



INCLUSIVITY
HELP **ASSETS** EMPOWER **CAPITAL** **HUMAN**
COMMUNITY **PROFESSION**
SUSTAINABLE DEVELOPMENT GOALS
SHARED VALUE
MARKETS
ANALYSIS
SOCIAL
TEAM
GENDER
EQUALITY
CONCEPT CURRENT
UNITE
IDEA **GROUP**
IMPROVE ACTION
DEVELOPMENT
CULTURE
CREATION
DETERMINATION
SOCIALIZATION
YOUTH
COMPETITION

TOGETHER EVERYONE ACHIEVES MORE

S U S T A I N A B I L I T Y R E P O R T 2 0 1 7
7TH E D I T I O N

ABOUT THE REPORT

Our 2017 Sustainability Report is the seventh consolidated report describing the sustainability strategy, related performance and associated achievements of Zain Group and its operating companies. The report provides transparent, in-depth reporting on the socio-economic and environmental impacts of our operations for the year ended December 31, 2017. Deloitte & Touche has provided independent limited assurance on the 2017 Sustainability Report, details of which are included in the Independent Assurance Report on page 134.

The 2017 Sustainability Report is formally reviewed and approved by the Head of CS, the CEO Operations, the CFO, and the heads of the individual business units across the organization.

The publication of our Sustainability Report on an annual basis highlights our dedication to sharing our growing commitment to sustainability with our valued stakeholders and the wider public. Emphasis on content within the report is determined based on materiality to both Zain and its stakeholders, as well as the operational context within which Zain operates.

The information within the report covers all of Zain's operating countries including: Bahrain, Iraq, Jordan, Kuwait, Saudi Arabia, Sudan and South Sudan. The report also includes Lebanon, where Zain Group manages 'Touch' on behalf of the Lebanese Government. In Morocco, Zain has a 15.5% stake in Wana Telecom, now branded 'INWI', through a joint venture. However, as Zain does not manage operations for Wana Telecom, this operation is not part of the scope of our Sustainability Report.

In preparing this report, we have been guided by the principles of materiality, inclusivity and responsiveness from the AA1000 AccountAbility Principles Standard. We have used the Global Reporting Initiative's (GRI) G4 Guidelines, the leading international guidelines framework for sustainability reporting, utilizing the 'In Accordance' core option. Zain's Sustainability Report contents are also aligned with the United Nations Guiding Principles (UNGP) on Business and Human Rights Reporting Framework that was launched in February 2015.

This is Zain's seventh Sustainability Report. As such, 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 within over the annual period.

Zain's 2017 Sustainability Report reinforces the sense of accountability that we have to our stakeholders, and is one of our most fundamental engagement tools. We welcome any comments, feedback or suggestions regarding the content of this report. Please get in touch with us on Facebook (www.facebook.com/zain), Twitter (www.twitter.com/zain), or by email (cs@zain.com)

INTRODUCTION

Zain's 2017 Sustainability Report describes to its stakeholders and other interested parties the internal and external milestones, strategies and future targets of the Company on issues related to sustainability. The report summarizes our commitment to positively impact the socio-economic and environmental sustainability of our surroundings in the hope to effectively achieve inclusivity through our various business activities.

Transparent and accurate reporting represents a fundamental theme in organizational sustainability, and as such, Zain remains determined to further develop its Sustainability Report every year, and share information about issues deemed most material to the organization and its key stakeholders.

Zain's dedication to creating 'A Wonderful World' stems from the conviction that contributions to the socio-economic development of our operating countries, improvements to our environmental performance, and the development of 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 Executive Management remains determined to surpass the expectations of our shareholders, employees and the wider public in furthering our sustainability agenda.

Our social, economic and environmental engagement elevates the vested interest of our operating markets towards the organizational success of Zain. As such, we will continue to drive the company towards improving conditions for our communities, ensuring we remain regional leaders in sustainability.

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Contact List

COMMITTED TO THE SUSTAINABLE DEVELOPMENT GOALS



COMMITTED TO THE SUSTAINABLE DEVELOPMENT GOALS



- ICT Promotes Growth and Reduces Poverty as it serves as a catalyst to poverty reduction by facilitating the spread of information, education, health and efficiency.
- Zain Relief Fund (Jordan)



- Women Empowerment
- Partnership with Google Developers Community Groups Baghdad for Women (Iraq)
- Training Workshop for Women on Job Preparedness (KSA)
- Sewing Training for IDP Widows (Iraq)

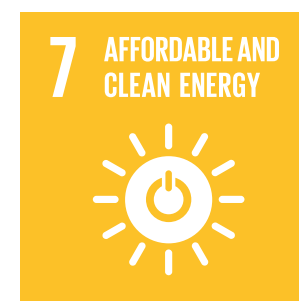
- Distributing Iftaar Meals (Kuwait, KSA, Sudan, Jordan and Lebanon)
- The Students Meals Project (Sudan)



- AlJafeel Water Project (Sudan)



- Light a Candle Initiative (Lebanon)
- Partnership with SANAD – Home Hospice Care (Lebanon)
- Blood Donation Campaign (KSA)
- Zain Mobile Clinic for Children (Jordan)
- Partnership with Dasman Diabetes Institute (Kuwait)

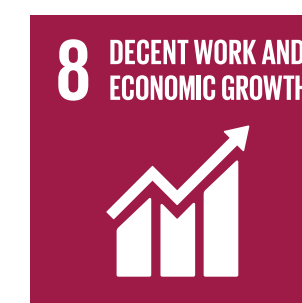


- Solar Solution for Students (Sudan)

- Back to School (Bahrain, Iraq, Sudan)
- Taaleb E-Learning Project (Kuwait)
- “e-touch” Project in partnership with “Teach for Lebanon” (Lebanon)
- Connecting Classrooms (Sudan)
- Re:Coded Training Program (Iraq)
- Zain Education Fund (Jordan)
- Student bundles with freebies and discounts (Lebanon)
- Partnership with ‘Little Engineer IoT’ (Lebanon)
- Kidotainment Application (KSA)



- Zain Great Idea (Kuwait)
- Zain Innovation Center – ZINC (Jordan)
- Sameesna Zain (Bahrain)
- Partnership between Zain and Loyac (Kuwait)
- Zain-Injaz Partnership (Kuwait)
- Mobile Maintenance Training (Jordan)
- Global Entrepreneurship Week (Sudan)
- Hosting Students at Zain (Bahrain)
- Future University Network – FUN (Kuwait)
- Zain Cash (Iraq and Jordan)
- Partnership with Riyadh – Social Entrepreneurship (Lebanon)





- MIT Enterprise Forum (MITEF) Pan Arab Startup Competition Partnership
- Youth Innovation Program (Lebanon)
- USF Broadband Project in Remote Areas (KSA)

- Kuwait Dive Team Partnership (Kuwait)



- Call Center Training for Physically Impaired (Sudan)



- Touch Forest 3 (Lebanon)



- Partnership with NXN – Smart City technology provider
- Acquisition of mobility provider and consultancy firm FOO.

- Whitaker Peace and Development Initiative (South Sudan)
- IDP Information Centre (Iraq)



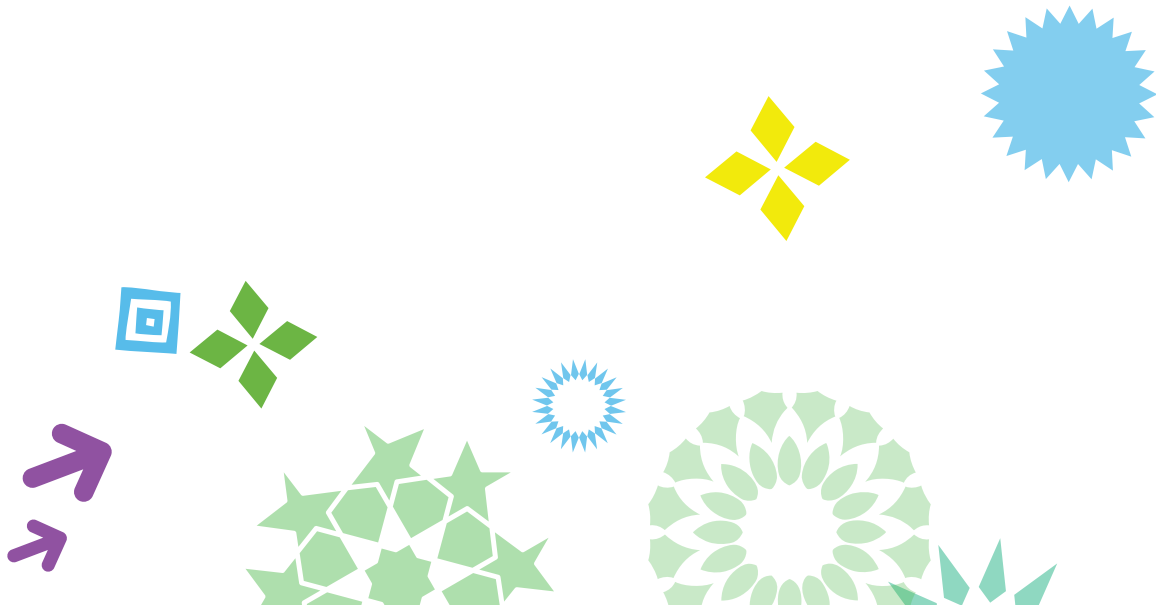
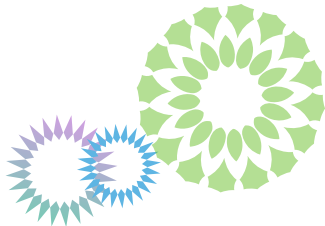
- Promoting an eco-friendly culture in partnership with T.E.R.R.E Liban (Lebanon)
- Recycling Initiative with Omniya (Kuwait)



- Signed MoU with UNHCR (Kuwait)
- Zain UNHCR and Facebook Partnership
- Child Helpline International Partnership
- Membership with the GSMA Humanitarian Connectivity Charter
- Partnership with the GSMA Mobile 4 Development



- Solar and Hybrid Solutions



OUR 2017 HIGHLIGHTS



2017 GENERAL HIGHLIGHTS

Our Economic Impact

IN 2017 WE:

Took an unprecedented step when it comes to Supplier Evaluation by conducting a Supplier Self-Assessment Questionnaire. The Group Procurement Department sent out the questionnaire to 7 of the most material suppliers.

Continued to develop Zain Cash in Iraq and Jordan – a mobile wallet that provides a secure and convenient means to conduct financial transactions. Zain Cash in Iraq gained 20,000 beneficiaries and partnered with 7 humanitarian agencies in 2017.

Created 146,352 jobs through our value chain across our operations.



Our People

IN 2017 WE:

Provided more than 92,989 hours of training to Zain employees across our operating companies with an average of 14 hours of training per employee in 2017.

Continued to conduct engagement initiatives such as Star of Stars in Iraq, Zain Oscars in Sudan, and CEO chats in Lebanon.

Launched the transformational initiative Women Empowerment that addresses gender equality and empower women. Through this year long initiative, the company will analyze and examine all of Zain's policies and female-related initiatives, statistics on females in leadership positions, women's operational leadership roles, and identify challenges and hindrances to minimize gender divide.



Our Products and Customers

IN 2017 WE:

Launched and continued to develop digital services that promote inclusive education such as Kidotainment Application in KSA, Taaleb in Kuwait, Sadeem in Iraq, and Net.allem and Edzance in Jordan.

Zain in partnership with FOO a mobility provider and consultancy firm, launched the first National e-wallet in Bahrain, now providing greater access to financial services across the country.

The company continued to comply with all laws and regulations related to the protection of customer privacy and data and in 2017, no cases concerning breaches of customer privacy, data leaks, theft or loss were reported.

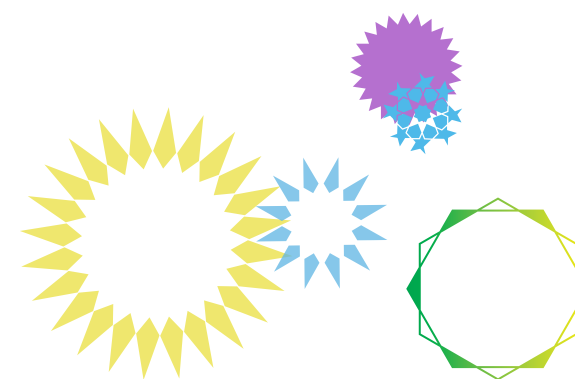
Our Environment

IN 2017 WE:

Installed 1005 outdoor solutions and 425 smaller size generators across all operations to improve energy efficiency and optimize sites.

25 solar and hybrid base solutions deployed in 2017

Under the Touch Forest 3 program in Lebanon, 10 hectares were planted.



Our Communities

IN 2017 WE:

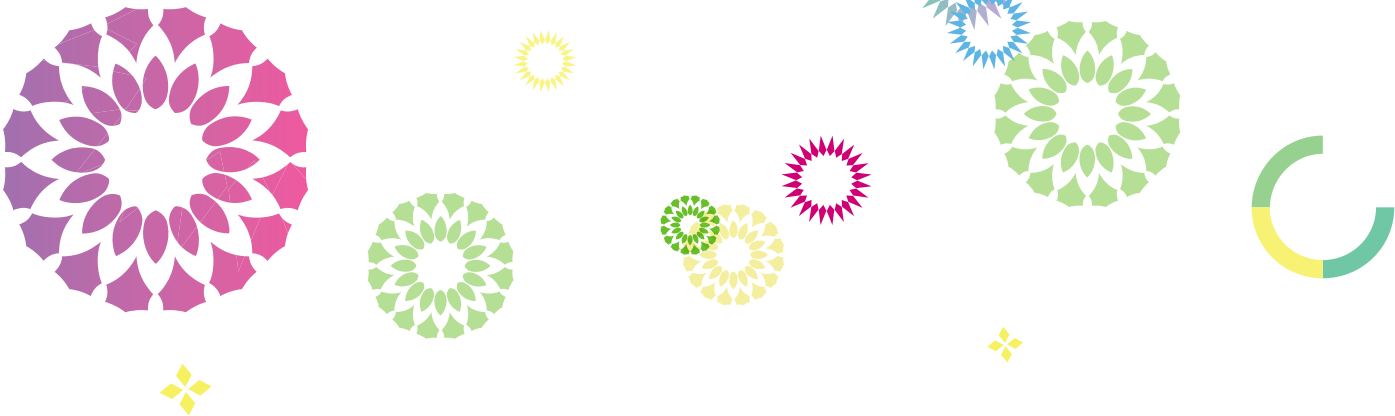
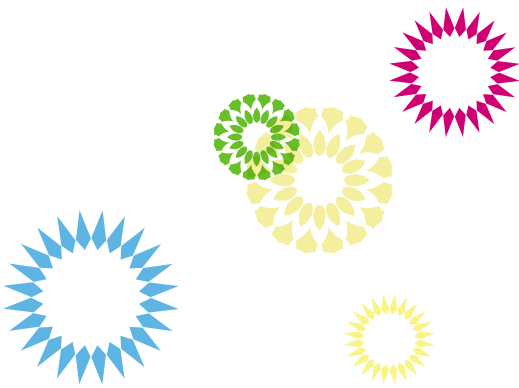
Continued to support MIT Enterprise Forum (MITEF) Pan Arab Startup Competition in partnership with Community Jameel and Tamkeen in order to further contribute to the startup ecosystem across the MENA region.

Partnered with Soroptimist International Club Kuwait to hold a fundraising event for Palliative Care and raise awareness on the importance of home hospitality for the terminally ill.

Signed an MoU with Myca Healthcare Inc, which will allow the company to provide e-health services to individuals giving them access or deliver health services digitally.



COUNTRY HIGHLIGHTS



BAHRAIN	
Annual Revenues (USD m)	198
Customers (000)	678
Full-Time Employees	201
Capital Investment in Network Infrastructure (USD '000):	15

IRAQ	
Annual Revenues (USD m)	1,102
Customers (000)	14,697
Full-Time Employees	1,123
Capital Investment in Network Infrastructure (USD '000):	119

To further promote startup businesses in the Kingdom, Zain Bahrain partnered with Wheely's Café providing them a space at Zain's headquarters to operate and start their business. Through this partnership, the company is exposing this newly established business to potential customers while expanding their own startup community.

Zain Iraq continued to provide IDP women with sewing skills aiming to increase their chance of gaining attainable jobs. Zain has been supporting this program since 2011 and trained 30 women this year.

In 2017, Zain Bahrain arranged a trip for their employees to visit the National Bank of Bahrain (NBB) Elderly Home in Isa Town. More than 20 employees visited the home and provided entertainment, while also getting the chance to learn about the history of Bahrain from the elderly men and women.

In collaboration with Google Developers Community Groups Baghdad, Zain Iraq hosted the GDG women edition. With 95 women attending this event, they got the chance to enhance their technical skills in order to better prepare them for any ICT related jobs and opportunities.

The company hosted 13 high school students for an educational program that exposed the students to various functions at Zain. Upon completion of the program, the students gained an overview of mobile industry, received a seminar on communication skills, and awareness on the Sustainable Development Goals.

Zain Iraq supported RE:Coded Training Program a training boot camp for IDP and refugee youth. This program provided this vulnerable group with skills that will help in eventually becoming app developers. 150 driven and ambitious students attended this program in 2017.



JORDAN	
Annual Revenues (USD m)	497
Customers (000)	3,951
Full-Time Employees	1,151
Capital Investment in Network Infrastructure (USD '000):	54

KINGDOM OF SAUDI ARABIA	
Annual Revenues (USD m)	2,008
Customers (000)	8,215
Full-Time Employees	1,504
Capital Investment in Network Infrastructure (USD '000):	308

In 2004, Zain Jordan established the Zain Relief Fund that is dedicated to providing underprivileged families across Jordan with economic assistance. This year, the Fund supported 1,785 families.

Zain Jordan in partnership with Mind Rockets Inc added a new feature to Zain Jordan’s website. This feature is an option that instantly translates written English and Arabic into sign language for the Deaf Community. Mind Rockets Inc is a startup company that produces assistive technological solution for the Deaf and Hard of Hearing.

In order to address unemployment in Jordan, Zain Jordan’s Mobile Maintenance Center continued to train youth and students with skills on repairing and restoring mobile phones. The aim of this program is to build capacity and provide this vulnerable group an opportunity for meaningful employment. In 2017, 198 students attended this program.

Zain KSA held its annual Blood Donation Campaign to help those in need whilst spreading awareness on the impact of donating blood. Since 2013, a total of 427 Zain employees have donated blood.

In an effort to empower women and support the youth, Zain KSA hosted a workshop conducted by three Zain employees. This workshop provided 77 female students from the Institute of Public Administration with job preparedness skills such as interview skills and how to build a CV.

In 2017, Zain was chosen to execute the first high speed Mobile Broadband project for rural areas. This project contributes and adheres to the Kingdom’s National Transformation Program 2020. Zain was able to upgrade a number of sites and increased the coverage in populated areas which included 129 residential and commercial communities for 13 different governorates.



KUWAIT	
Annual Revenues (USD m)	1,093
Customers (000)	2,704
Full-Time Employees	930
Capital Investment in Network Infrastructure (USD '000):	82

In its fourth edition, Zain Kuwait launched Zain Great Idea, a program occurring on a biannual basis that aims to incubate and accelerate Kuwaiti entrepreneurs. With 150 applicants, the top 10 startups were chosen to attend a tech startup acceleration program in Silicon Valley and London.

Established in 2008, The Future University Network (FUN) is an internal program designed to develop student’s skills by having them actively engaging with customers in the branches and providing them an opportunity to intern at Zain’s head office. 611 students benefitted from this program since inception and 24 students joined the program in 2017.

Zain Kuwait launched extensive initiatives during Ramadan aiming to spread the message of peace and compassion. Some of the project held this year include providing food supplies to people in need, visiting care centers and hospitals and a charitable donation where Zain Kuwait donated KWD 45,000.



LEBANON (TOUCH)	
Annual Revenues (USD m)	-
Customers (000)	2,373
Full-Time Employees	642*
Capital Investment in Network Infrastructure (USD '000):	-

*Includes 640 touch employees under Management Contract

Touch in partnership with Riyada, a social startup that aims to transform the youth into social innovators, launched the Youth Innovation Program. 50 participants joined the program receiving training on how to develop applications that address and solve social challenges.

In 2017, touch collaborated with ‘Teach for Lebanon’ and launched an educational project that aims to support Lebanon’s most disadvantaged children. This project provides students with access to quality education, exposure to online data, and technological literacy. 300 disadvantaged children benefitted from this program.

In order to continue promoting an eco-friendly culture at touch, the company partnered T.E.R.R.E Liban an independent Lebanese NGO that develops and implements environmental and waste recycling education. In the last two years, touch recycled over 25 tons of cardboard saving 280 trees.



REPUBLIC OF SUDAN	
Annual Revenues (USD m)	419
Customers (000)	13,508
Full-Time Employees	874
Capital Investment in Network Infrastructure (USD '000):	133

SOUTH SUDAN	
Annual Revenues (USD m)	_*
Customers (000)	482
Full-Time Employees	68
Capital Investment in Network Infrastructure (USD '000):	_*

*For more information please refer to: <https://www.zain.com/en/investor-relations/financial-reports/>

Based in North Kordofan, Al Jafeel Water Project links artesian wells with surrounding villages. The project served 10,000 people in 2017 providing them access to clean water.

Zain Sudan launched the solar solutions program in 2017. This program provides students and midwives who do not have access to electricity solar lamps to help them revise their work at night. Additionally, this program also encourages the use of renewable energy and contributes to Goal 6 from the Sustainable Development Goals.

Connecting Classrooms is an educational program that trains teachers with numerous skills such as digital literacy, communication and collaboration, critical thinking, problem solving and others. Through this program 320 teachers received training.

The Whitaker Peace and Development Initiative was established in 2012 with the aim to promote peacebuilding, reconciliation and capacity building. This year, the WPDI in collaboration with Zain South Sudan opened an ICT learning center, trained youth peace ambassadors in Juba, and trained 44 trainers and center managers with necessary skills to conduct their jobs.



AWARDS



AWARDS

In 2017, Zain received a number of awards and honor for all its achievements. The list below entails the major awards bestowed upon Zain throughout the year.

Best Network Functions Virtualization and Software-Defined Network Solution Provider, Zain Group – 5G MENA Awards Informa

Zain Group was awarded with the Best Network Functions Virtualization and Software-Defined Network Solution Provider at the 5G MENA Awards held by Informa in Dubai. Informa, a leading business intelligence and academic publishing knowledge and events group, awarded Zain for introducing cutting-edge technologies that offer high quality experiences. During this award ceremony, Zain KSA was additionally singled out for 'Best IoT Application/Service'.



Outstanding Contribution to the Mobile Industry Award, Zain Group – GSMA

Honored with the Outstanding Contribution to the Mobile Industry Award, Zain was awarded for its efforts in empowering and improving living condition of the most vulnerable communities including those fleeing from crisis in Syria. In particular, GSMA applauded Zain's creation of several commercial packages in the Middle East intended to facilitate connectivity, which is much needed amongst refugees and internally displaced people.



Best Brand, Zain Group – Telecom World Middle East Awards

Zain's brand has been identified as the 'Best Brand' for telecom in 2017 at the Telecoms World Middle East Awards gala event in Dubai. For its fourth consecutive year, Zain was awarded with 'Best Brand' for its outstanding performance in key areas throughout the Middle East telecommunication industry. This year's success has been driven by different areas such as digital innovation, customer experience, Corporate Sustainability program, marketing and widespread social media campaigns.



Golden Medal for Excellence in Corporate Sustainability on regional level, Zain Kuwait – Arab Organization for Social Responsibility

Zain Kuwait has proudly received the Golden Medal for Excellence in Corporate Sustainability on the Arab regional level for its fourth consecutive year at the Arab Organization for Social Responsibility in Dubai. This award recognized the company's efforts in its large number of programs and initiatives as well as a number of strategic partnerships the company signed with entities across the private and public sectors that had a deep positive impact on the community. These programs and partnerships include, a humanitarian trip to Zaatari refugee camp in Jordan, Zain's online charity campaign during Ramadan, and the company's strategic partnership with the Kuwait Food Bank.



2017 GCC Best Employer Brand Award, Zain Bahrain - Employer Branding Institute and Stars of the Industry Group

Zain Bahrain was awarded with the 2017 GCC Best Employer Brand Award in the ceremony held in Dubai.

This award recognizes the organization's efforts when it comes to effective communication in attracting, retaining, and developing talent. The key criteria assessed include how well the company's vision is translated into action through HR strategies; the alignment of its HR strategy with business objectives; and the cultivation of competencies that enable readiness for the future.



Overall Best in Class Program in Customer Engagement, Zain Bahrain - ResponseTek C.A.R.E. Award

Zain Bahrain was recognized by ResponseTek C.A.R.E. Awards for its outstanding Customer Experience program. The company was judged on a number of measures, including how well it listens to its customers, how well its employees are directly connected to and learn from customers, and the engagement levels of employees in acting upon their findings to provide better customer experience.



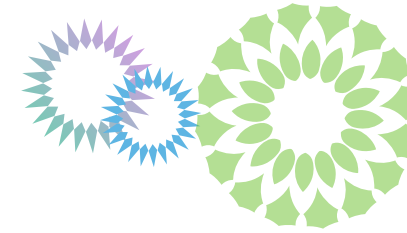
HSE Performance Award, Zain Kuwait – Kuwait National Petroleum Company

Zain Kuwait was awarded with the tenth Health, Safety and Environment Performance Award for the third time. The annual award, hosted by Kuwait National Petroleum Company (KNPC), aimed at shedding light on sustainable projects, initiatives, and achievements undertaken by Kuwait's public and private organizations.



Excellence in Talent Management, Zain Kuwait – GCC GOV HR Awards 2017

Zain Kuwait received the Excellence in Talent Management Award across the GCC region for its fifth consecutive year in Abu Dhabi.



Best Overall Company, Zain Kuwait – Arabian Business Achievement Awards

Leading regional economic magazine Arabian Business awarded Zain the 'Best Overall Company in Kuwait' at the prestigious Achievement Awards for its outstanding success and innovation across various industry sectors in the country. The recognition Zain received from Arabian Business further strengthens the company's role as a leading private sector companies, and reinforces Zain's commitment in maintaining the values of its brand.



Best IoT Application/Service, Zain KSA – 5G MENA Conference

Zain Saudi Arabia was chosen as the best service provider in Internet of Things (IoT) Application and Service during the 5G MENA Conference award ceremony which was held at the Dubai World Trade Centre. The award highlighted Zain's efforts to position the Company as an innovative digital service provider providing affordable, easy to install solutions such as smart homes and offices, connected cars, and fleet management.



MESSAGE FROM THE BOARD OF DIRECTORS



**MR. MOHANNAD
MOHAMMAD AL-KHARAFI**
CHAIRMAN



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



**MR. AHMED TAHOUS
AL TAHOUS**
BOARD MEMBER



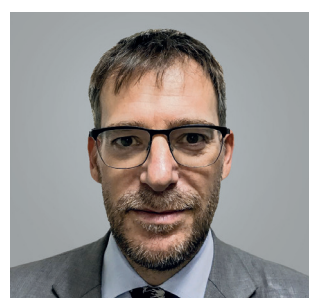
**MR. TALAL SAID
AL MAMARI**
BOARD MEMBER



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



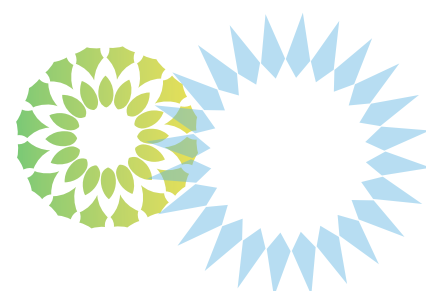
**MR. SAUD AHMED
ABDULKARIM
AL NAHARI**
BOARD MEMBER



**MR. NIGEL
KEVIN GOVETT**
BOARD MEMBER



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



Central to our strategy is an aggressive stakeholder engagement approach that has allowed Zain to lead in an equitable manner across its footprint. We take great pride in knowing that over the years the company has catalyzed development through not only its business activities, but also through its various community outreach programs.

Addressing our various impacts in the best possible manner continues to be a top priority for the organization. At all times, we aim at ensuring that all the associated risks have a sound mitigation plan in order to safeguard the sustainability of the business itself. This is of particular importance in our sector due to the various disruptions taking place as a result of the Fourth Industrial Revolution.

Innovation and entrepreneurship continue to be a focus area for us. We recognize that in a rapidly changing world, investing resources and significant efforts in these fronts, will help both the company and society materialize significant gains. Zain Cash in Iraq and Jordan, Zain Great Idea in Kuwait, ZINC in Jordan and the various start-up weekends and entrepreneurship workshops taking place in Bahrain, Iraq, Lebanon and Sudan are great examples of some of the efforts taken by our operating companies.

As a regional leader, we hope to make a holistic change as we are cognizant of the great responsibility that we have towards all our stakeholders. We will continue to push forward our sustainability agenda that is centered on the Sustainable Development Goals.

We would like to extend our 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-Ahmed Al-Jaber Al Sabah, His Highness the Prime Minister Sheikh Jaber Mubarak Al-Hamad Al Sabah, and the members of our government for their invaluable support which has been central to the continued success of the organization.

Zain Group Board of Directors



VICE CHAIRMAN AND GROUP CEO MESSAGE

In this ever-changing world, we at Zain are striving to use technology to support our ecosystem in any shape or form.



Our determination to contribute towards a better future that is inclusive, dynamic and where people can thrive and prosper continues to be at our core. In a region that continues to face significant challenges, having a comprehensive Sustainability strategy is essential if we are going to affect change.

Operating with Regional Challenges

The Middle East and North Africa (MENA) region continues to face great hardships. Mass displacement due to conflict is still on the rise with an estimated 16.5 million refugees and IDPs in Iraq, Jordan, Sudan and South Sudan. Youth unemployment and gender disparity represent major stumbling blocks for the region's socio-economic development, coupled with these challenges is an inadequate educational system that is failing to equip students with the necessary skills that will allow them to grow, prosper and contribute in a meaningful way towards the betterment of society.

We realize that by empowering the youth, we not only contribute towards social development, but we also pave the path for a positive transformation of our society. As such, we decided to address youth unemployment by launching the Generation Z Graduate program, by which the company develops and empowers Kuwaiti youth through a yearlong rigorous training program on all aspects of the business including big data, digital services, mobile money, data analytics and innovation.

By having this approach, we are also injecting a start-up mindset which is an essential component of the entrepreneurial eco-system.

During 2017, the company also launched the "Women Empowerment" initiative with the aim to address the great gender disparity in our region. The first phase of the initiative is centered on the internal stakeholders as it is fundamental that the organization starts from within. The launch is centered around gender disparity, female entrepreneurship and girls in education. This initiative follows Zain's decision to address the gender gap within the organization that was previously highlighted in our 2014 Sustainability Report

Adaptability and Innovation

Disruption continues to impact the mobile telecommunications industry forcing upon service providers to redraw their strategic direction and accelerate innovation from within. During 2017, we took it upon ourselves to continue investing in technology based companies. Our investments range from healthcare, entertainment, fintech, to car sharing services. These investments further enhance our portfolio as well as allows the company to be more inclusive with all segments of society.

Through the offered services, Zain is able to meet stakeholders' expectations, to be more transparent and deliver our services through a high-quality proposition.

Our operating companies continued pushing the envelope in the area of innovation in their respective markets. Zain Great idea in Kuwait, Zain Innovation Campus (ZINC) in Jordan, the Youth Innovation Program in Lebanon are some of the examples of efforts taken by them.

Our Sustainability Agenda

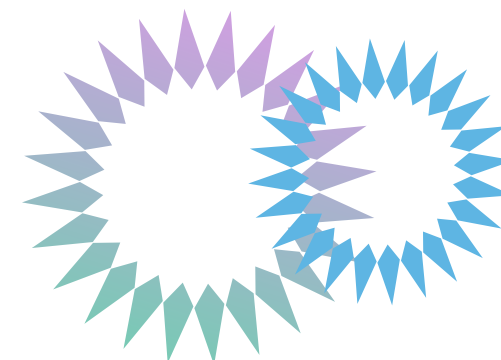
At Zain, sustainability remains a strategic focus. During 2017, we continued bringing awareness to the Sustainable Development Goals (SDGs) as part of our moral contract. We recognize that the SDGs are fundamental for the socio-economic and environmental development of not only the region but the world at large. The year saw the organization doubling its efforts in ensuring that vulnerable segments of society have access to much needed services. Wi-Fi connectivity continued to be provided in Jordan via the UNHCR-Facebook-Zain

partnership to refugee and disadvantaged communities, Zain Cash was further enhanced and developed in Iraq and Jordan in order to provide cash disbursement service for NGOs for the IDPs and refugees in the country. In South Sudan, through the Whitaker Peace Development Initiative, we opened an ICT learning center and provided connectivity to various beneficiaries under this program.

As a change maker, the organization will continue pushing the envelope in order to ensure that sustainable socio-economic and environmental well-being is achieved holistically as "In this ever-changing world, we at Zain are striving to use technology to support our ecosystem in any shape or form."

Bader Nasser Al Kharafi

Vice-Chairman and Group
CEO, Zain Group



MESSAGE FROM THE HEAD OF CS



MESSAGE FROM THE HEAD OF CS

Over the years, Zain has managed to achieve a leading position in Sustainability. With the launch of our 2017 Sustainability Report, the company is entering a new stage as this is our seventh consecutive edition.



This great milestone represents the Management's dedication to all its stakeholders and a strong affirmation of our social contract. We are proud to play a pivotal role in Sustainability through an aggressive agenda that is inclusive, innovative and centered on shared value.

For Zain, 2017 was a year marked with great regional challenges. Geopolitical instability, mass human displacement, slow economic growth, aggressive competition, and severe youth unemployment, were some of the challenges that provided a backdrop for our operations.

For us at Zain, facing the challenges head on is the only way forward. We recognize that by placing the various difficulties at the heart of our strategy we can provide immense value for both the company and society as well. Zain Cash in Iraq showcases how a business can catapult positive changes in a country. In Iraq, where 11 million people are in need, Zain Cash has been able to provide a life line for them. The transformations and impact that have emanated through the service are quite significant. Businesses have flourished, dialogue between related stakeholders have evolved and communities of IDP, refugees and disadvantaged have been reached through the service.

In Jordan, Zain Cash was relaunched as well in the hope to having a more inclusive approach for the displaced populations. From a Management perspective, a proactive approach to the refugees and IDPs dilemma is a step in the right direction.

On a separate front, the company undertook a very material exercise by conducting self-assessment audits to some of its most material suppliers. This milestone places Zain at the forefront in procurement related practices as it is probably the first Kuwaiti owned business to implement this approach with its material suppliers. For us, this clearly exemplifies our unbending determination to set a worthy example while simultaneously catalyzing positive change in the region.

From an inclusivity point of view, we are happy to see that through our various initiatives marginalized communities that face tremendous challenges are being assisted. One such initiative is Al Jafeel Water Project in Sudan. Through the project, around 10,000 people have access to clean water via artisanal water wells. The much-needed access to water is having significant impact in the reduction of water borne diseases; thus, allowing remote communities to prosper.

Further to social development and centered on shared value, projects such as the Mobile Training Centers in Jordan are addressing the youth unemployment deficit by providing unemployed youth with much needed skillsets by which they could seek gainful employment.

On the environmental stewardship front, most of our operating companies took significant steps in order to raise awareness while simultaneously address their environmental footprint. Recycling, reforestation and

implementation of hybrid and solar solutions were some of the steps taken by the organization.

Lastly, the further promotion and awareness campaigns in relations to the Sustainable Development Goals (SDGs) continued to take place. We recognize that addressing the SDGs can be daunting for most companies due to their complexity and need for a multi-stakeholder approach for their implementation. Needless to say, for Zain as a regional leader in the ICT domain, addressing the goals is unquestionable as the goals are founded on ICT as part of the enabling environment.

In the year ahead, we will work towards a more aggressive sustainability agenda; thus, challenging ourselves in the hope of creating long lasting change.

Regards,

Jennifer Suleiman
Head of Corporate Sustainability



COMPANY OVERVIEW

Zain, formerly Mobile Telecommunications Company (MTC), was established in 1983 by an Amiri decree in Kuwait. MTC was the first mobile telecommunications company to be launched in the Middle East. In 2007, MTC was rebranded as Zain, which became the Group's corporate brand. The Zain brand and its promise "A Wonderful World" capture the energy, inspiration and diversity of the Group's customers, employees and other stakeholders.

Zain has enjoyed continuous growth and innovation since its inception, at one point reaching a footprint of 23 countries across the Middle East and Africa. In 2010, in 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 2011, as a result of 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.

As a leading telecommunications operator in the region, Zain provides mobile voice and data services to 46.6 million active customers as of year-end 2017. Our commercial presence extends across eight countries, with operations in Bahrain, Iraq, Jordan, Kuwait, Republic of Sudan, Saudi Arabia and South Sudan. In Lebanon, Zain manages the touch operation on behalf of the Lebanese state. In Morocco, Zain has a 15.5% stake in "INWI" through a joint venture.

Zain is headquartered in Kuwait and is listed on the Boursa Kuwait (Boursa) as a publically 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 24.6%. 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. No major changes in the location of operations, facility openings, closing or expansions took place during the reporting period.

Zain is a member of the Global System for Mobile Communications Association (GSMA), which represents the interests of the worldwide communications industry. The GSMA has taken a leadership role to outline guidance and standards regarding many topics related to Corporate Sustainability (CS). For example, Zain is a signatory to the GSMA's Humanitarian Connectivity Charter which is an industry wide initiative that demonstrates the commitment of the mobile industry to support customers and responders before and during humanitarian emergencies. Additionally, Zain is a member of the GSMA's Mobile Alliance Against Child Sexual Abuse Content which aims to ensure that individuals or organizations wishing to use, or profit from child sexual abuse content using mobile environment are prevented from doing so.

As an organization committed to promoting sustainable development, Zain aligns its business activities and the sustainability strategy with the Post-2015 Sustainable Development Agenda.

46.6
MILLION
ACTIVE CUSTOMERS

\$3.4
BILLION
IN REVENUES

45,000
KWD
IN DONATIONS BY ZAIN KUWAIT AS PART OF
THEIR RAMADHAN CAMPAIGN

198 STUDENTS
WERE TRAINED IN THE MOBILE MAINTENANCE
TRAINING CENTER IN JORDAN

129
REMOTE COMMUNITIES
WERE COVERED WITH 4G LTE SERVICES IN
KSA

10,000
PEOPLE
WERE PROVIDED WITH ACCESS TO CLEAN
DRINKING WATER IN SUDAN

MORE THAN
74,000
CALLS
WERE HANDLED BY
THE IDP INFORMATION CENTRE IN IRAQ

25
DG
BATTERY HYBRID
AND SOLAR
HYBRID SOLUTIONS
INSTALLED

25 TONS
OF PAPER
WERE RECYCLED BY TOUCH LEBANON
IN THE PAST TWO YEARS

LONG TERM
EVOLUTION
(LTE)
NETWORKS IN KUWAIT, SAUDI
ARABIA, JORDAN, BAHRAIN,
LEBANON AND SUDAN

61,000
JOBS
CREATED IN
IRAQ THROUGH
OUR VALUE CHAIN

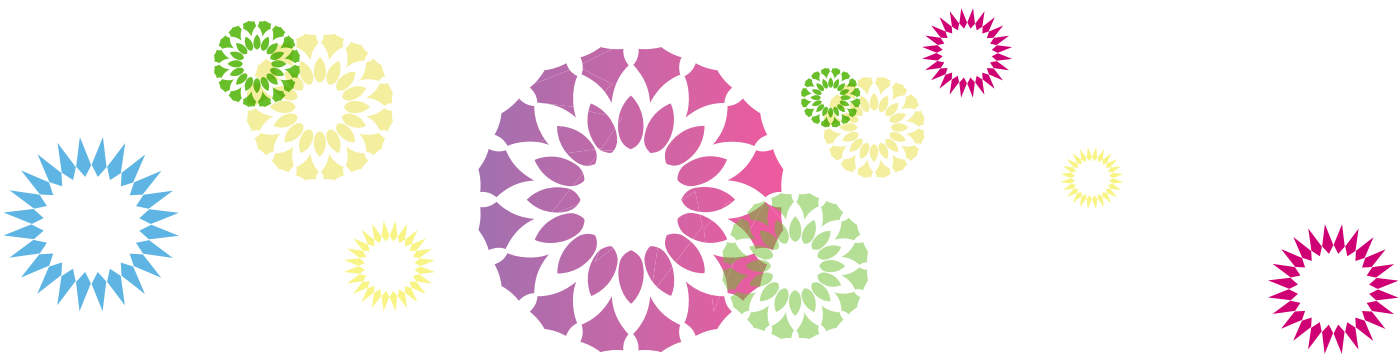
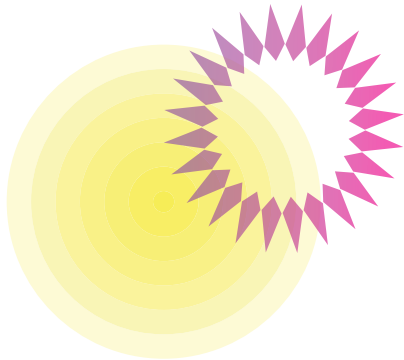
60,000
ATTENDEES
AT THE ZAIN
INNOVATION CAMPUS
(ZINC) IN JORDAN
SINCE INCEPTION

ICT
LEARNING
CENTER
WAS LAUNCHED IN
SOUTH SUDAN IN
COLLABORATION WITH
THE WHITAKER PEACE
DEVELOPMENT INITIATIVE
(WPDI)

OUR STRATEGY



OUR STRATEGY



We live in an ever-changing world driven by a surge in technological capabilities and deep-rooted evolution / revolution led by concepts such as Artificial Intelligence (AI), Robotics, Quantum analytics, 3D Printing, Nanotechnology, Biotechnology and FinTech to name just a few. The Fourth Industrial Revolution just started and is expected to change most of the industries as we have known them in last few decades.

Operating in 8 different countries in the region combining a mix of different cultures and challenges, Zain is leveraging its capabilities and its 46.6 million customers while expanding into new verticals through digital partnerships, joint ventures and investments. Our ultimate goal is to contribute to our societies and enrich our ecosystems as well as securing the best interests of all stakeholders.

Today, Zain is implementing a digital transformation exercise intended to change both the way we deliver our services to customers and how we deliver them, as we transform our processes and customer interactions around a hybrid model. In pursuit of our ambition to become a leading digital lifestyle provider/operator serving consumer and enterprise customers with a rich experience, Zain Group is revisiting its strategy to have a more concise plan and direction centered around human capital and shared values seeking to positively impact our environment taking part in the 4th industrial revolution and social innovation.

Our strategy evolves around three transformational initiatives:

ZAIN DIGITAL NETWORK PLAYER	To transform Zain business models to optimize the core operation, increase revenues and enrich the customer experience.
ZAIN BUSINESS SERVICES	Build a strong B2B portfolio with a focus on revenue diversification.
ZAIN VENTURE ZDFI	To expand to new growth areas building a strong digital/ innovation portfolio through digital partnerships, co-investments, acquisitions and leveraging on our footprint, customer base and technology.

Zain Digital Network Player – Reinventing the core:

SALES	Transforming the sales and customer interaction channels to smooth the customer interaction, reduce their efforts, and improve their experience.
CARE	Migrating to E-care can reduce the time and effort customers spend in getting things done, simultaneously reducing the cost and improving the overall efficiency.
ANALYTICS OF THINGS AND ARTIFICIAL INTELLIGENCE (AI)	Using data analytics and AI will allow Zain to better understand the customers’ needs and accordingly, make better marketing offers, speed up time to market, reduce customer churn, optimize network design and revamp IT.
DIGITAL PROCESSES	Investing in effective customer-relationship-management systems to track customers’ digital footprints, reduce costs, better customer satisfaction, and improve brand advocacy and differentiation.
BACK-END DIGITIZATION	Moving to a next-generation, software-defined network to enable the full digital transformation.



Zain Business of B2B:

Under this initiative, Zain is aiming to further penetrate the B2B market and build strong B2B portfolio that contributes to the success of Zain revenue diversification as well as offering enterprise solutions helping governments to transform the way people live. For example, Zain – through its smart-city arm NXN, recently signed a 6-year contract with the MEW in Kuwait in order to install smart meters across the country. Similar projects are being assessed in the region. Furthermore, our B2B proposition is designed and catered for the SME segment in an effort to support their critical growth in a region in need of jobs and opportunities.

SEPARATE BRANDING FOR B2B	Launch B2B brand to position Zain as ICT leader in Zain footprints.
NEW B2B CORE VALUE PROPOSITION	Strengthen Zain position in the SOHO & SMEs segments and build strong offerings that address large corporations and government entities.
FIXED AND ICT VALUE CHAIN	Leverage on regulation initiatives to tap into new markets and offer connectivity, cloud storage, surveillance services, office 365 and others to the SMEs.
M2M CONNECTIVITY AND IOT	Evolve the value proposition from data SIM to managed connectivity and offer Enterprise customers with best in class solutions that ease their business and increase their efficiency.

Zain Venture – Zain Digital Frontier and Innovation:

Zain is working to expand into new growth areas and exploring opportunities in the digital disruption that have potential of growth through different business models e.g. partnership, Venture Capital and Mergers and Acquisitions.

ELECTRONIC HEALTH		Creating value for the society as well as for the company by providing e-health services that allow customers to get in touch with their doctors in an easy way.
ONLINE ADVERTISING		Partner with Multichannel Networks to tap into Digital Video Advertising, and establish customer data monetization platform.
SMART CITY		Creating value for the society as well as for the company by helping governments to transform the way people live. Under this initiative, Zain is working to offer smart living, smart environment, smart mobility, and smart economy solutions.
FINANCIAL TECHNOLOGIES (FINTECH)		Offering mobile money solution, mobile lending, mobile insurance, mobile banking and online investment solutions – serving also the unbanked population.
E-EDUCATION		Provide LMS (Learning Management System) for B2B, establish/ acquire educational content distribution platform, develop content creation / distribution business specifically on K12 and corporate verticals – to span different people’s needs.
CYBER SECURITY		Technologies, processes and practices that protect network and data from attack, damage or unauthorized access, making the online world safer to everybody.

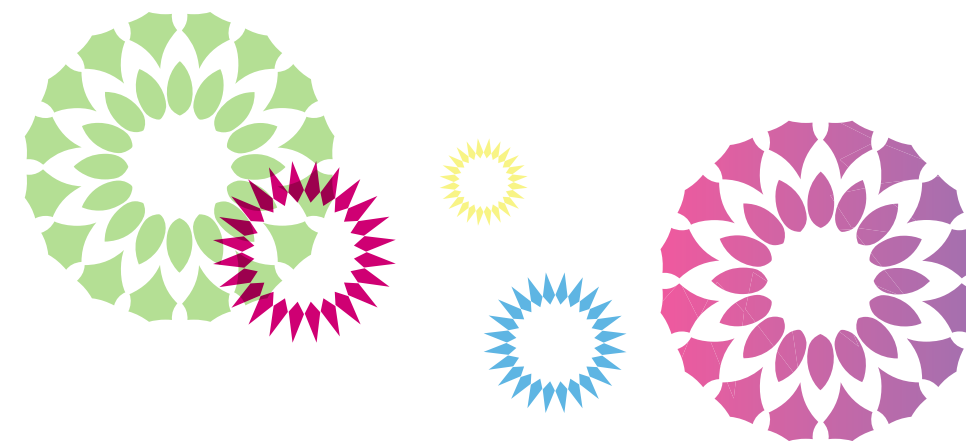
The story of Zain is evolving into becoming a digital powerhouse in our region by empowering diverse societies to benefit from technology and connectivity through a rich portfolio of products and solutions.



CORPORATE GOVERNANCE



CORPORATE GOVERNANCE



The Corporate Governance (CG) framework at Zain Group is designed to find a careful balance between the interests of the different stakeholders of the Company (shareholders, the board, executive management, employees, regulatory authorities, customers, vendors, and society at large). As such, corporate governance is not only limited to legal matters, respect of regulations or risk management. Rather, corporate governance is pervasive throughout the Company. It entails applying the concept in its broadest sense to the direction and management of the Company and the creation of value for its shareholders.

Zain has maintained its alignment with the standards and regulations set by the Ministry of Commerce and Industry (MOCI), Boursa Kuwait, the Capital Markets Authority (CMA), the Communication & Information Technology Regulatory Authority (CITRA), the Ministry of Finance (MOF), the Anti-Corruption Authority (KANCOR), the Competition Protection Authority (CPA), and other regulatory entities.

Zain's solid Corporate Governance Framework guarantees effective board oversight, as the highest governance body, and implements strong internal controls. Our highly qualified board of directors set the strategy and provide effective directions to management. Rigorous board oversight of Executive Management ensures that the right people will be in the right place. Accurate information 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, and values, as developed by the company's CEO and Executive Management.

In light of 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 obligations.

During 2017, Zain Group CG framework has been extended to the operations companies with higher emphasis on listed subsidiaries (KSA, Iraq, Bahrain). Periodic calls and meetings have been conducted with the appointed compliance teams to ensure consistency. The subsidiary governance framework takes into account the operational independence of the subsidiary without adversely affecting the interests of the parent company. It is also concerned with aligning Corporate Governance practices within the group taking into consideration any local differences in the laws and regulation, corporate culture and the reasons for the establishment of the subsidiaries.

Nomination and selection for the 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 Nomination

Committee Members as stipulated by the MOCI in Laws No. 1/2016, its executive bylaw, Law 7/2010 and its bylaws; as well as the CMA executive bylaw and its related 16 modules.

The BOD consists of eight Members, with one member of the Board appointed by the Kuwait Investment Authority (the investment arm of the Kuwait Government and Zain's largest shareholder). 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 the corporate governance best practices. The vice chairman is an executive member since he has been appointed as the Group CEO by the Board. During 2017 two major transactions took place. The first of which is the sale of treasury shares amounting to 9.8% stake to Omantel. Later that year, Omantel acquired an additional 12% stake from the second largest shareholder, Al Khair National for Stocks & Real Estate. Both deals came after auction processes managed by Boursa Kuwait. Accordingly, these deals have reflected a change in the board. Information regarding the composition of BOD Members is available below.

Mr. Mohannad Mohammad Al-Kharafi
CHAIRMAN

Mr. Bader Nasser Al-Kharafi
VICE CHAIRMAN

Mr. Ahmed Tahous Al-Tahous
BOARD MEMBER

Mr. Talal Said Al Mamari
BOARD MEMBER

Mr. Saud Ahmed Abdulkarim Al Nahari
BOARD MEMBER

Mr. Mehdi Mohamed Jawad Abdullah Abduwani
BOARD MEMBER

Mr. Nigel Kevin Govett
BOARD MEMBER

Mr. Martial Antonie Marcel Caratti
BOARD MEMBER

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 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 is responsible for reviewing the development and execution of strategies, reviewing the selection, performance and compensation of the Chief Executive Officer and Executive Management and ensuring transparency and disclosure of material financial and non-financial information, including establishing an effective audit process. The Board delegates oversight of key areas of responsibility to specific committees who report to the Board with their recommendations. Each committee has specific charters that define its scope and powers and the directors assigned to these committees will have the necessary understanding of the issues dealt with by the committee. 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. 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 Boursa pertaining to transparency. Zain's BCs include: Audit, Risk, and Nomination and Remuneration. For more information regarding the composition of the Board Committees kindly refer the Corporate Governance section in the 2017 Annual Report. All BCs maintain communication with the CEO, CFO and executives from related functions within the Group. The control functions at Zain (Corporate Governance, Risk and Internal Audit) report directly to the board to ensure compliance with CMA regulations regarding independence of control functions.

A total of 9 Board Meetings were held in 2017. 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 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 and has given the various committees sufficient 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. The Board is responsible for appointing Executive Management and monitoring their performance in coordination with the Board Nomination and Remuneration Committee. 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 Key Performance Indicators set by the Board.

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 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. The Company's Risk Appetite is reviewed by the BRC and approved by the Board. Risk limits are then cascaded from the approved Risk Appetite to the material risk takers through the BNRC. The Board, in coordination with BRC, is responsible for reviewing the level of risk, maintaining a

clear mapping of the risks faced by Zain, ensuring that appropriate systems of risk-management and control have been put in place, evaluating options and taking decisions on possible options for mitigating risks. Sustainability issues, including the socio-economic and environmental impacts of Zain, fall under the responsibility of the Head of Corporate Sustainability (CS), who develops the company's sustainability strategy, Sustainability 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 Head of CS through a variety of tools that include periodic reports such as quarterly performance reviews and the annually published Sustainability Report.

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/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 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 monitored and reported to the Board



The remuneration is determined based on the achievement of KPIs toward the overall Company’s strategy.

The total annual remuneration of each board member shall be determined and approved annually and shall comprise of **Board Membership, Committees Membership, and Performance Bonus.**

The Executive Management remuneration considers the environment in which it operates and the results it achieves. It includes the following key components:

FIXED REMUNERATION	It is reviewed by the BNRC, in coordination with concerned departments if required on an annual basis. Fixed Remuneration includes salaries, allowances and benefits and is granted according to the Company’s salary and grading structure approved by the BOD
VARIABLE REMUNERATION	The Variable annual remuneration is linked to the achievement of previously established targets. Variable remuneration awards are allocated to individuals depending upon individual and companywide performance

Under the sponsorships of the Chairman, and through the board nomination and remuneration committee (BNRC) the Board shall conduct, at least annually, an assessment of its performance as well as the performance of each committee and each individual director which will address its composition, responsibility, structure, processes and effectiveness in accomplishing its remits and responsibilities. This evaluation is based on an assessment matrix approved by the Board. The assessment matrix also includes KPIs related to CMA’s Corporate Governance by laws which includes Social, Economic and Environmental factors. The Chairman acts on the results of the performance evaluation by recognizing the strengths and addressing the weaknesses of the Board and where appropriate, proposing new members to be appointed to the Board or seeking the resignation of directors. The Board Chairman shall review the training and development needs based on the assessment results and in coordination with BNRC. The Board members are always keen to develop their skills and competencies through attending training, awareness and development sessions on key technical subjects.

Zain has in place specific policies and procedures for handling unethical or unlawful behavior. These are articulated in the Company’s whistleblowing, Code of Conduct, conflict of interest, and stakeholders and 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. If an actual or potential conflict of interest arises in respect of a director, the director shall promptly disclose such conflict to the Board. Any transaction involving conflict of interests must be authorized by the Board of Directors. 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

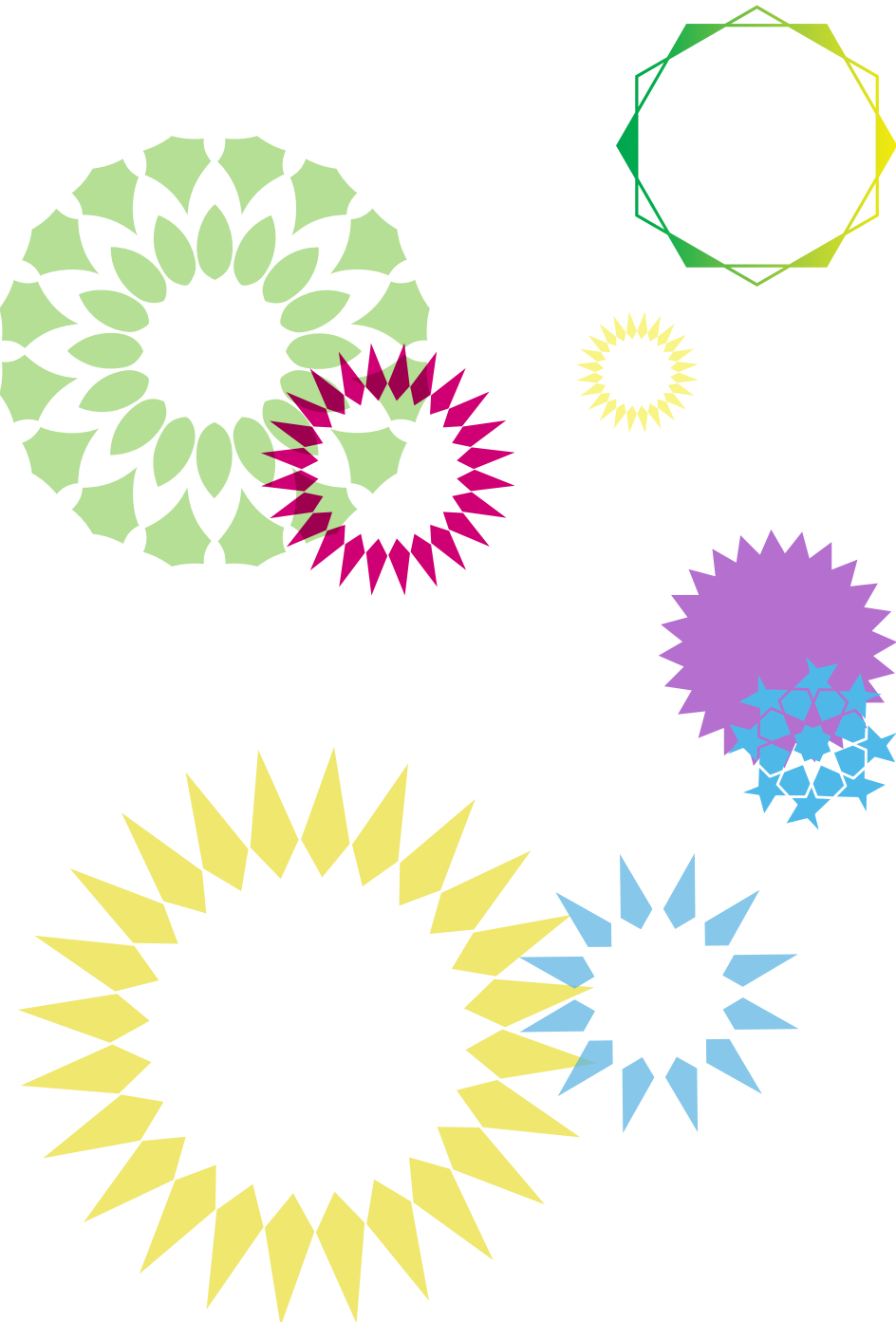
a subject, transaction or proposed transaction where there is a potential conflict of interest.

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 action can be taken. 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, internally accessible to all employees.

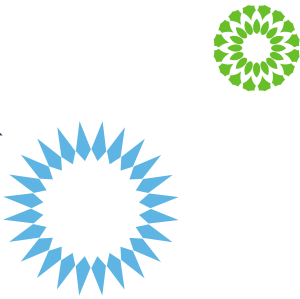
The Corporate Governance and Compliance Department is responsible for monitoring the implementation of the set Corporate Governance Framework to ensure the quality of such implementation. The Department facilitates the review assessment of the Company’s corporate governance framework to verify full compliance 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. 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 conducted in a timely manner without delays. the Department also handles correspondences between the Company and concerned regulatory authorities (i.e. CMA, Boursa, MOCI). In 2017, 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.



ENTERPRISE RISK MANAGEMENT



In line with the 2013 Capital Markets Authority’s (CMA) fifth rule of the Regulation No. (25), Zain realigned the organization’s Risk Management function as an independent function reporting directly to the Board Risk Committee. The action, in line with global leading practices, enables Zain to leverage enhanced administrative competencies while ensuring fairness and transparency across its operations.

Zain Group, through its training management standards and procedures, aims at developing a disciplined and constructive controlled environment in which all employees understand their roles and obligations. Risk Management frameworks are adopted and continually adapted, for e.g. PESTEL, which measures the ‘social’ and ‘environmental’ impacts and risks of Zain’s operations. The risk assessment is undertaken once a year covering Zain’s stakeholders, and is updated quarterly.

The Group’s Board Risk Committee oversees how management monitors

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. The Board Risk Committee meeting, held once every quarter, reviews all the enterprise risks for Zain and its operations. Further, the Enterprise Risk Management function, despite being an independent function reporting to the Board, is also open to audit by the Internal Audit function, which reports to the Board Audit Committee.

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 and Corporate Governance departments. This ensures that the tone at the top serves as a guiding direction for the rest of Zain to embrace leading risk management best practices.

Risk Management Framework

Zain’s Enterprise Risk Management Framework has been benchmarked with leading global risk management standards and guidance available, such as, Committee of Sponsoring Organization (COSO) framework and ISO 31000:2009. It has been designed to provide simplicity and practicality that’s required for implementing an enterprise wide process. This framework ensures that information derived from the risk management process is systematic and consistent and a part of the strategic decision-making processes.

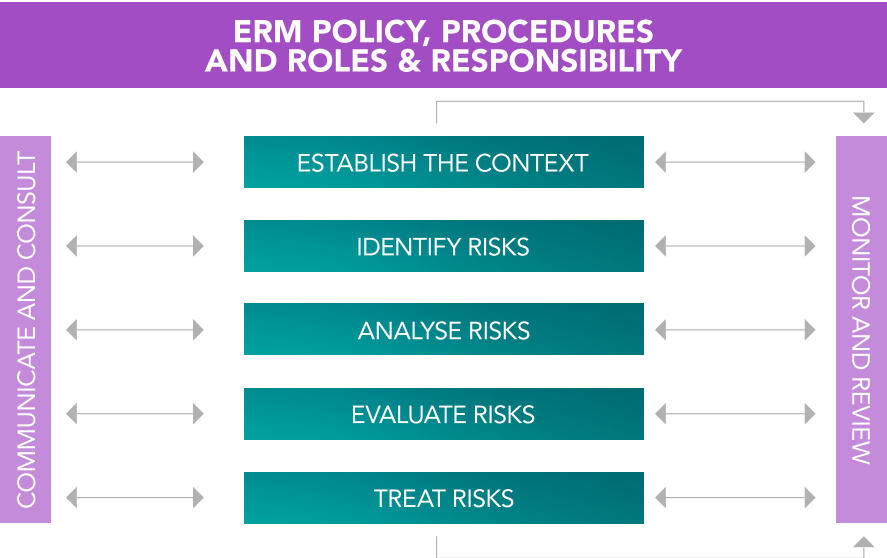


Figure 1: Risk Management process

Zain uses an Impact-Likelihood matrix to determine the risk rating of the events facing Zain and its operations. The impacts are assessed across multiple parameters that include financial, customer, employee, reputation 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.

The below table identifies some of the key risks across the group and how they are being mitigated through the Risk Management Framework:

1	Growing Socio-Economic Political Unrest	2	Cyber Risks
MITIGATION		MITIGATION	
<ul style="list-style-type: none">• Increase investment when it comes to security of people and assets• Consistent and regular interaction with stakeholders to prevent any form of theft or destruction of assets• Supporting and establishing community outreach programs that aim to ease the effects of political and social turmoil		<ul style="list-style-type: none">• Increase smart and effective investments in cyber security infrastructure• Ensure processes are in place when it comes to data protection and privacy compliance• Conduct workshops and trainings for employees on cyber security	
3	Disruptive Technology	4	Devaluation of Currencies
MITIGATION		MITIGATION	
<ul style="list-style-type: none">• Pioneer new initiatives to cement customer relationships• Establish partnerships to drive incremental revenue growth• Explore and embrace non-traditional revenue streams and shift to provide digital services		<ul style="list-style-type: none">• Hedging of funds/cash as a cushion for devaluation effects• Loan reduction• Local investments to counter devaluation	

Figure 2: Zain Group Key risks

Zain Group is a signatory to the Humanitarian Connectivity Charter. GSMA launched the Humanitarian Connectivity Charter to support Mobile Network Operators in improving preparedness and resilience among mobile networks.

Zain Group is participating in the Disaster Recovery Innovation Fund project of GSMA for ideas that use mobile technology to assist and empower individuals or communities affected by emergencies.

Risk Management Engagement with Top Three Stakeholders

EMPLOYEES	Periodic workshops and security awareness campaigns.
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.

Business Continuity Management

Zain Group is committed to ensure 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 quarterly resilience reviews in 2017 for the critical infrastructure of its' operations in KSA, Jordan and Bahrain where significant resilience risks were identified and assigned mitigation plans by the Management.

Environment, Health & Safety

Zain has identified a critical objective which is to ensure the protection and safety of all our staff. Consequently, Zain established Emergency Evacuation Guidelines in order 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. In 2017, Zain Kuwait, Jordan and KSA, as required by the Ministry of Interior for each country, conducted evacuation drills and were supervised by Civil Defense Authorities.



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 to prevent them. Building on the work done during 2017, we covered most of our operations in key areas where corruption is most likely to exist. Based on information reviewed, no cases of corruption were identified during such assessments over the period.



ADDRESSING KEY CHALLENGES TO HUMAN RIGHTS



ADDRESSING KEY CHALLENGES TO HUMAN RIGHTS

Zain Continues its Alignment with the UNGP on Business and Human Rights Reporting.

For its third consecutive year, Zain is continuing its alignment with the United Nations Guiding Principles (UNGP) on Business and Human Rights Reporting Framework. This section articulates Zain's engagement on human rights issues as they pertain to the company's activities and business relationships. Published in 2015, the UNGP Business and Human Rights Reporting Framework is the first comprehensive guidance for companies to report on their most relevant human rights issues. As an organization that recognizes the importance of human rights to overall organizational sustainability, Zain continues to align its actions and reporting with the UNGP Framework.

Zain's Position on Human Rights

This report clearly states Zain's commitment to endorsing and complying with universal and local human rights requirements. The organization emphasizes human rights issues that affect employees, involve the organization's value chain and that impact the general public. Zain demonstrates the importance of adhering to human rights through the commitments made within its Corporate Sustainability (CS) Policy. Zain has also embedded human rights issues related to employee treatment and discrimination within its HR Policy Manual and its Employee Code of Conduct. Adherence to human rights principles across the company's supply chain are expressed clearly through the following: 1) within Zain's Supplier Code of Conduct to which existing suppliers are held accountable, 2) within Zain's Supplier Registration Form through which potential new suppliers are screened by disclosing their human rights track record. Zain also safeguards the safety of the general public from its business activities through the policies stipulated in its ESMP Guidelines, which articulate Zain's policy of protecting people from radiation and other potentially harmful impacts.

Zain's Most Salient Human Rights Issues

According to the UNGP Framework, salient human rights issues are defined as, "the human rights at risk of the most severe negative impact through the company's activities and business relationships." Zain determines its most relevant human rights issues primarily through high level interactions within the company, namely between the Head of CS and other senior executives including the Chief Executive Officer, the Chief Financial Officer, and the Board of Directors. Communication between these parties takes into consideration the input from stakeholders, determined through various activities such as social media campaigns highlighting the topic, sponsorship of Human Rights related conferences, engagement of 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 for corporate investments, joint ventures and mergers and acquisitions.

As such, Zain has identified its most salient human rights issues as:

- Labor rights, treatment and safety
- Public safety
- The customers' right to privacy

Any changes to the above are determined through regular high-level interaction within the company. They factor in any significant changes in local and international dynamics as well as changes to the company's operational context.

Zain's focal geographies extend to all of its areas of operation including Kuwait, Bahrain, Iraq, Jordan, Lebanon, Saudi Arabia, Sudan, and South Sudan. Also within Zain's scope for human rights considerations is its value chain, where human rights standards are upheld by Zain's suppliers and partners through compulsory compliance with Zain's Supplier Code of Conduct and through a screening process that takes place prior to the registration of new suppliers. During 2017, there was a greater focus on the supply chain management through the implementation of a supplier self-assessment exercise that touched upon human rights amongst other relevant topics. Furthermore, in matters regarding geographical expansion or entry into new revenue streams through acquisitions of licenses or existing businesses, Zain pays particular attention to human rights impact assessments including race and gender equality, inclusiveness as well as fair and equal opportunity labor practices (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

Specific policies that address human rights issues are articulated within the HR Policy, the Supplier Code of Conduct, the CS Policy, and the ESMP Guidelines. These policies are shared and readily available to all relevant stakeholders. The HR Policy, the CS Policy and the ESMP Guidelines are accessible to all employees. The Supplier Code of Conduct is publicly available and is shared with all suppliers. Compliance of Zain's suppliers to the Supplier Code of Conduct is mandatory. 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 its website (<http://www.zain.com/en/privacy-policy/>).

Zain engages its stakeholders when determining its human rights policies in relation to each relevant issue through the following:

- **Labor rights, treatment and safety:** The company's HR Policy is communicated to and shared with all employees, and the company Code of Conduct is publicly available. Periodic employee engagement forums and outlets enable employees to communicate their feedback regarding policies and as such the HR Policy remains a fluid document that is responsive to employee priorities. Furthermore, the Supplier Code of Conduct was developed in line with best industry practice and is communicated to all existing and prospective suppliers for the company.
- **Public safety in relation to company activities:** Zain ensures that its activities, such as the establishment of base stations, are carried out in compliance with relevant regulatory bodies and after engagement with community representatives.
- **Customers' right to privacy:** Zain's protection of its customers' personal data is communicated publicly on its website and through publications that include the Sustainability Report which is published on an annual basis.

Each human rights issue is given consideration in Zain's decision-making processes and resulting action. Each issue has direct effects on Zain's policies, as articulated below:

- **Labor rights, treatment and safety:** Zain maintains and communicates 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 in relation to the company's activities:** Zain maintains the policies specified in the ESMP Guidelines that safeguard against exposure to electro-magnetic fields (EMF), radiation and other potentially harmful exposures.
- **Customers' right to privacy:** Zain maintains adherence with the GSMA Mobile Privacy Principles and is committed to protecting the personal information of its customers. The company applies all prudent measures to avoid data leaks, theft and/or loss. The Company 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 tracks the effectiveness of its policies to protect human rights through frequent engagement of employees, suppliers, the general public and other stakeholders potentially impacted by such policies. Employees, for example, maintain several internal channels through which 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



MATERIALITY ASSESSMENT

Zain conducts regular materiality assessments through its operations reviews, monthly engagement with the operating companies' sustainability teams and management meetings to define the themes that are most material to the organization and its key stakeholders. Based on this materiality process, the organization determines the content of its Sustainability Report, and selects which Aspects to disclose from the Global Reporting Initiative (GRI) G4 Guidelines.

Determining Materiality to Zain

The determination process of issues material to Zain is carried out through a stringent analysis of the company's industry and sustainability context and the company's strategic goals and direction.

Identifying Major Stakeholders

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."

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



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

1. Corporate Sustainability 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. Zain encourages its audiences to provide feedback on the highlighted issues as well.

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.

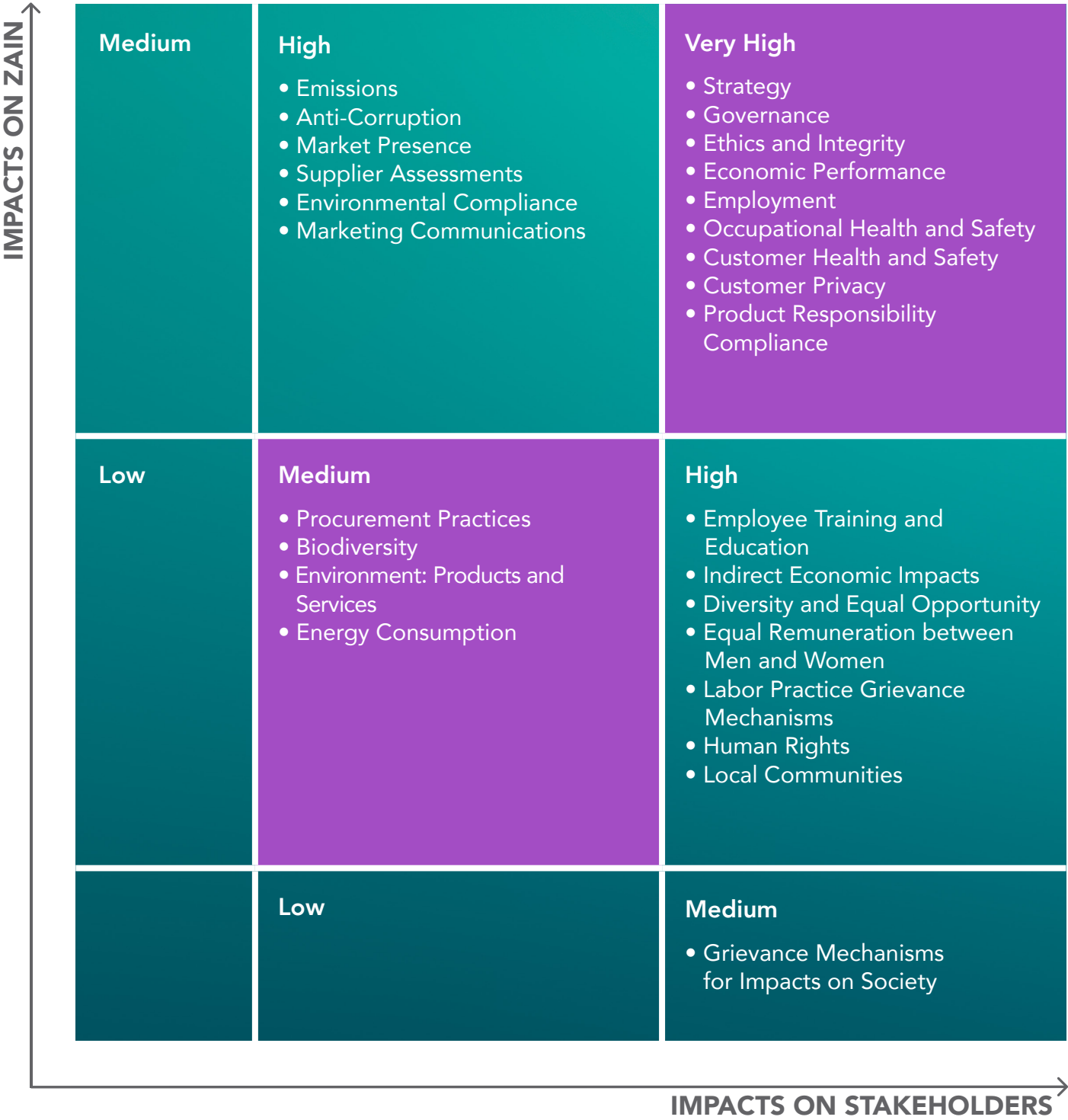
3. Engagement through Various Corporate Functions such as Investor Relations, Corporate Governance, Regulatory, Networks, Customer Experience, and Commercial Functions:

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. Customer Experience represents one of Zain's key strategic pillars, and as such, 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.





The Materiality Matrix above reflects those themes which are determined to be most relevant to Zain and its stakeholders. Emphasis within the 2017 Sustainability Report is given to those Aspects categorized as 'Very High,' followed by 'High' and 'Medium.' Aspects excluded from the report are done so on the basis of their 'Low' materiality or their inapplicability to Zain's operating context. Based on this cross-evaluation, the material Aspects selected for inclusion in the 2017 Sustainability Report are:

Category: General

- a. Company Strategy
- b. Corporate Governance
- c. Ethics and Integrity

Category: Economic

- a. Economic Performance
- b. Market Presence
- c. Indirect Economic Impacts
- d. Procurement Practices

Category: Environmental

- a. Energy
- b. Biodiversity
- c. Emissions
- d. Products and Services
- e. Supplier Environmental Assessment
- f. Compliance
- g. Overall

Category: Labor Practices and Decent Work

- a. Employment
- b. Occupational Health and Safety
- c. Training and Education
- d. Diversity and Equal Opportunity
- e. Equal Remuneration for Women and Men
- f. Supplier Assessment for Labor Practices
- g. Labor Practices Grievance Mechanisms

Category: Human Rights

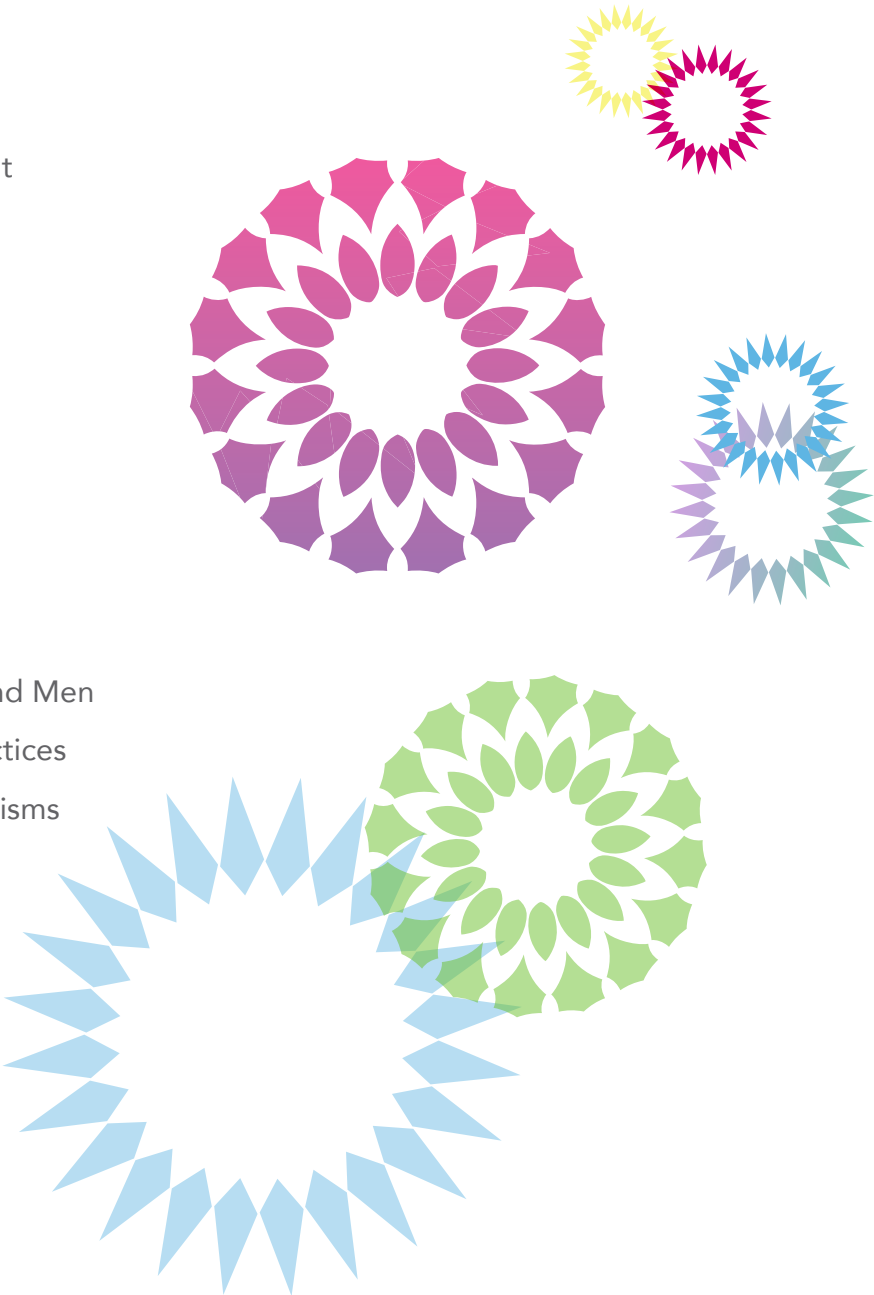
- a. Non-discrimination

Category: Society

- a. Local Communities
- b. Anti-Corruption
- c. Grievance Mechanisms for Impacts on Society

Category: Product Responsibility

- a. Customer Health and Safety
- b. Marketing Communications
- c. Customer Privacy
- d. Compliance

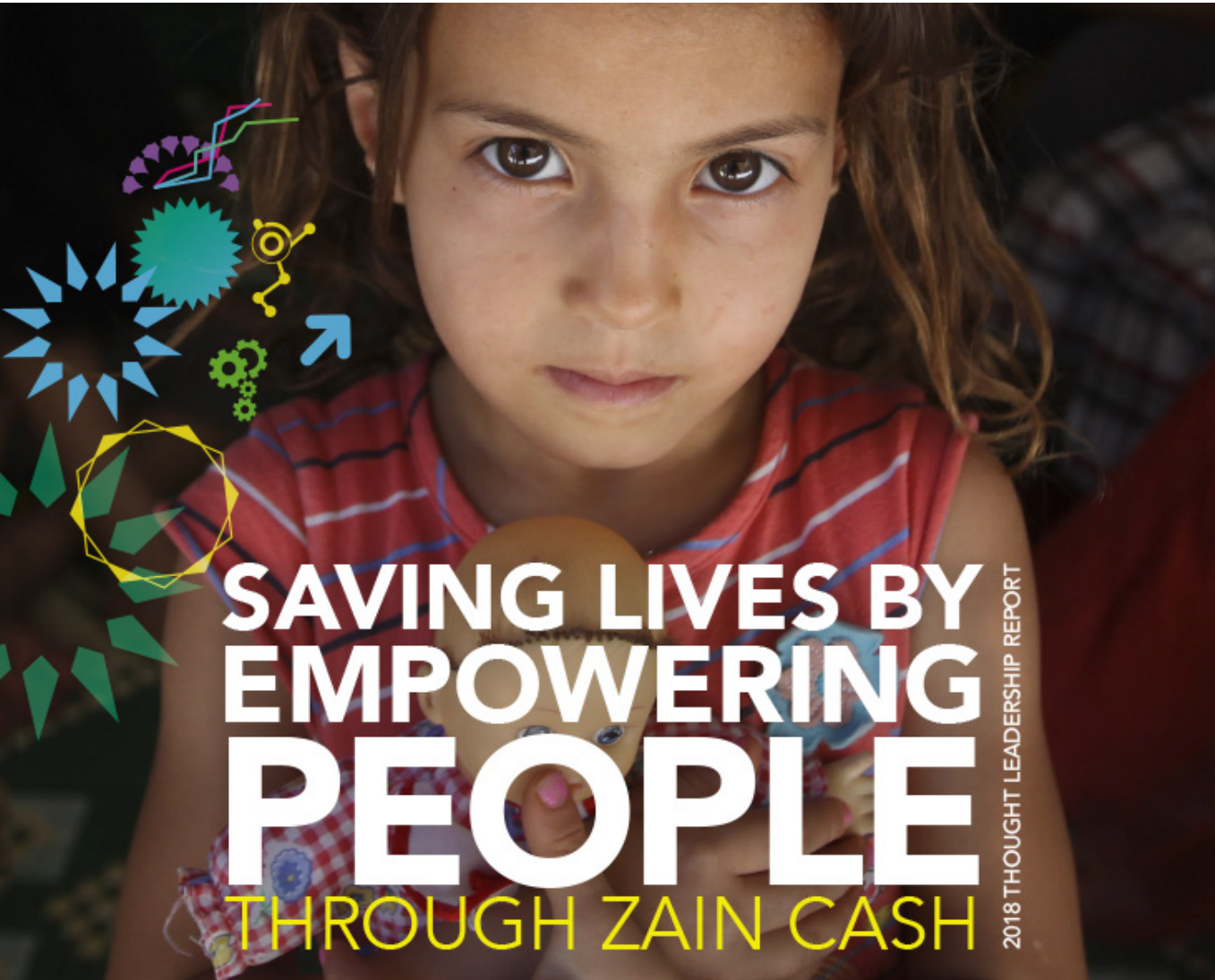


OUR OPERATING CONTEXT



OUR OPERATING CONTEXT

THE CHALLENGE	SOME FACTS
Human Displacement The MENA region continues to be affected by political and social instability. The ongoing conflict in Syria, South Sudan, and Iraq is a major contributor of human displacement.	<ul style="list-style-type: none">• 6 million people in Iraq are in need.• 1.7 million internally displaced people in South Sudan.• An estimated 1.4 million Syrian refugees reside in Jordan¹.



ZAIN’S RESPONSE

1. Zain, UNHCR and Facebook Partnership is an ongoing initiative that continues to provide refugees and their surrounding communities with access to free Wi-Fi connectivity.

2. Services targeting the Displaced

Zain Cash Jordan:
Through Zain Cash Jordan, the **1.4 million Syrian refugees** residing in Jordan can now establish some form of financial independence.

Zain Cash Iraq:
With 6 million people in Iraq in need of humanitarian assistance including refugees and IDPs, access to secure and inclusive financial services is a must as it empowers and integrates such vulnerable communities into society. Through the service, Zain Cash also restored **147 sites** in remote and risky areas thus providing connectivity to those living in such areas.

3. Community Outreach Programs

Donate A Jacket:
Collected used, cleaned, and re-packaged clothing from the employees to distribute to Syrian refugees in cooperation with Kuwait Relief Society (Update)
Impact: A total of 3 tons of clothing were collected by Zain Kuwait in December 2017.

IDP Information Centre:
UN agencies launched a call center to provide displaced communities across Iraq with information on humanitarian assistance in cooperation Zain Iraq who facilitated with providing the hotline (short code).
Impact: Around 75,000 calls since its launch up to April 2017.

IDP Camps in Mosul:
Zain Iraq support refugees residing in Hasan Shami camp in Mosul by providing them basic needs.
Impact: 2,100 families were impacted through this program.

3. Training and Development Programs

Re: Coded Kids Training:
Re: Coded is a coding boot camp in Iraq for refugees and displaced youth that provides them with technical and language skills.
Impact: 150 attendees

Sewing Training for IDP Widows:
Through this program, widows are given training in sewing with the aim of improving their job readiness and capacity to find gainful employment in Iraq.
Impact: 30 women received training in 2017.

¹ https://www.gsma.com/mobilefordevelopment/wp-content/uploads/2016/12/GSMA-case-study_Jordan_2016.pdf

THE CHALLENGE	SOME FACTS
<p>A Regional Youth Bulge and High Youth Unemployment</p> <p>Youth unemployment continues to be a critical challenge in the MENA region. The required new set of skills is becoming increasingly challenging for young adults to attain jobs.</p>	<ul style="list-style-type: none">• Unemployment levels exceed 30% in most countries in the MENA region.• With more than half of the population under 25 years of age and the world's highest regional youth unemployment rate.• In Jordan the unemployment rate for women reached 33% in comparison to men at 13.9%².

ZAIN'S RESPONSE

1. Supporting the Startup Ecosystem

MIT Enterprise Forum (MITEF) Startup Competition:
The MITEF Startup Competition aims to develop innovation, value creation and the entrepreneurship ecosystem in the Arab region.
Impact: In 2017 8,272 applications were submitted with the prize money exceeding US Dollars 160,000.

Zain Great Idea 4:
In its fourth edition, Zain Great Idea aims to accelerate and incubate Kuwaiti entrepreneurs through training, mentorship and resources.
Impact: 150 applicants applied to the program where only 10 startups were chosen to attend the an acceleration program in Silicon Valley and London

Global Entrepreneurship Week:
By partnering Global Entrepreneurship Week organizers and the Innovation and Entrepreneurship Community, Zain Sudan participated in this week long event that consists of various activities, competition, and panel discussions.
Impact: In 2017, 6000 entrepreneurs, 65 investors, and 35 experts participated and attended the event.

2. Addressing Skills Mismatch

Youth Innovation Program:
The Youth Innovation Program, a collaboration between touch Lebanon and Riyadh, provides participants the opportunity to develop a mobile app that contributes to a social challenge. Attendees were training on how to give presentations, team building and technical skills.
Impact: 50 participants attended this training program.

Training Workshop for Women:
Zain KSA partnered the Institute of Public Administration to host a workshop that aims to provide female students with job preparedness skills.
Impact: Through this workshop, 77 female students were provided with the necessary skillset for gainful employment.

THE CHALLENGE	SOME FACTS
<p>Currency Devaluation and Inflation</p> <p>In Sudan, currency devaluation and inflation continue to be major issues as it continues to affect Zain Sudan's financial position. Since revenues for Zain Sudan is generated in SDG, the devaluation impacts the company negatively.</p>	<ul style="list-style-type: none">• In January 2017, the United States commenced the process of easing of sanctions and its two-decade long trade embargo with Sudan blocking Sudan's access to US financial institutions. However, in July 2017 an extension of sanctions for three months was put back in place. In October 2017, the sanction have been lifted again.• In 2017 the foreign currency translation impact, predominantly due to the 53% currency devaluation in Sudan from an average of 8.0 to 16.9 (SDG / USD), cost the company USD 494 million in revenue, USD 213 million in EBITDA and USD 82 million in net income. Excluding the above-mentioned currency translation impact, Y-o-Y revenues would have grown by 8% and net income growth would be 17%.


ZAIN'S RESPONSE

In order to mitigate the company's exposure to currency risks, Zain continued to:

1. Obtain loans in local currencies

2. Pay its suppliers in local currency to the maximum extent possible

3. Plan its foreign exchange requirement to limit risk



²<http://www.jordantimes.com/news/local/women-unemployment-increases-33-q1>

THE CHALLENGE	SOME FACTS
<p>Market Saturation, Competition and Economic Stagnation</p> <p>Low data pricing in most markets, harsh competition, and challenging monetisation of strong data traffic growth contribute to revenue decline.</p>	<ul style="list-style-type: none">• OTT players are taking on international national voice calls and messaging, A2P messaging, and inbound international voice call termination which is significantly effecting traditional operators’ revenues.• In order to overcome the declining revenue, telecom companies must diversify their revenue streams and start investing in digital services.



ZAIN’S RESPONSE

Under Zain Group’s Zain Digital Frontier and Innovation Unit, established in 2014, the company aims to cement its position in the digital space focusing on areas such as innovation, digital services, e-education, e-health and smart cities.

In 2017, Zain continued to invest in four venture capital funds to exploit opportunities in the digital sector:

- **Wamda Capital** who invest in early startups and entrepreneurs in the MENA region
- **Earlybird Venture Capital** support early startups based in Eastern Europe and Turkey
- **Middle East Venture Partners (MEVP)**
- **Cole Capital** helps support newly established businesses in the United States

By investing in such funds it enables the company to access a wide range of startups that are already working on developing new technologies, exploring the market, and have been identified as having great potential.

THE CHALLENGE	SOME FACTS
<p>Regulatory Constraints</p> <p>In our region, some of the most common challenges we face when it comes to the regulatory domain are renewal of operating and spectrum licenses, acquiring more spectrum to accommodate the needs of new technologies and data growth , and adhering to the changing policies of different regulators.</p>	<ul style="list-style-type: none">• Jordan: The combination of the valued-added tax and special tax, contributes 46.16% to the final retail price of mobile usage in Jordan, making it the highest tax rate on mobile users in the Arab region. Spectrum fees in Jordan are also very high.• Saudi Arabia: Macroeconomic pressures in Saudi Arabia have given rise to new mandates on energy subsidies, Saudization as well as new legislation and regulations which have consequences in increasing operator capital expenditure.• Bahrain: 15-year licenses for two mobile operators will expire in 2018 and will need to be renewed. To reduce budget deficits, there is always a risk that Governments will seek to impose high renewal fees with the consequential impact on future profitability (due to high amortization) and on cashflows due to licence payments.



ZAIN’S RESPONSE

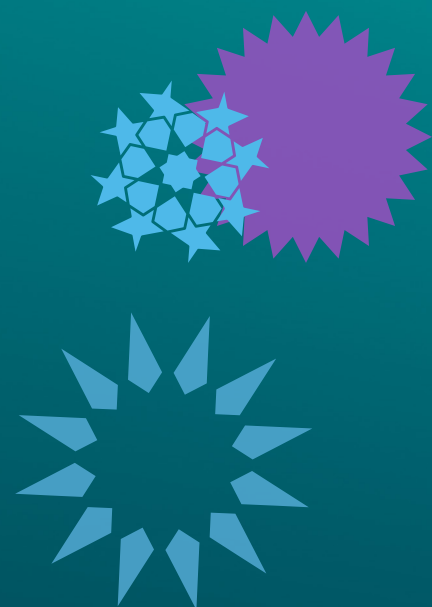
Jordan: Zain is working with the government to lower the cost and ensure technology-neutral application of spectrum in addition to properly monetize data whilst maintaining a loyal customer base.

Saudi Arabia: Zain KSA’s management team is developing a comprehensive business plan to address significant dynamics in the economy. This includes prospects of lower telecom spend as well as fully implementing a mitigation plan that is relevant to the nationalization mandates for the telecom sector in the country.

Bahrain: Zain Bahrain is working with the Telecommunications Regulatory Authority and other government stakeholders to examine approaches to lower licence renewal costs in lieu of operator commitments to invest in building a strong digital economy.

ENGAGING OUR STAKEHOLDERS

Since inception, Zain continues to maintain a high level of transparency, collaboration and communication with all of its various stakeholders. Through proactive engagement, Zain is able to effectively pursue its business objectives and sustainability agenda and ensure that the organization addresses and remains responsive to the needs of each of its key stakeholders. The corresponding table defines each of Zain's major stakeholder category, and outlines the ways in which the organization engages and responds to their specific needs concerning the business.



Our Stakeholders	Stakeholder Priorities	Our Response
Customers: 46.6 million customers	Reliable and accessible service	<ul style="list-style-type: none"> Investments in our network quality and coverage Review network performance through monthly and quarterly review forums with all operations
	Innovative service	<ul style="list-style-type: none"> Provide customers with access to the latest technology Continuously deploy higher-speed services through introduction of 4G/LTE or 3G networks
	Affordable service	<ul style="list-style-type: none"> Launch tailored products and services covering different value segments and cater to the connectivity needs of customers for both voice and data
	Accessible service	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Communicate through direct messaging, social media and media outlets Provide updated information on Zain channels Provide professional assistance in all of our retail stores, outlets and contact centers
	Customized services (products and services that fit different needs and lifestyles)	<ul style="list-style-type: none"> 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 particular segments such as youth, students, women, the underserved, refugees, and those at the bottom of the pyramid

Our Stakeholders	Stakeholder Priorities	Our Response
Customers: 46.6 million customers	Ease, clarity and transparency of billing	<ul style="list-style-type: none"> Offer support through contact centers and other accessible channels Offer simplified electronic billing options
	Information security and data protection	<ul style="list-style-type: none"> Provide online services and billing options
	Fast and efficient complaint resolution	<ul style="list-style-type: none"> Operate contact centers and respective contact channels with different language options
	High quality customer care	<ul style="list-style-type: none"> Continue to drive Customer Experience as a major strategic pillar 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
Shareholders and Investors: Largest shareholder is the Kuwait Investment Authority 24.6%	Strong return on investment	<ul style="list-style-type: none"> Remain profitable Increase customer base Maintain our Revenue Assurance Department Maintain management excellence
	Transparency	<ul style="list-style-type: none"> Provide frequent communication and updates through our Investor Relations Department Issue periodic reports (ie. Financial Statements, Earnings Release, Analyst Call Reports, and Audited Financial Statements) Conduct analyst calls quarterly
	Provide a fair understanding of the company's strategy and business to potential and actual investors	<ul style="list-style-type: none"> Provide frequent updates through Investor Relations department Issue periodic reports (ie. Financial Statements, Earnings Release, Analyst Call Reports, and Audited Financial Statements) Conduct analyst calls quarterly Host an Annual General Assembly Meeting (AGM)
	Management excellence	<ul style="list-style-type: none"> Increase transparency
	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 market which hopefully will improve the relative performance of the shares	<ul style="list-style-type: none"> Provide frequent communication and updates through our Investor Relations Department Issue periodic reports (ie. Financial Statements, Earnings Release, Analyst Call Reports, and Audited Financial Statements) Conduct analyst calls quarterly
	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	<ul style="list-style-type: none"> Attend conferences to strengthen relations with both current and potential investors Attended MENA Conferences in London and Dubai in 2015

Our Stakeholders	Stakeholder Priorities	Our Response
Employees: 6,659 full time employees	Have multiple engagement channels with the organization	<ul style="list-style-type: none"> • Functional forums • Town Hall meetings • Open days • Ramadan Iftars • Open door policy with Senior Management
	Job security and satisfaction	<ul style="list-style-type: none"> • Engage employees, maintain open communication channels and develop action plans based on employee feedback
	Employee benefits	<ul style="list-style-type: none"> • Offer competitive benefits packages comparable to the local markets
	Opportunities for development, growth and skills development	<ul style="list-style-type: none"> • 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
	Competitive salary	<ul style="list-style-type: none"> • Conduct 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	<ul style="list-style-type: none"> • Implement multiple engagement channels
	Access to international conferences and networking opportunities	<ul style="list-style-type: none"> • Enable employees to participate in conferences and forums
	Health and safety protection	<ul style="list-style-type: none"> • Maintain a Health and Safety policy for employees and temporary workers • Conduct fire and emergency drills • Maintain insurance coverage for all employees
General Public and Community Institutions: Neighborhoods near base stations, media, NGOs and advocacy groups, charities, associations, foundations, schools, universities, and medical institutions	Stay informed of company activities	<ul style="list-style-type: none"> • Share information on website, social media and conventional media channels • Publish Sustainability Report annually
	Minimal visual and noise pollution	<ul style="list-style-type: none"> • Upgrade generators to models with silencers • Install camouflage solutions for base stations, where applicable
	Commitment to upholding health and safety standards	<ul style="list-style-type: none"> • 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)	<ul style="list-style-type: none"> • Support and develop locally relevant CS activities and establish partnerships that further the CS agenda and that address prevalent societal deficits • Conduct CS surveys
	Uphold environmental standards, improve the efficiency of resource use and reduce emissions	<ul style="list-style-type: none"> • 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 • Set long-term carbon emission reduction targets • Benchmark energy efficiency progress with similar regional and global organizations • Committed to furthering the Post-2015 Sustainable Development Goals

Our Stakeholders	Stakeholder Priorities	Our Response
General Public and Community Institutions: Neighborhoods near base stations, media, NGOs and advocacy groups, charities, associations, foundations, schools, universities, and medical institutions	Engage Zain in relevant community events and forums	<ul style="list-style-type: none"> • Participate regularly in relevant community events and forums
Business Partners: Suppliers, contractors, and distributors	Provide favorable terms	<ul style="list-style-type: none"> • Encourage discussions with relevant departments, including procurement and sales • Discuss and negotiate contracts and terms
	Provide timely payments	<ul style="list-style-type: none"> • Conduct periodic evaluations and assessments • Maintain open channels of communication
	Maintain opportunities for frequent interaction and engagement with Zain	<ul style="list-style-type: none"> • Hold an annual Zain Technology Conference (ZTC) • Maintain open channels of communication.
	Remain informed about Zain's guidelines and standards regarding health and safety, environment and labor standards	<ul style="list-style-type: none"> • Communicate the Zain Supplier Code of Conduct
Government and Regulators: Kuwait Stock Exchange (KSE), Capital Markets Authority (CMA), Telecommunications Regulatory Authority (TRA), other National Telecommunications Regulators, and Ministries of Communication	Access to information about the company including financial data, customer data and other relevant information	<ul style="list-style-type: none"> • Publish Annual Report and issue other periodic reports • Publish disclosure reports • Maintain open direct channels with public officials
	Access to telecommunications services for citizens	<ul style="list-style-type: none"> • Maintain network quality and coverage • Comply with laws and regulations
	Taxation revenue	<ul style="list-style-type: none"> • Publish disclosure reports
	Compliance with regulations	<ul style="list-style-type: none"> • Ensure and oversee compliance through Corporate Governance Department and other relevant functions • Develop Board Committees in compliance with CMA regulations • Ensure compliance with the regulatory requirements in the countries where we operate
	Stakeholders' Rights Protection	<ul style="list-style-type: none"> • Implemented through the Corporate Governance framework • A policy approved by the Board and is shared with Executive Management • Corporate Governance and Investor Relations departments work collectively to guarantee transparency and efficiency throughout operations
	To develop the company's reputation and provide an insurance against unforeseen events	<ul style="list-style-type: none"> • Invest in network quality and coverage • Maintain business continuity and contingency planning • Maintain insurance coverage for critical assets (such as data centers)
	Awareness of key organizational risks	<ul style="list-style-type: none"> • Update the Risk Register • Maintain mitigation plans for all significant company risks that are communicated directly to the Board Risk Committee

OUR ECONOMIC IMPACTS



OUR ECONOMIC IMPACTS

THE CHALLENGE	IN 2017, WE...
Only 24.6% of the adult Jordanian population are banked ³ .	Continue to develop Zain Cash service in Jordan by broadening its scope and enriching its portfolio.
Youth unemployment in the MENA region is around 30% ⁴ .	Created 145,282 jobs through its value chain in Bahrain, Iraq, Kuwait KSA, Jordan and Sudan.
Regional procurement practices are mostly driven by cost efficiency without considering the related socio-economic impacts.	Zain's supplier selection process ensures that major consideration is given to suppliers who pay great attention to social responsibility, environmental impacts, ethical labor practices and human rights.

As a mobile telecommunications provider, the company plays a pivotal role when it comes to generating tangible positive economic impacts for its communities. As such, Zain's business activities, direct job creation, and strategic partnerships positions the organization as a catalyst and enabler of economic growth and development.



³ https://www.gsma.com/mobilefordevelopment/wp-content/uploads/2016/12/GSMA-case-study_Jordan_2016.pdf
⁴ <https://www.forbes.com/sites/suparnadutt/2017/05/11/can-startups-drive-new-job-growth-in-the-mena-region-where-youth-unemployment-rate-is-30/#15d41ab334f4>

Financial Performance

In 2017, Zain managed to achieve solid financial performance and overcome various challenges despite the difficulties that have risen ranging from operational effectiveness, market pressures and social turmoil. The table below illustrates the company's financial results in 2017 as compared to 2016.

Financial Performance: Direct Economic Value Generated and Distributed

	2017		2016	
	KD m	US\$ m	KD m	US\$ m
Revenues	1,030	3,398	1,088	3,602
Cost of Sales	(291)	(960)	(267)	(883)
Operating Costs	(324)	(1,070)	(309)	(1,025)
Operating Profit	229	757	289	958
Net Profit	160	527	157	519
Retained Earnings	282	934	572	1,871
Dividends Paid	(137)	(449)	(118)	(391)
Dividends Paid to Non-Controlling Interests	(2)	(6)	(15)	(50)
Staff Cost	(84)	(277)	(90)	(297)
Finance Costs Paid	(35)	(117)	(25)	(82)
(Repayment of) bank borrowings (net)/proceeds from	(168)	(557)	78	258
Income Tax Payments	(14)	(45)	(54)	(177)
Kuwait Foundation for Advancement of Sciences Paid	(0.25)	(0.82)	(0.50)	(1.66)
National Labor Support Tax and Zakat Paid	(7)	(25)	(14)	(46)

The annual general meeting of shareholders for the year ended 31 December 2017 held on 28 March 2018 approved distribution of cash dividends of 35 fils per share for the year 2017.

Zain's Economic Impact through the Value Chain

Through the company's value chain, Zain generated productive employment opportunities across all its operations. By supporting various distributors, franchises and outlets, it provides gainful job opportunities for individuals and their dependents giving them a means to improve their quality of life. In Jordan, Iraq, Kuwait, KSA and South Sudan the number of outlets, distributors and franchise shops and stores have either increased or stayed at the same level in 2017 in comparison to 2016. The tables below quantify Zain's added value on the overall national economies of its operating countries.

ZAIN’S ECONOMIC IMPACT THROUGH THE VALUE CHAIN - OUR SUPPLY CHAIN 2017

	Bahrain	Iraq	Jordan	Kuwait	KSA	Sudan	South Sudan
Outlets	2,400	60,000	3,850	5,000	28,487	30,000	11,000
Distributors	4	15	6	14	5	49	24
Franchise Shops	0	65	34	79	269	80	1
Flagship Wand Zain-Owned Stores	19	28	31	5	29	3	4

ZAIN’S ECONOMIC IMPACT THROUGH THE VALUE CHAIN - OUR SUPPLY CHAIN 2016

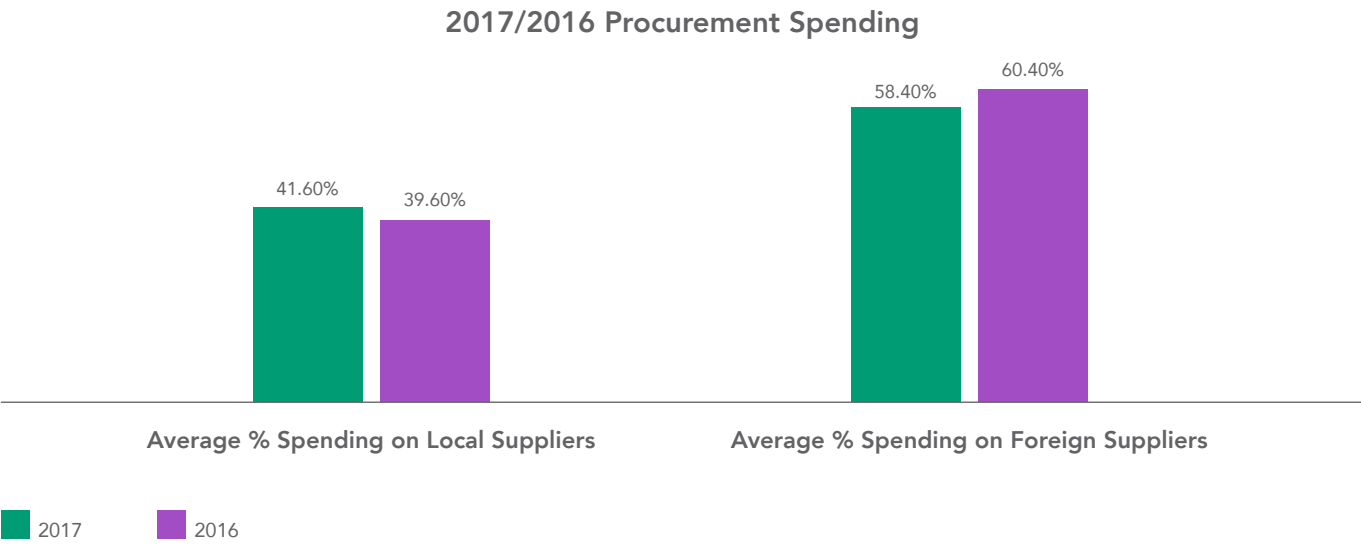
	Bahrain	Iraq	Jordan	Kuwait	KSA	Sudan	South Sudan
Outlets	2,600	55,000	4,140	5,392	23,250	33,000	9,200
Distributors	5	17	6	20	5	49	20
Franchise Shops	0	53	35	65	271	79	1
Flagship Wand Zain-Owned Stores	21	26	32	6	28	5	7

	Bahrain	Iraq	Jordan	Kuwait	KSA	Sudan
Jobs created in 2017	112	61,970	8,092	5,530	3,348	67,300

Zain upholds tremendous emphasis on ensuring that the organization supports the localization of its supply chain. By ensuring the growth of local economic activity creates financial sustainable development on a national level thus forming a healthy environment for the business to operate in. The table below illustrates the growth of procurement spending for local in comparison to foreign suppliers in 2017.

2017 PROCUREMENT SPENDING PER OPERATION		
Operation	% Spending on Local Suppliers	% Spending on Foreign Suppliers
Bahrain	21.0%	79.0%
Iraq	18.3%	81.7%
Jordan	48.7%	51.3%
Kuwait	38.0%	62.0%
KSA	39.1%	60.9%
Lebanon	33.3%	66.7%
Sudan	78.2%	21.8%
South Sudan	85.0%	15.0%

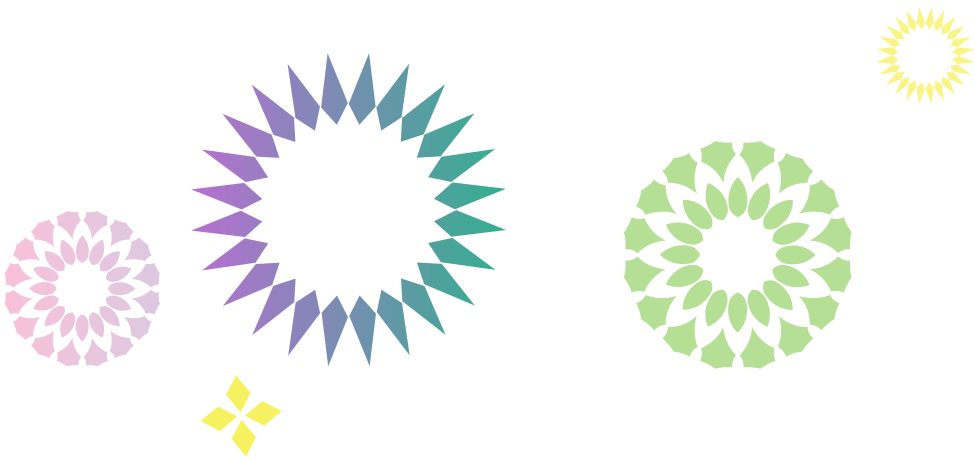
The graph below illustrates the company’s procurement spending for local vs. foreign suppliers for 2017 in comparison to 2016.



A Sustainable Value Chain

Zain’s supplier selection process continues to ensure that for significant spending suppliers, major consideration is given to those with established and reputable policies regarding social responsibility, environmental considerations, sound labor practices and human rights records. All suppliers that engage with the organization must abide to Zain’s Supplier Code of Conduct as a precondition to establishing relationships with the company, in addition to being a condition for an ongoing relationship with Zain. The Supplier Code of Conducts address specific parameters requiring the adherence to exact criteria regarding human rights, labor practices and environmental performance. If violations by existing suppliers of the Supplier Code of Conduct are detected, Zain takes appropriate action accordingly, including termination of the contract or blacklisting of the supplier. Zain also reserves the right to audit its suppliers to ensure their adherence to the Supplier Code of Conduct.

This year, Zain took an unprecedented step when it comes to supplier evaluation by conducting a Supplier Self-Assessment Questionnaire. This questionnaire aligns and adheres to international best practices, ESMP Guidelines and Supplier Code of Conduct. In 2017, The Group Procurement Department sent out the questionnaire to the 7 most material suppliers. In the years ahead, Zain will continue to expand the supplier self-assessment process in order to ensure that all its suppliers go through the screening process.



Financial Inclusion – Zain Cash Iraq and Jordan:

Zain Cash Iraq is a transformative tool that helps people gain access to banking services. Through this service, classical distribution of cash handouts, payments, purchases and money transfers are replaced; thus, providing marginalized communities such as refugees and IDPs, the means to have access to disbursed funds digitally. The service is not only time efficient and cost effective but provides a sense of self dependence and self-reliance as well. As a company, we view this service as huge enabler in its inclusive approach to business.

Zain Iraq:

Mobile banking plays a crucial role in the adoption of an inclusive financial ecosystem. As such, in a country where 89% of the population do not have access to banking, Zain Cash is addressing a deficit by providing the population a mean to conduct financial services through their mobile phones.

Zain Cash Iraq Highlights:

- 20,000 beneficiaries are using Zain Cash
- 22 million US Dollars were disbursed
- 7 humanitarian agencies partnered Zain Cash
- 12,000 displaced families benefitted through the cash-for-work program in partnership with FAO

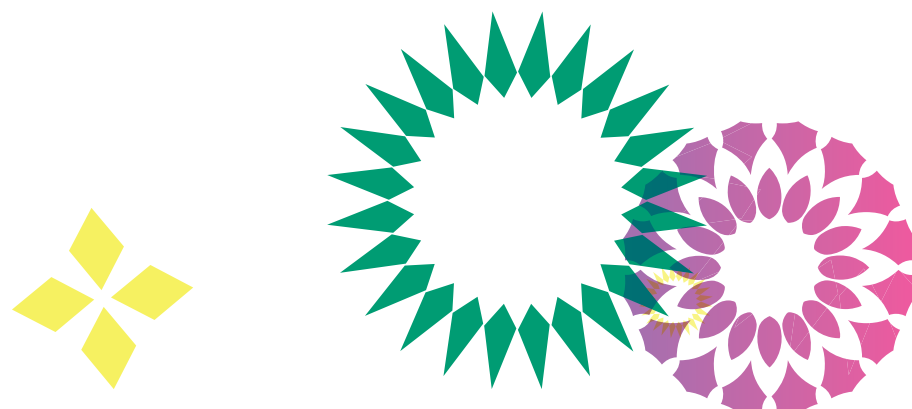
In 2017, Zain closely engaged with key stakeholders by creating and sending out questionnaires in order to extract significant insight and feedback about the service. Through meaningful and consistent engagement, the company was able to gather significant data on how they can better improve the operational effectiveness of the service, address stakeholder's expectations, and maximize its socio-economic impact.

Zain Jordan:

In the case of Jordan, Zain Cash was first introduced as Zain E-mal in 2011. The company decided to relaunch the service in 2016 with a broader scope, richer portfolio and a more comprehensive and integrated ecosystem.

With only 24.6% of the population in Jordan having a bank account, there is great need for mobile banking services as financial access opens doors to so many possibilities and opportunities. According to the GSMA the following three segments of the Jordanian community will benefit the most from mobile banking services such as Zain Cash:

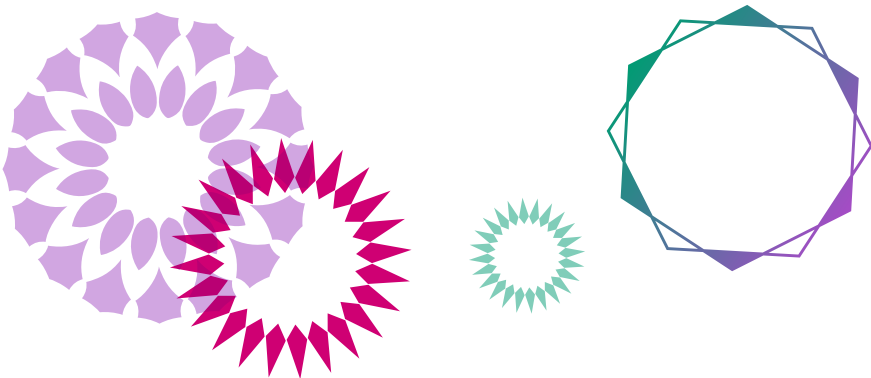
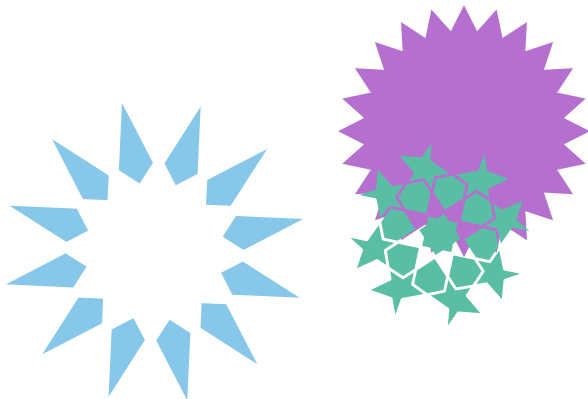
- 1- Unbanked population (especially women)
- 2- Refugee community
- 3- Youth



OUR PRODUCT AND CUSTOMERS

THE CHALLENGE	IN 2017, WE...
10.5 million people ages 15-24 years old have not completed primary school across the MENA region ⁵ .	Launched several digital services that promote inclusive education such as Taaleb in Kuwait, Sadeem in Iraq, Net.allem and Edzance in Jordan, and Kidotainment Application in KSA.
Protection of customer privacy remains of utmost importance for Zain and ensures it aligns with ISO certifications standards	In 2017, there were no cases concerning breaches of customer privacy, data leaks, theft or loss.
In order to reduce poverty and encourage prosperity, communities need to embrace a financially inclusive ecosystem	Continued to develop Zain Cash in Iraq and Jordan, and in partnership with FOO launched an e-wallet service in Bahrain.

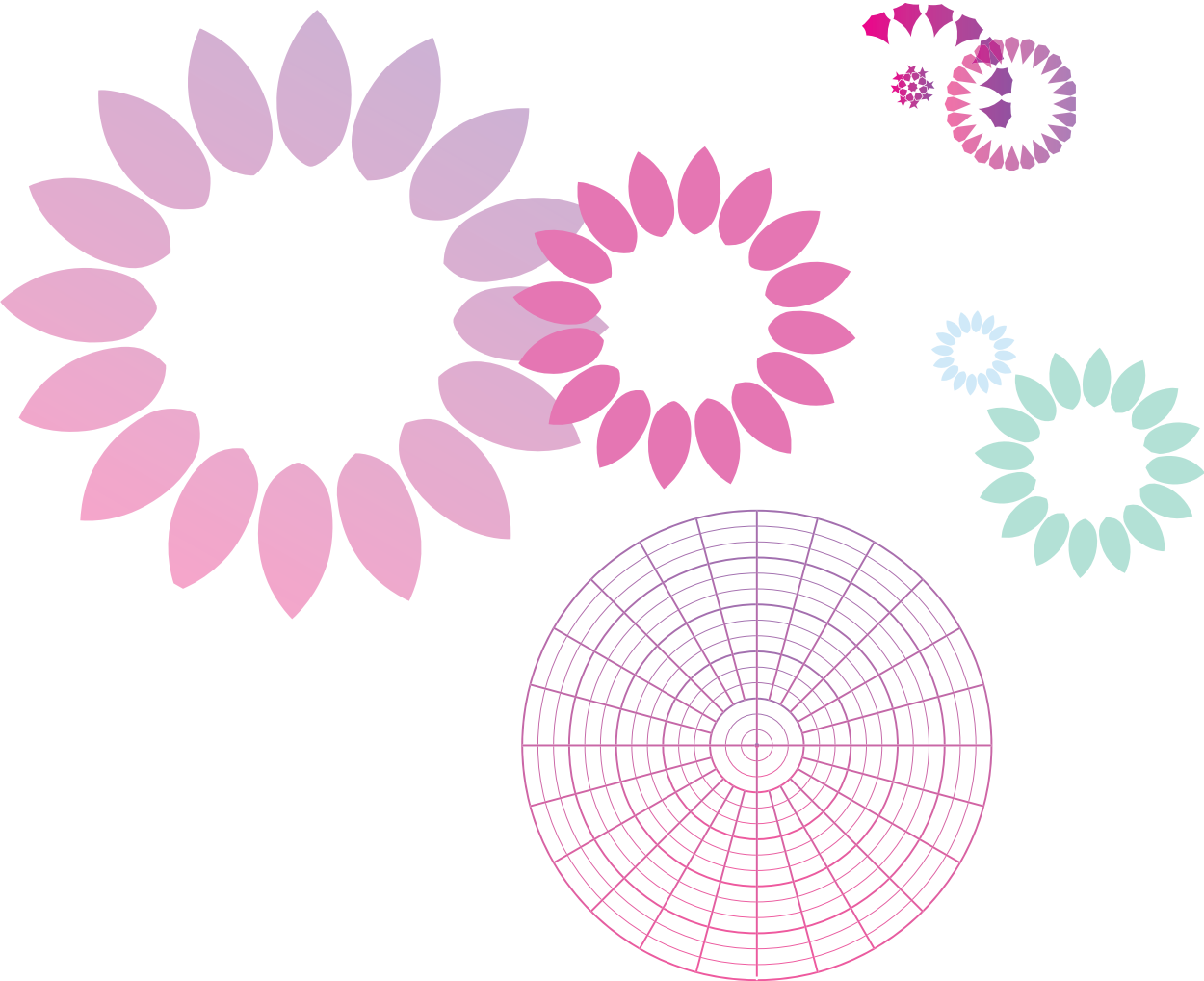
As part of Zain’s inclusive business strategy, the company took further steps in order to ensure that our customers experience greater levels of service, as well as ensuring their needs are efficiently managed and addressed. Key initiatives revolved around data monetization, value management, and digital transformation. Zain is placing extra focus on digital applications, as such applications increase economic productivity as well as continue to develop modern technologies which has become crucial for economic growth.



Partnership with FOO

FOO is considered leading Fintech provider focusing on Technology, Innovation, Expertise and Quality. Last year, Zain invested in FOO in order to further branch out into non-core innovative business streams. Through this partnership, the company achieved the following in 2017:

- Became a MasterCard Digital Directory Global vendor and a Visa Token Service Provider.
- Launched BenefitPay, the first National e-Wallet for the Kingdom of Bahrain.
- Worked hand in hand with Zain Cash to release one of Iraq’s most promising e-wallet.
- Launched its R&D department focusing on Blockchain and its implementation.
- Created and launched a platform to acquire new types of payments: QR Code and Tone Based Payments.
- Awarded the open API project for Zain Group



⁵ https://en.unesco.org/gem-report/sites/gem-report/files/Jordan_fact_sheet.pdf

Addressing Social Deficits through Our Services

Promoting access to health:

TransformMe Application – KSA

TransformMe Application is an application dedicated to promoting a healthy lifestyle by allowing users to customize food plans and training schedules. This application contains features that provides users a guide to reach their nutritional and fitness goals. The features include monitoring achievements of training and nutritional consumption records, training schedules according personal goals, and is available in both Arabic and English. This application is extremely relevant in Saudi Arabia, as it is estimated that 70% of the population in Saudi Arabia are obese⁶. Up to date, there are around 30, 000 subscribers using this application. TransformMe application can be viewed as an example of Integrating the concept of Shared Value into the strategy as it addresses a deficit through the company's commercial activity.



Promoting access to education:

Student Bundle – touch Lebanon

Touch Lebanon launched a new subscription plan in 2017 called Student Bundle. This package provides university students discounted rates on SMS, calls and data. Included in this package are freebies and discounts on applications and services such as a free ride with Uber worth 7 US Dollars, three free month subscription with Anghami application with 40% discount onwards, 2 free month with learning.social with 25% discount onwards, and 30% discount with International Student Identity Cards. In less than four months, 45 thousand students activated the student bundle.



⁶ <http://www.arabnews.com/news/527031>

Sadeem Application - Zain Iraq

Falling under the e-education sphere, Sadeem application uses advanced digital technologies in the field of education to manage a continuous communication between parents of the students and the management of the school. The main services provided by the application include following up with attendance, parents are informed of schoolwork assigned to the students, received school news and notification, daily schedules and examination date and time, and following up on students' grades as well. This application enables parents to easily follow up with their children's school work to ensure students receive the necessary help they need at home.

Net.allem - Zain Jordan

Net.allem is an educational platform that offers e-learning services and online courses for students in all grades and fields. Zain Jordan exclusively partnered with Jo-academy, an educational and training academy in Jordan, to offer users an educational platform. This platform offers two types of online courses, interactive courses where classes are live and students can interact with the instructor and between themselves in a real-time chat area. The second option is recorded classes where sessions are broadcasted after being recorded and interactivity is not available. Through this platform, Zain Jordan managed to sell 200 online and recorded courses. Providing courses online increases the number of youth and adults who have relevant skills for decent employment, contributing to Goal 4 of the Sustainable Development Goals.

Edzance - Zain Jordan

Edzance is another academic platform that's designed to benefit schools, universities, teachers and students. This platform, serving 2000 users so far, offers three main features: teaching and learning, connecting, and managing student's academic identity documents. According to the Jordan Times, schools in Jordan are facing many challenges due to the high influx of Syrian refugees as they do not have the capacity to take in a large number of students⁷. This collaboration, provides the academic sector in Jordan an option to identify students digitally and provide online classes that can substitute an overcrowded traditional classroom.

The features on this platform include:

- Books bank: This feature allows users to sell, borrow, exchange or donate their books
- Part-Time Job System: Companies and businesses can post available vacancies for part time jobs
- Social groups: Teachers and students can create or join private and public groups on specific topics of interest.

⁷ <http://www.jordantimes.com/opinion/christien-van-den-brink/challenges-education-system>

Kidotainment Application - Zain KSA

In order to promote quality education, Zain KSA launched an application called Kidotainment that aims to educate children of all ages. This application uses gaming elements to assist children when it comes to learning new concepts in an exciting and enjoyable way. Through videos, audio series and games children can learn a wide range of concepts from the alphabet, colors and shapes to scientific concepts offered in both English and Arabic. By digitizing how children can learn and acquire new skills helps improve access to education and gives a more inclusive approach to learning.

Taaleb - Zain Kuwait

Zain strategic partnership with the National Initiative for Development of E-Learning, Taaleb is an application that is being used from students to teachers and parents. The application contains digital content such as class assignments, activities, weekly plans and studies, exam appointments, and reports. Also, parents can reach the teachers through the application and schedule meetings in order to improve parents’ involvement. Since inception in 2011, 274,188 students are enrolled, 266,072 parents have registered, 54,729 teachers have joined, 504 school were exposed, and 5 million hits were made on the website.

Lamsa Application - Zain KSA, Jordan and Bahrain

Lamsa is the first digital Arabic Kids library that provides top stories and games that will educate and entertain young children. Some of the features of this application includes interactive educational games, variety of stories with animated elements, entertaining videos, and gives the opportunity for children to color. The newly launched service has over two thousand followers across the operations.

Protecting Customer Privacy

Customer Privacy and Breaches:

“Adherence to the GSMA Mobile Privacy Principles continues to be of utmost 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 in order to avoid data leaks, theft and/or loss. Responses to related issues are done with the utmost precaution and diligence. The company complies 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 2017, 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 will be developed on a constant basis in order to protect the customers’ data at all times.”

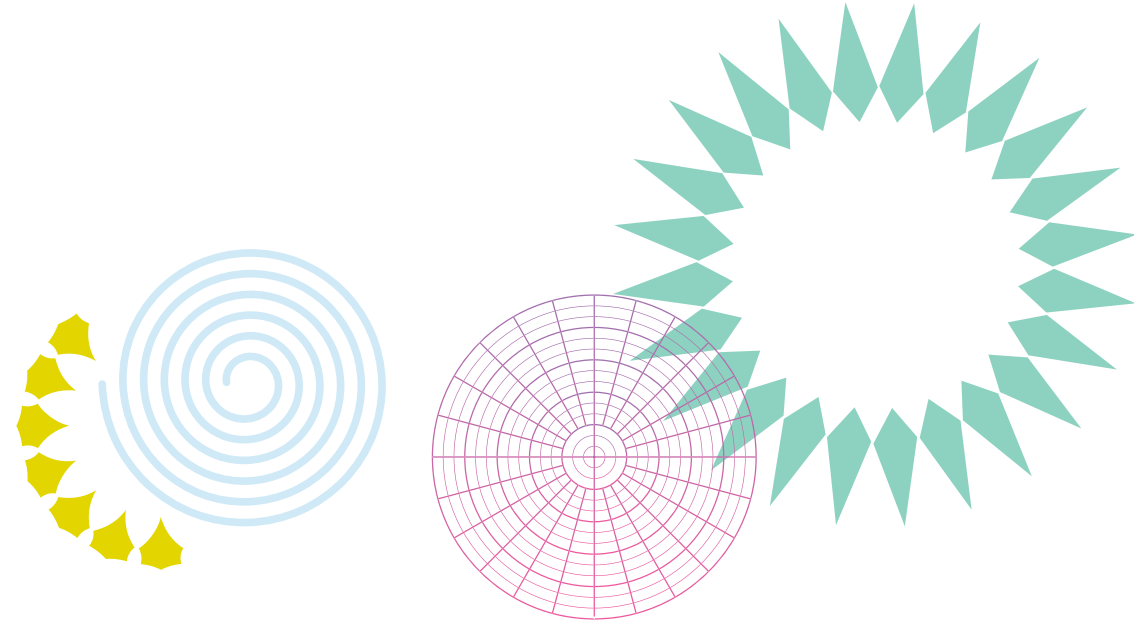
Engaging with Customers:

At Zain, we undertake a variety of activities to ensure that interactions with our customers are positive and productive. Customer Experience represents one of Zain’s key strategic pillars, and as such, 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, SMS surveys, 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.
- Call back certain customers based on their survey feedback to better understand their needs to enhance their experience.

Ensure High Quality Customer Care:

- Continue to drive Customer Experience as a major strategic pillar
- Maintain various channels to keep customers informed, receive feedback and measure performance (through customer satisfaction surveys, store experience surveys, contact centers, and brand trackers)
- Ongoing monitoring of our SLA’s with regards to customers’ experience (shop & call centers waiting time, transaction time, time to resolve issues, success and failures of Digital Service Activations and Payments)
- Track Net Promoter Scores – the degree to which customers would recommend our services to others
- Track Customer Satisfaction – the degree to which customers are satisfied with our services
- Track Customer Effort Scores – the degree of effort customers have to put forth when being serviced



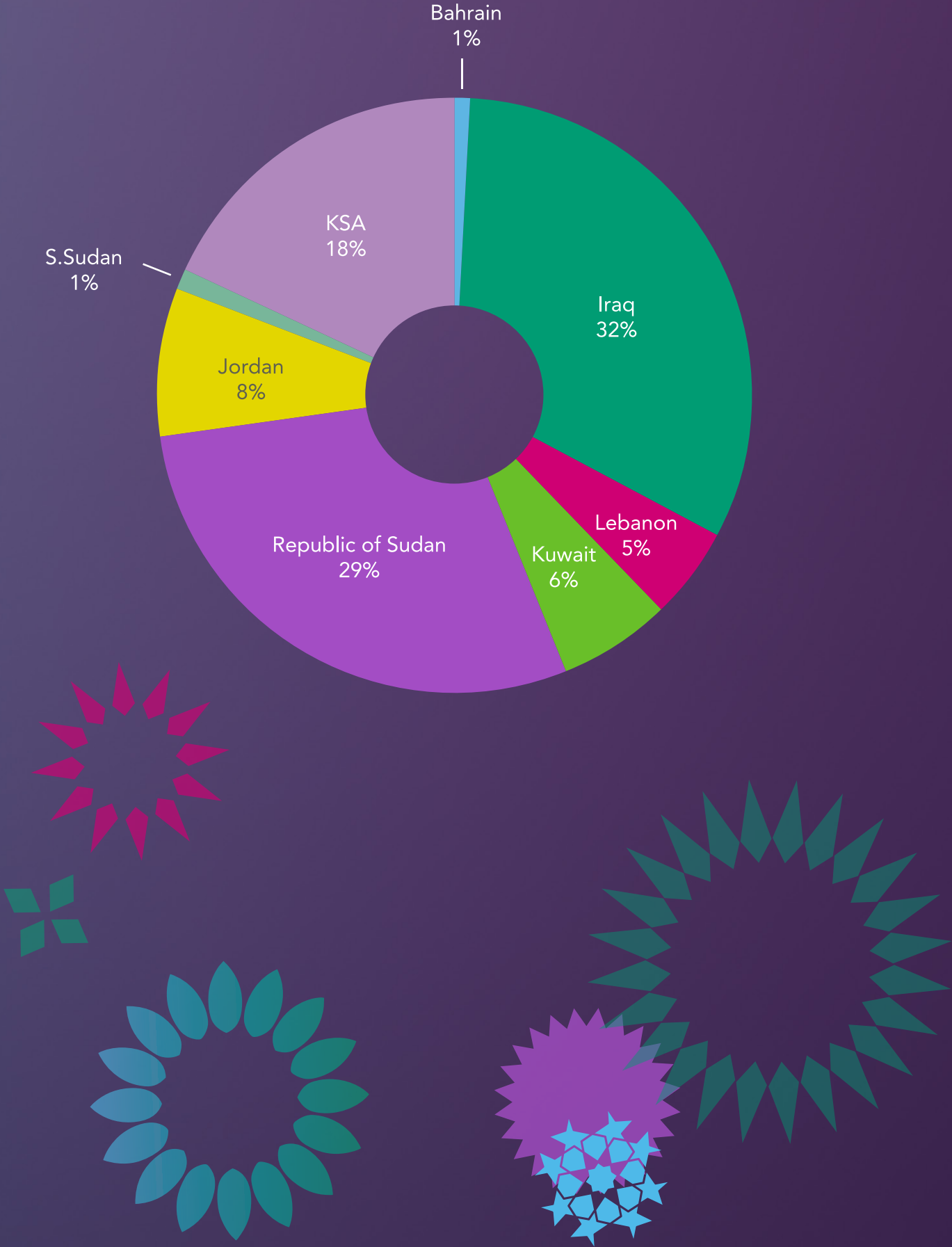
OUR NETWORK

Providing Access to Millions Across the Region

	Ownership (%)	Active Customers (000s) December 31, 2017	Active Customers (000s) December 31, 2016	Y-O-Y Change	Active Prepaid Customers (%) December 31, 2017
Bahrain	55%	678	971	(30%)	73%
Iraq	76%	14,697	12,672	16%	98%
Jordan	96.52%	3,951	4,257	(7%)	81%
KSA	37.05%	8,215	10,708	(23%)	64%
Kuwait	100%	2,704	2,952	(8%)	69%
Lebanon	MC*	2,373	2,299	3%	86%
Republic of Sudan	100%	13,508	12,535	8%	99%
South Sudan	100%	482	611	(21%)	98%

*MC: Management Contract

Zain Group’s total customer base reached 46.6 million by end of 2017. Zain’s overall customer base mainly stayed the same in comparison to 2016, with growth in the following operations, Iraq, Sudan and Lebanon. The Group customer base remains dominated by the markets with the largest populations and highest potential for growth acquisition - namely Iraq, the Republic of Sudan and KSA, in order of contribution.



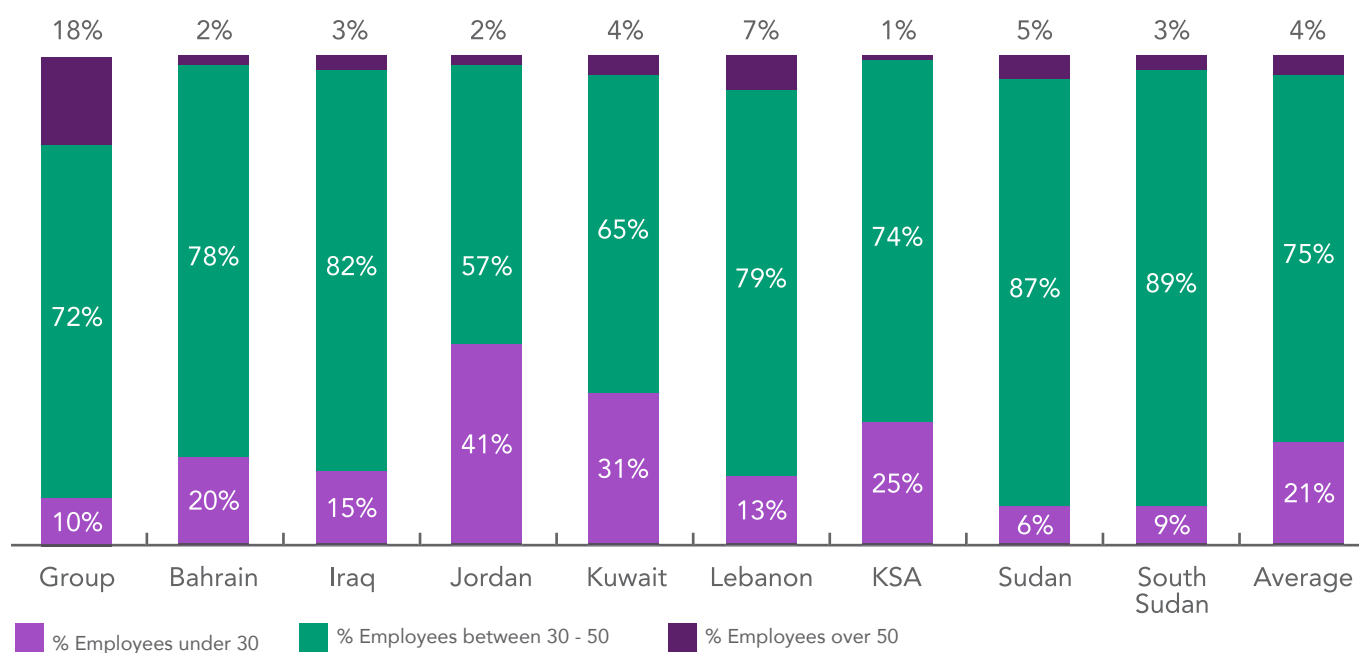
OUR PEOPLE



OUR PEOPLE

THE CHALLENGE	IN 2017, WE...
On a global scale, annual earnings for women in 2015 is USD 11,000 and for men USD 21,000 which is lower by 50% ⁸ .	Continue to track the remuneration ratios across our operations.
In some MENA countries, youth unemployment is as high as 40% ⁹ .	Revamped the Zain Graduate Program now known as Generation Z by providing 5 nationals with a yearlong paid internship program with a chance to gain employment after completion of the program.
According to the World Economic Forum's Global Gender Gap index, the Middle East and North Africa region continue to rank last globally.	Launched its women empowerment initiative aiming to achieve gender equality in the workplace.

Employee Age Structure Table



*Includes only Full Time Employees

**Lebanon includes 640 Employees under touch Management Contract

⁸ https://www.google.com.kw/search?q=gender+pay+gap+global+statistics&source=lnms&tbm=isch&sa=X&ved=0ahUKEwjssYWGsaDZAhWqJsAKHdEVBDMQ_AUICigB&biw=1920&bih=974#imgrc=vL0mxKG7Dgs0yM:

⁹ <https://www.weforum.org/agenda/2015/05/solving-the-problem-of-youth-unemployment-in-the-mena-region/>

General Employee Information

	Group	Bahrain	Iraq	Jordan	Kuwait	Lebanon	Saudi Arabia	Sudan	South Sudan	Total / Average
No. of Full Time Employees	166	201	1,123	1,151	930	642	1,504	874	68	6,659
No. of Part Time and Temporary Employees	0	63	770	185	0	72	2	919	3	2,014
No. of Employees all contract types	166	264	1,893	1,336	930	714	1,506	1,793	71	8,673
No. of Males (full time)	127	141	818	849	808	436	1,388	509	59	5,135
No. of Females (full time)	39	62	305	302	122	206	116	365	9	1,526
% of Males (full time)	77%	70%	73%	74%	87%	68%	92%	58%	87%	77%
% of Females (full time)	23%	31%	27%	26%	13%	32%	8%	42%	13%	23%
No. of New Hires Male	8	2	75	34	210	8	109	14	3	463
New Hires % - Males	5%	1%	7%	3%	23%	1%	7%	2%	4%	7%
No. of New Hires Females	5	2	28	15	27	1	28	14	0	120
New Hires % - Females	3%	1%	2%	1%	3%	0%	2%	2%	0%	2%
Total No. of New Hires	13	4	103	49	237	9	137	2	3	583
Total New Hire - %	8%	2%	9%	4%	25%	1%	9%	3%	4%	9%
Employee Turnover - Males	37	23	248	57	312	4	159	24	4	868
Employee Turnover - Males %	22%	11%	22%	5%	34%	1%	11%	3%	6%	13%
Employee Turnover - Females	11	22	85	32	51	5	27	13	0	246
Employee Turnover - Females %	7%	11%	8%	3%	5%	1%	2%	1%	0%	4%
Total Turn Over	48	45	333	89	363	9	186	37	4	1,114
Return to work rate after parental leave - females	0%	11%	38%	25%	12%	31%	5%	0%	0%	
Return to work rate after parental leave - males	100%	89%	62%	75%	88%	69%	95%	0%	0%	

*Total Full time employees includes 640 employees under Touch management contract and excludes employees from Mada Jordan, Mada Kuwait, Mada Bahrain and NXN.

*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

Achieving Results through Engagement

As an organization, it is pivotal to ensure that the company is in constant engagement with its employees. By effectively engaging with internal stakeholders, the company can adapt to and address concerns in order to create a better environment for all. Accordingly, the company continues to take a proactive approach when it comes to creating dialogue with employees as it ensures that there is a holistic and synergistic method when it comes to achieving the company’s strategic objectives.

1. True Zainer: Employee Recognition

True Zainer is an annual initiative that rewards our employees, Zainers, who exhibit creativity, passion, dedication and drive. Employees vote for their fellow colleagues based on Zain’s values, and a ‘True Zainer’ winner is tabulated from the results. The winner receives a prize and is recognized for their contributions to the company. This engagement initiative falls in line with Zain’s Employer Value Proposition as it aims to further encourage and recognize employees’ growth and development.

2. Engagement Initiatives Across Our Operations

- Star of Stars (Zain Iraq) – recognizing and rewarding 40 employees for high performance and constant dedication to the company.
- CEO Chats (touch Lebanon) – organized an open and honest setting where employees could discuss and interact with the CEO on topics such as the company’s performance.
- Zain Earth Day and Beach Clean Up (Zain Kuwait) – held an internal event that aims to educate employees on the importance of recycling by setting up games such as bowling and football using recycled materials. Zain Kuwait also organized a Beach Cleanup Day for its employees. These activities bring employees together for a common cause.
- Zain Oscars (Zain Sudan): is an internal innovation event that encourages employees to submit business ideas that tackle an internal challenge.



3. Zainiac 2nd Edition

Launched in 2015, the Zainiac newsletter aims to communicate and keep employees informed on the progress of the company’s innovation agenda. This ensures that all our internal stakeholders are aware and engaged with key developments and milestones that are taking place under the digital and innovation sphere. Through this effective form of communication, opportunities for synergy and cohesiveness emerge as all internal stakeholders are engaged when it comes to innovation.

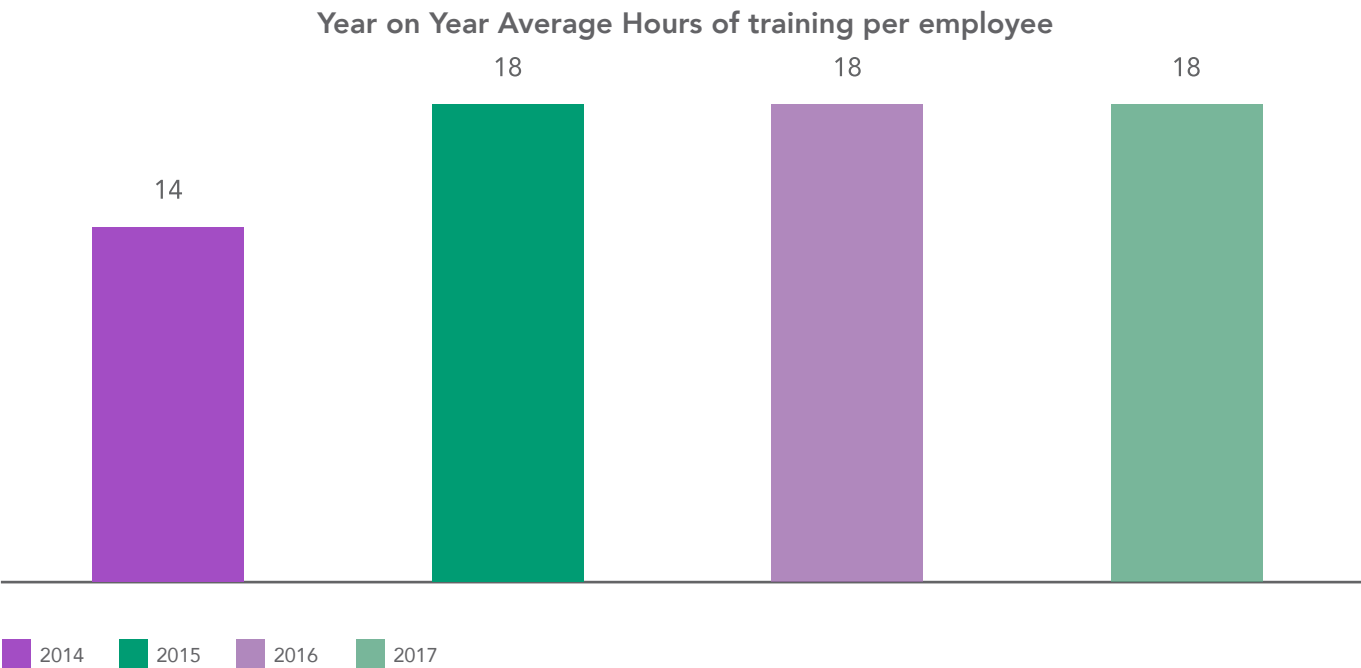
4. Group Functional Forums

The company holds functional forums in order to ensure that there is an open dialogue between the Group functions and the corresponding function at the various operating companies. The focus of the forums include strategic objectives, focus areas, key challenges and successes, idea sharing and networking. In 2017, the following functions organized several Group wide forums where all operations met in order to further align their department’s strategies and objectives: Corporate Communications, Regulatory, Procurement, Digital Innovation, B2B, and Technology.

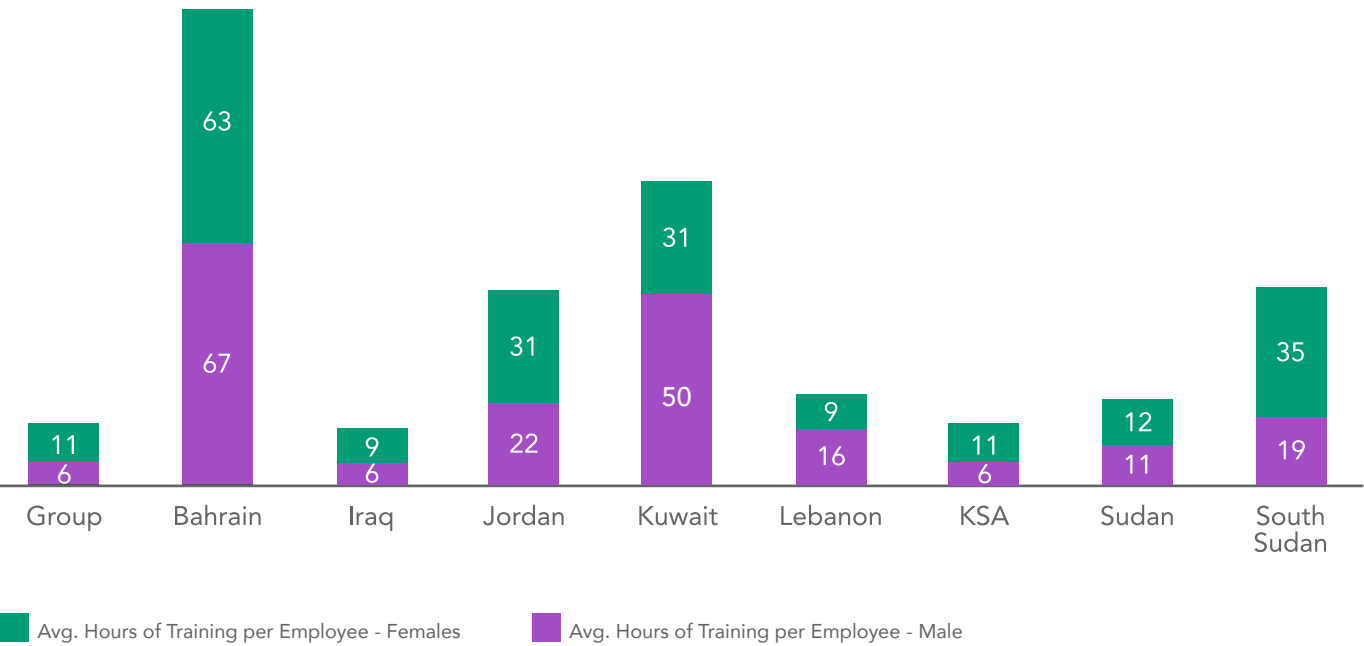
Various departments across the Group are also invited to either present or attend as well as the company wants to ensure that attendees have clear exposure and visibility about the company’s activities.

Training and Developing Our People

Through the implementation of Zain’s cohesive tracking mechanism for training, the company guarantees that the required training is executed. As such, the company believes that training and developing employees is not only providing them skills to perform their jobs, but it also ensures that they are growing and developing. Some of the training program offered across operations include: effective communication, guidelines for call center agents, hybrid system maintenance, digital marketing and cloud computing.



Developing Our Talent: Training and Development



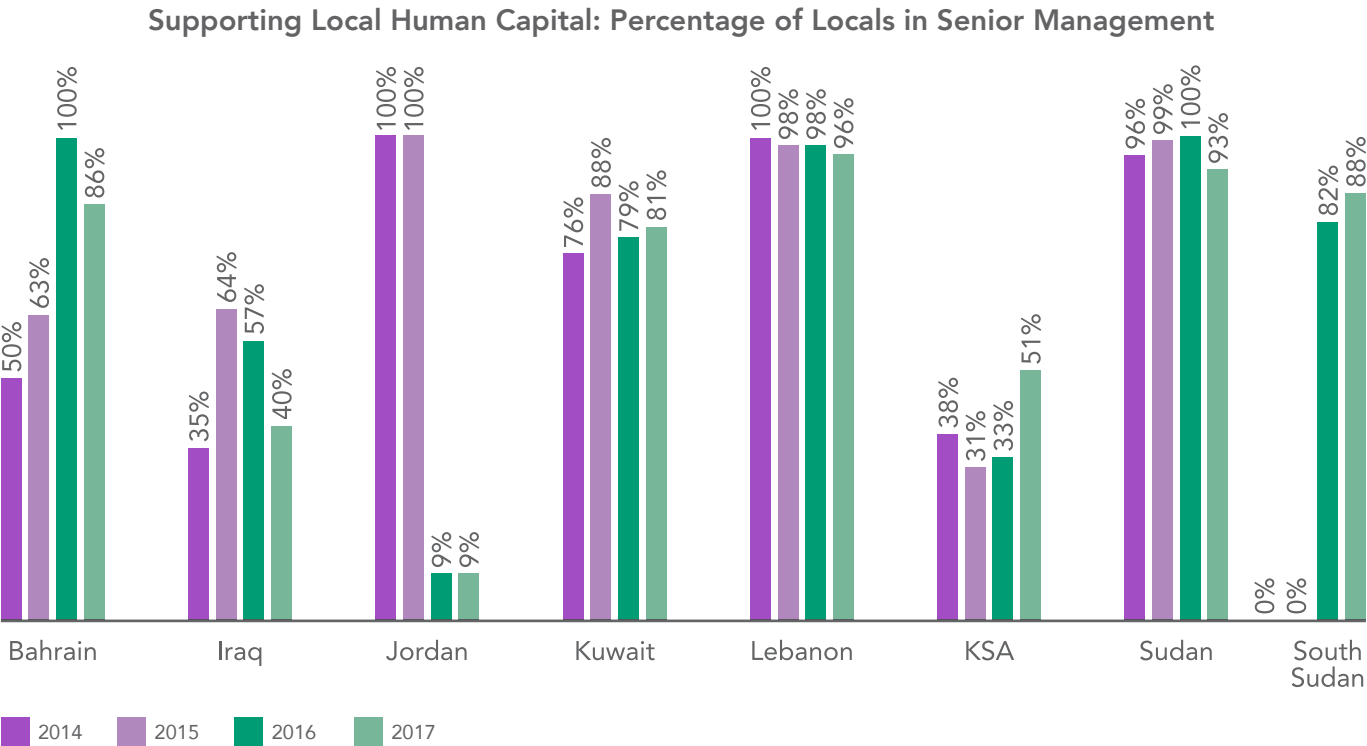
1. Generation Z – Providing Youth with Opportunities for Growth

The second edition of Zain’s graduate program, now called Generation Z, is a revamped training program that is targeted to candidates who have an entrepreneurial spirit with the aim to inject a startup mindset during their time at Zain. In 2017, the five chosen graduates rotated across Zain Group functions, visited Zain’s Innovation Campus in Jordan, underwent various training programs such as developing business models and value propositions, and pitched their ideas to the management team. Each candidate chooses a mentor that will guide him/her throughout the yearlong program.



2. Supporting Local Talent

Ensuring that the company prioritizes the hiring of local talent shows how Zain encourages and supports local capacity building. However, the organization is extremely adamant about providing equal opportunities for everyone and does not discriminate on gender, race or ethnicity. The table below indicates the percentage of Senior Management comprised by locals in each of Zain’s operating companies.



*Senior Management: Defined as top two management levels

Addressing Gender Disparity

1. Women Empowerment:

In 2017, Zain took an active and bold approach to addressing gender equality and empowering women in the organization. This transformational initiative, led by the Vice Chairman and Group CEO, was launched in November at a networking event where more than 300 Zain female employees from across all of Zain’s footprint gathered to discuss the importance of gender diversity. Connie Diekan, world renowned leadership advisor, kicked off the event and led the discussion to produce an actionable implementation plan. This initiative aims to analyze and examine all of Zain’s policies and female-related initiatives, statistics on females in leadership positions, women’s operational leadership roles, and identifying challenges and hindrances to minimizing gender divide.

During the full day networking event the following topics were discussed and some key takeaways were derived:

Gender Diversity:

- Increase ratio of women to 25% by 2020
- Include women in hiring C level decision and promotions
- Mentorship program for junior females to be mentored by both men and women
- Flexible policies for maternity leave

Female Intrapreneurship:

- Cross functional development to support internal intrapreneurship
- Increase weight of innovation for all KPIs
- Create a Zain Group Female Project of the Year Competition

Girls in Education:

- An exchange program among all of Zain’s operations
- E-Learning for schools
- Female Leaders from Zain to visit schools and educate them on empowerment

The first action point was to identify a **Women Empowerment Ambassador** from each operation. After that, the designated team working on this project will work closely to review all the ideas and action points and define a 12-month master plan.



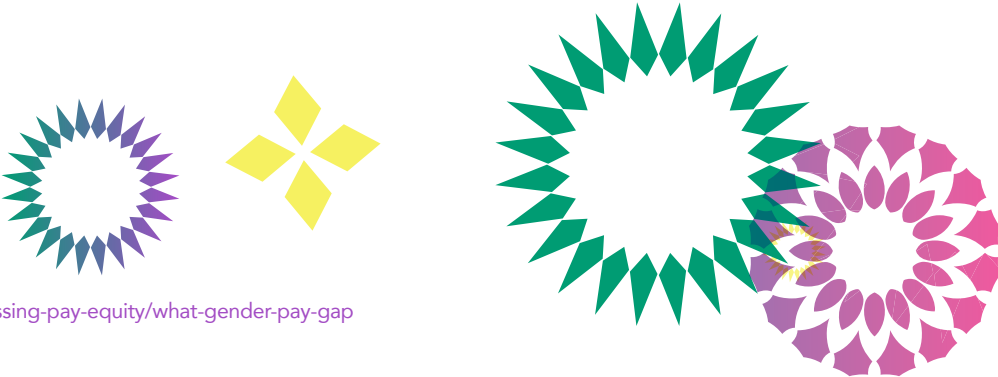
2. Gender Pay Gap

Zain continues to track remuneration ratios based on gender for each employee segment across the organization. The company has been analyzing remuneration ratios based on level of the organizational hierarchy. As such, this will ensure that equity issues are covered and are tracked with accuracy¹⁰.

Average Remuneration Ratio Females to Males by Employee Category

	Group	Bahrain	Iraq	Jordan	Kuwait	KSA	Lebanon	Sudan	South Sudan
Employee Level 1	0%	NA	0%	94%	143%	0%	105%	97%	0%
Employee Level 2	91%	95%	95%	104%	110%	71%	77%	84%	0%
Employee Level 3	99%	79%	76%	98%	0%	84%	87%	98%	6%
Employee Level 4	68%	95%	94%	96%	156%	85%	98%	92%	0%
Employee Level 5	120%	103%	99%	95%	103%	79%	91%	91%	86%
Employee Level 6	84%		95%	94%		92%			70%
Employee Level 7			105%	100%					

OUR WORK ADDRESSES THE FOLLOWING GOALS



¹⁰ <https://www.wgea.gov.au/addressing-pay-equity/what-gender-pay-gap>

OUR COMMUNITIES

THE CHALLENGE	OUR RESPONSE
In Iraq, a staggering 3.2 million people are internally displaced ¹¹ .	Ongoing since 2012, Zain Iraq continued to provide IDP women with sewing skills which increases their chance of finding gainful employment.
30% of the youth in the MENA region are unemployed ¹² .	Zain Kuwait launched its fourth edition of Zain Great Idea where 10 startups received rigorous training to further develop entrepreneurs and startup community in the country.
Only 55.4% of the water in Sudan is drinkable ¹³ .	Continued the Al Jafeel Program in Sudan that provided 10,000 villagers access to clean water in 2017.

Introduction

As part of Zain’s social contract and moral imperative, the company directs significant resources to social, economic and environmental issues. By creating tremendous value for our societies, the company not only ensures its leading role in the market but leaves a positive and long-lasting impact on all its stakeholders. This section provides an in-depth description and analysis of all the major initiatives that address deficits and challenges across Zain’s footprint.

Zain’s Regional Challenges

Despite the ongoing conflict and lack of growth opportunities, the MENA region has great prospect for socio-economic development, capacity building and innovation. Nonetheless, there are many factors that hinder the region’s potential for growth such as high unemployment, mass displacement, and the rise and fall of oil prices.

There is a great need for providing valuable skillsets to those who are seeking gainful employment especially as the region has the highest youth unemployment rate standing at 27%. Building capacity for the youth creates meaning and gainful job opportunities on a local level.

As a result of ongoing conflict and turmoil, the MENA region also faces a high percentage of marginalized and vulnerable communities, making it essential to foster greater inclusivity when it comes to social and financial benefits. An inclusive approach to governance often ensures that segments that are excluded will have the opportunity to improve their livelihoods and overall wellbeing.

Underpinning development is economic diversification which is crucial in the Middle East, especially in oil exporting countries, as the current environment has been impacted by the low oil prices. Accordingly, other sectors must start to develop in order to help provide sustainable growth and employment opportunities¹⁴.

Collaboration with Nugat to introduce IN•DIG•GO

In 2017, Zain Group signed a deal with Nugat, a Kuwaiti non-profit organization that aims to nurture curiosity in kids and adults through seminars, workshops and cultural events. This partnership aims to establish a new innovative educational program that centers around the 4 C’s of Creativity, Communication, Critical Thinking and Collaboration. This program, IN•DIG•GO, targets children between the ages of 6 and 11 years that will result in strengthening the understanding of the participants, expanding their knowledge, and developing their soft learning skills. Through this partnership, Zain aims to push the envelope and lend a hand in improving young people’s circumstances and prospects through education in order to createtalented and creative future entrepreneurs and business leaders.

MIT Enterprise Forum (MITEF) Pan Arab Startup Competition

Zain embarked on a three-year partnership in 2015 with MITEF Pan Arab Startup Competition, Community Jameel and Tamkeen in 2017. Community Jameel is a social enterprise organization that conducts a wide range of initiatives which contribute towards positive societal and economic development. Tamkeen aims to develop Bahrain’s private sector. In its 10th edition, the MIT Enterprise Forum Pan Arab Startup Competition aimed to create opportunities, in the MENA region, for growth and development based on innovation and value creation. As per every year, the competition was divided into three main categorizes: Ideas, Startups, and Social Entrepreneurship. Each of these tracks had three winners which were awarded with cash prizes and other benefits such as training, mentorship, media exposure and networking opportunities. In 2017, an unprecedented turnout of 8,272 applications were submitted with the prize money exceeding US Dollars 160,000. This competition celebrated its 10th anniversary through years of success in providing young Arabs with the tools to take charge of their creative and ambitious entrepreneurial ideas.

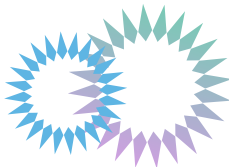
¹¹ <http://www.unocha.org/iraq>
¹² www.ifc.org

Zain Group and Myca Health Inc.

Zain Group signed an MoU with Myca Health Inc, a company that provides web based technologies to tap into practical needs of the healthcare market place. By collaborating with Myca, Zain is able to create value for society as well as for the company by providing e-health services that allow individuals to access or deliver health services digitally in a cost and time efficient way. In alignment with Goal 3, this partnership will provide users with a controlled and secure mobile interface when accessing physician services, scheduling appointments, mobile consultations, electronic prescriptions and more. Zain, through this partnership, is integrating the concept of shared value by using its core commercial services to benefit individuals by providing them access to healthcare services through their mobile phones.

Zain Group and Palliative Care

Zain Group in partnership with Soroptimist International Club Kuwait held an event called ‘The Night of Song and Music’ featuring restricted ‘Oud’ musician Charbel Rouhana. This event aimed to raise awareness on the importance of palliative care and home hospitality for the terminally ill. Soroptimist International Club Kuwait partnered with SANAD, an NGO based in Lebanon, to raise education and health awareness issues when it comes to providing palliative care within the family structure or the nursing profession. SANAD, whose mission is to provide comprehensive home-based hospitality care free-of-charge to terminally ill patients while preserving their dignity will help steer the dialogue and rally key stakeholders to create an understanding of palliative care in Kuwait. By contributing to this event, Zain continues to be a catalyst for change by serving the communities it operates in by offering an opportunity to increase support for this vital form of care.



¹³ <https://prezi.com/agevqagw3uyb/water-scarcity-in-sudan/>
¹⁴ <https://www.imf.org/external/np/pp/eng/2016/042916.pdf>

Bahrain

In Bahrain, unemployment remains one of the kingdom's most vital priorities. Currently Bahrain suffers from a high unemployment rate, especially when it comes to the youth at 29%¹⁵. As such, it is essential to provide individuals with valuable skills that will ensure that people are adequately prepared for gainful employment and growth opportunities. Moreover, to further tackle this issue, the country must also support young entrepreneurs and innovators to bring about meaningful job opportunities. Private companies can play a pivotal role when it comes to youth unemployment by providing training opportunities and other resources to help the youth secure jobs leading to better socio-economic circumstances for the country.

This year Zain Bahrain addressed unemployment and social cohesion through various initiatives and outreach activities:

Partnership with Wheelys Bahrain

As part of Zain Bahrain's aim to further develop the local startup community in the Kingdom, the company partnered with Wheelys Bahrain to provide them a space at Zain's headquarters to operate and start their business. Wheelys Bahrain is a chain of organic cafes that enables eco-entrepreneurs to start their own café business. Through this partnership, Zain Bahrain was able to expose the one year old business to Zain employees and other customers in the area and simultaneously expand its SME community. With youth unemployment in Bahrain being one of the top issues that the country is facing, Zain Bahrain ensures that it invests its resources and core services in local Bahraini startups.



Zain Elderly Home Visit

In 2017, Zain Bahrain hosted a visit to the National Bank of Bahrain (NBB) Elderly Home in Isa Town. The visit included, entertainment, a cooking demonstration, and traditional games. More than 20 employees, customers and partners visited the home where they got the chance to learn about the history of Bahrain through the elderly men and women. This initiative instills compassion and a strong sense of the community into the company's culture. Through this visit, Zain is reaching out to marginalized and isolated communities in order to foster greater inclusivity in the Kingdom while instilling employees with the importance of culture and heritage.



¹⁵ <http://www.businessinsider.com/countries-with-worst-youth-unemployment-2015-11/#22-iraq-15>

Hosting Students at Zain

In the summer of 2017, Zain Bahrain hosted 13 high school students for a two-week educational summer program. This program exposed the students to different functions at Zain spanning from the call center, to retail, marketing, technology, to human resources and others. The students completed the program with an overview of the mobile telecommunications sector, a seminar on time management and communication skills, career development, and a UN-led workshop on projects that address the UN Sustainable Development Goals. By training and developing this group of aspiring youth the program provided them with the skills needed for future job opportunities, the need to address the SDG's while also exposing the company to young talent.

Iraq

Iraq continues to suffer from ongoing crisis and conflict due to instability and socio-political turmoil which has led to a rise in IDPs across the country. With 11 million people in need of humanitarian assistance in the country and 3.3 million internally displaced, Iraq is struggling to accommodate to this large segment of society¹⁶. Additionally, Iraq is suffering from youth unemployment at around 36%. As such, the need for meaningful job creation is essential to spur socio-economic growth in the country.

Sewing Training for IDP Widows

Update: Zain Iraq continued to train IDP women with sewing skills with the aim of increasing their chances to find gainful employment and become self-sustainable. Through the program, widows are provided an opportunity to better their lives and improve their socio-economic circumstances. As such, widows will now be able to not only improve their own lives but be able to provide for their dependents as well. A sustainable and ongoing initiative, the sewing training program trained 61 women in 2016 and 30 women in 2017.

Supporting IDP Camps in Mosul

Zain Iraq in collaboration with the Henrik volunteer team planned a visit to Hasan Shami camp located in Mosul so as to ease their hardships by providing them with basic needs. The company organized a group of young volunteers to participate in this which helped create a greater sense of cohesion and peace in newly liberated areas. This initiative is especially needed in a recently liberated area, where communities have experienced significant shortages in food, water, healthcare services, and winter supplies¹⁷. Zain Iraq addressed this shortage by helping 2,100 families.



¹⁶ <http://www.unocha.org/iraq>

¹⁷ <http://www.iris-france.org/wp-content/uploads/2017/07/Obs-ProspHuma-Iraq-july-2017.pdf>

RE:Coded Training Program

RE:Coded is a coding Bootcamp for refugees, displaced youth and host community members that provides students with skills to eventually become app developers. The skills provided through this program include English vocabulary, business communication and project management methodologies. Through this program, marginalized youth had the opportunity to use first-rate materials, receive mentorship, and the chance to explore the world of coding. Equipping students with skills that are needed in the market, provides Zain with access to a pool of talented potential recruits with loyalty towards Zain. In partnership with Udacity, this program trained 150 driven and ambitious students.

Partnership with Google Developers Community Groups Baghdad

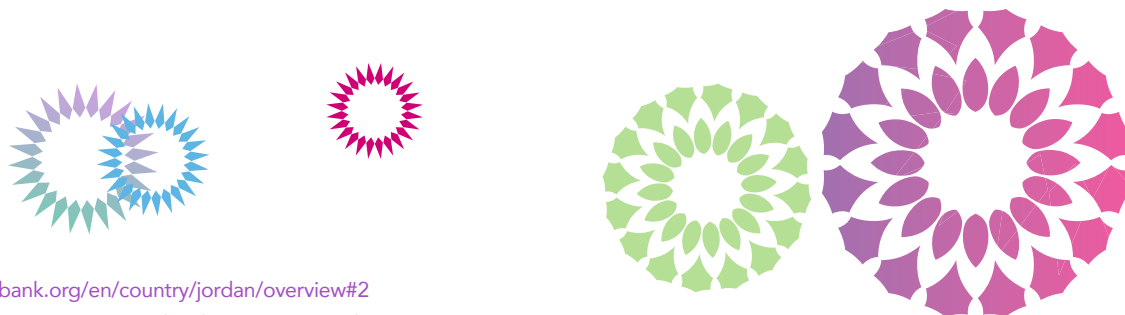
Zain Iraq collaborated with Google Developers Community Groups Baghdad to host the GDG Women edition in Baghdad. The second time collaborating with the Google Drive Community, Zain Iraq ensures that it continuously develops and contributes to the tech industry in Iraq. Investing in such programs benefits the community in the long run as information, communication and technology skills are quintessential for socio-economic development especially in times of crisis. By specifically targeting women and the giving them an opportunity to enhance their skills and get involved in a male dominated sector, Zain Iraq contributes to inclusivity and minimizing the gender gap. This event hosted 95 women in 2017.

Jordan

Over the years, Jordan is continuously facing the ongoing influx of refugees into the country, many of whom require government assistance when it comes to basic needs and necessities¹⁸. Another challenge that the country is addressing is the great need for job creation especially when it comes to women. According to the Jordan Times, in 2017 the unemployment rate for women was at around 33% as opposed to men at 13.9%. This staggering difference shows a great need to provide women with not only meaningful job opportunities but the needed expertise and skills as well¹⁹. This challenge is best addressed through an inclusive approach underpinned by innovation and entrepreneurship in order to help build and foster a cohesive startup ecosystem in the country.

Zain Relief Fund

Established in 2004, Zain Relief Fund aims to provide economic aid to underprivileged families across the country. This fund provides general health to undeserved communities which is considered a prerequisite for socio-economic developed. In partnership with the Ministry of Social Development, the Fund targets those that are not covered by the Ministry's National Aid Fund. In 2017, 1,785 families have been supported to help improve their livelihoods and wellbeing.



¹⁸ <http://www.worldbank.org/en/country/jordan/overview#2>

¹⁹ <http://www.jordantimes.com/news/local/women-unemployment-increases-33-q1>

Mobile Maintenance Training Centers

Established in 2008, Zain Jordan's Mobile Maintenance Center is located in five different areas across Jordan, Al Zarqa, Tafeelah, Wadi Seer Training College, Hakama and Karak. The aim of this program is to provide youth and students the skills to repair and restore mobile phones in the hope of finding gainful employment. Through this training program marginalized youth gain skills to develop and build their capacity. As such, Zain benefits from training program by strengthening its supply chain therefore contributing back to the business. This year, 198 students have been trained across the five training centers.

Partnership with Mind Rockets for the Deaf Community

In 2017, Zain Jordan added an extraordinary feature to the Zain Jordan website by providing an option for instant translation for written English and Arabic into sign language for the Deaf Community. This inclusive approach ensures that Zain's products and services can be reached and accessed by all segments of society. In partnership with Mind Rockets, a startup that produces assistive technological solutions for the Deaf and Hard of Hearing, Zain Jordan addresses the gap between the deaf and hearing community. In addition to adding this feature, Zain Jordan supported the deaf community by donating 7 ear pieces to children in need as part of the 'Hear without Boards' initiative.



Saudi Arabia

In recent years, Saudi Arabia has been pushing the envelope when it comes to promoting economic diversification as oil prices continue to decline in the country. The Kingdom adopted a methodology called "Saudi Arabia's Vision 2030" that identifies an overall vision that the country is working towards. This vision includes, talent development, economic diversification, job creation for its citizens and promoting partnerships with the private sectors²⁰.

Blood Donation Campaign

On a continuous effort to encourage blood donation amongst employees, Zain KSA held its annual blood drive at its headquarters. This campaign helps those in need whilst educating and spreading awareness about the importance of the issue. The blood drive was held in Riyadh, Jeddah and Damman. Since 2013, 437 Zain employees donated blood to those in need.



²⁰ <http://vision2030.gov.sa/en/foreword>

Training Workshop for Women

In partnership with The Institute of Public Administration, Zain KSA hosted a workshop conducted by three Zain Employees that aims to provide female students with job preparedness skills. The workshop included topics such as workplace environment, building a CV, and interview skills. 77 female students from the Institute of Public Administration attended the workshop. Through this workshop, Zain was exposed to future potential female employees while simultaneously provided young talent with necessary skillset.

USF Broadband Project in Remote Areas

In 2017, Zain KSA was awarded and chosen to execute the first high-speed Mobile Broadband project in rural areas. To further contribute to the Kingdom's National Transformation Program 2020, Zain is fully committed to this project to ensure that it plays its role in contributing to the Program. The project was launched in April 2017 and the first phase was finalized in October. This first phase consisted of, upgrading a number of sites in remote areas to 4G (LTE) services and increasing the coverage of populated areas which included 129 residential and commercial communities for 13 different governorates. Furthermore, one of the objectives of Saudi Arabia's Vision 2030 for the telecommunication sector is to provide high-speed internet services to all KSA regions. This project aims to increase wireless network coverage to reach 70% of the population in remote areas by the year 2020.

Kuwait

Kuwait as a nation established an ambitious set of goals as its long-term development priorities for 2035. This plan consists of seven pillars that each have specific programs and projects that are designed to achieve the vision of a New Kuwait. The seven identified pillars are: enhancing Kuwait's global position in terms of trade and culture, develop and modernize the nation's infrastructure, reform the education system to better equip youth with necessary skills, reform administrative and bureaucratic practices, improve the public healthcare system, develop a diverse economy, and ensure available living accommodations through environmentally conscious methods. This plan gives the private sector a clear indication of where Kuwait is heading thus providing companies with an opportunity to adhere and align their objectives to help further development and ensure sustainable growth for all.

Zain Great Idea 4

In the fourth edition of the program, Zain Great Idea partnered Brilliant Lab to incubate and accelerate Kuwaiti entrepreneurs. This program occurs on a bi-annual basis and previous three programs occurred in 2011, 2013, and 2015. With 150 applicants, the top 10 were chosen to join The Mind the Bridge foundation and attend a tech startup acceleration program in both Silicon Valley, San Francisco and London. Through the program, Zain is contributing and further developing the startup ecosystem in Kuwait which falls in line with New Kuwait's 2035 Vision. Furthermore, one of Zain Kuwait's top priority has been to provide proper resources for the local startup community. Thus, by actively contributing to the youth, it strengthens Kuwait's human capital pool leading to a more competitive and productive workforce.

Future University Network (FUN) Program

Launched in 2008, The Future University Network (FUN) program is designed to help students improve their work and social skills by actively engaging with customers and experienced employees. Through this training program, talented university students gain familiarity and knowledge to undertake productive private sector jobs in the future. These students are allocated to several departments such as the branches, call center and management divisions and also serve as brand ambassadors for Zain. In 2017, a total of 24 students joined the FUN program, making it a total of 611 students benefitting from the program since its inception. This program contributes to Kuwait's national agenda which encourages greater private sector participation for nationals especially when it comes to the youth.

Humanitarian Trip to Jordan

After signing a memorandum of understanding (MoU) in April 2016 with the United Nations High Commissioners for Refugees (UNHCR) Kuwait Office, Zain Kuwait organized a field trip to Jordan that aims to help improve living conditions of refugees and people in need. Zain visited Zataari Camp and through this visit was able to support 500 families, basic winter supplies such as blankets, shoes, and winter clothes, and 100 toys. Additionally, Zain further supported the UNHCR by actively promoting Zain's official online donation portal zain.unhcr.org that offers the public the chance to donate in order to help and uplift refugees. Moreover, in 2017 Zain made an additional donation of USD 30,000 in support of the cause. This collaboration between Zain and the UNHCR embodies the cooperation between private and global humanitarian sector.

Ramadan Campaign

During Ramadan 2017, Zain Kuwait introduced a variety of initiatives with the aim to spread the message of peace and cohesion. The company successfully held numerous projects that touched upon various segment within Kuwait's society. As a result, many partnerships were formed and strengthened both the public and private sector.

The campaign and initiatives held this year included:

- Delivering essential food supplies to people in need
- Hosting a Ramadan Iftar gathering at Kuwait's International Airport to share Iftar meals with the around 50 personnel on duty
- Visiting care centers and hospitals
- Charitable donation initiative where Zain donated over KWD 45,000
- Al Amal Club Gergiaan Celebration at Al Amal Club for children with cancer and blood disorders

- Humanitarian partnership with Al Najat charitable campaign receiving an overwhelming success of over KWD 4 million of donations in 12 hours.
- Distributing prayer essentials during the last 10 days of Ramadan



Lebanon

With around 1.5 million Syrian refugees residing in Lebanon, many Lebanese skilled citizens are left unemployed. This important challenge must be tackled by fostering innovation and providing greater support for entrepreneurs²¹. Another alarming crisis Lebanon has been facing is the waste crisis. This challenge erupted in 2015 leading huge mounds of waste filling Lebanon's streets. Burning waste led to chronic obstructive pulmonary disease, coughing, throat irritation, skin condition and asthma²².

Youth Innovation Program

In 2017, touch and Riyada collaborated to develop a one-of-a-kind program that aimed to expose young people to social entrepreneurship. Through this program, participants were given the opportunity to develop a mobile application that solves social problems contributing to the Sustainable Development Goals (SDGs). Through the program, 50 participants gained creativity, technical, entrepreneurship, and soft skills such as communication, presentation skills and team building. By collaborating with Riyada, touch was also exposed to a wide range of apps where the company could potentially invest in the future.



"e-touch" Project in partnership with "Teach for Lebanon"

Touch in collaboration with "Teach for Lebanon", a Lebanese NGO dedicated to improving the quality of education, launched an educational project that aims to support Lebanon's most disadvantaged children. This program known as "e-touch," provides students access quality education, exposure to online data and information, and technological literacy. Touch contributed to the program by fully equipping centers in two schools with 10 networked laptops and other appropriate equipment. This program supports 300 disadvantaged children and benefits teachers as they now have access to online training programs. Led and managed by "Teach for Lebanon" the e-touch centers are considered a long-term investment as it gives the disadvantaged community members a wider range of resources and access to further develop necessary skills.

Don't Drive Campaign

Don't Drive Campaign is a campaign that aims to promote road safety as traffic safety is a major issue in Lebanon. In 2017 alone, it has been reported that there have been 2,884 car accidents, 3,863 injuries and 407 fatalities²³. Touch addresses road safety in an innovative campaign where the company showcases different individuals using their mobile devices in various relatable ways where it be texting, emailing, or taking photos while driving. The message of the campaign encourages people who use their mobile phones while driving to start using alternative transportation solutions. Furthermore, touch provides options to use one of its three partners, Careem, Onlivery and Carpolo as alternatives choices. Not only does this campaign aims to minimize the number of accidents and injuries but also expose its partners and further promote the digital startup community.

Partnership with SANAD Hospice Care

In 2017, touch partnered the independent nongovernmental organization SANAD and its humanitarian mission to offer hospice care to terminally ill patients and their families in Lebanon. Through this partnership, SANAD launched an awareness campaign on this unified day of action to celebrate and support hospice and palliative care around the world. Through this partnership, touch aspires to join SANAD's efforts in enlightening Lebanese society about the importance of palliative care and supporting people who suffer from a terminal illness. The NGO's efforts are also crucial for the creation of a more supportive environment altogether, one that advocates for patients' rights in Lebanon and the region.

Sudan

As Sudan is highly dependent on oil and it must start diversifying its economy in order to develop and grow. Greater attention and investment must be made in sectors such as agriculture and livestock as it currently contributes to around 35%-40% of the country's GDP²⁴. Another challenge that Sudan faces is that roughly around 46.5% of the population live below the poverty line. As such, the need for job creation and employment opportunities is paramount. With 20% percent of the population without a job a need for alternative employment routes is essential.

AlJafeel Water Project

Based in North Kordofan State, AlJafeel Water Project links artesian wells with a number of surrounding villages. In 2016, the project served around 7,000 people and in 2017 the project served 10,000 people. This project provides an opportunity to improve general health issues such as malaria, dysentery, renal failure that occur when people drink and use polluted and intoxicated water. As water and sanitation is considered the core of sustainable development, it is extremely vital to ensure that the quality of water resources are safe and clean. As a country, access to clean water remains one of the greatest challenges with 3.5 million people in Sudan require some form of water²⁵.

²¹ <http://www.worldbank.org/en/country/lebanon/overview>

²² <https://www.reuters.com/article/us-lebanon-garbage/lebanon-choked-by-burning-garbage-rights-group-says-idUSKBN1DV492>

²³ <http://executive-bulletin.com/other/touch-launches-road-safety-campaign-dont-drive-company-collaborates-with-digital-startups-careem-carpolo-and-onlivery-to-provide-special-offers-and-rewards-as-alternativ>

²⁴ <http://www.worldbank.org/en/country/sudan/overview>.

²⁵ https://reliefweb.int/sites/reliefweb.int/files/resources/Sudan_2017_Humanitarian_Needs_Overview.pdf

Rural Extension Program

For the seventh year in a row, Zain in collaboration with Ahfad University for Women organized field trips for students to visit villages in rural areas to help improve the quality of life of those living in such impoverished areas. Students are provided with the opportunity to help undeserved communities with issues such as hygiene and sanitation, family planning and aids awareness. In 2017, 1,050 students visited 80 villages across most of the States in Sudan. This program provides students with the chance to participate in community outreach programs. This automatically provides students an opportunity to develop new skills and creates a sense of compassion and tolerance. By creating such program, Zain continues to serve as the bridge between different segments of society.

Connecting Classrooms

Connecting Classrooms is an educational program built on a multi-partnership between various sectors in Sudan. In partnership with the Federal Ministry of Education in Sudan and the British Council, Zain aims to provide teachers with numerous skills that include digital literacy, communication and collaboration, critical thinking, problem solving and others. These skills are considered detrimental for teachers when it comes to providing quality education to Sudan's youth. In 2017, 320 teachers received training.

This program aims to:

- Train 2000 teachers and school principals
- Provide workshops and seminars to improve standard of education
- Participate in regional and international educational forums²⁶

Global Entrepreneurship Week (GEW)

The Global Entrepreneurship Week takes place every November in 170 countries, for a week-long event consisting of various activities, competition and panel discussions. A variety of events take place from extensive competitions to small group meetings and networking. During this week, aspiring entrepreneurs can fully discover and explore their potential by sharing numerous ideas and experiences face to face or online²⁷. In Sudan, GEW was organized by a local organization called the Innovation and Entrepreneurship Community. This local organization's aim is to educate and spread awareness on the mindset of an entrepreneur by offering mentorship, networking opportunities and exposure to potential investors²⁸. By partnering both entities GEW and Innovation and Entrepreneurship Community, Zain is determined to be involved and help support the startup community in Sudan.

Furthermore, Zain Sudan participating in the event as judges in some of the competitions that were held. This event, provides the company with insight and understanding of what is available or lacking in Sudan when it comes to the entrepreneurship and startup businesses. In 2017, 6000 entrepreneurs, 65 investors, and 35 experts participated and attended the event.



South Sudan

Due to social and political unrest in the country, South Sudan is facing extremely high levels of poverty at 66%, mass displacement and food insecurity. As such, South Sudan is dealing with years of underdevelopment, an extremely young population growing up in harsh conditions²⁹. In response to the instability and hardships, Zain South Sudan aims to continue to promote a positive and hopeful approach by conducting capacity building program and peace development initiatives.

The Whitaker Peace and Development Initiative

Established in 2012, The Whitaker Peace and Development Initiative (WPDI) was created as a collaborative effort between Zain South Sudan, Ericsson, UNESCO, and the renowned actor and UNESCO Goodwill Ambassador for Peace and Reconciliation Forest Whitaker to promote peacebuilding, reconciliation and capacity-building.

By supporting this initiative, Zain South Sudan is actively taking necessary steps to support the population by promoting peace and development in the country. This initiative aims to empower youth by providing them training programs that focus on capacity building, conflict management, and ICT skills. Zain South Sudan is offering beneficiaries under the program, access to connectivity as it is considered a key enabler for socio-economic development.

In 2017, the WPDI in collaboration with Zain South Sudan:

- Opened the ICT learning center
- Training of Youth Peace Ambassadors in Juba
- Training 44 trainers and center managers



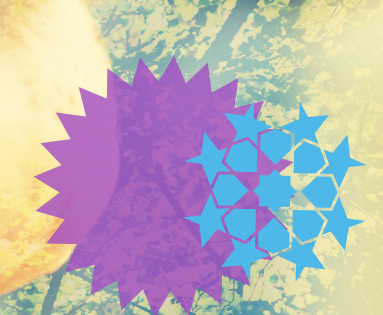
²⁶ <https://sudan.britishcouncil.org/en/about/press/british-council-and-zain-telecom%E2%80%98connecting-classrooms%E2%80%99partnership-launch>

²⁷ <https://genglobal.org/global-entrepreneurship-week/gew-faqs>

²⁸ <https://iec-su.org/>

²⁹ <http://www.worldbank.org/en/country/southsudan/overview>

OUR ENVIRONMENT



OUR ENVIRONMENT

THE CHALLENGE	IN 2017, WE...
According to the United Nations Environment Programme, materials such as biomass, fossil fuels, and non-metallic minerals which include paper, foam and wood could reach 88.6 billion tons in 2017 – three times more than the amount used 1970 ³⁰ .	Promoted an eco-friendly culture in Lebanon recycling over 25 tons of paper, cardboard, wood in the past two years.
Target 7.3 of Goal 7 Affordable and Clean Energy states ‘double the global rate of improvement in energy efficiency by 2030.	Revised the method of data collection to a more time efficient and standardized method based on a new conversion rate for fuel consumption, therefore have updated and created a new baseline in 2017.
Compared to coal, solar electricity uses 86% to 89% less water, 80% less land, and is 95% lower in toxicity to humans ³¹ .	Zain Sudan supplied more than 150 solar lamps to students and midwives.

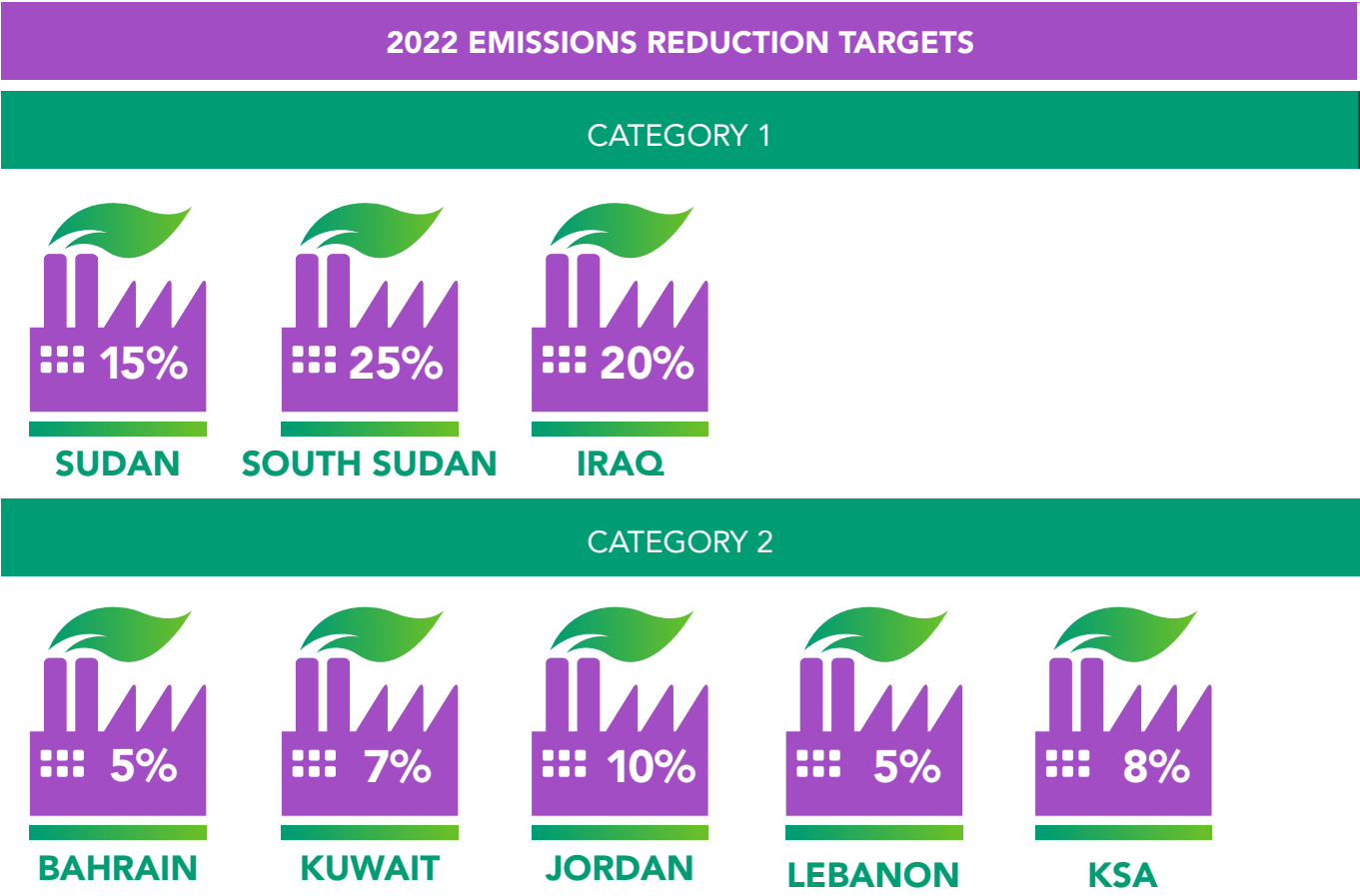
A major part of Zain’s sustainability strategy is to reduce the company’s carbon footprint, minimize waste, and promote greater environmental awareness and stewardship to all stakeholders. As such, Zain previously set ambitious emission reduction targets for 2020 in order to measure the company’s ongoing progress in improving its environmental performance. By reducing emissions, the company will substantially save cost in the long term.

With the waste crisis significantly impacting the environment, Zain aims to better manage, control and reduce the waste it produces through its various partnerships and collaborations. As such, the company launched several outreach programs in 2017 that spread across our operations targeting environmental concerns and challenges.

Zain’s continuous effort in improving its environmental performance is aligned with the principles of the post-2015 Sustainable Development Goals (SDGs). Through Zain’s efforts to mitigate environmental risks, the organization targets Goal 7, Goal 12, and Goal 13.

This year Zain took extensive and precise steps to better manage and standardize the collection and quantification of energy information such as electricity and fuel consumptions as well as CO2 emissions calculations. This was done in order to efficiently collect data through a process that is time effective and systematic. Due to the lack of dedicated power metering on some of the sites, Zain decided to standardize the collection process across all operations and base it on sites topologies that will help collect data more accurately. The conversion rate used to calculate Greenhouse Gas (GHG) emissions from electricity consumptions from Kilowatt-hour to Kilograms is reviewed to follow the practices of GHG protocol on energy monitoring. In addition, the conversion rate used to quantify fuel consumed (in liters) to the resulting CO2 emissions (in Kg) is reviewed according to international practices.

The outcome of standardizing the data collection process lead to having the need to reevaluate the company’s 2020 targets in order to ensure that the targets reflect Zain’s strong commitment to its environmental impacts. Therefore, we have revised our Emission Reduction Targets and have now postponed our year target to 2022 that aims to better reflect the company’s efforts to reduce their carbon footprint.



Descriptions	Units	Bahrain	Iraq	Jordan	KSA	Kuwait	Sudan	South Sudan
		Year 2017						
Total Fuel consumption - Direct	Liters	925,196	60,762,406	421,124	43,614,787	8,501,376	17,346,851	3,382,919
Total Electricity consumption	KWH	46,731,121	154,845,424	75,019,372	470,350,676	101,829,324	63,809,249	0
Total CO ₂ Emissions	Kg	36,032,470	339,521,877	45,240,004	458,362,220	86,427,015	65,823,764	9,066,224
CO ₂ emissions per base station	Kg	70,345	80,191	16,322	50,731	38,015	24,851	70,349

This table does not include the percentage of emission reduction as Zain is now using a new conversion rate to quantify fuel consumption that is based on international practices.

³⁰ <https://www.unenvironment.org/news-and-stories/press-release/resource-use-expected-double-2050-better-natural-resource-use>
³¹ <http://www.solarresourceguide.org/solar-environmental-benefits/>

Baseline (Year 2017)

Indicator (KPI)	Operations							
	Cetgory1				Category2			
	South Sudan	Sudan	Iraq	Bahrain	Kuwait	KSA	Jordan	Lebanon
Total CO2 emission reductions (%) by 2022	25%	15%	20%	5%	7%	8%	10%	-
New baseline (Kg CO2/site) - Year 2017	70,349	24,851	80,191	70,345	38,015	50,731	16,322	-
Target (Kg CO2/site) by 2022	52,762	21,123	64,153	66,827	35,354	46,673	14,690	-

2017 Initiatives estimated savings

Initiatives	Implemented	Opex savings (USD)	Capex savings (USD)	Total Capex & Opex savings (USD)	CO2 emissions (Kg)
Sites Sharing					
Zain sharing Others' sites	161	586,490	10,679,026	11,265,516	3,386,285
Others sharing Zain sites	81				
Sites Optimization					
Low cost site solutions	24	2,346,362	13,538,485	15,884,847	7,052,731
Outdoor (BTS/Power) solution	1,005				
Small Shelters	119				
Energy Efficiency					
Smaller size generators	425	1,905,652	715,702	2,621,353	9,975,937
DG-Battery Hybrid solution	18				
Solar Hybrid solution	7				
Free Cooling	1				
Grid Connection	289				
Total		4,838,503	24,933,213	29,771,716	20,414,953

HYBRID SOLUTIONS INSTALLATIONS ACROSS OPERATIONS IN 2017		
Country	DG Battery Hybrid Solutions	Solar Hybrid Solutions
Sudan	18	7
Total	25	

IMPROVEMENTS TO ENERGY EFFICIENCY AND SITE OPTIMIZATION (UNITS)					
Operating Countries	Smaller size Generators	Outdoor (BTS/Power) Solutions	Free Cooling Systems	Small Shelters (≤2.5m x 2.5m)	Grid Connection
Bahrain	0	0	1	1	0
Iraq	365	156	0	0	53
Kuwait	17	0	0	118	0
Saudi Arabia	0	283	0	0	195
Jordan	0	497	0	0	0
South Sudan	43	0	0	0	0
Sudan	0	69	0	0	41
Total	425	1005	1	119	289

DRIVING OPERATIONAL EFFICIENCY: OUR SITES (TOWER SHARING PROGRAM)									
Operating Countries	Bahrain	Iraq	Kuwait	Saudi Arabia	Jordan	South Sudan	Sudan	Total	Grand Total
Zain Sharing Others’ sites	2	35	0	107	17	0	0	161	242
Others Sharing Zain’s sites	3	51	0	25	2	0	0	81	

Spending related to initiatives – 2017

Initiatives	Total Direct cost (USD)
Smaller size Generators	0
Outdoor (BTS/Power) solution	8,945,847
Free Cooling system	0
Small shelters (<2.5m x 2.5m)	0
Grid Connection	1,262,840
Zain sharing Others’ sites	0
Others sharing Zain sites	0
DG-Battery Hybrid solution	450,000
Solar Hybrid solution	0
Total	10,658,687

Adhering to Global Environmental Standards

At Zain, our environmental standards are aligned with global best practice through our adherence to the Zain Environmental and Social Management Plan (ESMP) Guidelines. ESMP Guidelines were initially developed in 2006 to minimize our potentially harmful environmental impacts and to protect the safety of our surrounding communities. In 2017, the ESMP guidelines where reviewed in order to ensure that they are up to date and implemented across our operating companies. Included in the guidelines are processes that protect both site workers and the public from possible exposure to Electro-Magnetic Fields (EMF).

In accordance with the ESMP Guidelines, Zain’s equipment is tested regularly to ensure compliance is maintained with the International Commission on Non-Ionizing Radiation Protection (ICNIRP) for occupational public exposure to electric and magnetic fields, and to guarantee that the public is protected and made aware of EMF zones by restricted access and appropriate signage of Antenna propagation zones that exceed the ICNIRP maximum public level.

In addition, Zain undergoes a comprehensive process prior to site selection in order to ensure that base station locations:

- Does not harm biodiversity in or around the site location.
- Does not negatively impact historically or culturally significant areas (such as UNESCO sites).
- Does not lead to or make it necessary for people to become displaced or to resettle in a different location.

Environmental Outreach Initiatives

Eco-Friendly Culture at touch (Lebanon)

In recent years, Lebanon has been facing a great challenge with waste management. With the crisis lasting for 8 months, the Lebanese population had to deal with mountains of garbage everywhere thus triggering NGOs and civil society to take action. As such, touch partnered T.E.R.R.E Liban an independent Lebanese non-governmental organization that aims to develop and implement environmental and waste recycling education in Lebanon. Through this partnership, touch significantly reduced waste within it premises and ensured that its waste management program abides to international standards. Based on a study done by T.E.R.R.E Liban, touch recycled over 25 tons of cardboard and wood in the last two years saving 280 trees.

touch Forest 3 (Lebanon)

touch in partnership with Lebanon Reforestation Initiative (LRI) launched the third edition of the ‘touch Forest’ initiative in 2017. Planting 10 new hectares of trees in West Bekaa, touch aims to help restore forests in Lebanon in support of the National Reforestation Plan. In 2017, five hectares were planted in Aitanite and another five hectares in Qaraoun.

Through this initiative, touch ensured that it involved the local communities surrounding the forests by educating them on modern practices in reforestation, monitoring seedling survival post-planting, maintenance, and management activities.

Solar Solutions (Sudan)

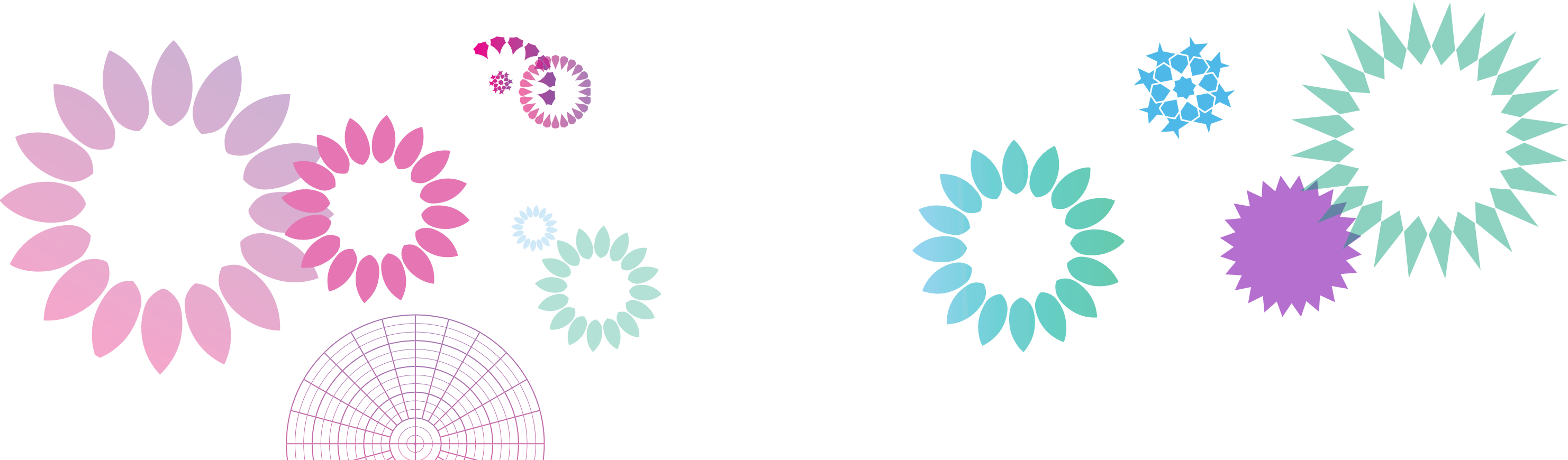
Through the solar solutions program, Zain Sudan provided solar lamps to students and midwives. This initiative gives students who don’t have access to electricity the opportunity to revise their studies at night. Supplying students with solar lamps also encourages the use of renewable clean energy contributing to Goal 6 of the Sustainable Development Goals. The lamps were also provided to midwives thus helping midwives better perform their job especially in remote areas. 120 students and 40 midwives were provided with solar lamps.

Recycling Initiative (Kuwait)

In 2015, Zain Kuwait launched a recycling initiative that aims to recycle all plastic bottles within Zain Kuwait’s premises. By partnering Omniya, a local NGO that aims to engage the public in their nationwide recycling initiative about reducing plastic waste. Zain Kuwait was able to establish an internal recycling initiative to encourage employees to recycle their water bottles. To motivate employees, the company organized competitions amongst the different floors in three buildings. The below is a table showing the number of plastic bottles recycled in 2017:

Weight in tons

Jan	1.180
Feb	0.540
March	1.100
April	0.870
May	1.480
June	1.270
July	1.170
August	0.980
September	1.180
October	0.640
November	1.270
December	1.650
Total	13.330tons



LOOKING FORWARD



LOOKING FORWARD

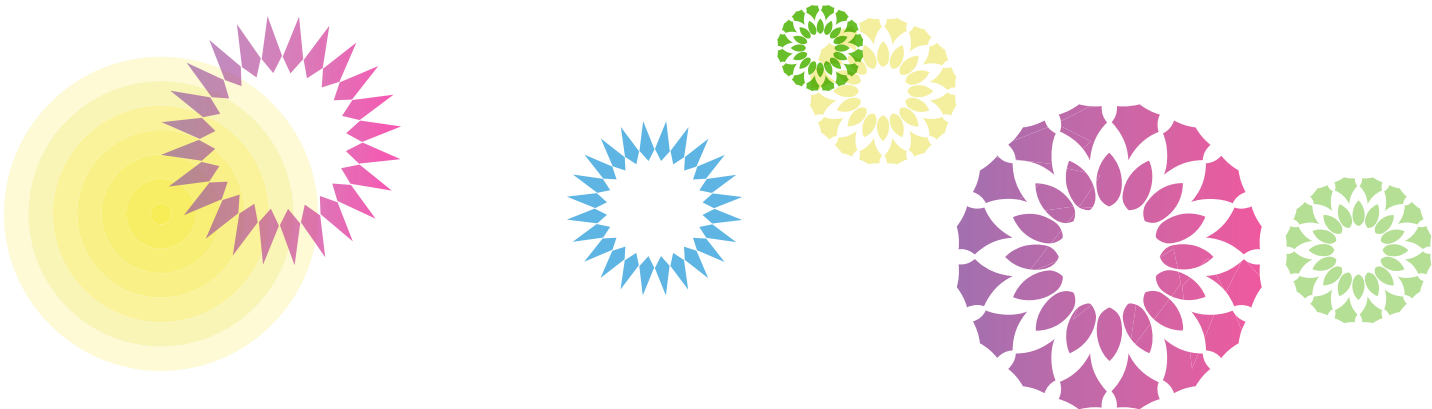
In the years to come, Zain will continue developing its sustainability agenda placing greater focus on shared value while simultaneously addressing the needs of its stakeholders. The organization continues in its efforts to work cross-functionally to ensure the needs of both the company and the wider community are met through Zain’s activities. Zain adheres to a triple bottom line approach to doing business, and conducts its business activities while maintaining the highest standards of ethics and transparency. Going forward the company will focus extensively on catalyzing positive and sustainable development across its operating companies.

Zain will continue its alignment with the Post-2015 Sustainable Development Goals (SDGs). Aligning the company’s actions with the achievement of these goals ensures that the company improves its business performance in an equitable and inclusive manner while effectively addressing the socio-economic and environmental deficits across Zain’s footprint. Zain recognizes that by addressing the goals the company could unlock tremendous value for all. Since its establishment, Zain has undertaken a collaborative approach to enact positive change across all its markets. In the future, Zain will continue to remain inclusive in its contributions, further foster sustainable growth, promote innovation, job creation, youth empowerment and push the envelope on critical developmental topics such as women empowerment 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.

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.
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 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 take steps to improve their livelihoods and provide access to their most basic needs. The company will continue to develop products and services that cater for their needs.
Develop and measure supplier screening targets for human rights and environmental KPIs.	Ongoing	Zain launched self-assessment process for its most material stakeholders. Going forward, the company will continue to add additional suppliers for self-assessment. The Supplier Code of Conduct and screening will be revised as well.
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.

Target	Met	Comments
Maintain the organization’s commitment to achieving the 2020 emissions reduction targets.	Ongoing	Zain continues to improve the energy efficiency and operational effectiveness of its infrastructure with the aim to drive lower costs and reduce emissions. Zain will continue to standardize the data across its operating companies.
Expand collaborative activities with the GSMA.	Ongoing	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. In 2016, Zain signed the GSMA Humanitarian Connectivity Charter to strengthen partnerships between the mobile industry, government, and the humanitarian sector. 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.
Continue to improve governance policies and practices to maintain compliance with CMA regulations.	Yes	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 practice. Zain will continue to push the envelope in this particular area as it takes great pride in its leading market position.
Improve relationships with regulatory bodies, customers, suppliers and solutions partners	Ongoing	Zain’s business functions remain dedicated to maintaining channels for effective dialogue with all major stakeholders.
Continue to optimize the company’s risk management policies and practices.	Ongoing	Zain’s Risk Management and Internal Audit functions will continue to coordinate with the Board Risk and Audit Committees to continuously improve the organization’s effectiveness in identifying and mitigating organizational risks.
Expand and broaden the organization’s Innovation Agenda.	Ongoing	A core pillar of Zain’s corporate strategy is to transform the organization into a regional leader and trendsetter in the digital space. In line with this goal, Zain will continue to support and develop its innovation agenda through strategic activities and partnerships. The company will also place greater efforts in order to cement an innovation like mindset across its foot-print.
Continue to take steps to address and improve gender disparity 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.
Steadily improve customer experience across the organization.	Ongoing	Part of Zain’s corporate strategy is to put the customer at the heart of all business activities. Zain’s target is to therefore continue to capitalize on opportunities to enhance and measure customer experience.



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 2017 Sustainability Report (the “Report”), for the year ended 31 December 2017.

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. The scope of work was limited to the following Selected Information for the year ended 31 December 2017 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.

1. “Highlights” and 2017 key realizations under the following sections of the report:

- Our 2017 Highlights
- Board of Directors Message
- Vice-Chairman and Group CEO Message
- Message from the Head of CS
- Committed to the Sustainable Development Goals
- Addressing Key Challenges to Human Rights
- 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: G4-9, G4-11, G4-17, G4-20, G4-21, G4-22, G4-23, G4-29, G4-52, G4-53, G4-56, G4-57, G4-58
 - Specific Disclosures: G4-EC3, G4-EC7, G4-EN29, G4-LA7, G4-LA10, G4-LA16, G4-HR3, G4-SO1, G4-SO11, G4-PR7, G4-PR9

The assured data appears in the GRI Content index of the report (on p. 138-155), and are indicated under the External Assurance column.

3. **Application of GRI G4 Guidelines** – Zain’s declaration in the “About this Report” section that it has applied the ‘in accordance – Core’ option in following GRI G4 Guidelines.

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 in 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 no consistent, accepted standard. This may result in non-comparable information between organisations and from year to year within an organisation as methodologies develop.

Work Performed

We performed the following procedures:

- Interviewed selected Executive-level employees at the corporate level with operational responsibility for issues covered in the Report to understand sustainability data management and reporting;
- Reviewed formal documents and internal communications received by the Group Corporate Sustainability Department to validate the accuracy of information reported;
- Made inquiries of relevant Zain management;
- Analysed and reviewed 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 performance indicators;
- Carried out analytical procedures over the Selected Information; and
- Assessed the disclosure and presentation of the Selected Information.

Zain’s responsibilities

The responsibility for the preparation and presentation of Zain’s Sustainability Report 2017, the development of its content, including the choice of Key Performance Indicators (KPIs), is that of Zain’s management.

Our responsibilities

Our responsibility is to independently express conclusions on the Selected Information as defined in the Scope of Work above for the year ended 31 December 2017. 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.

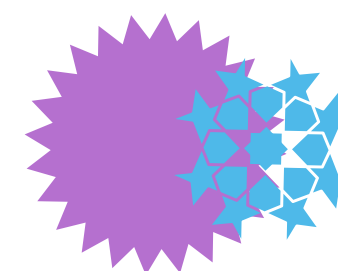
Our conclusions

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 2017 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, 10 April 2018



Deloitte.

APPENDIX



APPENDIX

GRI Content Index

Standard Disclosure		Section	Comments	External Assurance?
Strategy and Analysis				
G4-1	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, Message from the Head of CS		Yes
G4-2	Provide a description of key impacts, risks, and opportunities.	Enterprise Risk Management, Our Operating Context		Yes
Organizational Profile				
G4-3	Report the name of the organization.	Company Overview		Yes
G4-4	Report the primary brands, products, and services.	Company Overview, Products and Customers		Yes
G4-5	Report the location of the organization’s headquarters.	Company Overview		Yes
G4-6	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
G4-7	Report the nature of ownership and legal form.	Company Overview		Yes
G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)	Company Overview		Yes

Standard Disclosure		Section	Comments	External Assurance?
G4-9	Report the scale of the organization, including: <ul style="list-style-type: none">• Total number of employees• Total number of operations• Net sales (for private sector organizations) or net revenues (for public sector organizations)• Total capitalization broken down in terms of debt and equity (for private sector organizations)• Quantity of products or services provided	Our People, Company Overview	Relevant information on Net Sales and Total Capitalization available in Consolidated Financials of the Financial Reports section on the Zain website.	Yes
G4-10	Report the total number of employees by employment contract and gender. Report the total number of permanent employees by employment type and gender. Report the total workforce by employees and supervised workers by gender. Report the total workforce by region and gender. 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. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).	Our People		
G4-11	Report the percentage of total employees covered by collective bargaining agreements.		70.09% 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).	
G4-12	Describe the organization’s value chain.	Our Economic Impacts		Yes

Standard Disclosure		Section	Comments	External Assurance?
G4-13	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"> • Changes in the location of, or changes in, operations, facility openings, closings, expansions • Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations) • Changes in the location of suppliers, the structure of the supply chain, or in relationships with suppliers, including selection and termination 	Corporate Governance		Yes
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization.	Enterprise Risk, Our Environment		Yes
G4-15	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
G4-16	List memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization: <ul style="list-style-type: none"> • Holds a position on the governance body • Participates in projects or committees • Provides substantive funding beyond routine membership dues • Views membership as strategic <p>This refers primarily to memberships maintained at the organizational level.</p>	Company Overview, Corporate Governance, Enterprise Risk Management, Our Environment		Yes

Standard Disclosure		Section	Comments	External Assurance?
Identified Material Aspects and Boundaries				
G4-17	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 of the Financial Reports section on the Zain website.	
G4-18	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
G4-19	List all the material Aspects identified in the process for defining report content.	Materiality Assessment		Yes
G4-20	For each material Aspect, report the Aspect Boundary within the organization, as follows: <ul style="list-style-type: none"> • If the Aspect is not material for all entities within the organization (as described in G4-17), select one of the following two approaches and report either: <ul style="list-style-type: none"> • The list of entities or groups of entities included in G4-17 for which the Aspect is not material or • The list of entities or groups of entities included in G4-17 for which the Aspects is material • Report any specific limitation regarding the Aspect Boundary within the organization 		Aspect Boundaries are explained throughout the Report in sections relevant to each corresponding material Aspect.	Yes

Standard Disclosure		Section	Comments	External Assurance?
G4-21	For each material Aspect, report the Aspect Boundary outside the organization, as follows: <ul style="list-style-type: none"> Report whether the Aspect is material outside the organization If the Aspect is material outside the organization, identify the entities, groups of entities or elements for which the Aspect is material. In addition, describe the geographical location where the Aspect is material for the entities identified Report any specific limitation regarding the Aspect Boundary outside the organization 		Aspect Boundaries are explained throughout the Report in sections relevant to each corresponding material Aspect.	Yes
G4-22	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 2017 Report.	Yes
G4-23	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
Stakeholder Engagement				
G4-24	Provide a list of stakeholder groups engaged by the organization	Materiality Assessment, Engaging Our Stakeholders		Yes
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	Materiality Assessment, Engaging Our Stakeholders, Our People		Yes
G4-26	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

Standard Disclosure		Section	Comments	External Assurance?
G4-27	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
Report Profile				
G4-28	Reporting period (such as fiscal or calendar year) for information provided.	About the Report		Yes
G4-29	Date of most recent previous report (if any).	About the Report	Zain publishes its Sustainability Reports on an annual basis. The 2016 Sustainability Report was published in Q3 2017.	
G4-30	Reporting cycle (such as annual, biennial).	About the Report		Yes
G4-31	Provide the contact point for questions regarding the report or its contents.	About the Report		Yes
G4-32	Report the 'in accordance' option the organization has chosen. Report the GRI Content Index for the chosen option Report the reference to the External Assurance Report, if the report has been externally assured. (GRI recommends the use of external assurance but it is not a requirement to be 'in accordance' with the Guidelines.)	Materiality Assessment, Independent Assurance Report		Yes
G4-33	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.	Independent Assurance Report		Yes

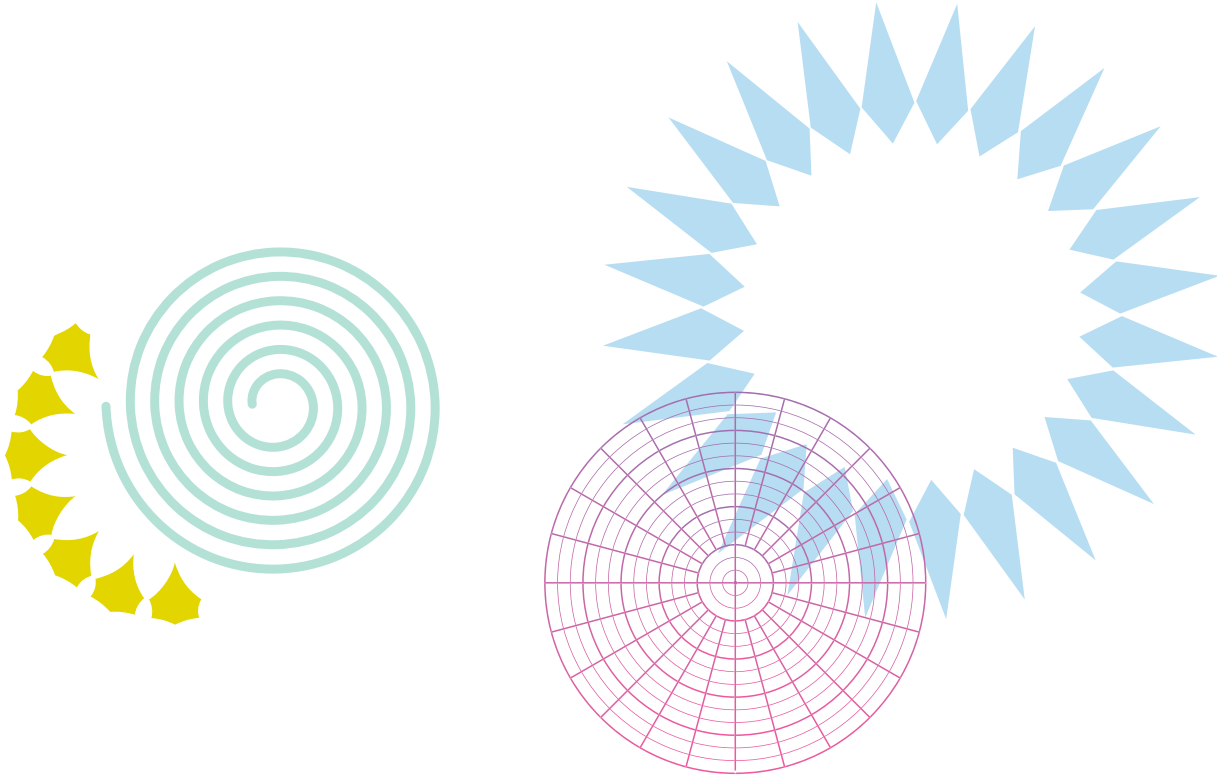
Standard Disclosure		Section	Comments	External Assurance?
Governance				
G4-34	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	Corporate Governance		
G4-35	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		
G4-36	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		
G4-37	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		
G4-38	Report the composition of the highest governance body and its committees by: <ul style="list-style-type: none">• Executive or non-executive• Independence• Tenure on the governance body• Number of each individual's other significant positions and commitments, and the nature of the commitments• Gender• Membership of under-represented social groups• Competences relating to economic, environmental and social impacts• Stakeholder representation	Corporate Governance	For more information regarding stakeholder representation please refer to the following link: https://www.boursakuwait.com.kw/Stock/Stock.aspx?Stk=605	

Standard Disclosure		Section	Comments	External Assurance?
G4-39	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		
G4-40	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">• Whether and how diversity is considered• Whether and how independence is considered• Whether and how expertise and experience relating to economic, environmental and social topics are considered• Whether and how stakeholders (including shareholders) are involved	Corporate Governance		
G4-41	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">• Cross-board membership• Cross-shareholding with suppliers and other stakeholders• Existence of controlling shareholder• Related party disclosures	Corporate Governance		
G4-42	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		

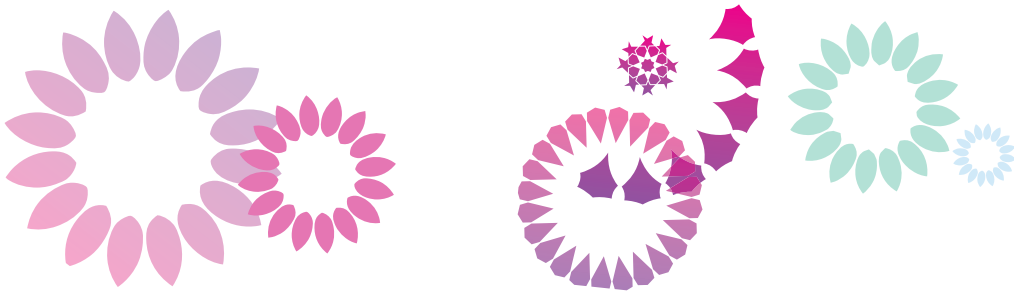
Standard Disclosure		Section	Comments	External Assurance?
G4-43	Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social impacts.	Corporate Governance		
G4-44	<p>Report the processes for evaluation of the highest governance 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.</p> <p>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.</p>	Corporate Governance		
G4-45	<p>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		
G4-46	Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.	Corporate Governance		

Standard Disclosure		Section	Comments	External Assurance?
G4-47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks and opportunities.	Corporate Governance		
G4-48	Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered.	About the Report		
G4-49	Report the process for communicating critical concerns to the highest governance body.	Corporate Governance		
G4-50	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.	Corporate Governance		
G4-51	<p>a. Report the remuneration policies for the highest governance body and senior executives for the below types of remuneration:</p> <ul style="list-style-type: none">• Fixed pay and variable pay: Performance-based pay• Equity-based pay• Bonuses• Deferred or vested shares• Sign-on bonuses or recruitment incentive payments• Termination payments• Clawbacks• Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives, and all other employees <p>b. Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives.</p>			

Standard Disclosure		Section	Comments	External Assurance?
G4-52	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.	Corporate Governance, Our People	In order 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.	
	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	In previous years, Zain conducted an annual Employee Engagement Survey where stakeholders had the opportunity to provide their views and opinions regarding remuneration. In 2017, Zain did not conduct an Employee Engagement Survey, however, through employees' regular performance and career development reviews employees have the chance to report their views or any concerns regarding remuneration.	



Standard Disclosure		Section	Comments	External Assurance?
Ethics and Integrity				
G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	Our People	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
G4-57	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
G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.		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
Economic: Economic Performance				
G4-EC1	Direct Economic Value Generated and Distributed	Our Economic Impacts		Yes
G4-EC2	Financial Implications and Other Risks and Opportunities for the Organization's Activities Due to Climate Change	Our Environment		Yes
G4-EC3	Coverage of the organization's defined benefit plan obligations	Our People	Provisions for post-employment benefits as of 31 December 2017 amounted to 21.996 million Kuwaiti Dinars.	Yes



Standard Disclosure	Section	Comments	External Assurance?
Economic: Market Presence			
G4-EC6	Proportion of senior management hired from the local community at significant locations of operation	Our People	Yes
Economic: Indirect Economic Impacts			
G4-EC7	Development and impact of infrastructure investments and services supported	Our Economic Impacts	More information about capital expenses among which include infrastructure investments are available in Zain's Financial Reports section of the Company website.
G4-EC8	Significant indirect economic impacts, including the extent of impacts	Our Economic Impacts, Our Communities, Our Environment	Yes
Economic: Procurement Practices			
G4-EC9	Proportion of spending on local suppliers at significant locations of operation	Our Economic Impacts	Yes
Environmental: Energy			
G4-EN3	Energy consumption within the organization	Our Environment	Yes
Environmental: Biodiversity			
G4-EN13	Habitats protected or restored	Our Environment	Yes
Environmental: Emissions			
G4-EN15	Direct greenhouse gas (ghg) emissions (scope 1)	Our Environment	Yes
Environmental: Products and Services			
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	Our Environment	Yes

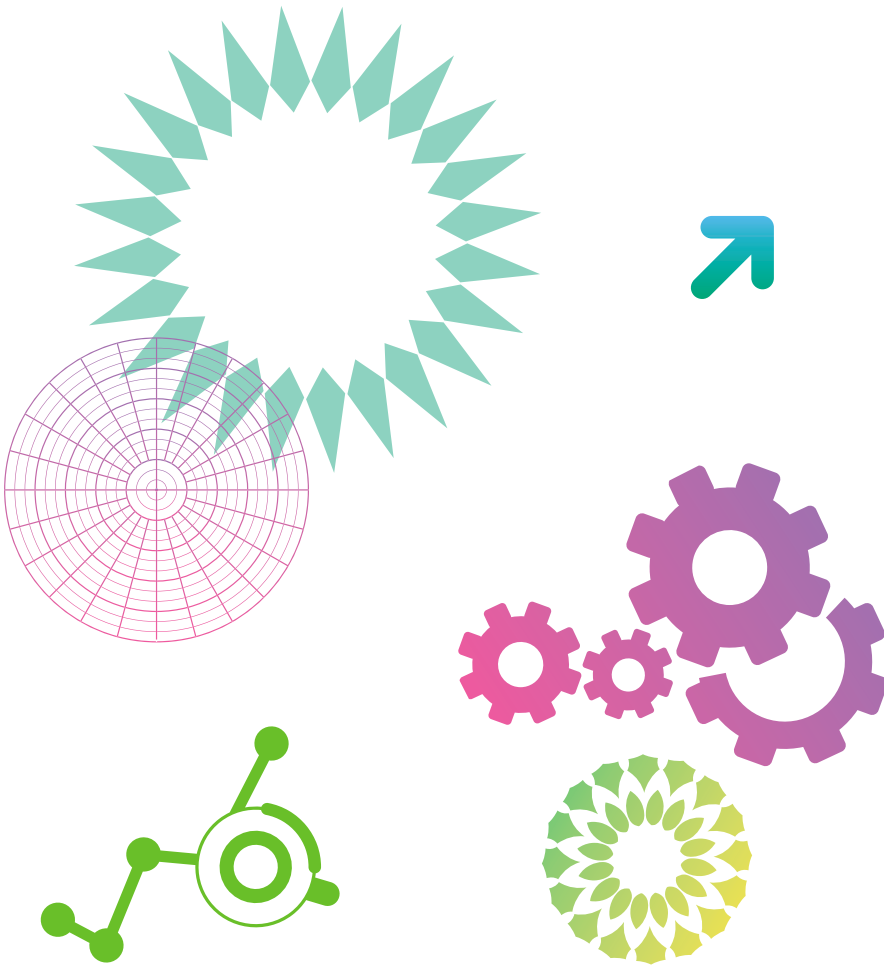
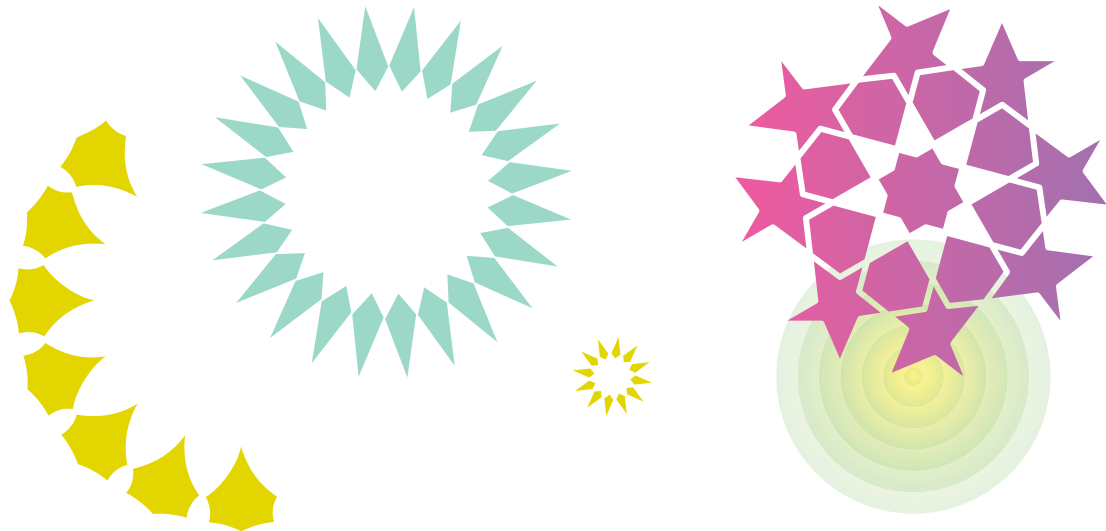
Standard Disclosure	Section	Comments	External Assurance?
Environmental: Compliance			
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations		Zain incurred no significant fines or non-monetary sanctions for environmental non-compliance.
Environmental: Overall			
G4-EN31	Total environmental protection expenditures and investments by type	Our Environment	Yes
Environmental: Supplier Environmental Assessment			
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	Our Economic Impacts	Yes
Social: Labor Practices and Decent Work – Employment			
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	Our People	Yes
G4-LA3	Return to work and retention rates after parental leave, by gender	Our People	Yes
Social: Labor Practices and Decent Work – Occupational Health and Safety			
G4-LA7	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.
Social: Labor Practices and Decent Work – Training and Education			
G4-LA9	Average hours of training per year per employee by gender, and by employee category	Our People	Yes

Standard Disclosure		Section	Comments	External Assurance?
G4-LA10	Programs for skills management and lifelong learning that support the continued 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
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	Our People		Yes
Social: Labor Practices and Decent Work – Diversity and Equal Opportunity				
G4-LA12	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
Social: Labor Practices and Decent Work – Equal Remuneration for Women and Men				
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	Our People		Yes
Social: Labor Practices and Decent Work – Supplier Assessment for Labor Practices				
G4-LA14	Percentage of new suppliers that were screened using labor practices criteria	Our Economic Impacts		Yes
G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	Our Economic Impacts	There are no significant actual or potential negative impacts for labor practices in the supply chain.	Yes

Standard Disclosure		Section	Comments				External Assurance?
Social: Labor Practices and Decent Work – Labor Practices Grievance Mechanisms							
G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms		Society	Filed in 2017	Resolved in 2017	Ongoing from Previous Years	Yes
			Bahrain			3	
			Iraq	7	1	6	
			Jordan	1		1	
			KSA			29	
			Kuwait			5	
			Sudan			18	
Social: Human Rights – Non-Discrimination							
G4-HR3	Total number of incidents of discrimination and corrective actions taken		No such cases reported in 2017.				Yes
Social: Society – Local Communities							
G4-SO1	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
G4-SO2	Operations with significant actual and potential negative impacts on local communities	Our Environment					Yes
Social: Society – Anti-Corruption							
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	Enterprise Risk Management					Yes
G4-SO4	Communication and training on anti-corruption policies and procedures	Our People					Yes

Standard Disclosure		Section	Comments				External Assurance?
Social: Society – Grievance Mechanisms for Impacts on Society							
G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms		Society	Filed in 2017	Resolved in 2017	Ongoing from Previous Years	Yes
			Bahrain	1	1		
			Iraq	36	26	10	
			Jordan				
			KSA	1			
			Kuwait				
			Sudan			18	
Social: Product Responsibility – Customer Health and Safety							
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	Our Products and Customers					Yes
Social: Product Responsibility – Marketing Communications							
G4-PR7	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 2017 Consolidated Financial Report, Note 29.				Yes
Social: Product Responsibility – Customer Privacy							
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Our Products and Customers					Yes

Standard Disclosure		Section	Comments	External Assurance?
Social: Product Responsibility – Compliance				
G4-PR9	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 2017 Consolidated Financial Report, Note 29.	Yes



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