducted considerable adjustments to its Supplier Code of Conduct to ensure its absolute alignment to Zain's values and reflection on how the company manages its business activities and value chain. A further mechanism includes Zain's Supplier Registration Form through which potential new suppliers are screened by disclosing their human rights track record. Through the implementation of the ESMP Guidelines, the company safeguards the safety of the public from its business activities.



## ZAIN'S MOST SALIENT HUMAN RIGHTS ISSUES

Zain continues to embed human rights practices into the company's activities, business operations and supply chain. By doing so, we aim to achieve proper compliance to international best practices when it comes to human rights across our entire value chain ensuring that the most vulnerable are included. We have identified the most relevant human rights issues primarily through high level interactions within the company, namely between the Group CEO – Operations, Chief Sustainability Officer and other senior executives including the Board of Directors, Chief Financial Officer and the Chief Risk Officer.

This year, the company conducted a comprehensive and diligent stakeholder engagement exercise to ensure that it reflects and considers the input of all of its stakeholders. Furthermore, the company ensured that it discussed human rights extensively through social media campaigns highlighting the topic, engagement with shareholders and key investors, communication with local communities regarding site selection and human rights impact assessment studies prepared as part of the due diligence process when applicable for corporate investments, joint ventures and mergers & acquisitions.

Through such engagement, incorporating the context of our communities, assessing the negative impacts of broadband connectivity and the Sustainable Development Goals (SDGs), Zain has identified its most salient human rights issues as:

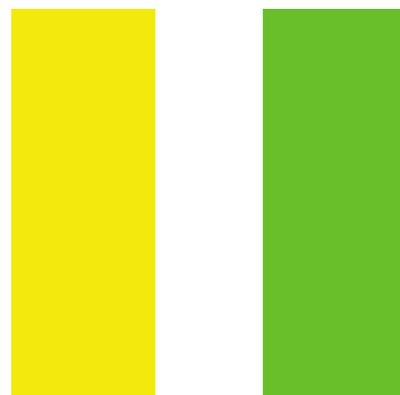
1. Labor rights, treatment and safety
2. Public safety
3. The customers' right to privacy
4. Child Online Safety

Zain's scope for human rights extends to all of its areas of operations which include Bahrain, Iraq, Jordan, Kuwait, Lebanon, Saudi Arabia, Sudan and South Sudan. In addition, Zain ensures that its local and international suppliers also share Zain's commitment to responsible business practices which include human rights. Such human rights standards are upheld by Zain's suppliers and partners through compulsory compliance to Zain's Supplier Code of Conduct and through a screening process that takes place prior to the registration of new suppliers. In 2017, Zain started its supplier self-assessment exercise that touched upon human rights amongst other relevant topics by conducting site visit evaluations for material suppliers and this exercise continued in 2018 and 2019. 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 as well as 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 over the year. During this period, there were no human rights abuses committed under Zain's scope.

## SPECIFIC HUMAN RIGHTS POLICIES AT ZAIN

The policies related to addressing human rights issues are shared and readily available to all relevant stakeholders and accessible to all employees. Such specific policies are articulated within the HR Policy, the Supplier Code of Conduct, the CS Policy and the ESMP Guidelines. When it comes to our customers, Zain's policy of protecting its customers' data privacy is articulated in the GSMA Mobile Privacy Principles, which Zain took part in developing and to which it maintains its adherence. Zain'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/>).



ZAIN'S MOST SALIENT HUMAN RIGHTS ISSUES	STAKEHOLDER ENGAGEMENT ON HUMAN RIGHTS ISSUES	IMPACT ON ZAIN'S POLICIES
Labor Rights	The company's Code of Conduct is publicly available on the website, and the company's HR Policy is communicated to and shared with all employees. Zain also has in place open communication channels and periodic forums across the group which enables all employees to voice their concerns, feedback and views on the company's policies and procedures. As such, the HR Policy remains a fluid document that is responsive to employee priorities and is adjusted accordingly. In 2019, amendments were made to the Supplier Code of Conduct which were developed in line with best industry practice when it comes to labor practices which includes forced and child labor.	Zain maintains multiple channels for employees to report any violations to their labor rights or mistreatment. In addition, Zain's geographical expansion or entry into new revenue streams is preceded by human rights impact assessments that influence the company's decision-making processes and resulting action.
Public Safety	Zain ensures that its activities, such as the establishment of base stations, are in accordance to the Environmental and Social Management Plan (ESMP) guidelines and are also carried out in compliance with relevant regulatory bodies.	Zain maintains the policies specified in the ESMP Guidelines that safeguard against exposure to electromagnetic fields (EMF), radiation and other potentially harmful elements.
Customers' Rights to Privacy	Zain's protection of its customers' personal data is communicated through its annual Sustainability Report in the 'Our Products and Customers' section and through the website.	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 all 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 all laws and regulations related to the protection of customer privacy and data and takes steps to align with ISO certifications related to the matter.

ZAIN'S MOST SALIENT HUMAN RIGHTS ISSUES	STAKEHOLDER ENGAGEMENT ON HUMAN RIGHTS ISSUES	IMPACT ON ZAIN'S POLICIES
Child Online Safety	Zain's firm commitment to protect children is demonstrated through its proactive engagement in initiatives that focus on protecting children and collaboration with key stakeholders such as World Childhood Foundation USA, Child Helpline International and related stakeholders. In addition, the company ensured that it communicated its stance on addressing Goal 16.2 with its suppliers by including it in the Supplier Code of Conduct in 2019. Furthermore, in collaboration with the Broadband Commission for Sustainable Development, the company published a collective report on child online safety which highlights the risks and harms that children face online and provides actionable recommendations to address the abuse and exploitation that children face online. The report was developed under the leadership of President & CEO of Childhood USA and Zain's Group CEO – Operations who co-chaired the working group. Under this working group, the company also launched the Child Online Safety Universal Declaration which intended to confirm the working group's firm commitment to protect and educate children on how to navigate digital technologies and protect children's privacy, security and online safety.	Zain maintains its adherence to the GSMA's Mobile Alliance Against Child Sexual Abuse Content. In 2019, Zain refined its Supplier Code of Conduct to include more stringent and specific policies when it comes to child labor and protection of children.

To ensure that Zain's policies to protect human rights continue to be effective, the company continues to frequently engage with employees, suppliers, the public and other stakeholders that may be potentially impacted by such policies. Employees, for example, maintain several internal channels to communicate labor grievances. In cases where people are harmed by the company's actions, effective remedies are stipulated within Zain's HR Policy, its Supplier Code of Conduct and its ESMP Guidelines. Each document clarifies channels for impacted people to communicate their grievances to the company.



# MATERIALITY ASSESSMENT

The aim of the report is to provide transparent information that reflects the company's socio-economic and environmental impacts of its operations while reflecting the company's values as a responsible business. To ensure Zain is consistently aligning its strategic objectives to an evolving landscape, the company conducts an in-depth and comprehensive materiality assessment every five years. The company uses its materiality assessment to align its reporting to its stakeholders' needs and interests.

## DETERMINING MATERIALITY TO ZAIN

The report's topics and content are based on a materiality assessment for both Zain and its stakeholders. Consequently, the materiality matrix is determined by a threshold that weighs the needs of the present without compromising future generations. The measurement of impact takes into consideration internal and external factors which includes Zain's overall mission, competitive strategy, concerns expressed directly by stakeholders, social expectations, its supply chain and environmental risks. As such, the company established several methodologies that assessed the significance of its impacts. The determination process of issues material to Zain was done by identifying general sustainability topics based on the triple bottom line that are relevant to the industry and the context in which Zain operates in. The company then created a shortlist of 34 topics based on previous reports and upcoming trends, which are:

- The macrobusiness environment
- Benchmarking against other prominent players in the industry and the region
- Inputs gathered from its operational review meetings, business plan meetings and from its leadership and Executive Management
- Sustainability interests raised by stakeholders

## MATERIALITY ASSESSMENT

## ZAIN'S 2019 MATERIALITY ASSESSMENT PROCESS

- Conducted qualitative surveys with internal and external stakeholders
- Used feedback given by stakeholders to rate identified sustainability topics based on its impact on the business and stakeholders
- Prioritized and developed a materiality map based on the inputs received from each stakeholder
- Consolidated the inputs received and developed its materiality matrix

## 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 who directly invest in the organization such as employees, shareholders and suppliers to those who are impacted by the company’s operations which include its local communities and civil society.

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

- C-Suite Executives and Top Management
- Employees
- Regulators
- Suppliers
- Business Partners
- Financial institutions
- Shareholders
- General Public
- Customers
- Industry Analysts
- Institutional Investors

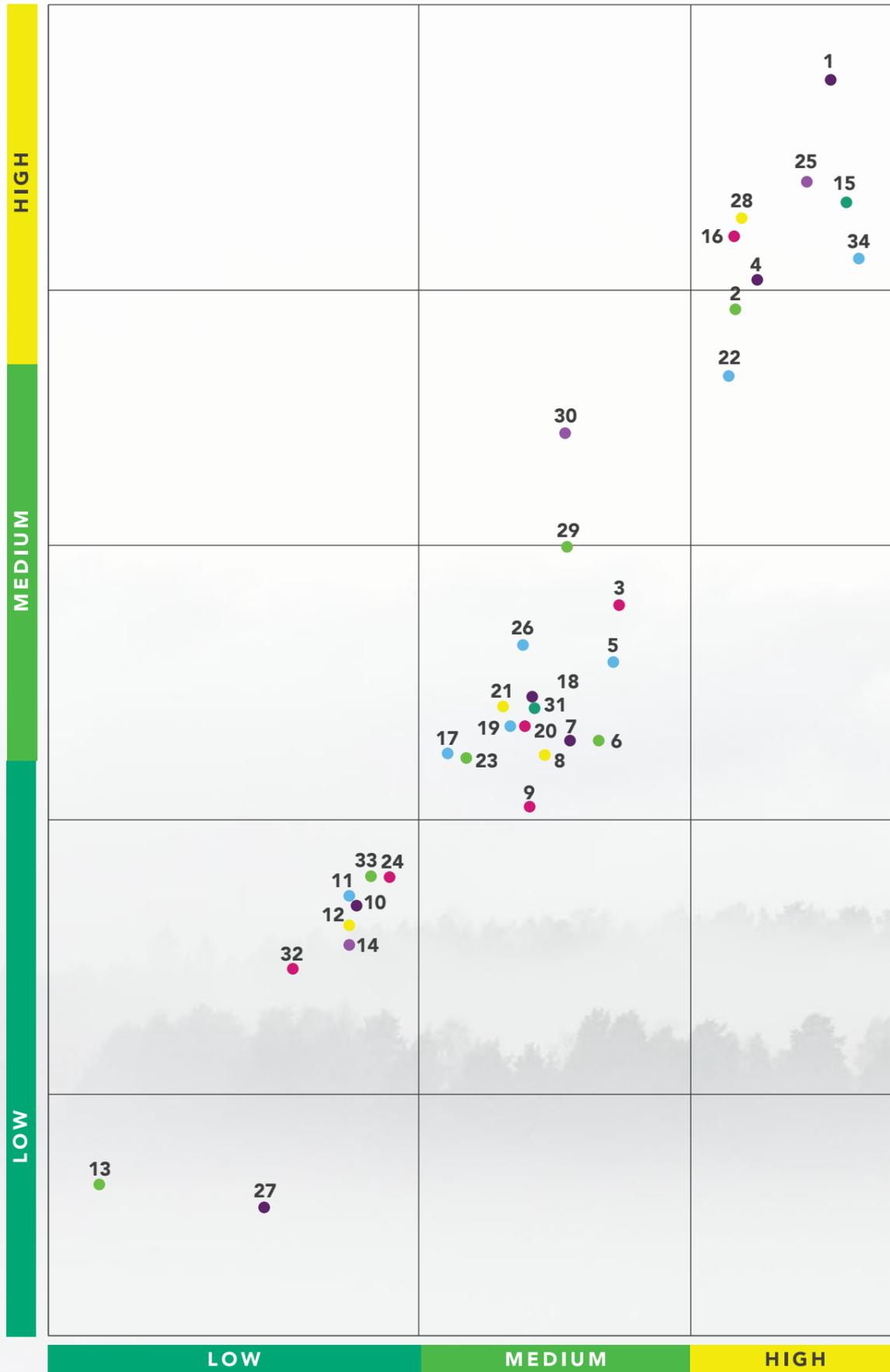


Zain also carries out stakeholder engagement activities throughout the year that enable the organization to meet the needs and expectations of its stakeholders. Related engagement activities include the following:

1. Corporate Sustainability (CS) Social Media Outreach: The CS social media outreach campaigns engage the general public and Zain’s employees, to bring to light key sustainability themes that are most relevant to each stakeholder group. Furthermore, Zain encourages its audience to provide feedback on the highlighted issues.
2. Internal Forums: The forums are designed to engage both the Group and the operating companies in order to measure priorities, share best practices and discuss issues related to their specific business area.
3. Engagement through Various Corporate Functions: Several Zain functions devote significant resources to maintaining frequent dialogue with stakeholders through investor and shareholder meetings, communication with regulatory bodies, meetings with partners, customer polling and other engagement processes related to each relevant function.

At Zain, we undertake a variety of activities to ensure that interactions with our customers are positive and productive. A variety of engagement tools are used to track customer interaction and identify areas of potential improvement. Some of these activities include:

- Follow-up surveys that track the experience of customers within our stores and call centers.
- Continuous tracking of customer sentiments through customer focus groups, interviews and phone surveys.
- Maintaining feedback and suggestion forums on all Zain websites.
- Remaining responsive to customer feedback given through channels such as social media and call centers.



- 1 | ECONOMIC PERFORMANCE
- 2 | CUSTOMER CENTRICITY
- 3 | MARKET PRESENCE
- 4 | CUSTOMER SATISFACTION
- 5 | EMPLOYEE ENGAGEMENT AND WELLBEING
- 6 | EMPLOYMENT
- 7 | TRAINING AND EDUCATION
- 8 | NON DISCRIMINATION
- 9 | DIVERSITY AND EQUAL OPPORTUNITY
- 10 | ENERGY AND ENVIRONMENT
- 11 | EMISSIONS
- 12 | RENEWABLE ENERGY
- 13 | BIODIVERSITY
- 14 | CARBON MANAGEMENT
- 15 | REGULATORY COMPLIANCE
- 16 | SOCIO-ECONOMIC COMPLIANCE
- 17 | ENVIRONMENTAL COMPLIANCE
- 18 | CHILD LABOR
- 19 | FORCED AND COMPULSORY LABOR
- 20 | SUPPLIER ENVIRONMENTAL AND SOCIAL ASSESSMENT
- 21 | PROCUREMENT PRACTICES
- 22 | INNOVATION
- 23 | COMMUNITY ENGAGEMENT
- 24 | ENTREPRENEURS AND SME DEVELOPMENT
- 25 | BUSINESS ETHICS AND GOVERNANCE
- 26 | CHILD ONLINE SAFETY
- 27 | WASTE MANAGEMENT
- 28 | DATA PRIVACY AND SECURITY
- 29 | HUMAN RIGHTS
- 30 | STAKEHOLDER INCLUSIVENESS
- 31 | FINANCIAL INCLUSION
- 32 | ACCESS TO HEALTHCARE
- 33 | ACCESS TO EDUCATION AND SKILLS DEVELOPMENT
- 34 | BUSINESS AGILITY

A person is rappelling from the edge of a dark cave opening. The view from the cave looks out over a coastal town and a large body of water at sunset. The sun is low on the horizon, creating a bright reflection on the water. The sky is filled with soft, golden light. The cave's interior is dark and textured, with some stalactites visible. The overall mood is adventurous and serene.

# OUR OPERATING CONTEXT



THE CHALLENGE

# RISING GEOPOLITICAL TENSIONS

In 2019, growing tensions across the region have erupted in multiple countries. Such demonstrations indicated the people's stance on socio-economic issues.

# SOME FACTS

Sudan underwent a major shift in political power in 2019, where a series of demonstrations and protests took place for 8 months.



Protests occurred in Iraq in October due to deteriorating economic conditions in the country.



During the month of October, a series of nationwide demonstrations broke out in Lebanon. Such demonstrations were a response to the economic crisis.



# ZAIN'S RESPONSE

In Sudan, the company had to postpone any public engagements when it comes to the sustainability related initiatives and programs. This decision was made due to heightened insecurity and danger in the country during the time of civil unrest.

During the first three quarters of the year, Zain Iraq's sustainability activities continued to align and address the needs of the country. From providing job opportunities to unemployed youth to supporting underprivileged communities with basic needs. However, when the protests and demonstrations occurred and the country was facing unstable conditions, the company had to postpone public engagement related to sustainability.

The protests in Lebanon have led to major roadblocks and multiple strikes across various sectors. As such the company had to stop its sustainability activities to ensure safety and precautions.



**THE CHALLENGE**  
**A REGIONAL  
YOUTH BULGE  
AND HIGH YOUTH  
UNEMPLOYMENT**

The MENA region has the highest number of youth in the world, as they comprise half of the population. The rise of vulnerable children and youth unemployment in the region is typically due to rising conflict, geopolitical instability and mass displacement.

# SOME FACTS

## 35 MILLION

children in the MENA are vulnerable and in need of humanitarian assistance.

## 21 %

youth unemployment rate in the Middle East

## 25 %

youth unemployment rate in North Africa which is the highest in the world

## 37 %

of MENA youth live in fragile and conflicted areas



# ZAIN'S RESPONSE

Zain's Youth Empowerment Program is a strategic pillar of its overarching Sustainability Strategy. This pillar plays an instrumental role in supporting the youth segment in the region that aims to empower them to live sustainable lives and participate in the betterment of society. According to UNICEF's Generation 2030 report, there are three main challenges the youth are facing which are:

- Political and social instability due to conflict and violence.
- Inequitable economic and social policies especially when it comes to marginalized adolescents in particular young women, the poor, refugees and those living with disabilities.
- Limited employment opportunities where the education systems are failing to prepare the youth for the workforce.

In response to such detrimental challenges, Zain continues to invest in the youth of its communities across its footprint. Below is a list of just some of the programs the company continued to work on in 2019:

- Zain Bahrain's Summer Internship which targets university students where they join the company to gain work experience and help address existing business challenges.
- Zain Iraq's Back to School Program which provides students across the country with essential school supplies such as school desks, smartboards and labs. 15,750 students benefited from this program.
- Zain Kuwait's Zidnei Application offers access to educational content such as online video tutorials and practice tests to help enhance students' mental and cognitive skills. This application has around 37,000 subscribers.
- Touch Lebanon's AppJamming Summit targets children and adolescents ages 10-15 years old. The AppJamming Summit (AJS) is an international competition for young App Developers across the globe to showcase their talent and creativity with simple computer programs. 70 adolescents participated in the program.
- Zain Jordan's Al Aman Fund for Orphans provided 99 scholastic grants which cover student's tuition fees at higher education institutions (universities, colleges and polytechnics) as well as vocational training centers.
- Zain South Sudan's School Competition and World Teacher's Day brought students and teachers together to discuss pressing challenges that are affecting education through various debates and sporting events. Around 4,200 students (12 schools) participated in this event.

THE CHALLENGE

# DIGITAL GROWTH, PRIVACY & SECURITY AND CAPEX EXPENDITURE.

Telecommunications as an industry continues to face challenges due to the rise in OTT and its ability to diversify their revenue stream.

With the spill over effect of digitalization, privacy and security have become a serious concern to customers.

Heavy network investments also poses challenges to telecom companies as they are grappling with the range of network assets.

# SOME FACTS

## 15.9 BILLION

By 2024 it is estimated that the CAPEX for telecom companies will reach USD 15.9 billion.



## 5G

As telecom moves into the 5G era, the threats of cyber attacks are much more prevalent and increasing.



The vast range of available technological solutions threaten the existence of traditional IT, radio and mobile networks.



# ZAIN'S RESPONSE

The company continues to develop its overall strategic direction to ensure that it continues to be agile and responsive to internal and external factors. The company aims to continue to digitalize its operations and adopt virtualization to have a more software led network.

In response to the growing CAPEX, Zain signed an agreement in Kuwait and Saudi Arabia to sell and lease back tower infrastructure. This strategic approach was made for Zain Saudi Arabia to reduce debt and free up capital to invest in other areas of the business focused on customer satisfaction and service delivery. For Zain Kuwait, the agreement was made in 2017 and continues to take place up to date. For both operations, the company is selling only its passive and physical infrastructure and retain its intelligent software, technology and intellectual property with respect to managing its network.

To fully be able to transform into a digital service provider, the company continues to seek growth in the realm of enterprise solutions and expanding beyond standard telecom services. This provides the company an opportunity to diversify its revenue streams by investing in venture capitals and application programming interface (API) at the Group level.



## THE CHALLENGE

# REGULATORY CONSTRAINTS

The MENA region continues to face challenges in the regulatory domain such as the renewal of operating and spectrum licenses, acquiring more spectrum and accommodating to the new regulations that are being put in place due to the rapid advancements in technologies.

# ADDITIONAL FACTS

## ZAIN BAHRAIN

The TRA is embarking on a project to legally separate Batelco into two entities, namely Batelco Retail Entity (“BRE”) which will offer retail services and Separated Entity (“SE”), which will offer wholesale services, in line with the requirements of National Telecom Plan (NTP-4).



The Telecommunications Regulatory Association (TRA) approved the launch of eSIM service, provided it fulfils the SIM-Card Registration Regulation requirements. Thus, server based remote activation is not currently permitted.



The Government issued its Personal Data Protection Law in 2018, taking effect as of August 1, 2019. A similar and simpler adoption of General Data Protection Regulation (GDPR). Similarly, there is a draft data protection regulation consulted upon by the TRA, expected to be issued as a regulation.



## ZAIN IRAQ

The Communication and Media Commission in Iraq (CMC) plans to have Mobile Number Portability (MNP) launched in Iraq. The CMC’s plan is to have MNP in place by 2020.



In July 2019, SIM registration regulation was released by the CMC including the provisions on eSIM usage.



CMC issued a decision of pre approval of all commercial offers prior to its launch to stop all offers that may impact the principle of fair competition and may discriminate between citizens. For example, if the company decides to make an offer in one region of the country but not doing so in another part of the country. The company must take all offers and their details into consideration before their potential launch.



# ZAIN’S RESPONSE

Zain Bahrain developed responses to public consultations to influence the Special Temporary Measure (STM), Separation Guidelines, Monitoring Guidelines (including compliance and oversight) issued by the TRA for the separation process. Batelco announced the completion of its legal separation into two independent entities (retail and wholesale divisions) during a high level press conference held on the 13th of May 2019. It is important to note, however, that there are still on-going public consultations in respect of the reference offer and governance model for the separated entity.

Zain supports initiatives that aim to enhance overall telecommunications services which includes the launch of the E-SIM service in the Bahraini markets which will open up the market for new tech-related businesses to emerge.

Zain Bahrain updated its data privacy policy on its website in reference to the new Data Protection Law.

Zain Iraq is providing remarks on the MNP process and the CMC has taken Zain’s comments on board.

Zain advocates the protection of the personal data and privacy of the customer by law, and Zain Iraq submitted its comments in August 2019 to the CMC.

Zain after lobbying with the CMC is authorized, along with other telecom companies, to launch up to eight new offers per year.

# ADDITIONAL FACTS

## ZAIN JORDAN

In Jordan the new ICT policy requested the implementation of a universal service obligation (USO). The new ICT policy also requested for Mobile Number Portability (MNP) to be implemented by the end of 2020 and the Fixed Number Portability (FNP) to be implemented by 2022.

The Telecommunications Regulatory Commission (TRC) issued consultation papers related to eSIM, Fixed Market Review, Mobile Market Review, Dedicated Capacities Market Review Data Retention Instruction, Data Protection and Privacy Law in Jordan this year.

## ZAIN KUWAIT

During the start of the year, CITRA Kuwait started giving the global view that 3.5 GHz is to be used for 5G services, so CITRA has begun to examine how to allocate 3.5 GHz to all MNOs in the country.

In January, CITRA launched a strategic market review process with the intention of defining market segments and implementing competition safeguards.

In August, CITRA launched an Industry Consultation regarding the Mobile Virtual Network Operator (MVNO) in the Kuwaiti market.

# ZAIN'S RESPONSE

Zain Jordan supports the implementation of both MNP and FNP by 2020. Zain also requested for modifications to be made to bring FNP forward to 2020.

Zain developed and provided its response on the ICT policy, Data Protection and privacy law to the TRC. Zain supports customer privacy and advocates the protection law.

In July 2019, Zain Kuwait succeeded in the negotiation of the 3.5 GHz spectrum grant. Zain Kuwait secured 3.7 – 3.8 GHz spectrum for its operation.

Zain Kuwait was proactive with CITRA in the provision of relevant data for the market and submitted detailed information to CITRA in support of this process.

Zain actively engaged with CITRA to shape regulatory outcomes by focusing on best practice regulations related to new MVNOs markets.

# ADDITIONAL FACTS

## ZAIN SAUDI ARABIA

Communications and Information Technology Commission (CITC) released a number of public consultations over the last year such as: regulations of minimum internet speed over fixed telecommunications networks, proposed updates to the licensing and regulatory frameworks for the ICT sector in the country, cybersecurity regulatory framework for the ICT sector, issue a new Mobile Virtual Network Operator (MVNO) License, spectrum, telecom law, national spectrum strategy, IoT Regulatory Framework, and IoT special Conditions for type B Licenses and Fixed Termination Rate and Mobile Termination Rate (FTR-MTR).



Over the last year, CITC released and awarded of [770] MHz of spectrum for IMT 2020 from different bands (700,800,1800,2300,2600.3500) MHz. Zain had an opportunity to participate and acquire spectrum increasing its holdings from 80 MHz to a total of 310 MHz including the grant of spectrum of [190] MHz in the 2.6 GHz and 3.5-3.6 GHz in 2019.



# ZAIN'S RESPONSE

Zain Saudi Arabia developed high quality public consultation responses to ensure that CITC continues to respect Zain's point of view and a basic understanding of specific requirements of all terms and regulations. Zain supports any approach by the regulator of launching public consultation processes which offers a multi-sided exchange of recommendations and viewpoints which in return will benefit the industry as a whole.

During the first quarter of 2019, Zain Saudi Arabia successfully obtained a total of 190 MHz of new spectrum in the 2.6 GHz and 3.5 – 3.6 GHz bands for the provision of 4G and 5G services, significantly increasing the spectrum holdings in the business.

# ADDITIONAL FACTS

## ZAIN SOUTH SUDAN

In December 2018, the Ministry of Telecommunication in South Sudan issued a notice requesting for Mobile Network Operators (MNOs) to migrate all inbound and outbound traffic to the South Sudan International Gateway (SSIGW). →

The Harmonization Agreement License which irrevocably recognizes Zain South Sudan's license was signed on 14th September 2018. The agreement calls for routing of international traffic through the government's gateway and restoration of out of service sites. →

In February 2019, TPRA issued licenses to two private companies to commence mobile money services and electronic cash transfers in the country. →

## ZAIN SUDAN

Active engagement with Telecommunications & Postal Regulatory Authority (TPRA) on securing a fixed services license. →

A new Public Consultation regarding the "Quality of service KPIs" was issued by the TPRA with a very aggressive proposed targets. Targets will require significant CAPEX and OPEX. →

TPRA issued a draft regulatory framework for public consultation. However, it is important to highlight that the regime change may impact the implementation of the proposed regulatory and licensing frameworks. →

# ZAIN'S RESPONSE

Zain highlighted to SSIGW that the International Voice Traffic Agreement needs to be finalized as soon as possible. Zain complied the migration of both inbound and outbound international traffic to the government's SSIGW gateway to fulfill the government's request and in line with the Harmonization Agreement signed in September 2018.

15 new sites are to be deployed in Juba and would count as part of the out-of-service sites required by the Harmonization agreement.

Zain South Sudan signed the commercial agreement with two companies which were granted licenses to operate the mobile services in South Sudan.

Zain Sudan submitted a public consultation response in December 2018 – based on an invitation by TPRA seeking to elicit views from the market on fixed services. The fixed license will allow Zain to expand its presence in the fixed broadband services space including the deployment of fiber and the construction of a landing station.

Zain Sudan submitted their comments and International benchmark to highlight to TPRA that some targets can be met while the other target cannot be met and Zain Sudan are willing to set out more realistic targets in this regards.

Zain Sudan advocates the issuance of unified licenses consequently Zain Sudan provided a proposed response for the new Licensing Framework.

## THE CHALLENGE

Changes were made under the tax landscape in the GCC and the Middle East in response to Base Erosion and Profit Shifting (BEPS) actions issued by the Organization for Economic Co-operation and Development (OECD).

Compliance with the four minimum standards of BEPS, namely:

**Action 5** Countering harmful tax practices more effectively.

**Action 6** Preventing the granting of treaty benefits in inappropriate circumstances.

**Action 13** Transfer Pricing (“TP”) documentation and Country-by-Country (CbC) reporting.

**Action 14** Making dispute resolution mechanisms more effective.

Introduction of VAT in Bahrain which was effective on January 1, 2019.

Introduction of Economic Substance requirements in Bahrain.  
Countries in the region have signed treaties for the prevention of double taxation in those countries.

# SOME FACTS

Base Erosion and Profit Shifting (BEPS) refers to tax planning strategies used by multinational enterprises that exploit gaps and mismatches in tax rules to avoid paying tax.

BEPS practices cost countries USD 100-240 Billion in lost revenue annually. Working together within OECD/G20 Inclusive Framework on BEPS, over 130 countries and jurisdictions are collaborating on the implementation of measures to tackle tax avoidance, improve the coherence of international tax rules and ensure a more transparent tax environment.

In 2015, the OECD presented the final package of measures on 15 Action items intended to initiate a comprehensive and coordinated reform of international tax rules.

In 2018, Bahrain, Jordan and Saudi Arabia have committed to implementing the four minimum standards of BEPS.

In 2019, Saudi Arabia implemented TP documentation and CbC reporting obligations for MNE groups based and/or operating in those countries in compliance with BEPS **Action 13**.

In 2019, Bahrain implemented Economic Substance (ES) requirements in compliance with BEPS **Action 5**.

Saudi Arabia activated the exchange relationships for CbC reporting. This means that multinational enterprise (MNE) groups with the ultimate parent entities (UPE) in such countries may not have to undertake secondary filing in other jurisdictions where the CbC exchange relationships are activated.

# ZAIN'S RESPONSE

In response to OECD's BEPS Action items, Zain entities have taken the required steps and actions to comply with the four minimum standards in the various jurisdictions where they operate. In particular:

- In response to **Action 13** in relation to TP documentation and CbC reporting, Zain developed an in-house capability by designing an effective targeted policy for compliance, specifically:

*Local File (LF) and Master File (MF) have been prepared and are being updated on an annual basis.*

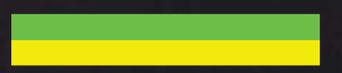
*CbC report is prepared on an annual basis and filed with the relevant tax authorities in compliance with the regulations.*

- In response to the ES requirements (**Action 5**), Zain is reviewing such requirements to ensure full compliance as per the regulations.
- In response to the other key Actions, Zain has taken the initiative to prepare its operations for their implementation.

To comply with the implementation of VAT in Bahrain, Zain has taken the required steps, specifically:

- Zain Bahrain entities' ERP systems have been customized to integrate VAT in order to ease the administration and compliance process.
- Zain Bahrain entities registered with the competent authorities, where applicable.
- They have also filed their periodical VAT returns in compliance with the regulations in place.
- Officials in certain countries in the region signed Double Tax Treaties (DTT) (Saudi Arabia-UAE; Saudi Arabia-Iraq; UAE-Iraq; Kuwait-Iraq) which have been, or in some cases is in the process of being, ratified. Zain will implement the provisions of such DTTs, where applicable, once they enter into force and become effective.

# ENGAGING WITH OUR STAKEHOLDERS



## ENGAGING WITH OUR STAKEHOLDERS

At Zain, we prioritize the needs and concerns of all our stakeholders to ensure our business activities are mutually beneficial. The company continues to maintain a high level of transparency and communication with our stakeholders and remain responsive and adaptive to their needs. The below table defines each of Zain’s major stakeholder categories and outlines the ways in which the organization engages and responds to their specific needs related to the business.

OUR STAKEHOLDERS	STAKEHOLDER PRIORITIES	OUR RESPONSE
49.5 million customers	Reliable and accessible service	Investments in our network quality and coverage Review network performance through monthly and quarterly reviews with all operations
	Innovative service	Provide customers with access to the latest technology Launch of 5G networks in Kuwait and Saudi Arabia.
	Affordable service	Launch tailored products and services covering different value segments and cater to the connectivity needs of customers for both voice and data
	Accessible service	Provide our customers with both basic connectivity and value-added services at affordable prices Ensure services are available through multiple channels (mobile app, online, retail outlets, and contact centers) Packages for the hearing impaired are also available
	Stay informed about promotional offerings and relevant information	Communicate via direct messaging, social media platforms and various media outlets Provide updated information on Zain’s channels Provide professional assistance in all our retail stores, outlets and contact centers

OUR STAKEHOLDERS	STAKEHOLDER PRIORITIES	OUR RESPONSE
49.5 million customers	Customized services (products and services that fit different needs and lifestyles and are inclusive)	Maintain ongoing engagement with customers to ensure an accurate understanding of customer needs (examples of engagement processes include customer research and collecting feedback within retail outlets and contact centers) Design and offer bundled packages that group mobile data and service packages with other products Offer customized packages for specific segments such as youth, students, women, the underserved, refugees, disabled and those at the bottom of the pyramid
	Ease, clarity and transparency of billing	Offer support through contact centers and other accessible channels Offer simplified electronic billing options
	Information security and data protection	Provide online services and billing options
	Fast and efficient complaint resolution	Operate contact centers and respective contact channels such as the branches, call centers and social media channels where complaints are then routed to the resolution department
	High quality customer care	Continue to drive Customer Experience as a major aspect of the company’s business operations Maintain various channels to keep customers informed, receive feedback and measure performance (through customer satisfaction surveys, store experience surveys, contact centers, and brand trackers) Track Net Promoter Scores – the degree to which customers would recommend our services to others – across operations Launched an interactive digital channel called zBot which is a smart customer service that uses Artificial Intelligence (AI) to respond to customers’ needs

OUR STAKEHOLDERS	STAKEHOLDER PRIORITIES	OUR RESPONSE
<b>SHAREHOLDERS AND INVESTORS</b> Largest shareholder is the Kuwait Investment Authority 24.22%	Strong return on investment	Remain profitable Increase customer base Maintain shareholder value Maintain management access and excellence
	Provide a fair and transparent understanding of the company's strategy and business to potential and actual investors	Provide frequent updates through our Investor Relations Department Issue periodic reports (i.e. Financial Statements, Earnings Release, Analyst Call Reports and Audited Financial Statements) Conduct analyst calls quarterly Host an Annual General Assembly Meeting (AGM) Conduct one-to-one meetings with current and potential investors and sell side and buy side analysts Provide Market disclosure and quarterly releases
	Management excellence	Increase transparency and efficiency Ensure access to C-Level Executives
	Encourage more investors to be interested in the company's shares to improve the number of buyers and sellers and therefore improve the liquidity of the share in the market which hopefully will improve the relative performance of the shares	Provide frequent communication and updates through our Investor Relations Department Issue periodic reports (i.e. Financial Statements, Earnings Release, Analyst Call Reports and Audited Financial Statements) Conduct analyst calls on a quarterly basis

OUR STAKEHOLDERS	STAKEHOLDER PRIORITIES	OUR RESPONSE
<b>SHAREHOLDERS AND INVESTORS</b> Largest shareholder is the Kuwait Investment Authority 24.22%	Provide investors and other stakeholder audiences with a clear, honest and accurate picture of the company's past performance as well as its prospects for the future	Attend conferences to strengthen relations with both current and potential investors
	Have multiple engagement channels with the organization	Functional forums Open door policy with Senior Management
7,878 Full Time employees	Job security and satisfaction	Engage employees, maintain open communication channels and develop action plans based on employee feedback
	Employee benefits	Offer competitive benefits packages comparable to the local markets
	Opportunities for development, growth and skills development	Developed a comprehensive training and development program that offers several opportunities to improve holistically Established succession management policies and employee guides to facilitate career growth Continued to drive an internal e-platform, Zainiac, where employees share innovative ideas and create solutions that aim to stimulate creativity within the company
	Competitive salary	Conducted annual benchmark exercises and salary surveys for similar regional and international organizations and implemented a salary scale
	Working for a company that matches their values	Implement multiple engagement channels Conducted multiple engagement programs such as gender diversity and cross functional activities

OUR STAKEHOLDERS	STAKEHOLDER PRIORITIES	OUR RESPONSE
7,878 Full Time employees	Access to international conferences and networking opportunities	Enable employees to participate in conferences and forums
	Health and safety protection	Maintain a Health and Safety policy for employees and temporary workers Conduct fire and emergency drills Maintain insurance coverage for all employees
	Stay informed on company activities	Share information on website, social media platforms, internal announcements and conventional media channels Publish Sustainability Report annually
	Minimal visual and noise pollution	Upgrade generators to models with silencers Install camouflage solutions for base stations, where applicable
<b>GENERAL PUBLIC AND COMMUNITY INSTITUTIONS</b> Neighborhoods near base stations, media, NGOs and advocacy groups, charities, associations, foundations, schools, universities and medical institutions	Publish Sustainability Report annually	Uphold ESMP Guidelines that include health and safety provisions
	Address priority community needs (such as education, health, and economic development) and mitigate societal deficits (such as youth unemployment, human displacement and job readiness)	Support and develop locally relevant CS activities and establish partnerships that further the CS agenda and that address prevalent societal deficits Launch awareness campaigns on the company's social media channels

OUR STAKEHOLDERS	STAKEHOLDER PRIORITIES	OUR RESPONSE
<b>GENERAL PUBLIC AND COMMUNITY INSTITUTIONS</b> Neighborhoods near base stations, media, NGOs and advocacy groups, charities, associations, foundations, schools, universities and medical institutions	Tackle climate change through climate action which include emissions reduction, energy efficiency and awareness	Install hybrid and solar generators where feasible
		Explore possibilities for site-sharing and implement the 'right-sizing concept'
		Implement e-waste recycling and reuse initiatives
		Comply with ESMP regulations
Engage Zain in relevant community events and forums	Provide favorable terms	Set long-term carbon emission reduction targets
		Benchmark energy efficiency progress with similar regional and global organizations
Provide timely payments	Maintain opportunities for frequent interaction and engagement with Zain	Members of the Carbon Disclosure Project (CDP) that provides guidance on how the company manages climate change
		Committed to furthering the Post-2015 Sustainable Development Goals
<b>BUSINESS PARTNERS</b> Suppliers, contractors, and distributors	Provide timely payments	Participate regularly in relevant community events and forums
		Encourage discussions with relevant departments, including procurement and commercial
Maintain open channels of communication	Participate in forums, conferences and exhibitions (GSMA Mobile World Congress, functional specific forums, etc.)	Discuss and negotiate contracts and terms
		Conduct periodic evaluations and assessments
Maintain open channels of communication	Participate in forums, conferences and exhibitions (GSMA Mobile World Congress, functional specific forums, etc.)	Maintain open channels of communication and clearly articulate contract terms and agreement to ensure both parties agree on method and date of payments
		Maintain open channels of communication

OUR STAKEHOLDERS	STAKEHOLDER PRIORITIES	OUR RESPONSE
<b>BUSINESS PARTNERS</b> Suppliers, contractors and distributors	Remain informed about Zain's guidelines and standards regarding health and safety, environment and labor standards	<p>Communicate Zain's Supplier Code of Conduct which is included in the contracts</p> <p>Provide Supplier Assessment Questionnaire when onboarding new suppliers</p>
	Access to information about the company including financial data, customer data and other relevant information	<p>Publish Annual Report and issue other periodic reports</p> <p>Publish disclosure reports</p> <p>Maintain open direct channels and frequent engagement with public officials</p>
<b>GOVERNMENT AND REGULATORS</b> Boursa Kuwait, Capital Markets Authority (CMA), Telecommunications Regulatory Authority (TRA), other National Telecommunications Regulators and Ministries of Communication	Access to telecommunications services for citizens	<p>Maintain network quality and coverage</p> <p>Comply with laws and regulations</p>
	Corporate and other taxation	<p>Submit corporate income tax returns on an annual basis</p> <p>File Indirect tax declaration on a monthly basis depending on the local tax declaration where applicable</p> <p>Submit payroll income tax to the tax authority whenever applicable</p> <p>Conduct meeting and ongoing contact with tax authorities to ensure they are up to date with the most recent tax laws</p> <p>Engage with external tax advisors and receive newsletters on the most recent tax laws and regulations</p>
	Compliance with regulations	<p>Ensure and oversee compliance through Corporate Governance and Compliance Department, Regulatory Department and other relevant functions</p> <p>Ensure compliance with the regulatory requirements in the countries where we operate</p>

OUR STAKEHOLDERS	STAKEHOLDER PRIORITIES	OUR RESPONSE
<b>GOVERNMENT AND REGULATORS</b> Boursa Kuwait, Capital Markets Authority (CMA), Telecommunications Regulatory Authority (TRA), other National Telecommunications Regulators, and Ministries of Communication	Stakeholders' Rights Protection	<p>Implemented through the Corporate Governance framework</p> <p>Policy approved by the Board of Directors is in place and shared with Executive Management</p> <p>Ensured that principles of transparency are applied throughout the whole organization where the Corporate Governance and Investor Relations Departments focus on and work collectively to guarantee transparency and efficiency throughout operations</p>
	To develop the company's reputation and provide an insurance against unforeseen events	<p>Invest in network quality and coverage</p> <p>Maintain business continuity and contingency plans</p> <p>Maintain insurance coverage for critical assets (such as data centers and employees)</p>
	Awareness of key organizational risks	<p>Update the Risk Register</p> <p>Maintain mitigation plans for all significant company risks that are communicated directly to the Board Risk Committee</p>



**OUR  
ECONOMIC  
IMPACTS**



THE CHALLENGE	OUR RESPONSE
In the MENA region, 52% of men and only 35% of women have a bank account. Amongst the unbanked population in MENA, 86% of men and 75% of women have a mobile phone. <sup>1</sup>	Zain continues to scale its digital financial services across its footprint by launching Tamam, a microlending service platform in Saudi Arabia. Additionally, Zain Kuwait established the first digital banking partnership with Boubyan Bank.
Recent social and political instability in the region has resulted in low economic activity leading to an increase in unemployment. It is expected that by 2020, more than 60 million jobs need to be created to address the growing number of people entering the market. <sup>2</sup>	Through its value chain, Zain created 145,719 jobs in 2019.
Research studies indicate that companies who invest in having a more sustainable supply chain are able to better manage their risks, reduce costs, create sustainable products, and build strong relationships with stakeholders. <sup>3</sup>	This year, Zain continued to solidify its Supply Chain Process by incorporating a series of steps to ensure a more responsible supply chain.

The opportunities brought forth by access to broadband connectivity are endless. As a digital service provider, we must continue to unlock the potential technology brings to foster economic development and productivity in our markets. Zain's business activities, direct job creation, sustainable supply chain and strategic partnerships create room for long-term value creation and addresses economic challenges such as unemployment and financial inclusion.

## FINANCIAL PERFORMANCE

Zain managed to achieve a solid financial performance with a consolidated revenue of USD 5.5 billion, a 26% Y-o-Y growth. Consolidated EBITDA for the period rose by 40% Y-o-Y to reach USD 2.4 billion, reflecting a healthy EBITDA margin of 44%. Consolidated net income reached USD 715 million, up 10% and reflecting Earnings Per Share of USD 0.17.

## OUR ECONOMIC IMPACTS

### FINANCIAL PERFORMANCE: DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

	2019		2018	
	KD M	US\$ M	KD M	US\$ M
Revenue	1,661	5,471	1,318	4,362
Cost of Sales	(459)	(1,512)	(376)	(1,244)
Operating Costs	(473)	(1,559)	(423)	(1,401)
Net Profit	217	715	197	649
Retained Earnings	319	1,052	287	947
Dividends Paid	(130)	(427)	(151)	(500)
Dividends paid to non-controlling interests	(5)	(17)	(2)	(5)
Staff Costs	(129)	(425)	(107)	(354)
Finance Costs Paid	(112)	(370)	(53)	(175)
(Repayment of)/ proceeds from bank borrowings (net)	(47)	(154)	(86)	(282)
Income Tax Payments	(17)	(55)	(11)	(35)
Kuwait Foundation for Advancement of Sciences Paid	(0.77)	(2.54)	(0.32)	(1.07)
National Labor Support Tax and Zakat Paid	(3)	(11)	(5)	(18)

The annual general meeting of shareholders for the year ended 31 December 2018 held on 20 March 2019 approved distribution of cash dividends of 30 fils per share for the year 2018.

## ZAIN'S ECONOMIC IMPACT THROUGH THE VALUE CHAIN

Zain's value chain is comprised of various key players that support the company in providing top quality products and services to its customers. The value chain is mainly comprised of network and equipment providers, hardware and software manufacturers, product research & development and distribution channels. Through its value chain, Zain continues to generate meaningful employment opportunities across its operations. Youth unemployment in particular is still generating serious threats to the region and as such the company aims to continue its commitment in providing job opportunities across its value chain. Through Zain's value chain, gainful employment is offered to individuals impacting quality of life and reducing poverty. The table below demonstrates Zain's added value across its footprint.

OUR SUPPLY CHAIN 2019						
	BAHRAIN	IRAQ	JORDAN	KUWAIT	SAUDI ARABIA	SUDAN
Outlets	2,229	60,000	3,186	5,250	17,765	30,000
Distributors	4	13	6	6	4	49
Franchise Shops	0	72	29	123	268	81
Flagship and Zain- Owned Stores	19	29	34	5	31	3

OUR SUPPLY CHAIN 2018						
	BAHRAIN	IRAQ	JORDAN	KUWAIT	SAUDI ARABIA	SUDAN
Outlets	2,400	60,000	3,426	5,000	23,306	30,000
Distributors	4	14	6	12	5	49
Franchise Shops	0	77	34	63	277	81
Flagship and Zain- Owned Stores	19	31	34	5	29	3

	BAHRAIN	IRAQ	JORDAN	KUWAIT	SAUDI ARABIA	SUDAN
Jobs provided in 2019	116	61,691	6,459	8,120	3,083	66,250

## RESPONSIBLE SUPPLY CHAIN

In 2019, Zain continued to further dedicate time and resources in ensuring the sustainability of its supply chain. The company relies significantly on its suppliers to ensure that it provides high quality products and services to all its users. As such, Zain prioritizes the integrity of its supply chain by ensuring that it is aligned to the highest social and environmental standards. The company adheres to a specific process when onboarding new suppliers and monitoring its existing ones.

## ZAIN'S SUPPLIER ASSESSMENT PROCESS

Complete Zain's Supplier Self Assessment Questionnaire



Signatory to Zain's Supplier Code of Conduct



Align to international best practices through Zain's ESMP Guidelines



Conducts two audit visits per year on selected suppliers on social and environmental criteria

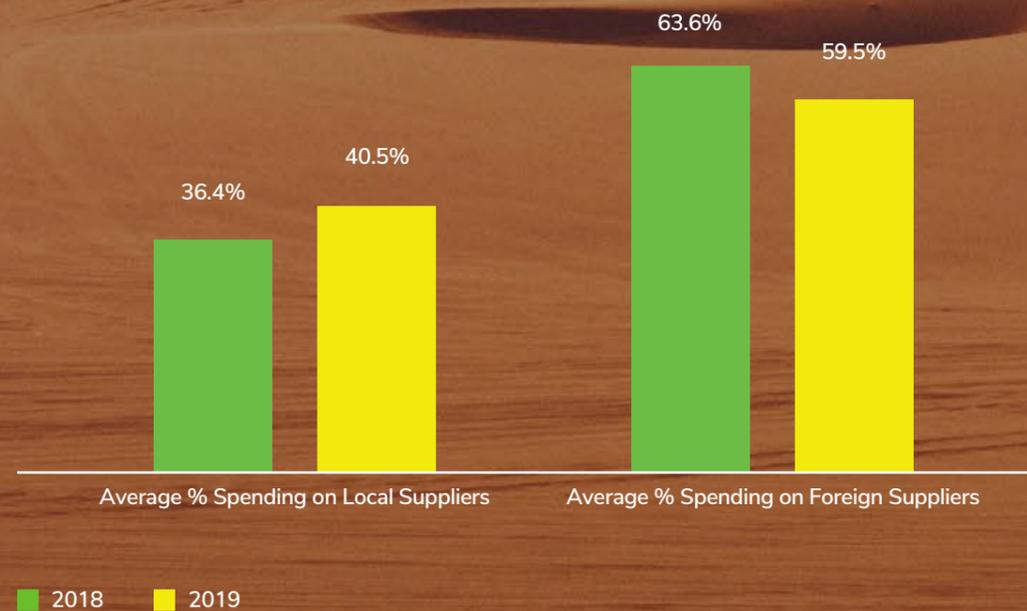
## PROCUREMENT SPENDING

Zain continues to track its spending when it comes to its local and foreign suppliers. The company supports the localization of its supply chain to contribute to the growth of local economic activity. This year, the company increased its spending on local suppliers indicating its commitment to creating local wealth and jobs.

YTD 2019		
OPERATION	% SPENDING ON LOCAL SUPPLIERS	% SPENDING ON FOREIGN SUPPLIERS
Bahrain	19.7%	80.3%
Iraq	29.1%	70.9%
Jordan	51.9%	48.1%
Kuwait	36.5%	63.5%
Lebanon	25.6%	74.4%
Saudi Arabia	40.8%	59.2%
Sudan	56.9%	43.1%
South Sudan	89.8%	10.2%
<b>Total</b>	<b>40.5%</b>	<b>59.5%</b>

The graph below illustrates the company's procurement spending for local vs. foreign suppliers for 2019 in comparison to 2018.

### PROCUREMENT SPENDING: YEAR-ON-YEAR



## FINANCIAL INCLUSION

The mobile money industry as a whole provides a gateway to some of the most fundamental basic needs such as healthcare, insurance and social protection. This industry is providing opportunities to ensure inclusive economic growth. Therefore, Zain continues to drive and scale its mobile banking services to the communities it operates in. By offering such digital tools across the board, the company is providing revolutionary and far-reaching benefits to the most disadvantaged and vulnerable groups.

After the launch of the company's mobile money service in 2015, Zain Cash which operates in Iraq and Jordan, the company has witnessed unprecedented social and economic value for low income segments such as access to capital and asset accumulation. As such, the company continues to build on such innovative tools to extract the most value for its users.

## TAMAM IN SAUDI ARABIA

In 2019, Zain scaled its digital financial services to Saudi Arabia under the name 'Tamam' which is an end-to-end digital microlending platform that offers microloans targeting the most vulnerable populations in the Kingdom. This service offers loans that reach up to SAR 5,000 in less than two minutes based on credit scores generated in real time. Tamam currently operates under the Saudi Arabian Monetary Agency (SAMA) Regulatory Sandbox.

6.9 million people in Saudi Arabia are unbanked

According to a survey conducted by the King Khalid Foundation, 66% of the unbanked population do not have a bank account because they don't have enough money to establish one

60% of women in Saudi Arabia do not own a bank account

Based on the World Bank Survey, financial literacy rates among Saudi Arabia's adult population are estimated at 31%

## ZAIN CASH IN JORDAN

Zain Cash Jordan changed the overall payment behavior for schools and colleges where students are now able to use the NFC technology, which is a Zain Cash Bracelet or card, by tapping it on a POS machine provided in school and university cafeterias and other stores located in the institutions. This provides students a fully secure and equipped payment solution. The bracelet or card is used by the student and linked to the parent's wallet allowing them to have visibility on their child's expenses and spending. In 2019, more than 7 schools were added to the platform.

## ZAIN CASH IN IRAQ

This year, Zain continued to further develop its Zain Cash service in Iraq by introducing EyePay Cash Platform which is targeted for refugees to cash-out their financial assistance via iris identification. This program was launched in partnership with the United Nations High Commissioner for Refugees (UNHCR) and IrisGuard a United Kingdom based electronic payment solutions company that provides end-to-end iris recognition biometric technology. This added layer aims to ensure the highest level of protection against fraud and improve accountability in transferring cash assistance to its users.

Targets 1 million displaced Iraqis and refugees for cash assistance

Serves 120,000 vulnerable families in Iraq

Verifies identity within three seconds

Approximately 30,000 refugees in Iraq received cash support via the UNHCR

## ZAIN KUWAIT'S PARTNERSHIP WITH BOUBYAN BANK

In 2019, Zain Kuwait sponsored the Fintech Exhibition that was part of the International Banking Conference: Shaping the Future, organized by the Central Bank of Kuwait (CBK). This exhibition showcased Zain's dedication to supporting this ecosystem by offering the latest Fintech solutions. During the exhibition, Zain announced its strategic partnership with Boubyan Bank to announce the first digital platform for Islamic Banking services.

A misty forest with tall, thin trees and a mossy rock in the foreground. The scene is dimly lit, with soft light filtering through the trees, creating a serene and atmospheric environment. The foreground features a large, moss-covered rock, and the background is filled with a dense stand of tall, slender trees.

**OUR  
PRODUCTS  
AND  
CUSTOMERS**

# THE CHALLENGE

More than 30% of internet users are children and according to the 2017 DQ Impact Report, 56% of 8-12 years old across 29 countries are exposed to cyber-risk which include excessive screen time and video game addiction.<sup>1</sup>

The prevalence of diabetes in adults in Kuwait is at 15.1%.<sup>2</sup>

According to PwC, "eHealth is the transformative and continuous improvement of healthcare through the use of information and technologies that support the delivery of healthcare."



# OUR RESPONSE

The company launched the Zain Kids application that offers educational games and videos that can be managed by parents. Parents have access to control time limit, content and statistics of their children's usage.

Under Zain Life, Zain Kuwait offers patients a smart, wireless and personal diabetes management system.

The company continues to expand its e-health vertical by providing its Al Tibbi service and further developing Zain Life in Kuwait.

## OUR PRODUCTS AND CUSTOMERS

**Upon revising the company's strategy, Zain continued to advance its digital and inclusive services with the aim of creating long term positive value.**

In 2019, the company scaled its Group Application Programming Interface (API) by including additional markets which are Bahrain and Iraq allowing the company to expand its reach and include larger segments of Zain's customers. Additionally, the company was able to expand on its digital verticals by providing new services such as Zain Kids.

The company recognizes that in order to remain sustainable and relevant, it must provide solutions that are centered on addressing social deficits. As a result, the company places great emphasis in developing products and services that address problems and challenges that exist across its markets with the aim of creating positive socio-economic development across its geographic footprint. These efforts have led Zain to coherently assess its existing products and services portfolio to evolve its core solutions and diversify its growth verticals.

## ZAIN B2B GROWTH

One of the challenges businesses face is the constant evolution and rapid advancements of technology. Businesses are having to stay connected, become agile and leverage transformational technologies to continue to stay relevant and sustainable throughout time. Zain Business continues to address such needs by providing a range of services from Mobile and Fixed connectivity to IoT, cloud, security and data center services. In 2019, the company continued to develop and enhance the services offered under its Zain Business stream. Furthermore, Zain continues to prioritize the socio-economic development of its communities in addition to ensuring that services provided are inclusive. Consequently, Zain expanded its reach by including the following market segments: SOHO (Small offices home offices) and SMEs (Small to Medium Enterprises) this year. By including such segments, the company aims to contribute to the socio-economic development of its communities as such segments create jobs, spark innovation, boost exports and reduce imports and can contribute to the reduction of poverty.<sup>1</sup>

## SERVICES THAT TARGET VULNERABLE COMMUNITIES

### BASMA LINE+

In an effort to help around 30,000 people from the deaf community in Jordan, Zain Jordan launched Basma Line+ which is a special mobile package that targets individuals from the deaf/hearing impaired community. Basma Line+ was launched in 2019 in an effort to help alleviate some of the daily struggles the deaf/hearing impaired community face. This service is a discounted package that consists of 3,000 minutes of video calls, 12 GBs of cellular data, 2000 minutes of voice calls made within Zain's network and 60 local minutes. Currently, there are 350 people from the hearing impaired community subscribing to this service.

### FREE BASICS V2

In 2019, Zain Iraq launched its FreeBasics.com service through its partnership with Facebook. The FreeBasics service provides users access to Facebook, Facebook Messenger and selection of websites free of charge. With this complimentary service, Zain's customers are able to communicate with family and friends at any time through their mobiles and smart devices. This year, more than 1 million users per month have successfully connected to the FreeBasics service.

<sup>1</sup> <http://ecsdev.org>  
<sup>2</sup> <https://www.cia.gov/library/publications/the-world-factbook/geos/su.html>

## YOUTH COMMUNITY OFFERS

Since 2015, Zain Sudan offers discounted mobile packages for the youth in the country. By doing so, Zain is able to increase its penetration rate as youth comprise 64% of the population. With this offer, customers that subscribe to the service can call others who have also subscribed with a discounted rate of 0.111 SDG/minute. Since initiation, there are more than 2.2 million youth subscribing to this service.<sup>2</sup>

## TO FURTHER DEVELOP ZAIN'S DIGITAL SERVICE PORTFOLIO, SEVERAL KEY VERTICALS WERE ESTABLISHED WHICH CONTINUE TO BE OFFERED:

### 1- E-EDUCATION SERVICES

#### LAMSA

In 2019, the company continued to provide its Lamsa service which is an e-learning and entertainment platform that educates children through a range of interactive games and stories. This platform provides children a safe and ad-free experience to learn Arabic, the alphabets, numbers, how to distinguish positions, shapes, colors, and learn animal names and sounds. This distinctive approach to learning targets children ages 2-8 years old. This year, Lamsa provided the option to use the application in English. This platform is offered in Bahrain, Iraq, Jordan and Saudi Arabia.

## SADEEM

Sadeem is another e-platform application that aims to close the gap between students, parents and teachers in relation to school work. Providing a platform where multiple stakeholders can connect, gives room for better communication and ensures that students have all the information they need to reach their full potential. Offered in Bahrain, Iraq, Jordan and Saudi Arabia, this application provides parents with important notifications, ability to follow up on attendance, schedules, examination date & time and student's marks and grades. Specifically for Iraq, customers have the option to subscribe to the application for either three months or for the full year. Furthermore, parents have the option to check if the schools in which their children are enrolled to are registered onto the application. This application is available in the following provinces in Iraq: Baghdad, Basra, Dhi Qar, Maysan, Karbala, Najaf and Babylon. In 2019, new features added to the application are the ability to access tests electronically, including course week on a daily basis and enhancement of some of the features included in the application.

## ABJJAD

Launched in 2018 in Saudi Arabia, Abjjad is an application that offers unlimited access to thousands of Arabic books and novels. This platform aims to respond to the needs of its users by continuously updating and adding books based on a variety of genres spanning from literature, philosophy, psychology, history, politics, religion and self-help books. The Abjjad application is accessible through all smart devices offering readers an e-reading experience that mimics the simplicity of paper books.

## KIDOTAINMENT

The Kidotainment platform's objective is to provide children an option to access high quality learning content from the comfort of their homes. The content provided aims to nurture creativity and knowledge related to education. Offering more than 1,700 videos in English and Arabic, this platform's rich library also contains gamified educational content. Kidotainment is offered in Iraq, Jordan and Saudi Arabia. In the case of Iraq, according to UNICEF, some areas in the Southern Governorates do not have schools. Moreover, one in every two schools in Iraq are either damaged or need rehabilitation. As such, e-learning applications and tools can address the need for education in such areas. For Jordan, the education system is not considered to be inclusive as some children from vulnerable communities, such as children with disabilities and refugee children, are excluded from Jordan's target of providing universal access for primary education. E-education and access to learning by providing online content can help alleviate some of the challenges countries such as Iraq and Jordan face.

## ZAIN KIDS

Available in Iraq, Kuwait and Saudi Arabia, Zain Kids is a 'digital playground' that offers curated educational videos and games that can be managed by parents on their own devices by setting time limits, built-in parental control, content dashboard and statistics on children's usage. The content is regularly updated based on the children's and parent's preferences collected through periodic focus groups. In 2019, the service attracted 80,373 subscribers across the three operations.

## 2 - E-HEALTH SERVICES

### ZAIN LIFE

Zain Life, provided by Zain Kuwait, is a platform that offers multiple digital lifestyle services where customers can enjoy a smarter way of living by constantly staying connected. These services continue to be offered to accommodate to all lifestyles. The options of services offered range from home security devices to home control and automation solutions to devices that monitor blood pressure and personally manage diabetes. Additionally, Zain Life also promotes a healthy lifestyle by providing several wearables & health and fitness products.

The list below includes services that fall under e-health services that continue to be offered in 2019:

- Wi-Fi Blood Pressure Monitor device
- Smart, wireless and personal diabetes management system
- A Wi-Fi smart scale that measures weight, body fat percentage and BMI
- Health and fitness trackers

This year, the company launched the below device adding to its existing portfolio of e-health devices:

- **FIBARO BUTTON RED** is a device that is placed in homes for the elderly or in hospitals used to contact caretakers in cases of emergencies.

## AL TIBBI SERVICE

Al Tibbi Service continues to be the largest medical support platform in the region. This platform connects doctors to patients online, providing inclusive access to medical advice. This service is available around the clock across four of Zain's markets: Bahrain, Iraq, Jordan, Saudi Arabia. In 2019, approximately 5,000 customers subscribe to the service. Providing access to medical support and help, especially to people residing in rural areas or do not have access to hospitals, is one of the many benefits derived from the service.

## 3- MICRO-INSURANCE SERVICES

### SALAMTAK INSURANCE PROGRAM

Last year, the company launched its first micro-insurance service in Iraq which provides insurance and protection to its low-income and underserved customers. Salamtak in specific protects its customers in the event of death or permanent disability. The costs and benefits applied to this service is based and adapted to suit the need of low-income customers. This tool provides a safety net for such vulnerable communities to rely on in case of such emergencies. The service will help such communities avoid difficult situations such as putting their children at risk or having to sell meaningful assets.<sup>1</sup> In 2019, the company continued to provide this service in Iraq and to date there are 8,693 customers.

## PROTECTING CUSTOMER PRIVACY AND BREACHES

Adherence to the GSMA Mobile Privacy Principles continues to be of upmost importance for Zain. Compliance with these principles ensures that best practices are followed on matters related to the privacy and confidentiality of customer data. Protocols in place assure the protection of customer data to avoid data leaks, theft and/or loss. Responses to related issues are done with the utmost precaution and diligence. The company continues to comply with all laws and regulations related to the protection of customer privacy and data and takes steps to align with ISO certifications standards related to the matter. In 2019, there were no cases concerning breaches of customer privacy, data leaks, theft or loss. Protection of customer privacy is paramount for Zain, and as such, all necessary prudent measures are developed on a constant basis to protect the customers' data at all times.

## ENGAGE WITH CUSTOMERS

At Zain, we undertake a variety of activities on a proactive basis to ensure that our interactions with our customers are positive and productive. Customer Experience is of material importance for the company, and as such a variety of engagement tools are used to track customer interaction and identify potential areas for improvement. Some of the activities include:

- Follow-up surveys that track the experience of customers within our stores and call centers.
- Continuous tracking of customer sentiments through interview, SMS and phone surveys.
- Maintaining feedback and suggestion forums on all Zain websites.
- Remaining responsive to customers' feedback given through channels such as social media and call centers.
- Call back certain customers based on their survey feedback to better understand their needs and enhance their experience.

**In 2019, Zain's operations continued to enhance their digital and technological abilities in order to improve customer productivity and satisfaction.**

Zain Bahrain, Iraq, Kuwait and Saudi Arabia launched Chatbots to provide smart customer services that uses artificial intelligence (AI) and natural language processing (NLP). Zain Kuwait also established its first interactive digital branches and smart kiosks that allow customers to complete numerous transactions using self-service to complete transactions. Zain Sudan and Iraq launched the WhatsApp for Business service which aims to enhance response time to customers.



**OUR NETWORK**

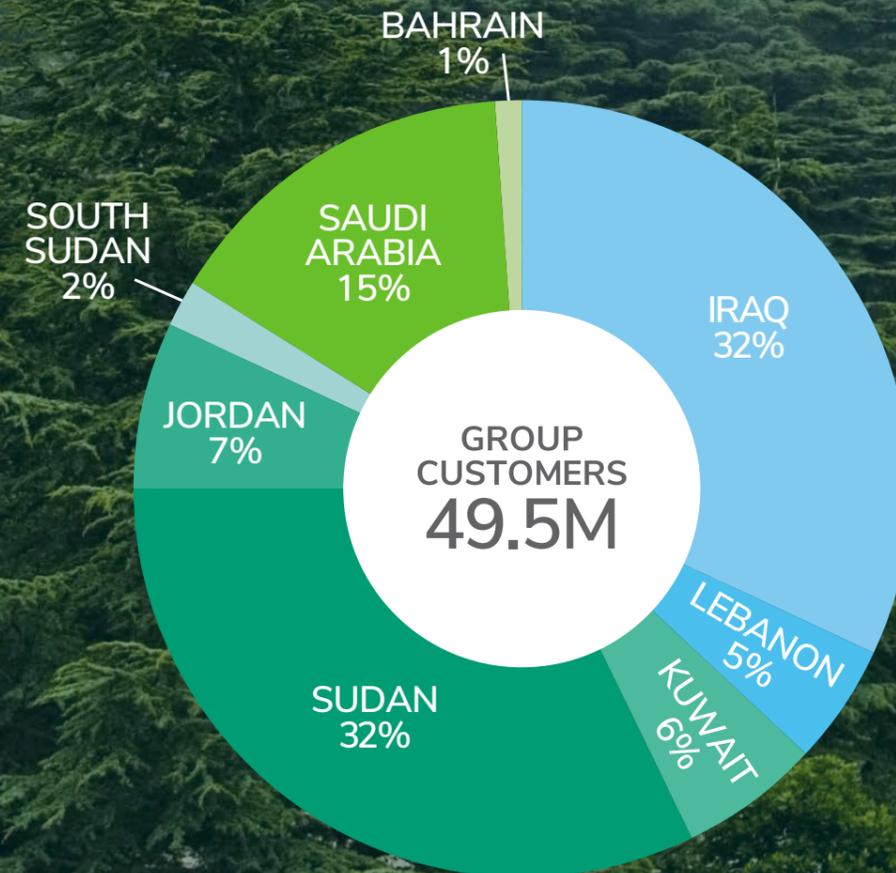
## PROVIDING ACCESS TO MILLIONS ACROSS THE REGION

	OWNERSHIP (%)	ACTIVE CUSTOMERS (000S) DECEMBER 31, 2019	ACTIVE CUSTOMERS (000S) DECEMBER 31, 2018	Y-O-Y CHANGE	ACTIVE PREPAID CUSTOMERS (%) DECEMBER 31, 2019
Iraq	76%	15,658	16,038	-2%	97%
Jordan	96.5%	3,614	3,723	-3%	75%
Kuwait	100%	2,777	2,606	7%	64%
Lebanon*	MC	2,293	2,386	-4%	86%
Saudi Arabia	37%	7,596	8,134	-7%	41%
South Sudan	100%	991	873	14%	99%
Sudan	100%	15,870	14,565	9%	98%

\*MC: Management Contract

Zain Group's total customer base reached 49.5 million by end of December 2019. Zain's overall customer base increased by 1% compared to 2018, with growth in the Kuwait and Sudan operations. The Group customer base remains dominated by the markets with the largest populations and highest potential for growth acquisition - namely Sudan, Iraq and Saudi Arabia, in order of contribution.

## CUSTOMER CONTRIBUTION: 2019





# OUR PEOPLE



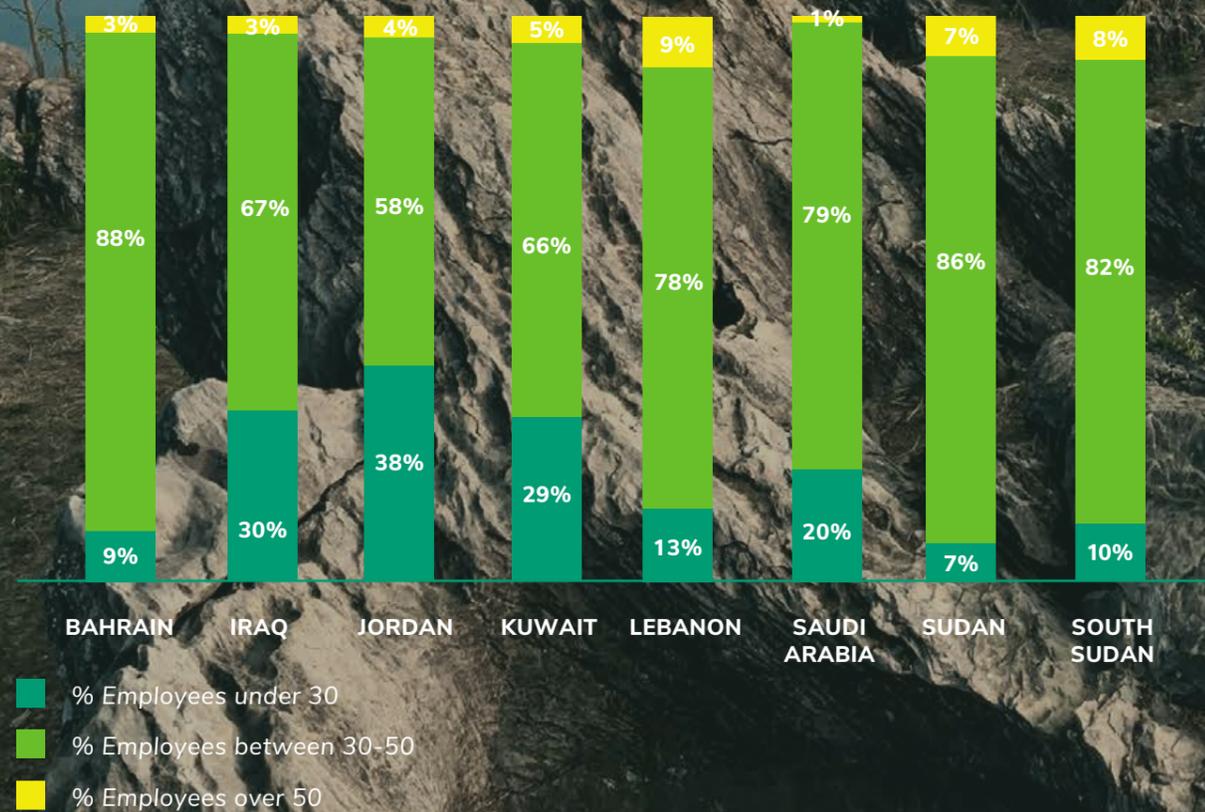
# THE CHALLENGE

On a global scale, the unemployment rate for people with disabilities has reached up to 80-90%. In the MENA region, the unemployment rate for disabled women is 86% and for men is 66%.

One of the MENA region's biggest concerns and challenges is the exponential rise of youth unemployment. Internationally, the youth unemployment rate has risen from 9.3% to 12.8% between the years 1991 to 2018. During the same time period, the MENA region's rate has doubled reaching 26.1%.<sup>1</sup>

The World Economic Forum states that, "At current rates of progress, it may take another 202 years to close the economic gender gap globally."<sup>2</sup>

EMPLOYEE AGE STRUCTURE TABLE



<sup>1</sup> Includes only Full Time Employees  
<sup>2</sup> Lebanon includes 3 employees under touch Management Contract

<sup>1</sup> <https://www.pwc.com/m1/en/blog/youth-unemployment-in-the-middle-east.html>  
<sup>2</sup> <https://www.weforum.org/projects/closing-the-gender-gap-gender-parity-task-forces>

# OUR RESPONSE

This year, Zain launched the WE ABLE Program to promote diversity and inclusion in the workplace and become Disability Inclusive by 2022.

The company continues in its efforts to address youth unemployment. During 2019 Zain employed 1,767 people under the age of 30 across its operations.

The company continues to enhance and improve its Women Empowerment (WE) targets which aim to increase women in leadership roles and promote a gender diverse workforce.

## GENERAL EMPLOYEE INFORMATION

	BAHRAIN	IRAQ	JORDAN	KUWAIT	LEBANON	SAUDI ARABIA	SUDAN	SOUTH SUDAN	TOTAL AVR.
NO. OF FULL TIME EMPLOYEES	188	1,213	1,331	1,629	741	1,823	867	86	7,878
NO. OF PART TIME AND TEMPORARY EMPLOYEES	94	975	204	0	0	86	960	0	2,319
NO. OF EMPLOYEES ALL CONTRACT TYPES	290	2,188	1,535	1,630	741	1,909	1,827	86	10,206
NO. OF MALES (FULL TIME)	133	906	974	1,391	483	1,642	498	71	6,098
NO. OF FEMALES (FULL TIME)	55	307	357	238	258	181	369	15	1,780
% OF MALES (FULL TIME)	71%	75%	73%	85%	65%	90%	57%	83%	75%
% OF FEMALES (FULL TIME)	29%	25%	27%	15%	35%	10%	43%	17%	25%
NO. OF NEW HIRES MALES	0	292	153	313	3	106	3	1	868
NEW HIRES % - MALES	0%	24%	11%	19%	0%	6%	0%	0%	11%
NO. OF NEW HIRES FEMALES	1	136	54	65	1	56	4	0	315
NEW HIRES % - FEMALES	0%	11%	4%	4%	0%	3%	0%	0%	4%
TOTAL NO. OF NEW HIRES	0	428	207	378	4	162	4	0	1,183
TOTAL NEW HIRE - %	0%	35%	16%	23%	1%	9%	0%	0%	15%
EMPLOYEE TURNOVER - MALES	2	226	88	298	9	96	1	1	721
EMPLOYEE TURNOVER - MALES %	1%	19%	7%	18%	1%	5%	0%	1%	9%
EMPLOYEE TURNOVER - FEMALES	0	105	29	42	3	33	1	0	213
EMPLOYEE TURNOVER - FEMALES %	0%	9%	2%	3%	0%	2%	0%	0%	3%
TOTAL TURN OVER	2	331	117	340	12	129	2	1	934
RETURN TO WORK RATE AFTER PARENTAL LEAVE - FEMALES	NA	100%	100%	79%	100%	100%	100%	NA	97%
RETURN TO WORK RATE AFTER PARENTAL LEAVE - MALES	100%	100%	100%	100%	100%	100%	NA	100%	100%

Full time employees do not include 125 employees under Zain's subsidiaries  
 New Hire % - Males is calculated by dividing No. of New Hire Males with Total No. of Full Time Employees  
 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  
 NA for Return to Work Rate indicates that no maternity or paternity leave was taken

# ACHIEVING RESULTS THROUGH ENGAGEMENT

Studies have shown that proactively engaging with employees has proven to reduce staff turnover, improve productivity, retain customers and increase revenues. As such, the success of the business depends on the support the company provides its employees and its ability to manage their expectations and concerns. Zain continues to take a proactive approach when it comes to maintaining open communication with its employees as it provides a two-way channel where individuals feel comfortable to share ideas which can boost and enhance creativity and innovation.

Group-wide Employee Engagement Surveys are conducted every two years to ensure consistency in its results. The survey was not conducted this year as it was carried out in 2018.

## METHODS ZAIN USED IN 2019 TO ENGAGE WITH EMPLOYEES

### ZAINIAC – INTERNAL E-PLATFORM

Launched in 2017, Zainiac is an internal e-platform that aims to encourage intrapreneurship within the organization. The platform provides resources such as mentorship from Zain senior management support in the incubation process and general assistance in developing a business idea to all Zain Employees. Zainiac conducts multiple workshops to support aspiring entrepreneurs throughout the process. To date, Zainiac received over 700 innovative applications since its launch. Some of the ideas that reached the final stages include: online food ordering services from 'moms', a one stop subscription model for coffee which connects farmers to consumers, an agricultural crowd funding platform and a smart parking solution.

### THE ZAINIAC PROCESS

### 2019 FIGURES



## GROUP FUNCTIONAL FORUMS

The company conducts multiple group functional forums where different departments and their corresponding functions across all of Zain’s markets meet to establish synergies and discuss the objectives of their specific function. During the forums, key challenges, related successes and visibility on activities and ideas across the country operations are also reviewed. The objective of such forums is to provide clarity and guidance on the direction of the company and to provide opportunities for the various operations to network and exchange ideas.

In 2019 the following functions organized several Group wide forums where all operations came together to further align their department’s strategy and objectives:



## TRAINING AND DEVELOPING OUR PEOPLE

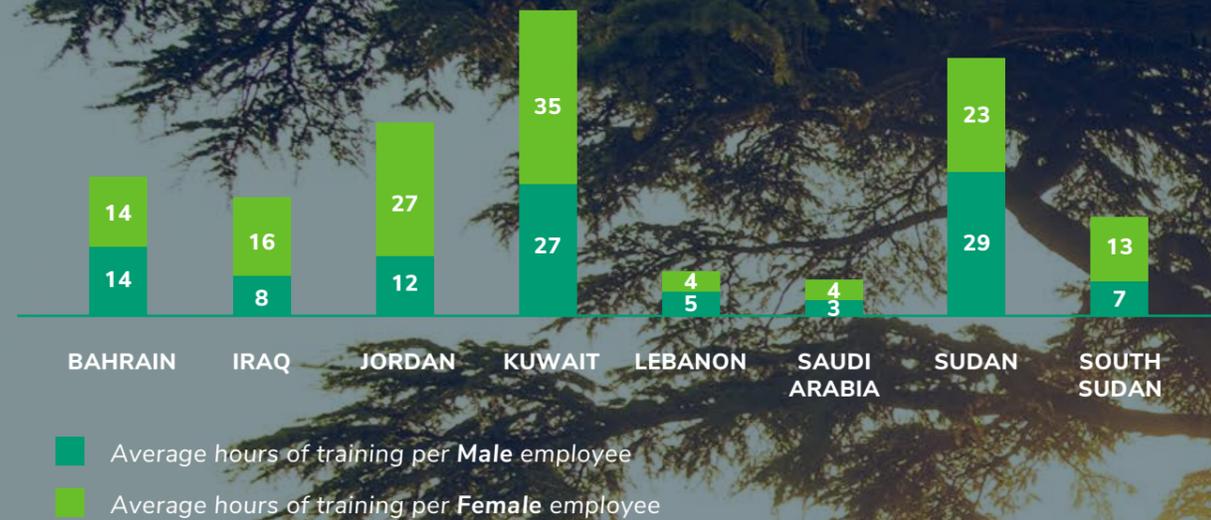
Zain recognizes that in order for the business to be able to thrive and grow, it must ensure that its employees are continuously evolving allowing them to prosper and succeed. Investing in the company’s employees is a crucial component to drive business performance. Studies have shown that training and developing employees improves employee morale, minimizes the risk of errors and accidents, provides higher chances for promotions and increases productivity.

The company’s tracking mechanism for training guarantees that required training is provided to all employees. Some of the training programs offered across our operations in 2019 covered topics such as: Business Continuity, Certified Management Accountant (CMA), Cisco Certified Internetwork Expert Routing and Switching (CCIE Routing and Switching) and Data Science.

### YEAR ON YEAR AVERAGE HOURS OF TRAINING PER EMPLOYEE



## DEVELOPING OUR TALENT: TRAINING AND DEVELOPMENT



This year's program selected six new candidates judged on their creativity, passion, resilience, ambition and accomplishments. They were carefully chosen following a two-week long assessment that included panel interviews, individual research, customer research, team presentations and psychometric assessments. The company received 277 applicants of whom 77 proceeded to personal interviews and 13 were shortlisted. From the 13, six candidates were ultimately accepted to join the program.

## 2. SUPPORTING LOCAL TALENT

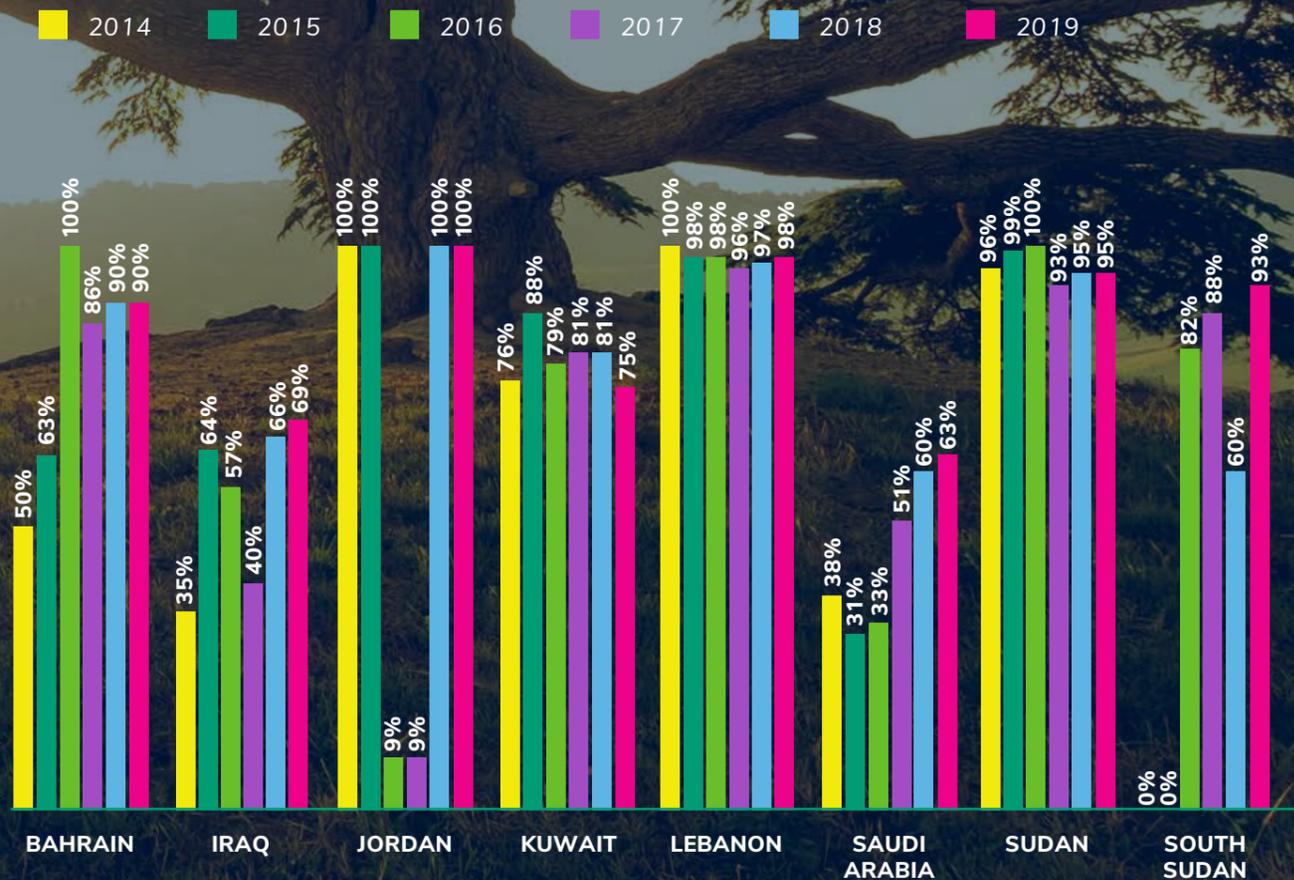
Zain Group continues in its commitment to invest in the local economies and talent pools to ultimately lower the rate of unemployment in the communities it operates in. The company also provides inclusive and equal opportunities for all and does not discriminate based on gender, ethnicity, race, nationality and religion.

In 2019, the percentages of national employees in senior management increased across all operations. The table below indicates the year-on-year percentages of Senior Management comprised by local employees in each of Zain's operating companies.

## 1. GENERATION Z – PROVIDING YOUTH WITH OPPORTUNITIES FOR GROWTH

The Gulf countries in specific are facing a tremendous challenge when it comes to local employment as there is a high dependence and reliance on foreign and expat workers. The influx of workers occupies a wide spectrum of the workforce ranging from manual labor, semi-skilled to high-skilled technical and managerial talent. In Kuwait, investing in the development of the local youth's skillset is considered of top priority for the country on a national level. To address this national priority, Zain's Generation Z year-long program aims to enhance Kuwaiti youth's digital and behavioral skills to prepare selected participants for the workforce. In 2019, the company launched the 4<sup>th</sup> edition of the program clustered under the following themes:

- Empowerment
- Digital Transformation
- Corporate Culture
- Sustainability
- Focus areas such as: big data, digital services, drone technology, mobile money and data analytics



\* Senior Management: Defined as top two management levels

### 3. REVERSE MENTORING PROGRAM:

This year, the company started its very first reverse mentoring program across all its operations. The program launched under the Zain Youth Platform aims to improve diversity and inclusion by reducing gaps between employees. The youth mentors partner with mentees from management to empower emerging leaders, provide youth mentors access to management, act as a sounding board for new product launches and to better understand one another's perspectives.



## PROMOTING INCLUSIVITY

### 1. WE ABLE

In 2019, Zain launched its WE ABLE Program to promote diversity and inclusion in the workplace and become Disability Inclusive by 2022. This program falls in line with its overarching vision of Diversity and Inclusion as people with disabilities help diversify the workplace by providing a variety of skill sets, enhance creativity, promote new ways of thinking, encourage problem solving and offer different perspectives and insights. The company conducted an initial self-assessment in alignment with the 10 principles of the ILO Global Business and Disability Network Charter. This self-assessment allowed Zain to assess its current practices on topics such as equality of treatment and opportunities, confidentiality, attention to all types of disabilities and knowledge sharing.

After gathering all the data, the company was able to set out targets that adhere to international best practices. The targets below are set out by Zain for the year 2022:

Increase the number of employees with disabilities in the company

Ensure all training programs are disability inclusive

Ensure that accessibility is implemented and all our touchpoints are disability inclusive

Identify innovative and assistive technologies to enable more people with disabilities to join the company

## 2. WOMEN EMPOWERMENT (WE):

Since 2014, the company has consistently measured and tracked its gender ratios and recognized a gap between both genders. At the time, the company's total women headcount was at 26% and the average ratio in the MENA region in 2014 was at 19.8%. Although the company exceeded the region's average ratio, Zain aimed to continue to set an example and achieve greater gender parity.<sup>1</sup> The company also takes into consideration how gender disparity is an area of concern in the region, as women find it difficult to attain work, climb the corporate ladder and access financial services.<sup>2</sup>

According to PwC's Women in Work - Insights from the Middle East and North Africa:



The company recognizes that in order to tip the needle and create meaningful change, a systemic and holistic approach must be taken when it comes to addressing gender disparity. Accordingly, through extensive research the company was able to conclude that there was an overall perception in the organization that gender played a role in promotions.

Based on the data gathered the company established specific targets to ensure that it tracks and measures the progress made throughout the years.

**WOMEN EMPOWERMENT STRATEGIC TARGETS**

Increase female leadership positions from 14.5% to 25% by the year 2020.

Progress through the three stages of evolution for tackling a gender diverse workforce: Awareness, Realization and Motivation.

The WE Program is based on four themes: Leadership Development, Culture Transformation, HR Policy Transformation and Female Recruitment. This provides all stakeholders involved a focused direction to drive WE initiatives towards a common and collective goal. Based on the selected themes, the program identified 'WE Ambassadors' that represent WE across the company's country operations. As a result, the company launched its Centered Leaders program consisting of coaching, assessments, and workshops to help female employees grow and develop themselves.



**WE PROGRAM ACHIEVEMENTS UP TO 2019:**

**ONBOARDED 100 WE AMBASSADORS TASKED WITH ACTION PLANNING**

**INCREASED FROM 14.5% TO 15.6%.**

**INCREASE OF 100% IN FEMALE CXO APPOINTMENTS**

**IDENTIFIED 40 HIGH POTENTIAL FEMALE LEADERS TO FORM THE CENTERED LEADERS PROGRAM**

**SIGNED THE UN WE PRINCIPLES AND COMMUNICATED THIS TO ALL 7,000 EMPLOYEES**

**AWARDED TWO ADDITIONAL EMPLOYEES TO ATTEND THE ESADE MBA PROGRAM**

**RECRUITED 28.4% FEMALES SINCE NOV 2017 (AS A PERCENTAGE OF NEW RECRUITS)**

**LAUNCHED VARIOUS WOMEN EMPOWERMENT SOCIAL MEDIA CAMPAIGNS THROUGHOUT ALL PLATFORMS**



### 3. GENDER PAY GAP

The company has been measuring and tracking remuneration ratios for the past 8 years. As a result, Zain continues to improve remunerations ratios year-on-year based on the level of organizational hierarchy. Tracking remuneration ratios ensures that equal pay issues are covered and continuously monitored.

AVERAGE REMUNERATION RATIO FEMALES TO MALES BY EMPLOYEE CATEGORY

	BAHRAIN	IRAQ	JORDAN	KUWAIT	SAUDI ARABIA	LEBANON	SUDAN	SOUTH SUDAN
Employee Level 1	NA	48%	NA	89%	65%	112%	95%	NA
Employee Level 2	103%	NA	84%	98%	91%	95%	88%	NA
Employee Level 3	75%	37%	112%	98%	79%	89%	98%	78%
Employee Level 4	93%	46%	99%	121%	81%	98%	92%	-
Employee Level 5	99%	36%	96%	-	85%	92%	89%	84%
Employee Level 6	-	183%	97%	-	71%	-	-	96%
Employee Level 7	-	82%	92%	-	-	-	-	-
Employee Level 8	-	-	100%	-	-	-	-	-

• NA indicates lack of comparison data  
 • The ratios include the basic salary and remuneration of women to men where 100% refers to equal pay



**OUR  
COMMUNITIES**

## THE CHALLENGE

An estimated one in three of all Internet users in the world today is below the age of 18.<sup>1</sup>

Globally, 52% of males join STEM related courses in comparison to 30% of females joining STEM courses in universities.<sup>2</sup>

In 2019, Sudan was affected by heavy rainfall and flash flooding during the month of August where a total of 25,437 homes were destroyed and 12,202 were damaged.

## OUR RESPONSE

Zain co-chaired the Broadband Commission for Sustainable Development Working Group on Child Online Safety and published a new report titled, Child Online Safety: Minimizing the Risk of Violence, Abuse and Exploitation Online.

Zain Bahrain pledged to equip 1,000 girls with coding skills.

Zain provided support to the families impacted in Khartoum and the White Nile State by supplying 6,000 people with blankets, tents and agricultural pesticide pumps.

## INTRODUCTION

The company recognizes that in order to achieve long term growth it must ensure that it is effectively serving all of its stakeholders. Zain is committed to ensuring it addresses the needs of its communities through the triple bottom line approach to create long term value for all. This section provides a depiction of key initiatives, programs and activities that the company conducted in 2019 across its footprint.

## ZAIN'S REGIONAL CHALLENGES

The communities in which Zain operates in experienced turmoil as a result of geo-political and social instability. The protests in Sudan, Lebanon and Iraq demonstrated the population's discontent with the current economic and social situation. Sudan experienced a major shift in political power as a result of demonstrations that were sparked by the economic downturn in the country. High unemployment coupled with ineffective public services led to protests in Iraq as well. The demonstrations, led by the youth, clearly indicate overall frustration with the state's inability to provide them with basic living standards. In Lebanon, demonstrations also erupted due to failure in finding solutions to the economic crisis that have impacted the country over the last years.

While armed conflict declined in South Sudan, over 1.5 million people still remain vulnerable and displaced.<sup>3</sup> Ongoing conflict and political unrest led to negative repercussions on vulnerable groups such as children, women and the disabled placing them at risk. In the case of children in times of conflict, they are left highly exposed to abuse, trafficking, exploitation, sexual violence and lack of access to education.

The region as a whole continues to grapple with the combination of a large youth bulge and high youth unemployment rates. These two factors generate extreme challenges across the board. Youth unemployment continues to be rated as the highest at 26% in comparison to the rest of the world which stands at 13%, ultimately leading to a strain in public services. Even though social, political and economic situations across the region vary greatly, this issue remains consistent in the region.

## OUR COMMUNITIES

1. [https://www.unicef-irc.org/publications/pdf/idp\\_2016\\_01.pdf](https://www.unicef-irc.org/publications/pdf/idp_2016_01.pdf)

2. <https://www.cleverism.com/latest-stats-on-women-in-tech/>

3. <https://reliefweb.int/report/south-sudan/unhcr-south-sudan-factsheet-september-2019>

## ADDRESSING CHILD ABUSE GROUP - WIDE

Zain Group continued to address and tackle child abuse specifically focusing on child online safety. As part of the Broadband Commission for Sustainable Development, Zain Group and World Childhood Foundation USA, co-chaired a Working Group and published a report titled Child Online Safety: Minimizing the Risk of Violence, Abuse and Exploitation Online. The report was a collective effort that draws upon the expertise of Broadband Commissioners and subject matter experts from around the world.

While broadband connectivity brings many benefits to children, including access to education and entertainment, it also has a dark side to it as it exposes children to major risks and threats online which can lead to different forms of violence and exploitation, such as child sexual exploitation and abuse, bullying and radicalization, among other critical vulnerabilities. The new Child Online Safety report gathered available evidence on the scale of the risks and harms children face online and provides actionable recommendations for how to prioritize children's online safety.

Continuing on Zain's efforts to place children at the heart of the matter, the company also created a month-long campaign shedding light on the importance of upholding children's rights by marking the 30th anniversary of the UN's Convention on the Rights of the Child, which fell on November 20. This campaign was launched in alignment with the GSM Association (GSMA) mPower Youth Initiative. mPower Youth highlighted operator-led programs that empower and benefit young people, with examples including education, child protection, disaster relief, and opportunities to learn, play and create.

This campaign was centered on 12 visuals that portray 12 rights, for which respective captions were created for each post, including specific statistics related to each right. An animation regrouping all rights was developed as a wrapping post for the entire campaign and a series of fact posts highlighting the mentioned statistics were additionally developed in relation to each right.

## ZAIN AND PALLIATIVE CARE

This year, marks the second year out of the three-year partnership between Zain and SANAD, an NGO based in Lebanon with a vision to help develop and strengthen palliative and hospice care in the Arab World. This partnership aims to address palliative and hospice care from a holistic perspective by integrating it into the health care system. Creating a community of various stakeholders ranging from doctors, nurses, social workers, dietitians, pharmacists and key decision makers is crucial to achieve the overall objective.

This partnership established three projects which are based in Kuwait and Lebanon. In Kuwait, SANAD established a partnership with local representatives to further adapt specific policies and programs related to hospice care. This year, SANAD provided training workshops and conducted studies on the current hospice care system in Kuwait. In Lebanon, SANAD continues to work on gathering data and conducting scientific research on hospice care in the country. In order to support the role of SANAD in providing high quality hospice care, the organization recruited a medical coordinator, a hospice nurse and a psychologist to join SANAD's team.

## In Bahrain, women continue to play an important role in the development of its communities.

The launch of Bahrain's National Plan for the Advancement of Bahraini Women demonstrates the country's commitment to establish an inclusive society by promoting social justice and equal opportunities.

However, women in general are still facing difficulties when it comes to joining the technology sector as they only represent 25% of its workforce. This issue is also highlighted when it comes to schools and universities where 83% of boys opt for STEM subjects while only 64% of girls choose STEM courses. Furthermore, in universities 52% of males join STEM related courses in comparison to 30% of females.<sup>1</sup> A further challenge the country is facing is the issue of excess electronic waste. E-waste, in general, is classified as hazardous waste due to its toxic components. The country does not have a current e-waste disposal or treatment facilities and exports the waste to countries where it can be properly recycled.<sup>2</sup>

### “GIRLS FOR TECH” CAMP

In partnership with the Supreme Council for Women and Clever Play, Zain Bahrain launched the “Girls For Tech” Camp with the aim of equipping 1,000 girls with coding skills. This program will be running for four months starting from December 2019 to March 2020. Targeting girls ages 8-13 years old, this program provides each girl with 10 hours of training in coding, in addition to providing girls with the following skills: critical thinking, computational thinking, complex problem solving and robotics. The girls will also be exposed to future career paths that are in the STEM field which include environmental scientist, software developer, computer analyst, robotics engineer and data scientist.

# BAHRAIN

## E-WASTE CAMPAIGN

In 2019, Zain Bahrain revived its e-waste campaign which was first launched in 2011. The company recognized the important role it plays in selling products that turn into e-waste and has taken it upon itself to tackle this issue. Zain Bahrain partnered with the Supreme Council for the Environment and Crown Industries to push the envelope and developed sustainable, long-term solutions to this growing challenge. Crown Industries is considered a strategic partner of the initiative as it is a pioneer in recycling in Bahrain and possesses the full spectrum of capabilities to recycle plastic, metal, obsolete machinery, electrical cables and telecommunications equipment. The below is a list of activities that were conducted across Bahrain:

1. Launched an internal awareness campaign for its employees and held an awareness session that was conducted by Crown Industries.
2. Launched a school campaign and competition by conducting 50 awareness sessions in schools.
3. Collected e-waste over a period of six months from schools.
4. Published mass campaigns through social media on the impact of e-waste and what the company is doing to address this issue.
5. Created a competition amongst schools, with winners selected based on the largest amount of e-waste collected, best marketing campaign and digital innovation and e-waste.
6. Developed a call to action campaign for e-waste and place it in bins located on Zain's premises.
7. Encouraged other corporations to participate in collecting e-waste.



1. <https://www.cleverism.com/latest-stats-on-women-in-tech/>  
 2. <https://www.arjonline.org/papers/arjbm/v2-i1/1.pdf>

## Given the ongoing instability, Iraq continues to face significant developmental challenges such as unemployment and lack of adequate public services.

The impact of unrest has affected the education system in Iraq resulting in 3.2 million children out of school. Unfortunately, conflict has weakened the Iraqi government's capacity to provide quality education to all.<sup>1</sup> The decline of oil prices continues to impact the economy resulting in lack of jobs especially for the youth segment. According to the World Bank, the youth unemployment rate in Iraq remains at around 17% for men and 27% for women.

### SUSTAINABLE DEVELOPMENT GOALS (SDGs) AND ENTREPRENEURSHIP WORKSHOP

In Partnership with the Leader for Change – Iraq, the company for its second consecutive year supported the SDGs and Entrepreneurship Workshop. This workshop aims to provide the youth of Iraq with leadership skills that will allow them to become future agents of change. During the workshop, Iraqi youth were able to pitch ideas that revolved around providing technological solutions that can contribute to the SDGs and overall societal development. Around 1,000 youth ages 18-24 years old attended the SDGs and Entrepreneurship workshop.

### BACK TO SCHOOL CAMPAIGN

Zain Iraq continued its efforts to improve the quality of education in Iraq by ensuring that school students have the proper equipment and tools to attain their education. Under the Back to School Campaign, the company executed three different projects reaching different age groups ranging from elementary students to students attending university. The first project focused on providing local schools across Iraq with printers and e-Go devices.

The second project concentrated on providing schools located in the South West region of the country with desks and smartboards. This year, the company was able to provide 3,400 school desks and 30 smart boards. The last project ran for two months in collaboration with an NGO called Imprint of Hope. This project focused on renovating 25 external fences and internal corridors for primary and secondary schools. Overall the Back to School program was able to benefit 2,000 students.



# IRAQ

1. <https://www.unicef.org/iraq/what-we-do/education>

## SUPPORTING WOMEN IN TECHNOLOGY

In its efforts to reduce the gender gap in technology-related fields, the company launched several programs and workshops aiming to spread awareness and support women who are pursuing their careers in the tech industry.

- **Women Tech Makers:** This year, Zain Iraq supported Women Tech Makers a program established by Google which aims to provide visibility and resources to women in technology. This initiative is part of a world-wide program aiming to encourage greater gender diversity in the technology sector. In 2019, 43 women attended the program.
- **Arab Women in Computing (ArabWIC):** The ArabWIC program is another initiative established in partnership with Women Tech Makers by which workshops were conducted to encourage women entrepreneurs to promote their startups online. This program was conducted in four different areas in Iraq. 150 young tech women entrepreneurs attended this workshop.
- **International Women's Day:** Zain Iraq celebrated International Women's Day by conducting several workshops that educate women on the basics of web development. The target audience for this workshop were female university students. Around 75 women attended this workshop located in Najaf.
- **Women of Developers Circle:** The Women Developer Circle is a stream that falls under the Facebook Developer Circle. This stream's goal is to accelerate the participation of women in STEM (Science, Technology, Engineering and Math) related fields. This networking activity covered multiple topics in the technological and entrepreneurial sectors to inspire women. 50 attendees were present during the event.

## THE GLOBAL SOLUTIONS SUSTAINABILITY CHALLENGE (GSSC):

The GSSC is a virtual exchange program to encourage and support job preparedness in the United States, Jordan and Iraq. The program teams up community college students residing in the US and university students in Jordan and Iraq to solve global challenges that different business sectors are facing. Operating for 6-10 weeks, the program developed participants with workforce skills, global citizenship and opportunities to network with industry professionals. In 2019, 100 youth from Iraq joined this program.

## Jordan continues to face external regional challenges from neighboring countries such as Syria and Iraq. Such challenges which led to the influx of refugees added pressure to health and education costs.

The country's GDP continues to drop from 2.1% to 1.9% in comparison to the previous year. The weak economic situation has consequently affected unemployment rates across the country reaching 19.2% in 2019. Unemployment continues to persist amongst vulnerable communities such as women and youth.<sup>1</sup>

### 110 FAMILIES AND CHILDREN HELPLINE

Zain Jordan in partnership with the Jordan River Foundation established the 110 Families and Children Helpline in 2007. This toll-free helpline is available across the country and operates 7 days a week. The Helpline offers children or family members that are facing abuse, psychological support and consultation/referrals. This initiative aims to alleviate the risks of children facing abuse and provides them with the resources and guidance on how to address such issues. In 2019, the hotline received 18,270 calls from across Jordan including the following areas: Irbid, Zarqa, Aqaba and Amman.

### MOBILE CLINIC FOR CHILDREN

Since its establishment in 2002, the Mobile Clinic for Children continues to provide underprivileged children living in rural and remote areas with health and dental services. Through the program, children are provided with a fully equipped medical team as well as free medication. The Mobile Clinic for Children also uses the Ministry of Health's network affiliates to transfer patients to different health care centers and hospitals. The Clinic treats children up to 15 years old and has served 200,000 children since its establishment.



### ZAIN MOBILE MAINTENANCE CENTER

Zain launched its first Mobile Training Center in 2008 and throughout the years established a total of 6 training centers across different locations in Jordan. The training centers operate under the shared value model addressing the need for mobile equipment maintenance services while simultaneously providing underprivileged youth and marginalized communities with training and access to job opportunities. The growth and sustainability of the program indicates its success. In 2019, Zain Jordan opened a new center located in the As Salt governate, and provided 1,000 students, 22 individuals from the deaf communities and four refugees with training in mobile equipment maintenance.

# JORDAN

## SUPPORTING EDUCATION

- **Zain Education Fund:** Established in 2004, the Zain Education Fund offers 50 scholarships per year to marginalized youth. The 50 scholarships granted include, 26 scholarships for outstanding students from low-income families, and 22 scholarships for students from underprivileged residential territories and two dedicated to the Hashemite Commission for Disabled Soldiers. Under this program, 155 students graduated from multiple public universities.
- **Al Aman Fund for Orphans:** In 2010, the company established its partnership with the Al Aman Fund for Orphans initiated by Her Majesty Queen Rania Al Abdullah. The non-profit organization provides access to education to orphans that reside in orphan care centers and orphans who live in poverty with a guardian or family members. Zain funds the educational scholarships stream covering higher education institutions' fees for universities, colleges and vocational training center. This year, Zain provided 81 scholastic grants.

## #WITHREFUGEES SUMMER BAZAAR

Zain Jordan continues its efforts in supporting the refugee community as Jordan hosts the second highest share of refugees per capita in the world.<sup>1</sup> Currently, 745,192 refugees reside in Jordan and only 159,000 work permits are issued for refugees. In order to address this issue, Zain Jordan in partnership with the UNHCR established the #WithRefugees Summer Bazaar showcasing refugees' skills in creating handmade products which include handicrafts, food and home decorations. The proceeds of the bazaar went to the refugees who own a booth to further encourage their crafts and entrepreneurship spirit. In 2019, the bazaar hosted over 50 refugees of different nationalities.

1. <https://reliefweb.int/sites/reliefweb.int/files/resources/72611.pdf>

## According to Kuwait's Central Statistical Bureau (CSB), 81% of the Kuwaiti workforce are employed in the government sector and 19% in the private sector.

The country continues to face difficulty in pushing the workforce towards the private sector demonstrating a disconnect between educational outcomes and the labor market.<sup>1</sup> This challenge is highlighted in the New Kuwait 2035 vision centered around the effort to further transform the country into a regional financial, commercial and cultural hub.

### ZAIN GREAT IDEA (ZGI) 5

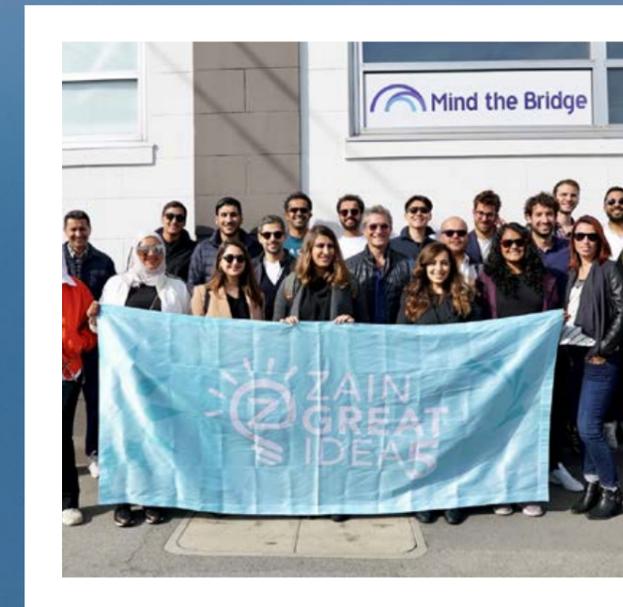
Established in 2010, the Zain Great Idea Program operates on a biannual basis marking this year's 5th edition of the program. The initiative is run in partnership with Brilliant Lab, a startup accelerator service and Mind the Bridge, an innovation advisory firm that brings startups and corporates together. The aim of the program is to help foster the growth of an entrepreneurship ecosystem in the country. In a study conducted by the Berkeley Research Group (BRG), commissioned by the Kuwait Foundation for the Advancement of Sciences (KFAS), the research identified key barriers that are impacting the entrepreneurship community's ability to contribute to Kuwait's economy.

#### CHALLENGES FACING ENTREPRENEURS IN KUWAIT

- Kuwaiti business' inability to leverage on local purchasing power
- Kuwaiti startups targeting external markets such as Dubai
- Kuwait's weak local entrepreneurship ecosystem
- Government programs and initiatives in Kuwait are not aligned with the startups' needs

# KUWAIT

The company's ZGI program targets Kuwaiti nationals who have a tech business idea that they would like to develop. The categories include but are not limited to apps, websites, online services, e-commerce services, Fintech, gaming and tech products. Due to the company's position in transforming to a digital service provider, it recognizes the importance of developing the tech startup community in the country. Since the establishment of ZGI, the company was able to attract over 500 tech entrepreneurs. The program operates in 5 different stages where applicants must undergo a selection process in order to reach the ZGI Accelerator program located in San Francisco.



### PARTNERSHIP WITH LOYAC:

Since 2005, LOYAC a nonprofit organization that aims to work towards the overall development of youth, has been a strategic partner for Zain Kuwait. Over the years, this partnership continues to mature and leverage on each other's expertise to ensure it is creating meaningful impact for youth. The below is a list of initiatives that were conducted in 2019:

- Thailand Orientation: Zain Kuwait supported LOYAC and organized a trip to Thailand for 10 girls from public and private schools ages 14-18 years old. The trip's program was designed to offer participants a chance to learn about Thai culture, explore Bangkok and its markets, as well as explore distant Thai villages through volunteering. The trip featured many activities, including bamboo utensils and pot making, Thai cuisine cooking lessons, community service to renew and build homes for elderly and underprivileged families.
- AC Milan trip to Italy: Under the partnership with LOYAC, Zain Kuwait contributed to sending four teams consisting of 55 players with ages ranging from 9-24 years old to compete at the International Youth Peace Tournament in Rovereto, Italy. The International Youth Peace Tournament is considered to be the biggest youth tournament in Europe with more than 3,000 athletes participating in the tournament. The opportunity allows players to gain exposure and compete against international teams from all over the world.
- KON: The KON program is a social entrepreneurship program that was brought to Kuwait in collaboration with Babson College. The program targeted adolescents ages 12-16 years old. KON provided participants with exposure to the business world and entrepreneurship, opportunity to meet community leaders and other successful entrepreneurs as well as explore challenges from a social and environmental perspective. In 2019, 65 students joined the program.

## ZAIN KUWAIT ANNUAL RAMADAN CAMPAIGN

During Ramadan Zain Kuwait launched humanitarian and social programs that are inclusive and address all segments of society. The below list provides an in-depth description of some of the programs launched during this month.

- **Ramadan Machla:** The company delivered 'Ramadan Machlas' (basic food staples) to its strategic partners, who then distributed the supplies to underprivileged families in need. In 2019, the company provided food vouchers so that recipients could make choices best suited for them. The program was launched in partnership with Kuwait Red Crescent Society (KRCS), Kuwait Food Bank, Direct Aid, Ministry of Social Affairs and Labor's Social Care Centers and Zakat House where 650 vouchers were handed out.
- **Iftar Halls:** On an annual basis, Zain Kuwait launched its Iftar Halls initiative providing fasting individuals with daily Iftar meals under the supervision of its volunteer team. The initiative is located in two different areas, Jleeb and Jahra. In 2019, Zain Kuwait offered around 35,000 daily Iftar meals during Ramadan.
- **"Zain Al Khair" Online Donation Portal:** This year, the company launched a new online donation portal that allows Zain's customers to donate to any of the listed charitable organizations with any amount ranging from 1 – 80 Kuwaiti Dinars. The company ensured that the listed organizations are credible, certified and licensed by official authorities.

- **"Ya Baghi Al Khair Aqbel 3":** In partnership with Direct Aid, the company launched "Ya Baghi Al Khair Aqbel 3", a charitable initiative aimed to give back to society. As part of this initiative, Zain Kuwait donated 500 fils (half a Kuwaiti Dinar) each time a customer paid their bill during the Month of Ramadan through Zain's digital channels. The collected donations were used to support Direct Aid's Medical Sciences College project in Kenya, where 6 classrooms will be built for the Environmental Health section in the college.

## BOOMERANG

In partnership with AlNowair, Zain Kuwait supported Boomerang an Anti-Bullying outreach program for schools across the country. The program was set to counter bullying through performing arts by engaging with students and teachers on how to address bullying through role-play and improvisation to portray real-life bullying scenarios. Such techniques were used to teach students and teachers on how to counter bullying by choosing 'KINDNESS'. 4,200 students and teachers were impacted by the program.

## With demonstrations and protests occurring across Lebanon, the country continues to face economic and social challenges which include lack of adequate public services and poor waste management.

These challenges are further exacerbated by the influx of refugees due to the Syrian crisis. Around 1.5 million Syrians have taken refuge in Lebanon, leading to income inequality and further rise in poverty. It is estimated that 200,000 Lebanese have been pushed into poverty and 250,000 to 300,000 Lebanese citizens have become unemployed.<sup>1</sup>

# LEBANON

## TOUCH INNOVATION PROGRAM

The touch Innovation Program aims to contribute and develop the startup ecosystem in the country. The program selects high-potential entrepreneurs as “touch Innovators” and offers them mentorship, workshops, exposure through touch’s social media channels, a working space and exposure through touch’s B2B network. The program which was launched in 2018, selects and supports 6 startups every 6 months. Up to date, the program was able to support a total of 19 startups.

## MIT PAN ARAB ENTERPRISE FORUM

touch, managed by Zain, partnered with MIT Enterprise Forum (MITEF) Pan Arab Association for the 12<sup>th</sup> edition of the startup final award ceremony and conference, held in collaboration with the World Bank as an international partner and the Investment Development Authority of Lebanon (IDAL). The competition categorized startups into three main tracks: Startups, Ideas and Social Entrepreneurship.

The annual competition is designed to empower entrepreneurs and foster an ecosystem of innovation and entrepreneurship in the Arab Region. The winning teams are awarded 160,000 US Dollars in equity free fund and benefit from a range of activities including top tier trainings, mentorship, coaching, media exposure and networking opportunities.



**According to the World Bank, there is a significant difference in unemployment between men and women in Saudi Arabia with men at 3% and women at 21%.**

The youth unemployment rate in specific is reported to be 25.5%. This indicates a strikingly high unemployment rate for Saudi women. Due to the type of skills acquired by women, more jobs are open to university-educated men. Women colleges do not have the same networks of potential employers that men do. In response, the country established quota programs to spur employment and job creation for women.<sup>1</sup>

## STUDENT INTERNSHIP TRAINING

In partnership with Nokia, Zain Saudi Arabia provided a COOP training program designed to give students the opportunity to enhance and develop their skills to better prepare them for the labor market. Before joining the program, the company conducted a rigorous selection process and assessed the applications to ensure students met the program criteria.

The eight-week program provided students with a wide-range of skills from soft skills such as team work and problem solving to skills that focus on programming and data science.

In 2019, the company selected a total of 9 interns.

## ZAIN VOLUNTEERING PROGRAM

In 2019, Zain Saudi Arabia launched the Zain Volunteering Program aligned to the country's Vision 2030 goal to reach one million volunteers annually. The program, organized in collaboration with Bunyan Charity and Prince Sultan Medical City, aimed to provide employees with opportunities to volunteer and contribute to the betterment of society. During the year, employees volunteered in programs during Ramadan where they helped prepare and distribute Iftaar meals to people in need. Similarly, during the Eid Celebrations the company supported children and injured soldiers. Throughout 2019, 700 employees joined the Zain Saudi Arabia Volunteer Program.

# SAUDI

# ARABIA

## **In 2019, the country experienced a major shift in power after a large series of protests and demonstrations. Such demonstrations occurred due to the ongoing socio-economic crisis.**

In addition, the country faced a series of extreme flooding and heavy rainfall affecting 15 states. According to OCHA, an estimated 1.1 Billion US Dollars in funding is required to repair the damages.

## **AREAS IMPACTED WITH HEAVY RAINFALL AND FLOODING**

The country was affected by heavy rainfall and flash flooding during the month of August with 193,800 people impacted. In total, 25,437 homes were destroyed and 12,202 were damaged. According to OCHA, the majority of people affected by the crisis were in need of emergency shelter and non-food items such as water and hygiene services and draining of stagnant water. In response to the crisis, Zain partnered with Nafeer Organization and the Ministry of Health provided support to the families impacted in Khartoum and the White Nile State. Through the partnership, Zain was able to impact 6,000 people by supplying them with blankets, tents, and agricultural pesticide pumps.

## **RAMADAN PROGRAM**

During the month of Ramadan, the company organized activities targeting marginalized communities. In partnership with the Union of people with disabilities the company provided Iftar meals. The company also distributed Ramadan bags to refugees based in the Darfour State. Zain Sudan was able to support 2,648 individuals.

# SUDAN

## South Sudan continues to grapple with ongoing civil unrest, and continues to face serious humanitarian crisis forcing 4.2 million people to leave their homes.

Food insecurity remains to be of serious concern where 40% of the population is in need of food aid.<sup>1</sup> In 2019, the number of people facing extreme hunger increased by 13%.

Around 70% of children in South Sudan are out of school with the largest group being girls. UNICEF claims that teachers in South Sudan received insufficient, delayed or do not receive salaries and often leave school.<sup>2</sup>

## NATIONAL UNITY DAY

The company in partnership with the Ministry of Culture, Youth and Sports hosted a sports competition on National Unity Day. This event aimed to promote inclusion, peace and social cohesion by including communities from across different areas in South Sudan. During the National Unity Day, football and volleyball competitions were held with a total of 398 participants and attendees. During the event, free HIV/AIDS tests were provided to people attending the competitions. The company also used its reach to promote the event through Bulk SMS and media channels.

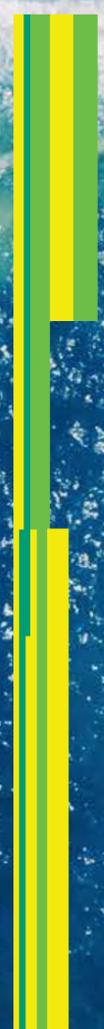


## INTER SECONDARY SCHOOL COMPETITIONS & WORLD TEACHERS DAY

Zain South Sudan hosted the Inter Secondary School Competition on World Teachers Day to raise awareness on the importance of education and address the overwhelming teacher absenteeism in the country. According to UNICEF, teaching in South Sudan is considered one of the least paid jobs in the country due to unpredictable inflation which leads to unstable salaries. In order to raise awareness on this issue, the company hosted a sports competition which included around 12 schools with a total of 4,200 students to show appreciation for the roles of teachers. Zain South Sudan also supported the event by providing bulk SMS, exposure through media channels and provided the students and teachers with certificates.

# SOUTH SUDAN

# OUR ENVIRONMENT



# THE CHALLENGE

According to the World Economic Forum's 2019 Global Risks Report environmental risks continue to rank at the top of the list for likelihood and impact.

According to KUNA, 18% of solid waste in Kuwait is plastic.

The Intergovernmental Panel on Climate Change claimed that Human-induced warming reached approximately 1°C (likely between 0.8°C and 1.2°C) above pre-industrial levels in 2017, increasing at 0.2°C (likely between 0.1°C and 0.3°C) per decade.



# OUR RESPONSE

The company became a member of the Carbon Disclosure Project (CDP) to disclose its climate impacts, energy and greenhouse gas (GHG) emissions and receive guidance on how to reduce and minimize its environmental footprint.

Zain Kuwait distributed reusable tumblers and installed water filters on each floor to encourage employees to stop using single-use plastic.

The organization continues its efforts to mitigate and reduce its CO<sub>2</sub> emissions by installing 31 hybrid solutions in Sudan and South Sudan.



## The company recognizes the urgency in addressing the climate crisis that our world is facing today.

We understand that in order to achieve sustainable growth, we must protect the planet and preserve its resources. Over the years, Zain took major strides to address its environmental footprint by setting concise targets to reduce emissions, minimize waste, spread awareness and identify the risks and opportunities of climate change.

In 2017, Zain revised its emissions targets for 2022 to ensure that the targets are set using energy conversion factors provided by the International Energy Agency. The company continues to track emission reduction targets on an annual basis. However, the introduction of 5G networks coupled with the rising demand for data and high-speed connectivity are leading to network expansion, thus posing new challenges for the company.

In response, the company continues to mitigate this challenge by installing hybrid and solar solutions, smaller size generators and emphasizes the importance of site sharing.

# Zain continues to collect the data through calculated assumptions based on site topologies.

The company uses this method of data collection to standardize the data collection process across its operations due to the lack of dedicated power metering on some of the sites in specific operations. In 2019, Zain became a member of the GSMA Climate Action Task Force and furthered its efforts by also becoming a member of the Carbon Disclosure Project (CDP). By being a member of CDP, the company took a decisive step in disclosing its climate impacts, energy and greenhouse gas (GHG) emissions. Through CDP, Zain received guidance on how to improve its strategic approach to climate action. By formalizing this approach, the company is able to assess and measure the impact of climate change on its operations from a holistic perspective. Zain also disclosed its climate action plan to help prepare the company address policy and regulatory reforms by setting emission reduction targets, minimizing waste and aligning to Goal 13 of the SDGs. Through a series of concerted actions, the company demonstrates its commitment to ensuring that it mitigates and minimizes the impact of any climate-related risks and possible negative impacts on the environment.

Through its climate change related activities, the company addresses: **GOAL 7, GOAL 12, GOAL 13, AND GOAL 15**



## 2022 Emissions Reduction Targets

### CATEGORY 1 – UNSTABLE POWER GRID

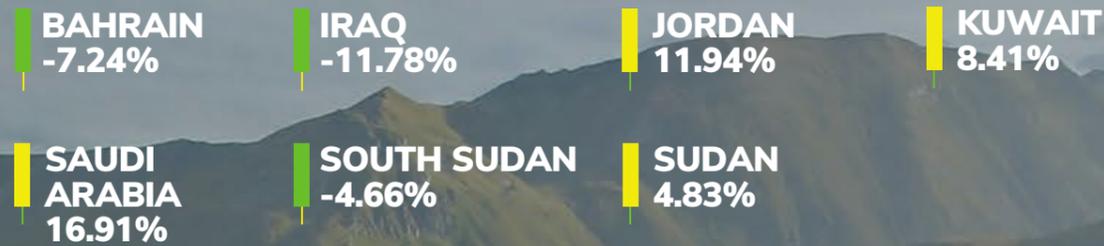


### CATEGORY 2 – STABLE POWER GRID



# CO<sub>2</sub> Emissions Reductions (2018 – 2019)

## YEAR-ON-YEAR DECREASE/INCREASE IN EMISSIONS PER BASE STATION



## BASELINE-YEAR 2019 DECREASE/INCREASE IN EMISSIONS PER BASE STATION



## BAHRAIN

The electricity consumption is estimated based on site topologies. This year, Zain Bahrain was able to reduce its consumption due to better management of its energy consumption.

## JORDAN

Zain Jordan added new radio equipment to existing sites to cater for more traffic. The rise in temperatures led to the increased use of active cooling during summer months in comparison to the previous year. This led to an increase in energy consumption thus resulting in higher CO<sub>2</sub> emissions. The company will continue to observe how climate change is impacting the rise in temperature.

## KUWAIT

Due to network expansion and deployment of 5G, there was an increase in power consumption which has led to an increase in CO<sub>2</sub> emissions.

## SAUDI ARABIA

In Saudi Arabia more than 1,500 existing sites were equipped with additional 5G equipment which led to the increase in CO<sub>2</sub> emissions.

## SOUTH SUDAN

In South Sudan, the company was able to decrease fuel consumption through better management and installation of energy saving solutions.

## SUDAN

There is a slight increase in the CO<sub>2</sub> emissions for Sudan due to the installation of a new core site. In addition, the rise in temperature in Sudan's summer season has led to the use of additional active cooling systems in comparison to last year.

## IRAQ

Zain Iraq moved to a new Headquarter building which is more energy efficient due to its reasonable size and better grid availability. Improvements have been made in the overall grid availability in Iraq in 2019 compared to 2018. This resulted in less fuel consumption per site leading to emissions reduction.

## TOUCH LEBANON

The exclusion of touch Lebanon's energy KPIs in the report is on account of the continued strikes in the public energy sector that prevent the collection of accurate data related to the company's energy consumption.

## ENERGY CONSUMPTION AND GHG EMISSIONS

DESCRIPTION	UNIT	BAHRAIN	IRAQ	JORDAN	KUWAIT	SAUDI ARABIA	SOUTH SUDAN	SUDAN
Total Fuel Consumption - Direct	Liters	682,672	49,752,957	418,561	9,517,863	57,773,099	3,370,988	20,372,847
Total Electricity Consumption - Direct	KWh	45,864,516	176,036,433	95,930,465	121,959,394	420,182,685	702,594	68,829,039
Total CO <sub>2</sub> Emissions	Kg	34,760,283	334,195,495	57,528,858	101,732,494	459,884,535	9,634,966	75,454,429
CO <sub>2</sub> Emissions per Base Station	Kg	57,506	70,847	18,819	40,440	47,362	58,315	26,518

## HYBRID INSTALLATIONS ACROSS OPERATIONS IN 2019

OPERATING COUNTRIES	DG-BATTERY HYBRID SOLUTIONS	SOLAR HYBRID SOLUTIONS
Sudan	10	0
Kuwait	0	0
Saudi Arabia	0	0
Iraq	0	0
Bahrain	0	0
Jordan	0	0
South Sudan	15	6
<b>TOTAL</b>	<b>31</b>	

## IMPROVEMENTS TO ENERGY EFFICIENCY AND SITE OPTIMIZATION (UNITS)

OPERATING COUNTRIES	SMALLER SIZE GENERATORS	OUTDOOR (BTS/ POWER) SOLUTIONS	SMALL SHELTERS (≤ 2.5m x 2.5m)	GRID CONNECTION	UPGRADE TO MORE EFFICIENT DC POWER SOLUTION
Bahrain	0	7	-	2	-
Iraq	312	172	-	-	150
Jordan	-	141	-	-	-
Kuwait	-	-	91	-	575
Saudi Arabia	-	418	-	168	-
South Sudan	-	15	-	-	-
Sudan	-	96	-	39	-
<b>TOTAL</b>	<b>312</b>	<b>849</b>	<b>91</b>	<b>209</b>	<b>725</b>

## DRIVING OPERATIONAL EFFICIENCY: TOWER SHARING PROGRAM

OPERATING COUNTRIES	BAHRAIN	IRAQ	JORDAN	KUWAIT	SAUDI ARABIA	SOUTH SUDAN	SUDAN	TOTAL	GRAND TOTAL
Zain Sharing Others Sites	10	12	4	-	42	10	-	78	105
Others Sharing Zain Sites	9	-	3	-	15	-	-	27	

## SPENDING ASSOCIATED WITH CLIMATE CHANGE

DESCRIPTION	TOTAL DIRECT COST (USD)	TOTAL INDIRECT COST (USD)
Zain sharing others' sites	0	1,124,026
Others sharing Zain's sites	0	0
Outdoor (BTS/Power) Solution	6,602,562	6,602,562
Small Shelters (≤ 2.5m x 2.5m)	0	607,880
DG-Battery Hybrid Solution	250,000	0
Smaller Size Generators	0	2,901,600
Solar Hybrid Solution	0	0
Grid Connection	932,976	0
Free Cooling System	0	0
<b>TOTAL</b>	<b>7,785,538</b>	<b>11,236,068</b>

## WASTE MANAGEMENT

## PLASTIC WASTE REDUCTION

As part of the company's waste management program, Zain Kuwait installed filtered processed water coolers on each floor of its headquarter buildings. This was done to reduce the use and consumption of single-use plastic of the Group and Zain Kuwait employees. The company also provided each employee with a water tumbler to promote behavioral change. Plastic waste is of growing concern in Kuwait as it has been estimated that 18% of solid waste in the country is plastic which is around 200,000 tons per year.



**LOOKING  
FORWARD**

**The company recognizes that Meaningful Connectivity can truly transform and empower societies as it provides people with the ability to engage and participate in the digital space providing overwhelming and substantial benefits.**

It is important for Zain to continue to align its business activities with societal challenges as this ensures that the company operates in a thriving digital ecosystem. Building on last year's Sustainability Report 'Time to Act', the company continues to create action-oriented solutions to tackle climate change, address the negative impacts of access to broadband connectivity as well as address developmental challenges such as poverty, unemployment, and exclusion of vulnerable communities. At Zain, we will further emphasize the importance of establishing purpose-driven activities. The organization continues to work cross-functionally and engage with stakeholders to ensure the needs of both the company and the wider community are addressed through Zain's activities. Zain adheres to a triple bottom line approach to doing business and conducts its business activities with the highest standards of ethics and transparency. Going forward, the company will maintain its focus extensively on shared value and ensure its activities are in line with the Sustainable Development Goals (SDGs).

Zain will maintain focus on remaining inclusive, foster sustainable growth, tackle climate change, promote innovation, job creation, supply chain management, youth empowerment, and push the envelope on critical developmental topics thus improving the lives of all its stakeholders across its footprint.

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

TARGET	MET	COMMENTS
Expand and improve Zain's stakeholder engagement strategy across all functions.	Ongoing	Concerted efforts continue to improve the identification and effectiveness of the company's stakeholder engagement processes while upholding open communication channels with our major stakeholders across our digital channels.
Pursue advocacy and greater alignment with the Post-2015 Sustainable Development Agenda across all of Zain's functions and activities.	Ongoing	Our Strategy is to actively advocate and increase alignment with the SDGs in areas where shared value can be attained. Awareness campaigns and dialogue on the SDGs across our digital channels constitute a major component for the organization.
Address the needs of the displaced across the region.	Ongoing	With millions of IDPs and refugees across Zain's footprint, it is essential that the company takes steps to improve their livelihoods. The company will continue to establish partnerships and develop products and services that address the challenges they face such as access to connectivity and financial inclusion.
Develop and measure supplier screening targets for human rights and environmental KPIs.	Ongoing	Zain launched a self-assessment process for its most material suppliers. Going forward, the company will continue to add additional suppliers for self-assessment and increase the number of site visits. The Supplier Code of Conduct and screening will be updated and revised on a regular basis.
Building human capital within the organization.	Ongoing	Zain continues to develop the talent within the organization by providing training and development programs across the Group and its operating companies.
Maintain the organization's commitment to addressing climate change and minimizing its environmental footprint.	Ongoing	Zain continues to improve the energy efficiency and operational effectiveness of its infrastructure with the aim to drive lower costs and reduce emissions and set mitigation plans across multiple functions within the organization. The company's commitment is evidenced through its membership at the Carbon Disclosure Project with the aim to help guide the company in driving environmental action forward.

TARGET	MET	COMMENTS
Expand collaborative activities with the GSMA.	Ongoing	<p>In 2015, Zain successfully collaborated with the GSMA and Child Helpline International to implement a comprehensive campaign to protect the rights of children in our operating markets.</p> <p>In 2016, Zain signed the GSMA Humanitarian Connectivity Charter to strengthen partnerships between the mobile industry, government, and the humanitarian sector.</p> <p>In 2017, Zain actively engaged with the GSMA and became a signatory of Mobile for Responsibility and Mobile 4 Social Good. The company continues to explore further areas for mutual collaboration with the aim at positively impacting its various communities.</p> <p>In 2018, the company continued its engagement with the GSMA on a regulatory front, through the Humanitarian Connectivity Charter and Mobile for Humanitarian Innovation Programme (M4H).</p> <p>In 2019, Zain continued to engage with the GSMA on the Humanitarian Connectivity Charter. Zain also collaborated with the GSMA on the mPower Youth Initiative focusing on initiatives that enhance children's lives and enable their rights. In 2019, the company became a member of the GSMA's Climate Task Force in order to address the company's environmental footprint.</p>
Continue to improve governance policies and practices to maintain compliance with CMA regulations.	Ongoing	Zain successfully complies with CMA regulations related to transparency and governance and is taking steps to further refine its compliance in alignment with global best practices. Zain will continue to push the envelope in this particular area as it takes great pride in its leading market position.

TARGET	MET	COMMENTS
Improve relationships with regulatory bodies, customers, suppliers and partners.	Ongoing	Zain's business functions remain dedicated to maintaining channels for effective and frequent dialogue with all major stakeholders.
Continue to optimize the company's risk strategy, management policies and practices.	Ongoing	Zain's Risk Management and Internal Audit functions will coordinate to evolve and develop their respective strategies to improve the organization's effectiveness in identifying emerging risks to fulfill the organization's strategic objectives.
Expand and broaden the organization's Innovation Agenda.	Ongoing	The company continues to embark on the journey of transforming into a digital service provider. In line with this goal, Zain will continue to support and develop its innovation agenda through strategic activities, developing its Group API Platform and partnerships on multiple digital vertical streams. The company continues to contribute to the innovation space by establishing innovation centers in Jordan and Kuwait. The company aims to continue to enhance the intrapreneurship ecosystem within the company through its Zainiac program.
Continue to take steps to address and improve gender disparity and encourage greater inclusivity within the organization.	Ongoing	Zain maintains its policy of non-discrimination based on gender and continues to track progress in achieving parity in areas such as access to growth opportunities within the company. Zain will also place greater emphasis on matters related to Women Empowerment across its footprint and achieve the specified targets. This year the organization established its WE ABLE program aiming to promote diversity and inclusion in the workplace and become Disability Inclusive by 2022.
Steadily improve customer experience across the organization.	Ongoing	The company continues to place its customers at the heart of its strategy by providing them Meaningful Connectivity to help them lead better lives.



# INDEPENDENT ASSURANCE REPORT



# INDEPENDENT ASSURANCE REPORT

To Mobile Telecommunications Company KSCP

We have been engaged by Mobile Telecommunications Company KSCP (hereinafter referred to as “Zain” or “the Group”) to perform an independent limited assurance engagement on Zain’s 2019 Sustainability Report (the “Report”), for the year ended 31 December 2019.

## SCOPE OF OUR WORK

We planned and performed our work to obtain the evidence we considered necessary to reach our limited assurance conclusions on the selected information within the Report, included in our scope (the “Selected Information”). The scope of work was limited to the following Selected Information, in the list below, for the year ended 31 December 2019 and does not extend to information in respect of earlier periods or to any other information in the Report except for the Selected Information assured by us for previous reports within the scope of this report.

1. “Highlights” and 2019 key realizations under the following sections of the report
  - Our 2019 Highlights
  - Message from the Board of Directors
  - Message from the Vice-Chairman and Group CEO
  - Message from the Chief Sustainability Officer
  - Committed to the Sustainable Development Goals
  - Looking Forward
2. Selected social, environmental, and economic data, under the following sections of the report:
  - About the Report
  - Introduction
  - Company Overview
  - Materiality Assessment
  - Engaging Our Stakeholders
  - Corporate Governance
  - Enterprise Risk Management
  - Addressing Key Challenges to Human Rights
  - Our Operating Context
  - Our Economic Impacts
  - Our Products and Customers
  - Our People
  - Our Communities
  - Our Environment
  - Our Network
  - Disclosed indicators reported in full or partially in the GRI Content Index (“Appendix”), as follows:
    - General Disclosures: 102-1, 102-2, 102-3, 102-4, 102-5, 102-6, 102-7, 102-8, 102-9, 102-10, 102-11, 102-12, 102-13, 102-14, 102-15, 102-16, 102-17, 102-18, 102-19, 102-20, 102-21, 102-22, 102-23, 102-24, 102-25, 102-26, 102-27, 102-28, 102-29, 102-30, 102-31, 102-32, 102-33, 102-34, 102-36, 102-37, 102-40, 102-41, 102-42, 102-43, 102-44, 102-45, 102-46, 102-47, 102-48, 102-49, 102-50, 102-51, 102-52, 102-53, 102-54, 102-55, 102-56, 103-1, 103-2, 103-3
    - Specific Disclosures: 201-1, 201-2, 201-3, 202-2, 203-1, 203-2, 204-1, 205-1, 205-2, 302-1, 304-3, 305-1, 307-1, 308-1, 401-1, 401-3, 403-3, 404-1, 404-2, 404-3, 405-1, 405-2, 406-1, 408-1, 414-1, 414-2, 413-1, 413-2, 416-1, 417-3, 418-1, 419-1

The assured data appears in the GRI Content index of the report (on p. 280-305), and are indicated under the External Assurance column.

3. **Application of GRI Standards** – Zain’s declaration in the “About this Report” section that it has applied the ‘in accordance – Core’ option in following GRI Standards.

## REPORTING GUIDANCE

Zain’s reporting guidance for the Selected Information is disclosed in the Materiality Assessment section, within the Sustainability Report (Reporting Guidance).

## PROFESSIONAL STANDARDS APPLIED AND LEVEL OF ASSURANCE

We carried out the limited assurance engagement in accordance with the International Standard on Assurance Engagements 3000 (ISAE 3000). A limited assurance engagement is designed to give similar level of assurance to that obtained during a review of interim financial information. To achieve limited assurance, ISAE 3000 requires that we review the processes, systems and competencies used to compile the areas of the Report on which we have been asked to reach a limited assurance conclusion. It does not include detailed testing of source data or the operating effectiveness of processes and internal controls.

Our team complied with Deloitte’s independence policies, which cover all of the requirements of the International Federation of Accountants (IFAC) Code of Ethics and in some cases are more restrictive. To comply with those standards, our work was carried out by an independent and multidisciplinary team of sustainability and assurance specialists.

## REPORTING AND MEASUREMENT METHODOLOGIES LIMITATIONS

The process an organisation adopts to define, gather and report data on its non-financial performance is not subject to the formal processes adopted for financial reporting. Therefore, data of this nature is subject to variations in definitions, collection and reporting methodology with the absence of a consistent and accepted standard. This may result in non-comparable information between organisations and from year to year within an organisation as methodologies develop.

## WORK PERFORMED

The procedures we performed were based on our professional judgement and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records. These procedures included:

- Interviewing selected Executive-level employees at the corporate level with operational responsibility for issues covered in the Report to understand sustainability data management and reporting;
- Reviewing documents and internal communications received by the Group Corporate Sustainability Department to validate the accuracy of information reported;
- Making inquiries of relevant Zain management;
- Analysing and reviewing on a sample basis the key structures, systems, processes, procedures and controls relating to the collation, aggregation, validation and reporting processes of the Selected Information;
- Carrying out analytical procedures over the Selected Information; and
- Assessing the disclosure and presentation of the Selected Information.

The 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 we performed a reasonable assurance engagement.

## ZAIN’S RESPONSIBILITIES

The responsibility for the preparation and presentation of Zain’s Sustainability Report 2019, the development of its content, including the choice of Key Performance Indicators (KPIs), is that of Zain’s management. This responsibility includes establishing and maintaining internal controls relevant to the preparation and presentation of the Selected Information in the 2019 Sustainability Report, that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate reporting criteria, maintaining adequate records, and making estimates that are reasonable in the circumstances.

## OUR RESPONSIBILITIES

Our responsibility is to independently express conclusions on the Selected Information as defined in the “Scope of our Work” section above, for the year ended 31 December 2019. We do not accept or assume responsibility to anyone; other than to Zain; for our work, for this report or for the conclusions we have formed.

## OUR CONCLUSIONS

Based on the limited assurance procedures we performed as described in this report, nothing has come to our attention that causes us to believe that the data assured, as specified in the Scope of our Work section above in Zain’s 2019 Sustainability Report, is not prepared in all material respects in accordance with Zain’s Reporting Guidance.



Talal Y. Al-Muzaini  
License No. 209A  
Deloitte & Touche  
Al-Wazzan & Co.

Kuwait, 15 March 2020





# APPENDIX



## APPENDIX: GRI CONTENT INDEX

STANDARD DISCLOSURE	SECTION	COMMENTS	EXTERNAL ASSURANCE
<b>ORGANIZATIONAL PROFILE</b>			
<b>102-1</b>	Report the name of the organization.	Company Overview	Yes
<b>102-2</b>	Report the primary brands, products, and services.	Company Overview, Products and Customers	Yes
<b>102-3</b>	Report the location of the organization's headquarters.	Company Overview	Yes
<b>102-4</b>	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	Company Overview	Yes
<b>102-5</b>	Report the nature of ownership and legal form.	Company Overview	Yes
<b>102-6</b>	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)	Company Overview	Yes

STANDARD DISCLOSURE	SECTION	COMMENTS	EXTERNAL ASSURANCE	
<b>102-7</b>	Report the scale of the organization, including: <ul style="list-style-type: none"> <li>• Total number of employees</li> <li>• Total number of operations</li> <li>• Net sales (for private sector organizations) or net revenues (for public sector organizations)</li> <li>• Total capitalization broken down in terms of debt and equity (for private sector organizations)</li> <li>• Quantity of products or services provided</li> </ul>	Our People, Company Overview	Relevant Information on Net Sales and Total Capitalization available in Consolidated Financials on the Financial Reports section on the Zain website.	Yes
<b>102-8</b>	Report the total number of employees by employment contract and gender. Report the total number of permanent employees by employment type and gender. <p>Report the total workforce by employees and supervised workers by gender. Report the total workforce by region and gender.</p> <p>Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors.</p> <p>Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).</p>	Our People		Yes

# APPENDIX: GRI CONTENT INDEX

STANDARD DISCLOSURE	SECTION	COMMENTS	EXTERNAL ASSURANCE
<b>102-9</b> Describe the organization's value chain.	Our Economic Impacts		Yes
<b>102-10</b> Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain, including: <ul style="list-style-type: none"> <li>• Changes in the location of, or changes in, operations, facility openings, closings, expansions</li> <li>• Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations)</li> <li>• Changes in the location of suppliers, the structure of the supply chain, or in relationships with suppliers, including selection and termination</li> </ul>	Corporate Governance	There is no significant changes in the year 2019.	Yes
<b>102-11</b> Report whether and how the precautionary approach or principle is addressed by the organization.	Enterprise Risk, Our Environment		Yes
<b>102-12</b> List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	Company Overview, Materiality Assessment, Addressing Key Challenges to Human Rights, Corporate Governance, Enterprise Risk Management, Our Environment		Yes

STANDARD DISCLOSURE	SECTION	COMMENTS	EXTERNAL ASSURANCE
<b>102-13</b> List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization: <ul style="list-style-type: none"> <li>• Holds a position on the governance body</li> <li>• Participates in projects or committees</li> <li>• Provides substantive funding beyond routine membership dues</li> <li>• Views membership as strategic</li> </ul> This refers primarily to memberships maintained at the organizational level.	Company Overview, Corporate Governance, Enterprise Risk Management, Our Environment		Yes
<b>102-14</b> Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	Board of Directors Message, Vice-Chairman and Group CEO Message		Yes
<b>102-15</b> Provide a description of key impacts, risks, and opportunities.	Enterprise Risk Management, Our Operating Context		Yes

STANDARD DISCLOSURE	SECTION	COMMENTS	EXTERNAL ASSURANCE
<b>ETHICS AND INTEGRITY</b>			
<b>102-16</b> Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	Corporate Governance	A description of Zain's values, principles, standards and norms of behavior are available internally via the HR Policy Manual and in the Code of Conduct available online.	Yes
<b>102-17</b> Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.		Mechanisms for seeking advice on ethical and lawful behavior as well as helplines and reporting lines are available internally via the HR Policy Manual and in the Code of Conduct available online.	Yes
<b>GOVERNANCE</b>			
<b>102-18</b> Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	Corporate Governance		Yes

STANDARD DISCLOSURE	SECTION	COMMENTS	EXTERNAL ASSURANCE
<b>102-19</b> Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	Corporate Governance		Yes
<b>102-20</b> Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	Corporate Governance		Yes
<b>102-21</b> Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body.	Corporate Governance		Yes
<b>102-22</b> Report the composition of the highest governance body and its committees by: <ul style="list-style-type: none"> <li>• Executive or non-executive</li> <li>• Independence</li> <li>• Tenure on the governance body</li> <li>• Number of each individual's other significant positions and commitments, and the nature of the commitments</li> <li>• Gender</li> <li>• Membership of under-represented social groups</li> <li>• Competences relating to economic, environmental and social impacts</li> <li>• Stakeholder representation</li> </ul>	Corporate Governance	For more information regarding stakeholder representation please refer to the following link:  <a href="https://www.boursakuwait.com.kw/stock/605/profile">https://www.boursakuwait.com.kw/stock/605/profile</a>	Yes

STANDARD DISCLOSURE	SECTION	COMMENTS	EXTERNAL ASSURANCE
<b>102-23</b> Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement).	Corporate Governance		Yes
<b>102-24</b> Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members, including: <ul style="list-style-type: none"> <li>• Whether and how diversity is considered</li> <li>• Whether and how independence is considered</li> <li>• Whether and how expertise and experience relating to economic, environmental and social topics are considered</li> <li>• Whether and how stakeholders (including shareholders) are involved</li> </ul>	Corporate Governance		Yes
<b>102-25</b> Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders, including, as a minimum: <ul style="list-style-type: none"> <li>• Cross-board membership</li> <li>• Cross-shareholding with suppliers and other stakeholders</li> <li>• Existence of controlling shareholder</li> <li>• Related party disclosures</li> </ul>	Corporate Governance		Yes

STANDARD DISCLOSURE	SECTION	COMMENTS	EXTERNAL ASSURANCE
<b>102-26</b> Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	Corporate Governance		Yes
<b>102-27</b> Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social impacts.	Corporate Governance		Yes
<b>102-28</b> Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics. Report whether such evaluation is independent or not, and its frequency. Report whether such evaluation is a self-assessment.  Report actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics, including, as a minimum, changes in membership and organizational practice.	Corporate Governance		Yes

STANDARD DISCLOSURE	SECTION	COMMENTS	EXTERNAL ASSURANCE
<p><b>102-29</b> Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes.</p> <p>Report whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental and social impacts, risks, and opportunities.</p>	Corporate Governance		Yes
<p><b>102-30</b> Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.</p>	Corporate Governance		Yes
<p><b>102-31</b> Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks and opportunities.</p>	Corporate Governance		Yes
<p><b>102-32</b> Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered.</p>	About the Report		Yes

STANDARD DISCLOSURE	SECTION	COMMENTS	EXTERNAL ASSURANCE
<p><b>102-33</b> Report the process for communicating critical concerns to the highest governance body.</p>	Corporate Governance		Yes
<p><b>102-34</b> Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them.</p>	Corporate Governance		Yes
<p><b>102-36</b> Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization.</p>	Corporate Governance, Our People	To acquire and retain the highest caliber of talent within the region and industry, Zain takes measures to ensure that its employees are compensated at levels consistent with similar organizations. Adjustments to remuneration take place based on regular performance reviews. All of Zain's full-time employees receive annual performance reviews through which the employees' attainment of key performance indicators are measured, and areas of weakness or potential growth are identified. Increases in remuneration are exclusively merit-based, and Zain exercises a policy of nondiscrimination based on gender and race.	Yes

STANDARD DISCLOSURE	SECTION	COMMENTS	EXTERNAL ASSURANCE
<b>102-37</b> Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable.	Our People		Yes
<b>STAKEHOLDER ENGAGEMENT</b>			
<b>102-40</b> Provide a list of stakeholder groups engaged by the organization	Materiality Assessment, Engaging Our Stakeholders		Yes
<b>102-41</b> Report the percentage of total employees covered by collective bargaining agreements.		7% of employees in Iraq, 100% of employees in Sudan and 82% of employees in Lebanon are covered by Collective Bargaining Agreement as they are legally considered employees of the Lebanese state. (Zain manages the touch operation on behalf of the Lebanese state).	Yes
<b>102-42</b> Report the basis for identification and selection of stakeholders with whom to engage.	Materiality Assessment, Engaging Our Stakeholders, Our People		Yes

STANDARD DISCLOSURE	SECTION	COMMENTS	EXTERNAL ASSURANCE
<b>102-43</b> Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	Materiality Assessment, Engaging Our Stakeholders, Our People		Yes
<b>102-44</b> Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	Our Operating Context, Engaging Our Stakeholders, Our People		Yes
<b>REPORT PROFILE</b>			
<b>102-45</b> List all entities included in the organization's consolidated financial statements or equivalent documents. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report. The organization can report on this Standard Disclosure by referencing the information in publicly available consolidated statements or equivalent documents.		Relevant information available in consolidated financials on the financial reports section on the Zain website. <a href="https://www.zain.com/en/investor-relations/financial-reports/">https://www.zain.com/en/investor-relations/financial-reports/</a>	Yes

STANDARD DISCLOSURE	SECTION	COMMENTS	EXTERNAL ASSURANCE
<b>102-46</b> Explain the process for defining the report content and Aspect Boundaries. Explain how the organization has implemented the Reporting Principles for Defining Report Content.	Materiality Assessment		Yes
<b>102-47</b> List all the material Aspects identified in the process for defining report content.	Materiality Assessment		Yes
<b>102-48</b> Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.		There is no significant information restated in the 2019 Report.	Yes
<b>102-49</b> Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.		No significant changes have taken place in the Scope and Aspect Boundaries over the reporting period.	Yes
<b>102-50</b> Reporting period (such as fiscal or calendar year) for information provided.	About the Report		Yes
<b>102-51</b> Date of most recent previous report (if any).	About the Report	Zain publishes its Sustainability Report on an annual basis. The 2018 Sustainability Report was published in Q2 2019.	Yes
<b>102-52</b> Reporting cycle (such as annual, biennial).	About the Report		Yes

STANDARD DISCLOSURE	SECTION	COMMENTS	EXTERNAL ASSURANCE
<b>102-53</b> Provide the contact point for questions regarding the report or its contents.	About the Report		Yes
<b>102-54</b> Report the 'in accordance' option the organization has chosen.	About the Report		Yes
<b>102-55</b> Report the GRI Content Index for the chosen option	Appendix		Yes
<b>102-56</b> Report the organization's policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided.  Report the relationship between the organization and the assurance providers.  Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report.	About the Report, Independent Assurance Report		Yes

STANDARD DISCLOSURE	SECTION	COMMENTS	EXTERNAL ASSURANCE
<b>MANAGEMENT APPROACH</b>			
<b>103-1</b>	For each material Aspect, report the Aspect Boundary within the organization, as follows: <ul style="list-style-type: none"> <li>• Explanation of why the topic is material</li> <li>• The boundary of the topic</li> <li>• Any specific limitation regarding the topic boundary</li> </ul>	Aspect Boundaries are explained throughout the Report in sections relevant to each corresponding material Aspect.	Yes
<b>103-2</b>	For each material Aspect, report the following information: <ul style="list-style-type: none"> <li>• An explanation of how the organization manages the topic</li> <li>• A statement of purpose of the management approach</li> <li>• A description of the following, if the management approach includes that component: <ul style="list-style-type: none"> <li>- Policies</li> <li>- Commitments</li> <li>- Goals and Targets</li> <li>- Responsibilities</li> <li>- Resources</li> <li>- Grievance Mechanisms</li> <li>- Specific actions, such as processes, projects, programs and initiatives</li> </ul> </li> </ul>	Aspect Boundaries are explained throughout the Report in sections relevant to each corresponding material Aspect.	Yes
<b>103-3</b>	Explanation of how the organization evaluates the management approach	Explanation of the management approach is provided throughout the report in relation to the corresponding material aspect.	Yes

STANDARD DISCLOSURE	SECTION	COMMENTS	EXTERNAL ASSURANCE	
<b>ECONOMIC: ECONOMIC PERFORMANCE</b>				
<b>201-1</b>	Direct Economic Value Generated and Distributed	Our Economic Impacts	Yes	
<b>201-2</b>	Financial Implications and Other Risks and Opportunities for the Organization's Activities Due to Climate Change	Our Environment	Yes	
<b>201-3</b>	Coverage of the organization's defined benefit plan obligations	Our People	Provisions for post-employment benefits as of 31 December 2019 amounted to 34.7 million Kuwaiti Dinars.	Yes
<b>ECONOMIC: MARKET PRESENCE</b>				
<b>202-2</b>	Proportion of senior management hired from the local community at significant locations of operation	Our People	Yes	
<b>ECONOMIC: INDIRECT ECONOMIC IMPACTS</b>				
<b>203-1</b>	Development and impact infrastructure investments services and supported	Our Economic Impacts, Our Environment	More information about capital expenses among which include infrastructure investments are available in Zain's Financial Reports section of the Company website.	Yes
<b>203-2</b>	Significant indirect economic impacts, including the extent of impacts	Our Economic Impacts, Our Communities, Our Environment	Yes	

STANDARD DISCLOSURE	SECTION	COMMENTS	EXTERNAL ASSURANCE	
<b>ECONOMIC – PROCUREMENT PRACTICES</b>				
<b>204-1</b>	Proportion of spending on local suppliers at significant locations of operations	Our Economic Impacts	Yes	
<b>ECONOMIC – ANTI-CORRUPTION</b>				
<b>205-1</b>	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	Enterprise Risk Management	Yes	
<b>205-2</b>	Communication and training on anti-corruption policies and procedures	Our People, Corporate Governance	Through its onboarding process, the company communicates its anticorruption 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
<b>ENVIRONMENTAL: ENERGY</b>				
<b>302-1</b>	Energy consumption within the organizations	Our Environment	Yes	

STANDARD DISCLOSURE	SECTION	COMMENTS	EXTERNAL ASSURANCE
<b>ENVIRONMENTAL: BIODIVERSITY</b>			
<b>304-3</b>	Habitats protected or restored	The company aligns its environmental standards to global best practices by adhering to the Zain Environmental and Social Management Plan (ESMP) Guidelines. Under the ESMP Guidelines, the company undergoes a comprehensive process prior to site selection to ensure that base station locations do not: harm biodiversity in or around site location, negatively impact historically or culturally significant areas such as UNESCO sites, and lead making it necessary for people to become displaced or to resettle to a different location.	Yes

STANDARD DISCLOSURE	SECTION	COMMENTS	EXTERNAL ASSURANCE
<b>ENVIRONMENTAL: EMISSIONS</b>			
<b>305-1</b> Direct greenhouse gas (GHG) emissions (scope 1)	Our Environment		Yes
<b>ENVIRONMENTAL: COMPLIANCE</b>			
<b>307-1</b> Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations		Zain incurred no significant fines or non-monetary sanctions for environmental non-compliance.	Yes
<b>ENVIRONMENTAL: SUPPLIER ENVIRONMENTAL ASSESSMENT</b>			
<b>308-1</b> Percentage of new supplies that were screened using environmental criteria	Our Economic Impacts		Yes
<b>SOCIAL: LABOR PRACTICES AND DECENT WORK – EMPLOYMENT</b>			
<b>401-1</b> Total number and rates of new employee hires and employee turnover by age group, gender and region	Our People		Yes
<b>401-3</b> Return to work and retention rates after parental leave, by gender	Our People		Yes
<b>SOCIAL: LABOR PRACTICES AND DECENT WORK – OCCUPATIONAL HEALTH AND SAFETY</b>			
<b>403-3</b> Workers with high incidence or high risk of diseases related to their occupation		Zain is committed to providing a safe environment for all of its employees hence employees are not exposed to any high incidence or high-risk diseases due to the nature of the work.	Yes

STANDARD DISCLOSURE	SECTION	COMMENTS	EXTERNAL ASSURANCE
<b>SOCIAL: LABOR PRACTICES AND DECENT WORK – TRAINING AND EDUCATION</b>			
<b>404-1</b> Average hours of training per year per employee by gender, and by employee category	Our People		Yes
<b>404-2</b> Programs for skills management and learning that support the continues employability of employees and assist them in managing career endings		At Zain, we provide employees with a range of technical and general training programs that assist in employees' career development and overall life skills.	Yes
<b>404-3</b> Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	Our People	100% of our employees across all operations received regular performance and career development reviews.	Yes
<b>SOCIAL: LABOR PRACTICES AND DECENT WORK – DIVERSITY AND EQUAL OPPORTUNITY</b>			
<b>405-1</b> Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	Our People		Yes
<b>405-2</b> Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	Our People		Yes

STANDARD DISCLOSURE	SECTION	COMMENTS	EXTERNAL ASSURANCE
<b>SOCIAL: HUMAN RIGHTS – NON-DISCRIMINATION</b>			
406-1	Total number of incidents of discrimination and corrective actions taken	No cases were reported in 2019.	Yes
<b>SOCIAL: CHILD LABOR</b>			
408-1	Operations and suppliers at significant risk for incidents of child labor.	Addressing Key Challenges to Human Rights, Our Economic Impacts	In addition to Zain’s Supplier Self-Assessment questionnaire and physical audits that were conducted on material suppliers which requires such suppliers to provide policies and procedures on child labor, the company continues to work on conducting a risk assessment on the significant risks for incidents of child labor. This year, the company continued to work closely with the risk department by conducting an awareness session with its operations on the risk of child labor. Furthermore, the company identified a point of contact in each operation to conduct the risk assessment.

STANDARD DISCLOSURE	SECTION	COMMENTS	EXTERNAL ASSURANCE
<b>SOCIAL: LABOR PRACTICES AND DECENT WORK – SUPPLIER ASSESSMENT FOR LABOR PRACTICES</b>			
414-1	Percentage of new suppliers that were screened using labor practices	Our Economic Impacts	Yes
414-2	Significant actual and potential negative impacts for labor practices in the supply chain	There are no significant actual or potential negative impacts for labor practices in the supply chain.	Yes
<b>SOCIAL: SOCIETY – LOCAL COMMUNITIES</b>			
413-1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	All of our operations include local community engagement and development programs.	Yes

STANDARD DISCLOSURE	SECTION	COMMENTS	EXTERNAL ASSURANCE
413-2 Operations with significant actual and potential negative impacts on local communities	Our Environment	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	Yes

STANDARD DISCLOSURE	SECTION	COMMENTS	EXTERNAL ASSURANCE
		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.	

STANDARD DISCLOSURE	SECTION	COMMENTS	EXTERNAL ASSURANCE	
<b>SOCIAL: PRODUCT RESPONSIBILITY – CUSTOMER HEALTH AND SAFETY</b>				
416-1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	Our Products and Customers	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 the 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).	Yes

STANDARD DISCLOSURE	SECTION	COMMENTS	EXTERNAL ASSURANCE	
<b>SOCIAL: PRODUCT RESPONSIBILITY – MARKETING COMMUNICATIONS</b>				
417-3	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes		Information available in the 2019 Consolidated Annual Financial Statements, Note 28	Yes
<b>SOCIAL: PRODUCT RESPONSIBILITY – CUSTOMER PRIVACY</b>				
418-1	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Our Products and Customers		Yes
<b>SOCIAL: PRODUCT RESPONSIBILITY – COMPLIANCE</b>				
419-1	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services		Information available in the 2019 Consolidated Financial Report, Note 28	Yes

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