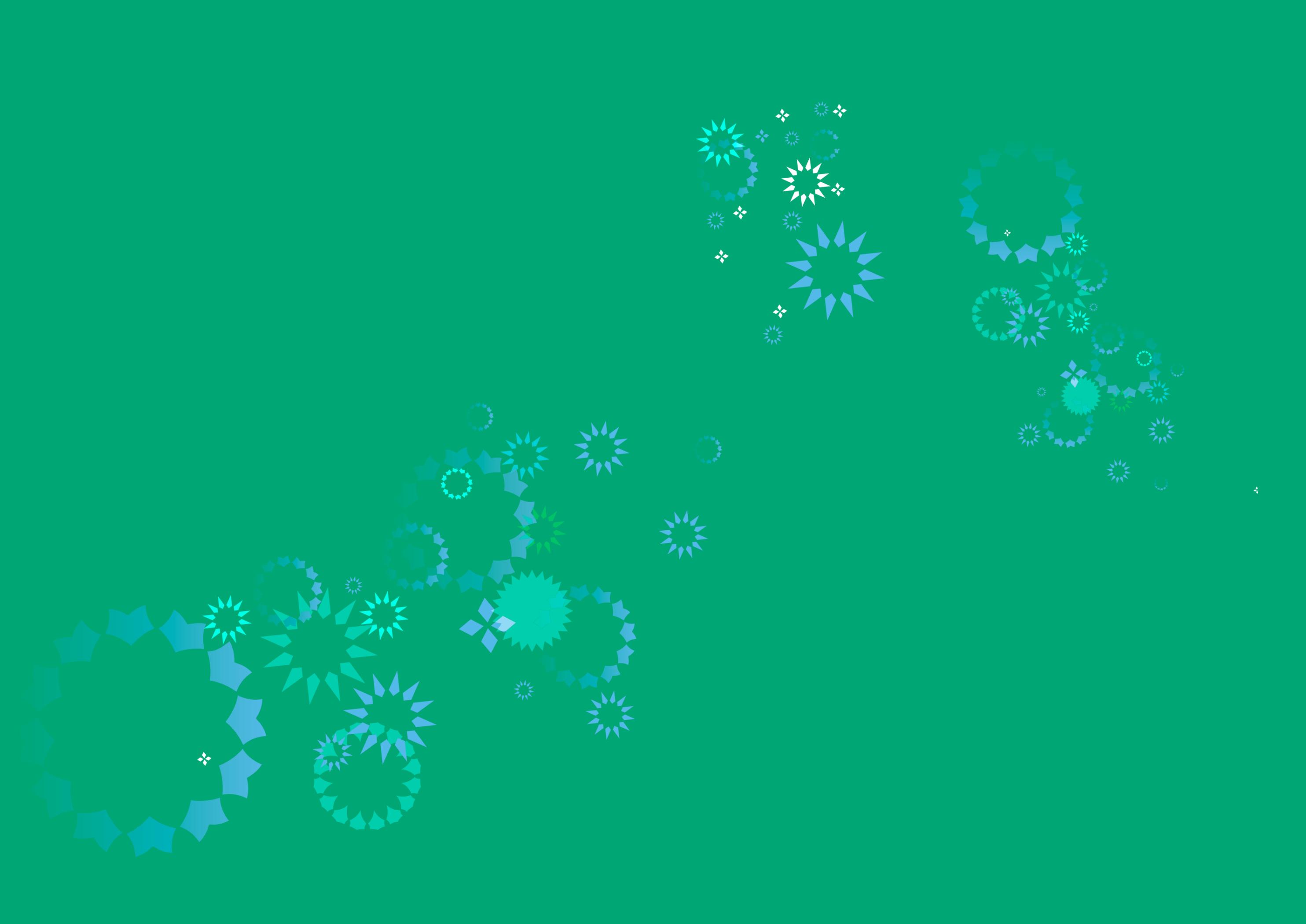




# FACING CHALLENGES

## WITH INNOVATION





## ABOUT THE REPORT

Our 2014 Sustainability Report is the fourth consolidated report detailing the sustainability performance and related achievements of Zain Group. The report provides transparent, in-depth reporting on the economic, social and environmental impacts of our operations for the year ended December 31, 2014. Deloitte & Touche has provided independent limited assurance on the 2014 Sustainability Report, details of which are included in the Independent Assurance Report on page 90.

The 2014 Sustainability Report is formally reviewed and approved by the Head of CSSR, the CEO, the CFO, and the Head of Risk at Zain Group.

The publication of our Sustainability Report on an annual basis underscores our dedication to sharing our growing commitment to sustainability and social responsibility 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 the countries where Zain operates, 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.

As this is our fourth Sustainability Report, some information deemed significant that was mentioned in previous reports is repeated, while information deemed redundant, unnecessary or available in publically accessible documents may be omitted, to ensure the fluidity and clarity of the report.

Situations where considerable changes have taken place within the organization over the annual period are reported with the necessary descriptions.

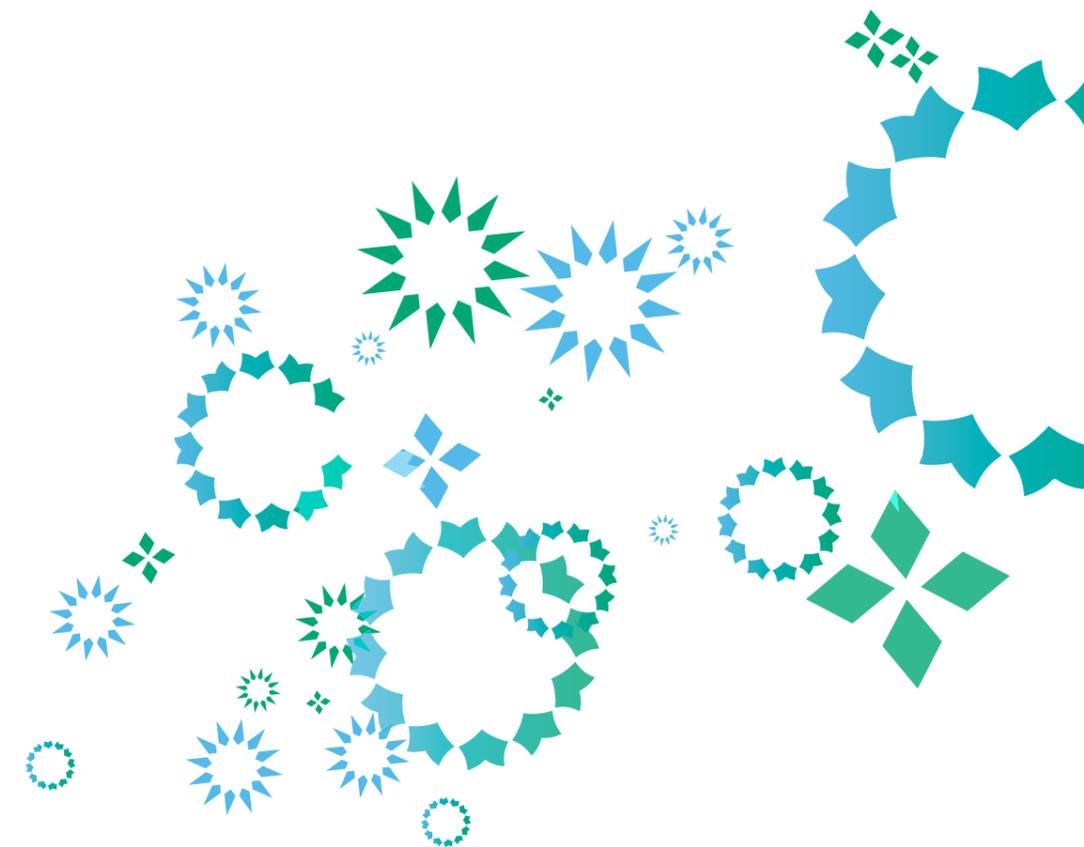
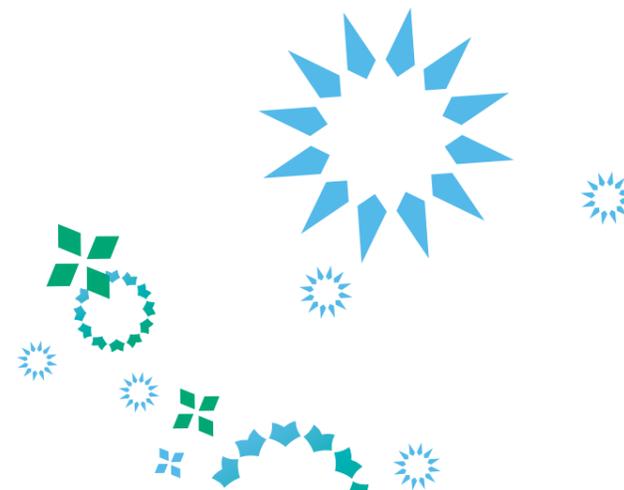
Zain's 2014 Sustainability Report highlights the sense of accountability that we have to our stakeholders, and represents one of the many forms through which we engage with them. We welcome any comments, feedback or suggestions regarding the content of this report. Please get in touch with us on Facebook ([www.facebook.com/zain](http://www.facebook.com/zain)), Twitter ([www.twitter.com/zain](http://www.twitter.com/zain)), or by email ([csr@zain.com](mailto:csr@zain.com))

## INTRODUCTION

Through the 2014 Sustainability Report, Zain shares with its stakeholders and other interested parties the internal and external achievements, policies and future targets of Zain, on issues pertaining to sustainability and corporate responsibility. The report is the embodiment of our commitment to positively impact the socio-economic and environmental sustainability of our communities. 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 belief within the organization that contributing to the socio-economic development of our operating countries, improving our environmental performance, and developing our employees will ultimately lead 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 exceed the expectations of our shareholders, employees and the wider public in developing our sustainability agenda. Our socio-economic and environmental engagement elevates the vested interest of our operating markets towards the organizational success of Zain. As such, we will continue to strive towards improving the lives of those around us and remaining regional leaders in corporate sustainability and social responsibility.



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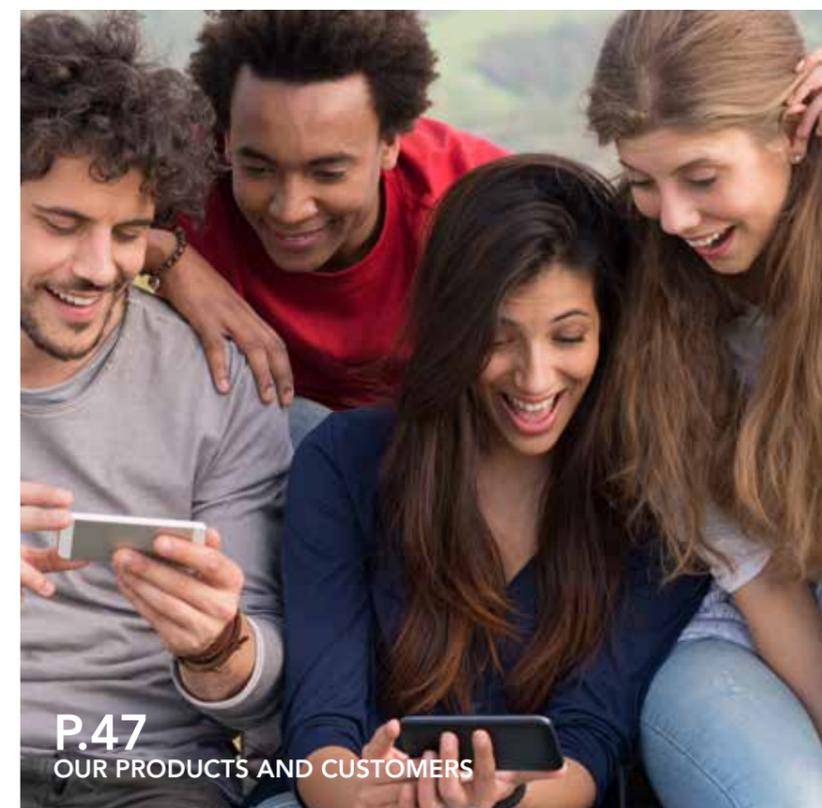
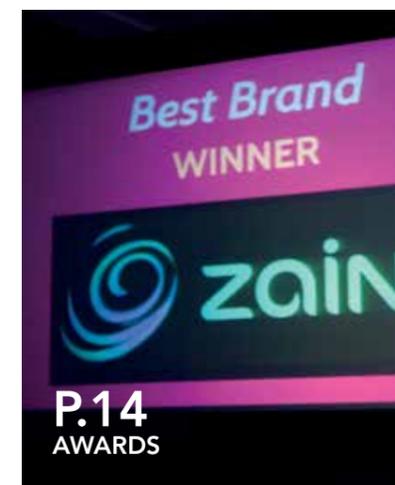
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**OUR 2014 HIGHLIGHTS**

# 2014 GENERAL HIGHLIGHTS

## OUR PRODUCTS AND CUSTOMERS

In 2014, we...

- Continued providing unique service packages targeting students in several operating countries including Saudi Arabia, Lebanon and the Republic of Sudan, as part of our strategy of targeting youth segments within our markets.
- Provided packages catering to the specific needs of the physically impaired within our countries of operation, in line with our value of supporting marginalized sections of our communities through commercial offerings.
- Supported the plight of Syrian refugees in Jordan by offering the Syria-Sim service that facilitated the communication of more than 30,000 refugees with UN Refugee Agency (UNHCR).



## OUR ECONOMIC IMPACTS

In 2014, we...

- Distributed cash dividends of 50% (50 fils per share) to our shareholders for the full year 2013.
- Earned a consolidated net profit of USD \$685 million.
- Announced investments of USD \$1.2 billion in network expansion and upgraded agreements in Saudi Arabia.

## OUR PEOPLE

In 2014, we...

- Provided more than 100,000 hours of training to Zain employees.
- Maintained a percentage of locals in Senior Management above 60%.
- Empowered women throughout the organization, thus enabling five exceptional female executives to be recognized as among the most notable women in telecom in the region.



## OUR COMMUNITIES

In 2014, we...

- Established Zain Innovation Campus (ZINC) in Zain Jordan to leverage the entrepreneurial capacities of Jordanian youth and empower them to undertake innovative startup projects in the country.
- Continued our collaboration with Injaz an organization dedicated to developing job preparedness for students in Kuwait. The partnership between Injaz and Zain Kuwait resulted in the training of 400 students throughout the year, furthering their ability to undertake productive private sector jobs in the future.
- Achieved a partnership between Zain Sudan, the United Nations Development Program and other members of civil society, to organize the Social Good Summit under the theme "Connecting All, Connecting for Good." The summit will center on leveraging technology and innovation to achieve social causes and address key national deficits.

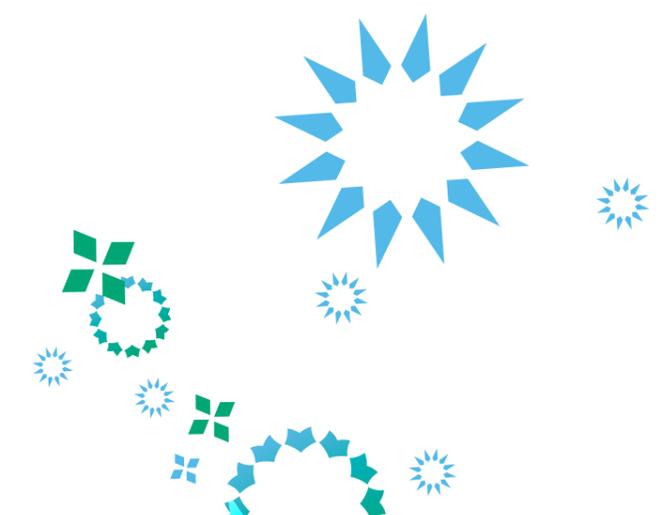


HM King Abdullah II and HM Queen Rania stand alongside Prime Minister Dr. Abdulla Ensour (second left) during the launch of the Zain Innovation Campus (ZINC)

## OUR ENVIRONMENT

In 2014, we...

- Improved energy efficiency by installing 104 smaller size generators in Iraq.
- Deployed 149 battery DG hybrid solutions in Sudan to improve environmental performance.
- Planted 1,000 trees in the 'Zain Forest' in Jordan as part of our commitment to promoting environmental stewardship.



# COUNTRY HIGHLIGHTS

## BAHRAIN



Annual Revenues (USD m): 194

Customers (000s): 788

Full-Time Employees: 271

Capital Investment in Network Infrastructure (USD 000s): 83,186

- Since 2003, Zain Bahrain has implemented the Back to School initiative to provide essential school supplies to students attending public schools across the country. In 2014, the company successfully distributed supplies to 20,000 students around Bahrain.
- Zain Bahrain developed the Zain Donate program to facilitate the ability of employees to provide support to local charities. By allowing employees to donate through Zain Donate, more than USD \$10,000 were raised for several charities around the country, supporting a variety of worthy causes.
- Employees at Zain Bahrain volunteered to provide training sessions to students of the Injaz program that are seeking to develop their job readiness. Through the training sessions, a total of 31 students of Injaz were given training in entrepreneurship and in running a successful business.

## IRAQ



Annual Revenues (USD m): 1,601

Customers (000s): 13,800

Full-Time Employees: 1,462

Capital Investment in Network Infrastructure (USD 000s): 197,378

- By continuing to support the Widows Development Center, Zain Iraq is empowering the country's widows to develop the skills required to attain sustainable jobs that will allow them to improve their socio-economic circumstances. In 2014, Zain Iraq's assistance to the center enabled 1,500 women to receive training and led to 350 of them attaining full-time jobs.
- Zain Iraq's dedication to capacity-building for the community continued through its Student Summer Training Program, whereby exceptional university students were given training in fields such as computer engineering, telecommunications, information technology, and electrical engineering. The program, which involved 65 students this year, develops the employee readiness of the country's youth, enabling their path towards a more prosperous future.
- As a response to the resurgence of polio in Iraq, Zain Iraq partnered with the World Health Organization, UNICEF, and the Iraq Ministry of Health to develop a comprehensive campaign to eradicate the disease. By spreading awareness messages to more than 6 million customers and educating them about symptoms of the disease and methods of prevention, Zain Iraq played a critical role in the success of the polio awareness campaign.

## JORDAN



Annual Revenues (USD m): 469

Customers (000s): 3,800

Full-Time Employees: 1,141 (includes 91 Mada Employees)

Capital Investment in Network Infrastructure (USD 000s): 53,338

- Zain Jordan developed the Zain Mobile Clinic in 2002 to provide access to essential health services for children who lack access to essential medical needs. The clinic provides free-of-charge care from a qualified medical team and has assisted more than 165,000 children since its establishment.
- Zain Jordan's Mobile Maintenance Training Centers are one way in which the company supports capacity-building in the country. The training centers enable participants to develop the expertise necessary to repair and restore mobile phones, allowing them to attain technical jobs in this field. Through the four centers that have been established since 2008, more than 350 students have attended, drastically improving their job prospects.
- The SOS Village project, developed by Zain Jordan, is a project through which a number of orphanages are built and maintained by the company to alleviate the hardship of impoverished orphans in the country. The orphanages help improve the life of orphans in most need, providing them with the essential care needed for them to improve their livelihoods. To date, Zain Jordan supports three SOS villages which house 21 orphaned children.

## KINGDOM OF SAUDI ARABIA



Annual Revenues (USD m): 1,715

Customers (000s): 9,000

Full-Time Employees: 1,453

Capital Investment in Network Infrastructure (USD 000s): 170,235

- The Hadafi Program was established by Zain KSA to facilitate the inclusion of women into the workforce. The program, which this year included 300 people, provides a forum through which local women can present their entrepreneurial ideas to a panel of judges where the winners will receive prizes and assistance to carry out their projects. The program is in line with Zain KSA's efforts to empower marginalized segments of Saudi society.
- In 2014, Zain KSA showed its value of inclusivity by providing 50,000 people in need with meals in the month of Ramadan. The company also demonstrated its commitment to charitable initiatives by informing its subscribers that 1 Saudi Riyal would be deducted from the revenue generated from each mobile transaction and directed towards supporting various local charities.
- Zain KSA demonstrated its support for skill development and local innovation by hosting the 2014 Arab Mobile App Competition in Saudi Arabia, one which provides a forum for local app developers to present their ideas to a panel, and potentially earn a spot to present it on a regional or global stage. The platform provided by the competition enables young innovators to develop their ideas, furthering their ability to contribute to a more diversified local economy.

# COUNTRY HIGHLIGHTS

## KUWAIT



**Annual Revenues (USD m): 1,218**

**Customers (000s): 2,700**

**Full-Time Employees: 1,115**

**Capital Investment in Network Infrastructure (USD 000s): 103,727**

- The Future University Network (FUN) program, established by Zain Kuwait, promotes job readiness and skill development among university students by allowing them to receive training and gaining direct work experience within Zain's offices. The success of the FUN program in developing students' preparedness for the private sector is illustrated by its steady growth, which this year reached a total of 85 participating students.
- Zain Kuwait's Taaleb e-Learning program provides an electronic platform for students, parents and teachers to remain connected electronically to streamline and facilitate their communication between one another. The platform utilizes technology to improve the educational experience for students, and its success in the country is substantiated by its growth to over 500,000 subscribers by 2014.
- Zain Kuwait has consistently maintained a strong commitment towards environmental stewardship. Its support for En.V, an organization dedicated to furthering sustainability issues in the country, demonstrates this dedication. In 2014, Zain Kuwait supported the Reuse Workshop in collaboration with En.V, one that involved 25 participants and 6 trainers from 19 different schools and universities around the country, and aimed towards spreading environmental education and awareness among the country's youth.

## LEBANON



**Customers (000s): 2,100**

**Full-Time Employees: 630**

**(Includes 628 Touch employees under Management Contract)**

- In 2014, Touch organized the Touch Gives Back campaign to provide urgent treatment to two children battling cancer. The campaign utilized Touch's social media platforms to raise public awareness about the children, and matched every retweet with a USD \$1 donation, towards providing them with the necessary treatments. Touch was able to raise USD \$16,000 through the campaign.
- Touch continued its support for the principle of inclusivity through its support of disenfranchised youth in the country. In 2014, the company organized iftar meals during the month of Ramadan for 200 impoverished children, also providing them with an education and entertainment program during the event.
- The support of public health by Touch was exemplified in 2014 by its funding of a fully equipped Neurophysiological Diagnostic Unit for the Lebanese Welfare Association for the Handicapped (LWAH) Diagnostic and Treatment Center. The center, which provides free care to the handicapped and low-cost care to the able-bodied, treats roughly 7,500 disabled and 10,000 able-bodied persons every year.

## REPUBLIC OF SUDAN



**Annual Revenues (USD m): 669**

**Customers (000s): 11,400**

**Full-Time Employees: 1,069**

**Capital Investment in Network Infrastructure (USD 000s): 142,232**

- In 2014, Zain Sudan built and equipped the Zain E-Library, an electronic library built in Nyala University, allowing students to electronically access the books and tools necessary to further their education. The Zain E-Library promotes Zain Sudan's goal of empowering students through education, and will directly impact the 9,500 students attending the university.
- Zain Sudan continued its Back to School program in 2014 for its eighth consecutive year, a program through which essential school supplies are provided to children throughout the country. This year, supplies were distributed to 20,000 students in low income areas, orphaned children, and children with HIV, as part of Zain Sudan's efforts to promote the national development agenda.
- As part of its efforts to support marginalized sections of the community, Zain Sudan extended invaluable support to the Khartoum Cheshire Home, a shelter committed to training and rehabilitating disabled children and providing them with the skills necessary to develop their economic opportunities. The improvements achieved by Zain Sudan's support for the Khartoum Cheshire Home will impact more than 23,000 children.

## SOUTH SUDAN



**Annual Revenues (USD m): 71**

**Customers (000s): 692**

**Full-Time Employees: 64**

**Capital Investment in Network Infrastructure (USD 000s): 9,138**

- Zain South Sudan, in collaboration with Huawei, established a connectivity project to provide ICT access to schoolchildren in the country. Energy from Zain's base station was diverted to four preselected schools, where computer labs equipped with data connectivity as part of the project provide the necessary connectivity to more than 3,000 students, enabling them to expand their educational horizons.
- The Youth Mobile Training Initiative was developed by Zain South Sudan to provide local youth, particularly women, with invaluable skill development. The initiative, which was established by Zain in partnership with UNESCO, the Dev School in Kenya, and the College of Computer Science and Information at the University of Juba, included a total of 43 participants from the University of Juba who were provided with training in app development and promotion, increasing their prospects for attaining productive and sustainable jobs in the future.
- Zain South Sudan continued its partnership with Ericsson, UNESCO and the Whitaker Peace and Development Initiative in support of the Youth Peacemaker Network (YPN). YPN is a capacity-building initiative that brings together youth from around the country to form a network centered on peace-building, vocational training and leadership skills development. YPN empowers South Sudan's youth, enabling them to develop the leadership and technical skills necessary to promote their socio-economic circumstances.

# AWARDS

In 2014, Zain received several awards and honors in recognition of the achievements made by the organization throughout the year. These awards are a testament to the successful efforts of Zain and its staff to deliver services in line with global best practices, and to exceed the expectations of its stakeholders with regards to community engagement and corporate governance.

### ZAIN AWARDED THE KUWAIT TRANSPARENCY SOCIETY AWARD:

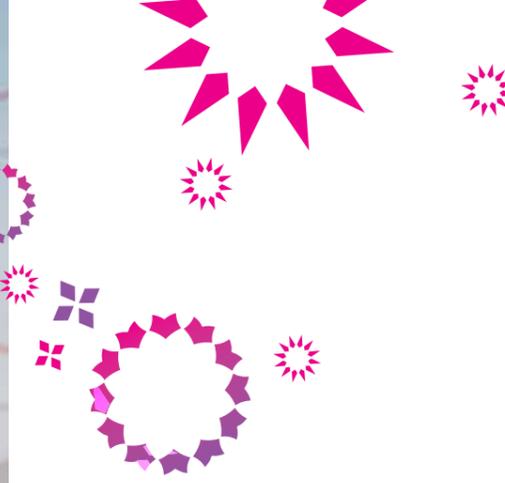
The Kuwait Transparency Society, the local chapter of Transparency International, recognized Zain as the most transparent and least corrupt organization in the country through its 2014 assessment of the four largest companies in Kuwait, where Zain's head office is located. Zain's weighted index score in the study was 9.5 out of 10, placing it significantly above its local peers and in line with international leaders in transparency such as BASF, BG Group and Statoil.

### ZAIN GROUP'S CEO WINS THE CEO OF THE YEAR AWARD:

In 2014, Zain Group's CEO, Scott Gegenheimer, was recognized as CEO of the Year by the Technology Media & Telecommunications (TMT) Finance entity for his success in driving forward the company's digital and transformation strategy since assuming his position in 2012. The award recognizes Mr. Gegenheimer's vision, enthusiasm, and his success in supporting customer experience and innovation in the company.

### ZAIN GROUP WINS THE BEST BRAND AWARD:

During the Telecoms World Awards, held as part of the annual Telecoms World Conference, Zain Group was awarded as having the Best Brand for 2014. This award was given to Zain in recognition of the positivity and goodwill generated by the company's continual investment in network upgrades and technology innovation, and for enhancing the customer mobile experience and service. Zain was also the recipient of several other awards during the conference, most notable among them being the 'Best Domestic Growth Strategy' and the 'Best Operator Network' that were given to Zain Jordan.



### ZAIN KUWAIT WINS THE MIDDLE EAST OPERATOR OF THE YEAR AWARD:

Zain Kuwait has consistently set a high regional standard for maintaining exceptional service quality, disclosure and community engagement. This was confirmed during the CommsMEA Awards of 2014, where Zain Kuwait was recognized as the Middle East Operator of the Year. The success of Zain Kuwait was notable in 2014, as the operating company was also the recipient of the Best Telecom Operator in Kuwait award at the Arabian Business Achievement Awards 2014.

### ZAIN KUWAIT RECOGNIZED BY THE INTERNATIONAL ISLAMIC CHARITY ORGANIZATION:

In 2014, the International Islamic Charity Organization (IICO) bestowed an award to Zain Kuwait in recognition of the successful outreach campaigns undertaken by the organization that cater to those in need throughout the region. The award validates Zain Kuwait's position as a country leader in community outreach and humanitarian activities.

### ZAIN BAHRAIN WINS THE STEVIE AWARD FOR ITS #ZWEETUP INITIATIVE:

In 2014, Zain Bahrain was awarded the Stevie Award during the 11<sup>th</sup> Annual Internal Business Awards in recognition of its widely popular and successful social media campaign #zweetup. The campaign utilizes various social media channels and creates an innovative, interactive platform for positive engagement to take place between Zain Bahrain and its community.

### ZAIN SOUTH SUDAN HONORED AS THE COUNTRY'S BEST TELECOM COMPANY OF THE YEAR:

This year, Zain South Sudan was recognized for its exceptional quality of service and its investments in the country by receiving the Best Telecom Company of the Year Award at the prestigious annual Chambers Quality Awards 2014, organized by the South Sudan Chamber of Commerce Investment and Agriculture (SSCCIA). Zain South Sudan was also given further recognition for its superior service by receiving both the Best Internet Provider of the Year and the Best Innovative Campaign of the Year awards.



## CHAIRMAN MESSAGE

It is with a great deal of satisfaction that I am again able to announce the publication of Zain Group's latest annual Sustainability Report, which for the fourth consecutive year recounts the strides and achievements made by the company in the areas of Corporate Sustainability and Social Responsibility (CSSR). Our leadership position in the areas of social, economic, and environmental performance within our region remains unchallenged, and we continue to be firmly committed to operating responsibly, ethically, and transparently. Ranked by Transparency International as one of the most transparent companies in Kuwait, where the company is headquartered, Zain Group maintains the highest levels of reporting and communication practices, upholding an international standard.

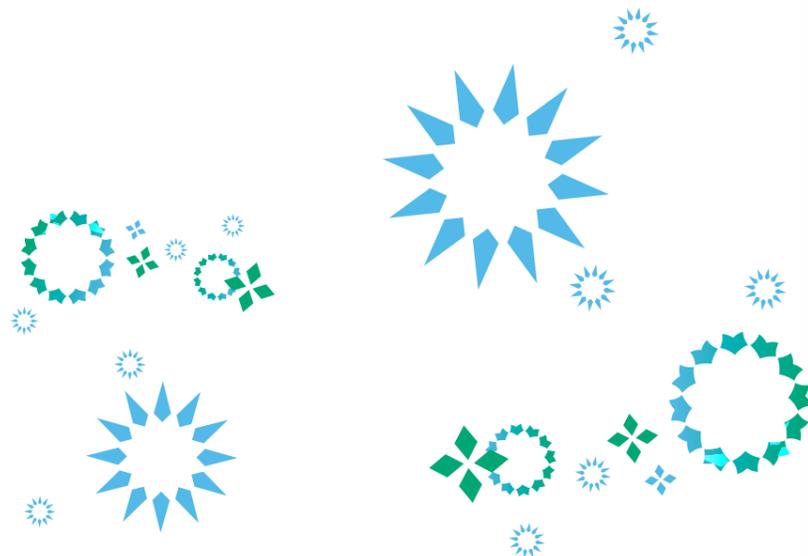
As the company continues to evolve and grow, Zain's organizational ambitions have become even more deeply embedded in our operating markets. Impactful CSSR activities, targeting the deficits in our countries of operation and sustaining our progress in reducing our environmental impact, are some of the ways by which we are achieving our goals. The region where we operate is experiencing a critical moment in its history, and Zain must remain responsive to its operating context to ensure that its activities remain as constructive and sustainable as possible. As such, it is crucial that we continue to engage and collaborate with all of our esteemed stakeholders to act as an enabler of positive change in our communities.

Zain Group is also acutely aware that as the use of mobile technologies continues to spread and expand across our region and the world, the prospects for communications services to foster socio-economic development are enormous. Information and communication technology has the potential to empower our communities through the spread of essential information, education, health, and economic opportunities. These services in turn stimulate innovation, employment, and more prosperous societies, with Zain's goal of fostering "A Wonderful World" tying in directly to the potential benefits our industry facilitates.

I would also like to extend my gratitude to His Highness the Amir of the State of Kuwait Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah, His Highness the Crown Prince Sheikh Nawaf Al-Ahmad Al-Jaber Al-Sabah, His Highness the Prime Minister Sheikh Jaber Mubarak Al-Hamad Al-Sabah, and the members of our government for their ongoing support, which has been essential to the continued success of our organization.



Asaad Al Banwan  
Chairman, Zain Group



## CEO MESSAGE

The link between sustainability and organizational growth holds more relevance and significance today than ever before. This connection is even more important for us at Zain, where one of our most central goals remains the provision of effective information and communication technology to our markets. This serves as a means to facilitate socio-economic development, to meet the varying needs of various stakeholders and to reward our shareholders. The possibilities for Zain to impact our communities are profound, and it is incumbent upon us as regional leaders in the telecom sector to exploit this potential and stimulate the prosperity of our communities.

It is through this lens that we view the importance of our Sustainability Report, which in 2015 will be the fourth report that we publish. Our sustainability and corporate social responsibility agenda is ingrained in our corporate strategy, and in order to achieve the consistent growth and innovation that we expect of ourselves and our communities, we will need to ensure that transparency, ethics and social engagement remain core components of our corporate philosophy. Over the next five years, Zain, as part of its corporate strategy, intends to focus on six transformational initiatives, namely customer experience, cost optimization, value management, digital frontier and innovation, enterprise services, and talent development. Sustainability is a consistent theme and objective across all six initiatives. We also need to ensure that the sustainability ethos continues to permeate all aspects of our business activities. This means that our business model should remain customer-centric and dedicated to promoting our core ideals such as inclusivity and accessibility. It also means that our operations should maintain the commitments made to improving the energy efficiency and environmental performance of our business activities. Innovation and the introduction and deployment of smart solutions for the betterment of society will continue to drive our approach. Furthermore, our organization must continue to make progress in applying more effective methods to invest in and promote the career development and growth of our valued employees. It is also essential that Zain continues to adapt in accordance with the growing expectations of our stakeholders. Our success in this respect was rewarded with the recognition of Zain by the Kuwait Transparency Society (the national chapter of the internationally recognized NGO, Transparency International) as the most transparent organization in the country. This achievement is a testament to our unwavering commitment to operating ethically and remaining responsive to our stakeholders' needs.

This year, Zain has taken new steps to leverage our core business for the purpose of enabling human development and alleviating the hardships caused by conflicts within our region of operation. One example is our collaboration with Huawei and UNESCO to divert energy from our base stations in South Sudan to several schools with the goal of providing more than 3,000 students with access to the internet. Another example is our partnership with Ericsson and REFUNITE, where Zain is leveraging its network and customer base for the purpose of enabling millions of displaced persons in Jordan who were separated from their families to reconnect with one another. We aim to expand this critical service to both South Sudan and Iraq in the coming year. Other collaborative projects undertaken to promote the welfare of our communities include our partnership with the GSMA Disaster Response Program and other industry peers to establish a hotline in Iraq for people to contact the United Nations Humanitarian Information Services, which will give support to those in the country who are being affected by the ongoing conflict.

We also continue to position Zain as a catalyst for innovation both within the organization and throughout the community. Our goal is to continue to be an innovation trendsetter in the MENA region. The Zain Great Idea initiative, introduced by Zain to support innovative, entrepreneurial projects in Kuwait, has succeeded in developing 14 sustainable, ongoing businesses in 2014.

The potential for our core business of ICT to impact human development and prosperity is unique, and exceptional opportunities exist within our areas of operation to leverage this potential. The GSMA recently estimated that the mobile ecosystem in the Arab World has the potential to create around 5.9 million new jobs and boost GDP by USD \$108 billion by the year 2025. By continuing to offer exceptional services, invest in infrastructure development and reduce the digital divide, Zain can ensure that it does its part in helping surpass this prediction.

Going forward, Zain will continue to embrace its role of not only being a leader in providing essential services to its markets, but also being an enabler of socio-economic development to its communities.



CEO, Zain Group  
Scott Gegenheimer





# ABOUT ZAIN

## 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 44.3 million active customers as of year-end 2014. Our commercial presence extends across eight countries, with operations in Kuwait, Bahrain, Iraq, Jordan, 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 Kuwait Stock Exchange (KSE) 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 24.2%. Zain Group owns a 37% 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 and Social Responsibility (CSSR). For example, Zain collaborated with the GSMA in the development of Mobile Privacy Principles, which describe the way in which mobile consumers' privacy should be respected and protected. Zain also partnered with the GSMA by its inclusion in the GSMA's Mobile Energy Efficiency initiative, an endeavor that aims to assist mobile operators on improving their efficiency by benchmarking them with other operations from around the world.



**44.3 MILLION** ACTIVE CUSTOMERS

**\$4.3 BILLION** IN REVENUES

**LONG TERM EVOLUTION (LTE) IN KUWAIT, SAUDI ARABIA, BAHRAIN AND LEBANON**

**MARKET LEADER IN KUWAIT, IRAQ, REPUBLIC OF SUDAN, SOUTH SUDAN, JORDAN AND LEBANON**

**14% REDUCTION IN CO<sub>2</sub> EMISSIONS IN JORDAN**

**29,700 OUTLETS IN SUDAN**

**20,000 SCHOOLBAGS DISTRIBUTED IN SUDAN**

**31,000 REFUGEES SUPPORTED THROUGH SYRIA-SIM SERVICE**

**6 MILLION IRAQIS RECEIVED POLIO AWARENESS MESSAGES**

**21 ORPHANS SUPPORTED BY ZAIN JORDAN'S SOS VILLAGE**

**50,000 RAMADAN MEALS PROVIDED BY ZAIN KSA**

**85 STUDENTS TRAINED IN KUWAIT THROUGH THE FUN PROGRAM**

**\$16,000 RAISED FOR CANCER PATIENTS IN LEBANON**

**169 DG BATTERY HYBRID AND SOLAR HYBRID SOLUTIONS INSTALLED**

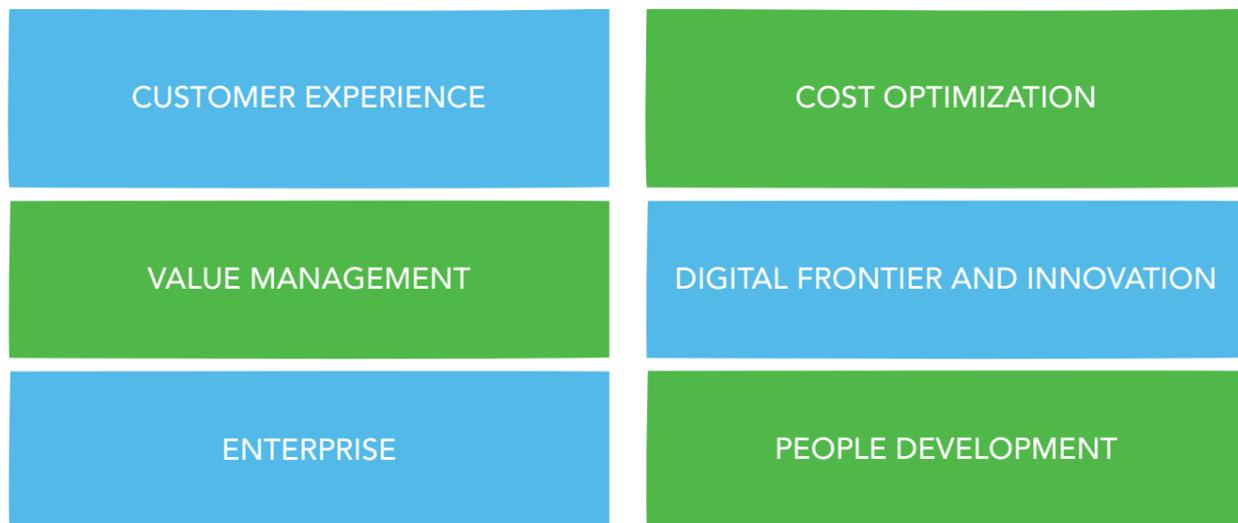
# COMPANY STRATEGY

In 2014, Zain developed a robust and sustainable Group-wide company strategy and five-year plan (2015-2019), to transform the company from a mobile-centric operator serving consumers to an integrated telecommunications operator serving customers and enterprises with an enriching digital lifestyle experience.

## ZAIN'S STRATEGY IS UNDERPINNED BY FOUR STRATEGIC PILLARS



These Strategic Pillars are supported by 6 Transformational Initiatives, which will be implemented over the five-year timeframe.



Over the next five years, Zain's transformation will take place through 3 Strategic Execution Phases:



Zain's company strategy is directly aligned with the principles of Corporate Sustainability and Social Responsibility (CSSR). The company's strategic focus on internally developing and adopting innovative solutions enables their diffusion throughout Zain's markets, helping to foster an 'innovation ecosystem' in the region. The emphasis on People Development as a strategic pillar involves investing in human capital internally by training and developing employees, and externally by supporting capacity-building, education and empowerment activities in Zain's communities. Furthermore, the pursuit of greater operational effectiveness involves investments in energy efficiency, a key component to Zain's environmental stewardship agenda. Zain's Group-wide strategy provides a framework supporting sustainable growth for the company, its stakeholders and the wider community.

# CORPORATE GOVERNANCE

Zain is committed to operating in the interests of its key stakeholders, including its shareholders, employees and the broader community. Effective corporate governance, achieved through the implementation of transparent company policies and accurate, timely disclosure is a principal aspect that is continuously promoted by Zain to maximize share value and ensure that the organization remains accountable to its stakeholders. Zain has consistently held a regional leadership position in this respect; one that was validated in 2014 with its recognition by Kuwait Transparency Society as the most transparent organization in Kuwait. Zain has maintained its alignment with the standards and regulations set by the Ministry of Commerce and Industry (MOCI), the Kuwait Stock Exchange (KSE), the Capital Markets Authority (CMA), the Telecommunications Regulatory Authority (TRA), and other regulatory authorities. Zain is currently evolving and strengthening its corporate governance policies in accordance with the new CMA guidelines which should take effect in 2015. The CMA has announced June 2016 as the deadline for all companies to fully comply with its corporate governance regulations.

Zain's Board of Directors (BOD) is the organization's highest governance body. The responsibility of the Board extends to the approval of the organization's strategy, goals, purpose, values, and mission statement as developed by the company's CEO and Executive Management. The BOD consists of eight Board 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, nor do they hold any control or influence on the Executive Management. The Chairman of the Board is a non-executive officer and all management functions are independent. This is in accordance with CMA regulations and the commercial law which took effect in 2014. Zain Group also has in place official policies and documentations protecting against conflicts of interest, the rights of stakeholders, related party transactions, shareholders' rights, and board committees' charters.

The BOD is comprised of seven males and one female. Nomination and selection for the BOD takes place every three years, the latest of which took place in February 2014. The process for nominating and selecting Board Members took place in line with the newly approved Nomination and Remuneration Committee Charter and the rules for selecting Nomination Committee Members as stipulated by the MOCI in Laws No. 97/2013, 25/2013, and 7/2010 and its bylaw; as well as the CMA resolution 25/2013. Information regarding the composition of the new BOD Members is available below.

A total of six Board Meetings were held in 2014, in line with requirements articulated by the CMA. Meetings between Zain's Executive Management and the BOD take place on both a periodic and ad hoc basis. 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.

Issues related to sustainability, including the socio-economic and environmental impacts of Zain, are delegated to the Head of CSSR, who coordinates with relevant stakeholders and international organizations to communicate key issues both internally and externally as necessary. Impacts and other issues pertaining to these themes are reported to both Executive Management and the BOD by the Head of CSSR through a variety of tools that include periodic reports such as quarterly performance reviews and the annually published Sustainability Report.

Executive Management works collectively with Board Committees to ensure 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 KSE pertaining to transparency. Board Committees Charters for Corporate Governance, Audit, Risk, and Nomination and Remuneration were completed and approved by the Board in line with CMA requirements. Zain obtained approval from the CMA to merge Nomination and Remuneration committees in an attempt to increase the efficiency of both committees. In addition, Executive Management oversees, through the Investor Relations, Corporate Governance and Corporate Communications functions, the communication of relevant information to its stakeholders. Such information is communicated through various media tools including newspapers, the official Zain website and direct correspondence with officials from the KSE, CMA or other regulatory bodies.

The BOD, Executive Management and existing Board Committees work collectively to address all requirements related to corporate governance including those that pertain to economic, social or environmental topics through disclosure, board meetings and record keeping. Such tools are used to evaluate the performance of Board Members and Executives to ensure all guidelines and standards of transparency and efficiency are applied for the best interest of shareholders. In an effort to uphold this standard, Zain Group, in collaboration with external consultants, is further developing its official evaluation tools and policies related to the BOD and Executive Management.

Zain has developed clear and concrete policies for all matters concerning unethical or unlawful behavior. These policies are shared with all members of the organization and are available in the HR Policy Manual, internally accessible to all employees. Such concerns include those related to conflicts of interest, related party transactions and whistleblowing. In 2014, no violations were reported against Zain regarding its disclosure and transparency practices, providing a solid testament to its alignment with the best international practices in effective corporate governance.

## MEMBERS OF THE BOARD OF DIRECTORS:

Mr. Asaad Ahmed Al Banwan	Chairman
Mr. Bader Nasser Al Kharafi	Deputy Chairman
Mr. Abdul Mohsen Al Faris	Board Member
Mr. Jamal Al Kandary	Board Member
Mr. Abdul Aziz Al Nafisi	Board Member
Ms. Shaikha Khaled Al Bahar	Board Member
Mr. Jamal Shaker Al Kazemi	Board Member
Mr. Waleed Abdullah Mishary Al Roudan	Board Member

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

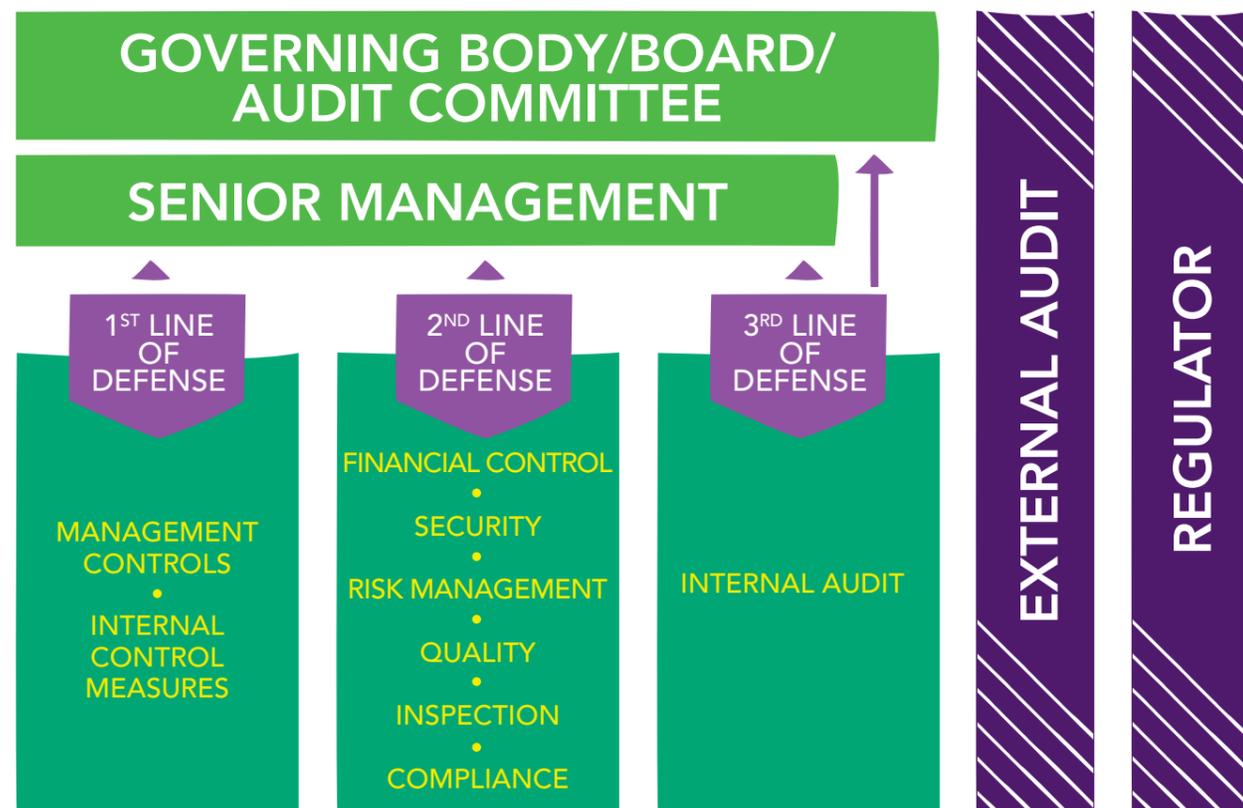
# ENTERPRISE RISK MANAGEMENT

Zain's sustainability agenda requires the implementation of effective risk management policies and procedures in order to identify, mitigate, control or overcome potential risks and vulnerabilities of the organization. The Board of Directors has the overall responsibility for the establishment and oversight of the Group's risk management framework, and in developing and monitoring risk management policies in close cooperation with the Group's operating units. The Group's risk management policies were established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems have been reviewed and updated to reflect changes in market conditions, Group's activities and global standards (COSO and ISO 31000).

In line with industry best practices, Zain recognized risk management as an independent line of defense leveraging various synergies with the other two lines of defense: the function and internal audit. Essential to effective risk management, the lines-of-defense model is implicit in COSO's internal control framework through the control environment, control activities, monitoring and other components of an internal control system. The three lines are essentially:

- Functions that own and manage risks.
- Functions that oversee risks.
- Functions that provide independent assurance.

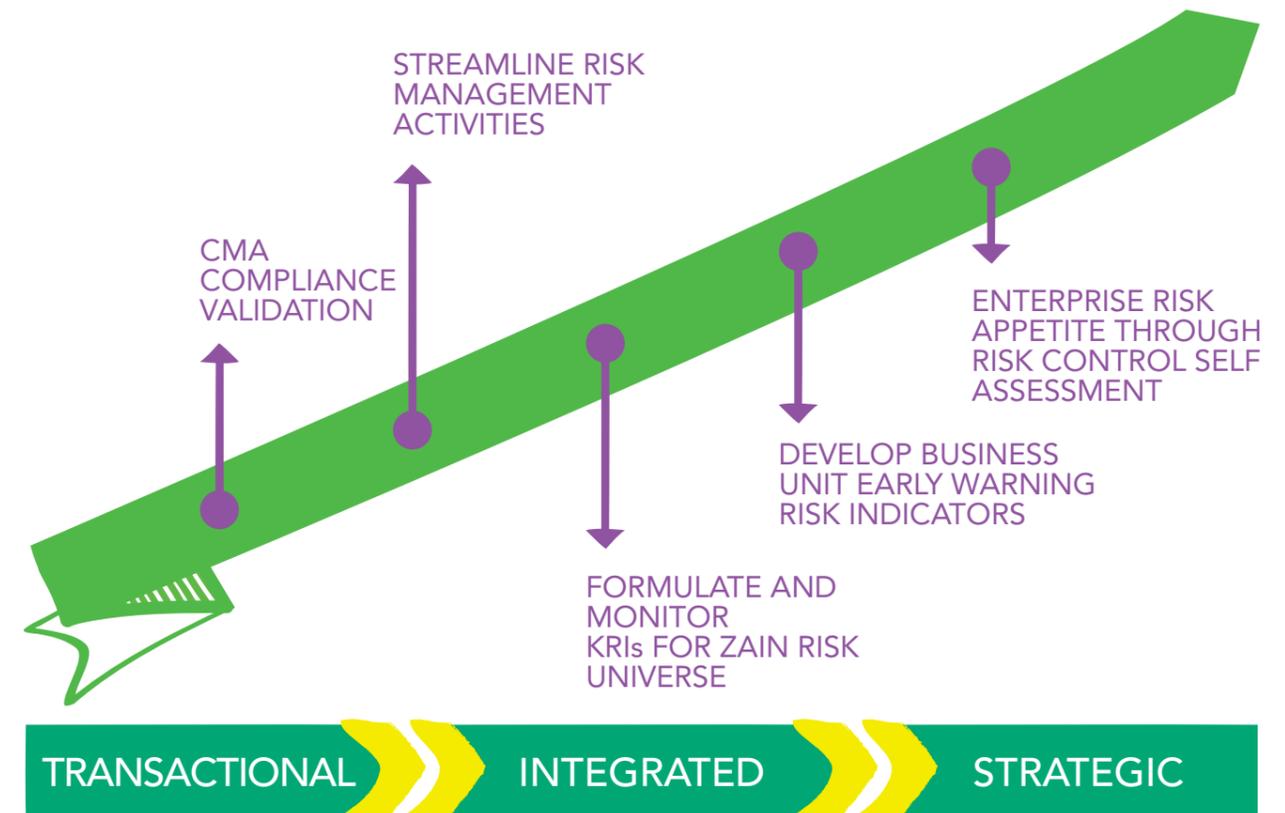
The ongoing effort is to ensure that the expectations and perceptions of risk governance and management and the board risk committee are aligned, and that risk-related information is effectively and consistently obtained, analyzed and used.



Zain Group, through its training and management standards and procedures, aims at developing a disciplined and constructive control environment in which all employees understand their roles and obligations. 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 Group. The Board Risk Committee is assisted in its oversight role by the Internal Audit, Corporate Governance and Risk Management functions.

In 2014, Zain Group undertook a comprehensive risk management and self-assessment exercise, as part of its broader Enterprise Risk Management (ERM) program, across all of its operations for the purpose of identifying key areas of risk related to financial, security, social, economic, and environmental matters. Zain also developed a Risk Committee Charter for the Board of Directors that, in coordination with the Risk Management function, will set strategies and policies pertaining to organizational risk. The expectation is that the ERM program will require 3 years to achieve the maturity it needs for self-sufficiency.

## ROADMAP OF THE RISK MANAGEMENT PROCESS WITHIN ZAIN GROUP OVER THE NEXT 3 YEARS



"Adapted from ECIIA/FERMA Guidance on the 8th EU Company Law Directive, article 41"



## MITIGATION OF ZAIN'S MAJOR SUSTAINABILITY RISKS

The increased focus of various regulators into corporate governance has been addressed through formalization of the risk management policies and procedures and giving the Zain Operations a standard methodology to work with for self-assessing all risks. A one day risk management workshop was also conducted to review and rate various risks thereby arriving at the 'Top 10 Risks That Matter' list.

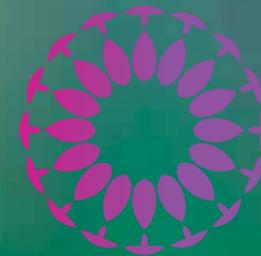
Zain's use of financial instruments exposes it to a variety of financial risks such as market risk, credit risk, liquidity risk and foreign exchange risk. Zain Group continuously reviews its risk exposures and takes measures to limit it to acceptable levels.

The security and protection of customer privacy and data is of extreme importance to Zain. As such, Zain's critical infrastructure has been designed to prevent unauthorized access and reduce the likelihood of a successful breach. Along with compliance to high level of information security through international standards and best practices such as ISO 27001 and COBIT, Zain continuously evaluates its susceptibility to existing or newly found vulnerabilities.

Zain mitigates against the potential negative impacts of political risk by continuously updating its risk register and maintaining network disaster recovery plans and crisis management plans to ensure business continuity.

To mitigate against health and safety risk, Zain maintains a global health, safety and environment (HSE) policy that is mandated across all operations. Zain has also developed Security and Safety guidelines which are designed to give practical advice on safety and security to its employees and partners.

Zain conducts audits in line with guidelines stipulated by the Institute for Internal Auditors in order to assess the risks of corruption and the controls in place to prevent them. Building on the work done during Zain's 2013 reviews, which covered all of our operations with the exception of Sudan and Iraq, the audit reviews of 2014 covered Zain operations in Sudan, Iraq and South Sudan 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.



# MATERIALITY ASSESSMENT

Zain conducts materiality assessments in order 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, the framework which Zain uses to develop its Sustainability Report.

## 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

The identification and engagement of major stakeholders ensures materiality is determined in a manner that is inclusive and holistic. 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:

- Shareholders
- Local Communities
- Employees
- Regulators
- Customers
- Investors and Equity Analysts
- Suppliers and Business Partners
- Banks and Financial Institutions

Zain conducts frequent stakeholder engagement processes, which include:

## CORPORATE SUSTAINABILITY AND SOCIAL RESPONSIBILITY (CSSR) SURVEY:

The CSSR Survey engages Zain's employees, its major business partners and the general public to identify which CSSR themes are most important to each stakeholder Group, and to also measure their familiarity of Zain's activities in this regard.

## THE EMPLOYEE ENGAGEMENT SURVEY (EES):

The EES measures the sentiments and priorities of Zain employees on relevant issues such as training and development, compensation and corporate culture.

## ENGAGEMENT THROUGH VARIOUS CORPORATE FUNCTIONS SUCH AS INVESTOR RELATIONS, CORPORATE GOVERNANCE, REGULATORY, NETWORKS, 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.



IMPACTS ON ZAIN	Medium	High	Very High
	Low	Medium	High
		Low	Medium
		IMPACTS ON STAKEHOLDERS	

The Materiality Matrix above is developed based on the materiality assessment process, and reflects those themes which are determined to be most relevant to Zain and its stakeholders. Emphasis within the 2014 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 2014 Sustainability Report are:

### CATEGORY: GENERAL

- Company Strategy
- Corporate Governance
- Ethics and Integrity

### CATEGORY: ECONOMIC

- Economic Performance
- Market Presence
- Indirect Economic Impacts
- Procurement Practices

### CATEGORY: ENVIRONMENTAL

- Energy
- Biodiversity
- Emissions
- Products and Services

- Supplier Environmental Assessment
- Compliance
- Overall

### CATEGORY: LABOR PRACTICES AND DECENT WORK

- Employment
- Occupational Health and Safety
- Training and Education
- Diversity and Equal Opportunity
- Equal Remuneration for Women and Men
- Supplier Assessment for Labor Practices
- Labor Practices Grievance Mechanisms

### CATEGORY: HUMAN RIGHTS

- Non-discrimination

### CATEGORY: SOCIETY

- Local Communities
- Anti-Corruption
- Grievance Mechanisms for Impacts on Society

### CATEGORY: PRODUCT RESPONSIBILITY

- Customer Health and Safety
- Marketing Communications
- Customer Privacy
- Compliance

## A MESSAGE FROM THE HEAD OF CSSR

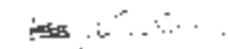
In the four years since Zain began reporting on its Corporate Sustainability and Social Responsibility (CSSR) agenda, it has taken great steps in becoming a more transparent, ethical and inclusive organization committed to the wellbeing of our communities. But now more than ever, sustainability is a fundamental component to achieving organizational success. As the business environment continues to evolve, a firm link has emerged between sustainability and competitiveness, on both an organizational and national level. Having the sustainability agenda become part of the fabric of our business is inherently important since it allows for organizational growth, while also taking into consideration the related impacts and potential of our industry. In 2014, we have taken substantial steps towards ensuring that the sustainability ethos is integrated with the overall strategic direction of the organization, thus bringing a greater relevance to what we do as an organization.

Presently, the world at large and our societies in particular are going through substantial transformations. As such, it is imperative that we all assume our due responsibilities in order to ensure that we provide viable paths for growth and innovation. Ultimately, we want to ensure that the legacy we leave behind for future generations is one of prosperity, which can only be achieved if there is a concerted effort made today on areas that promote development. While we are always working towards the growth of the organization, we are acutely aware of the direct correlation and potential of this growth with the prosperity of society as a whole. That is why in 2014 we persisted with initiatives across our operations that develop the capacities of the public youth and that support the entrepreneurial spirit. Some of the programs we carried out include the Zain Al Mubadara project in Jordan that transformed 12 entrepreneurial ideas into actual businesses, the Hadafi project in Saudi Arabia that effectively provided training for 300 aspiring local female entrepreneurs, and the Zain Great Idea initiative in Kuwait that successfully facilitated the creation of 14 sustainable business projects by local youth.

We recognize that being part of a region of the world with one of the biggest youth bulges, coupled with political instability and inadequate levels of human development makes it an extremely challenging playing field. Yet, we also recognize that these circumstances provide a considerable opportunity to create meaningful positive changes that will lead our communities to progress and improve their socio-economic situation. Themes such as inclusion and equality, capacity building, gender equality, and environmental performance, amongst others, will continue to be of the utmost importance to us as they are some of the greatest deficits that we have in our region. It is imperative that we continue to enable growth by ensuring that mobile connectivity and all of its accompanying socio-economic benefits are distributed to as many people in the region as possible.

We will continue to reach out to our stakeholders through a variety of mediums as we would like them to be part of this transformation process. This year, we undertook our second comprehensive CSSR Survey in order to develop a better understanding of the public's views regarding social, economic and environmental practices, and to guarantee our programs remain meaningful for the community. We recognize the fact that without our stakeholders' views and contributions to our sustainability agenda, our road would be a much more difficult one.

We look forward to a new year of outstanding possibilities, and we hope that, together, we will continue to lead and provide tangible benefits for all.



Jennifer Suleiman  
Head of Corporate Sustainability and Social Responsibility  
Zain Group



## OUR OPERATING CONTEXT

The operating context of Zain's markets present challenges for the organization and its sustainability agenda. These challenges require that Zain remains adaptable in order to maintain business continuity at exceptional standards. In 2014, conflicts in Syria, Iraq and South Sudan were among some of the most significant external political circumstances which impacted Zain operationally. In Sudan, adverse currency fluctuations resulted in significant financial implications for the company. Below are some of the most relevant political dynamics that affected Zain in 2014 and a description of the organization's response to these circumstances.

### RESPONDING TO THE SYRIAN REFUGEE CRISIS

Since the start of the crisis in Syria, more than 3 million Syrians were forced to flee to nearby countries as refugees, creating one of the largest humanitarian crises in the world. In neighboring Jordan where Zain operates, the result has been an influx of over 620,000 refugees to the country, where they generally face a range of socio-economic and psychological hardships due to their difficult circumstances. Some of the main difficulties faced by Syrian refugees in Jordan are: 1) the lack of financial and food security, 2) obtaining access to basic housing, health and education facilities, and 3) receiving accurate and reliable information about their own circumstances or their loved ones from whom they have been separated.

The presence of a large population of refugees in Jordan has created strains on the country's resources which have heightened the vulnerability of its inhabitants. Zain took steps to respond to the plight of refugees in Jordan by partnering with REFUNITE and Ericsson to develop the Family Reconnection Project. The Project, still in its pilot phase, utilizes mobile technology to help displaced people reconnect with their loved ones. The innovative approach uses a mobile search tool, replicating REFUNITE's success of registering an estimated 400,000 people globally. Zain's role in the Family Reconnection Project is to execute several initiatives to accelerate the registration of displaced people into the platform, and to provide access to the REFUNITE mobile service that is free, safe and available in several languages. Zain also provides the accessibility needed for the project to reach its customer base and will undertake a large-scale awareness campaign via SMS. Through the mobile application, displaced people can search, connect and communicate with their missing loved ones. REFUNITE manages, develops and oversees the family reconnection platform and provides the necessary

technology and experience necessary to ensure its success. Ericsson, for its part as a global leader in communications technology and REFUNITE's principal partner in connecting separated families around the world, will provide crucial technical assistance and advice to all parties involved. Plans are currently underway to expand the project to South Sudan and Iraq.

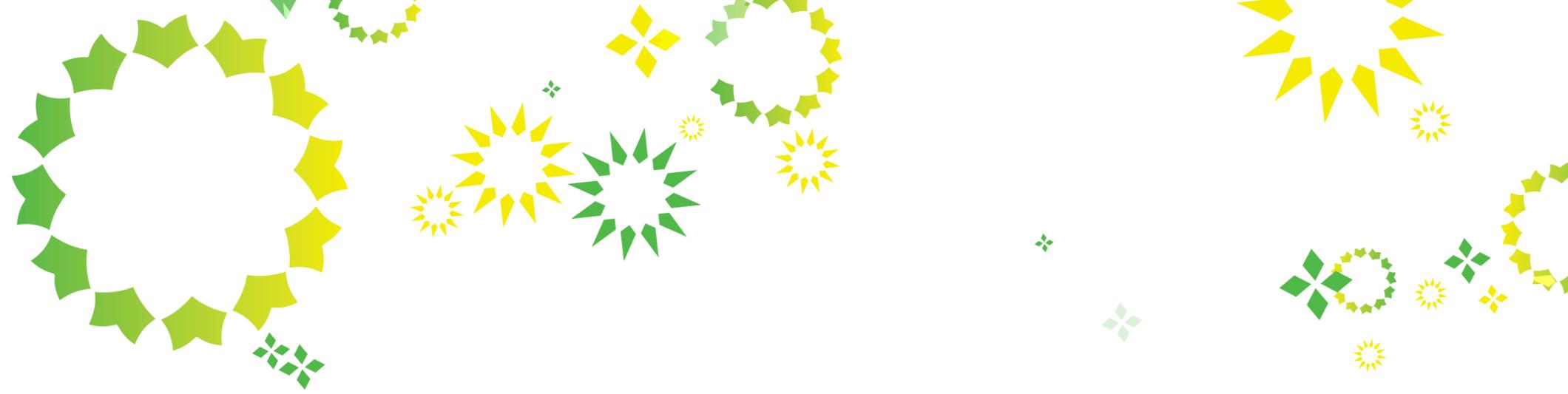
### REMAINING ADAPTIVE TO CONFLICT: IRAQ AND SOUTH SUDAN

In 2014, a surge in sectarian conflict across both Iraq and South Sudan resulted in around 1.9 and 1.4 internally displaced people (IDPs) in both countries respectively. IDPs in both countries typically face extreme hardships and difficulties accessing basic goods, services and information necessary for their livelihood. The rise in hostilities also increased the vulnerability of Zain's operations in both countries and would sometimes result in damage to the company's vital infrastructure. In such cases, Zain takes all necessary measures to ensure the safety and security of its personnel and works actively to maintain business continuity by restoring its services in the shortest possible time.

On August 23, 2014, the detonation of a car bomb in Kirkuk targeting Kurdish security forces resulted in major damage to one of Zain's core sites located nearby. The damage that occurred severely impacted the transport antenna installed on the communications tower, as well as diesel generators, the air-conditioning system, and the switching system. As a result, a complete outage occurred that affected all of Zain's services in the Ninewa, Salahaddin, Kirkuk, Erbil, Sulaimaniya, and Duhok provinces. Overall, a total of 850 network sites went out of service because of the attack. After ensuring the safety of all Zain employees in the area, the swift contingency planning of Zain took immediate effect, resulting in the restoration of service to Erbil, Sulaimaniya, Duhok and 50% of Ninewa by the following day. By August 25, two days after the attack, service was completely restored in Ninewa, as well as to all of Salahaddin and Kirkuk as well. The ability of Zain to remain prepared and respond swiftly to such instances highlights the importance given by the organization to assuring exceptional response measures are in place to tackle all potential eventualities.



Zain's core site suffers severe damage after an explosion in Kirkuk



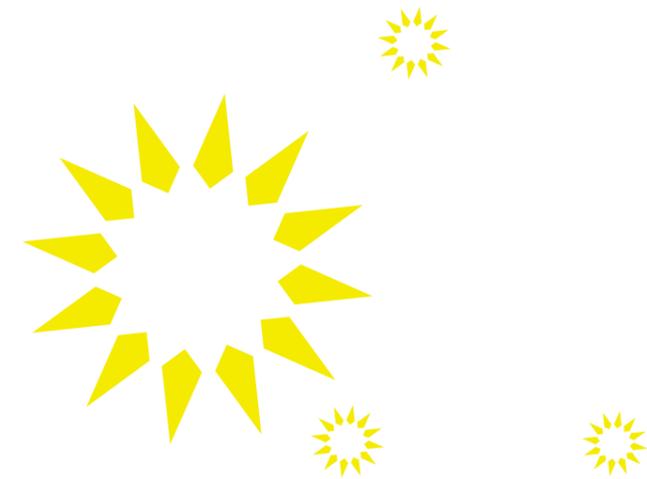
**RELIEF FOR THOSE IN GREATEST NEED: GAZA**

The summer of 2014 also witnessed a tragic conflict between Israel and the Palestinian people of Gaza, resulting in the death of more than 2,200 people (mostly civilians), and the complete destruction of more than 17,000 homes in Gaza. The aftermath of the conflict was a humanitarian catastrophe of horrendous proportions, with millions of Palestinians losing access to basic necessities. Although Zain does not have operations in Gaza, it maintains strong links to the Palestinian people through the diaspora which inhabit several of Zain's operating markets in large numbers.

To demonstrate its solidarity with the Palestinian people, Zain dispatched several humanitarian convoys amounting to USD \$500,000 worth of food and medical supplies to assist the beleaguered residents of Gaza in overcoming their plight. Zain Jordan played an instrumental role in this initiative by collaborating with all necessary parties, purchasing the supplies, and coordinating the logistics and security necessary to ensure the successful delivery of aid to Gaza. Several Zain operations also took up independent support initiatives as well. Zain Jordan donated 50% of the revenues generated from international calls towards the reconstruction of Gaza and the provision of health care and treatment for children. Other operations, including those in Bahrain, Kuwait, and Jordan provided free or discounted rates for people calling or sending SMS to Palestine. Zain also organized internal and external fundraisers to raise even more humanitarian funding. Zain Kuwait and Zain Sudan also created short-codes for donations to Gaza, facilitating the delivery of funds by Zain's customers to Palestine. Lastly, Zain organized a Group-wide initiative through which employees and the wider public were able to donate their used children's books to youth in Gaza.

**CURRENCY FLUCTUATIONS IN SUDAN**

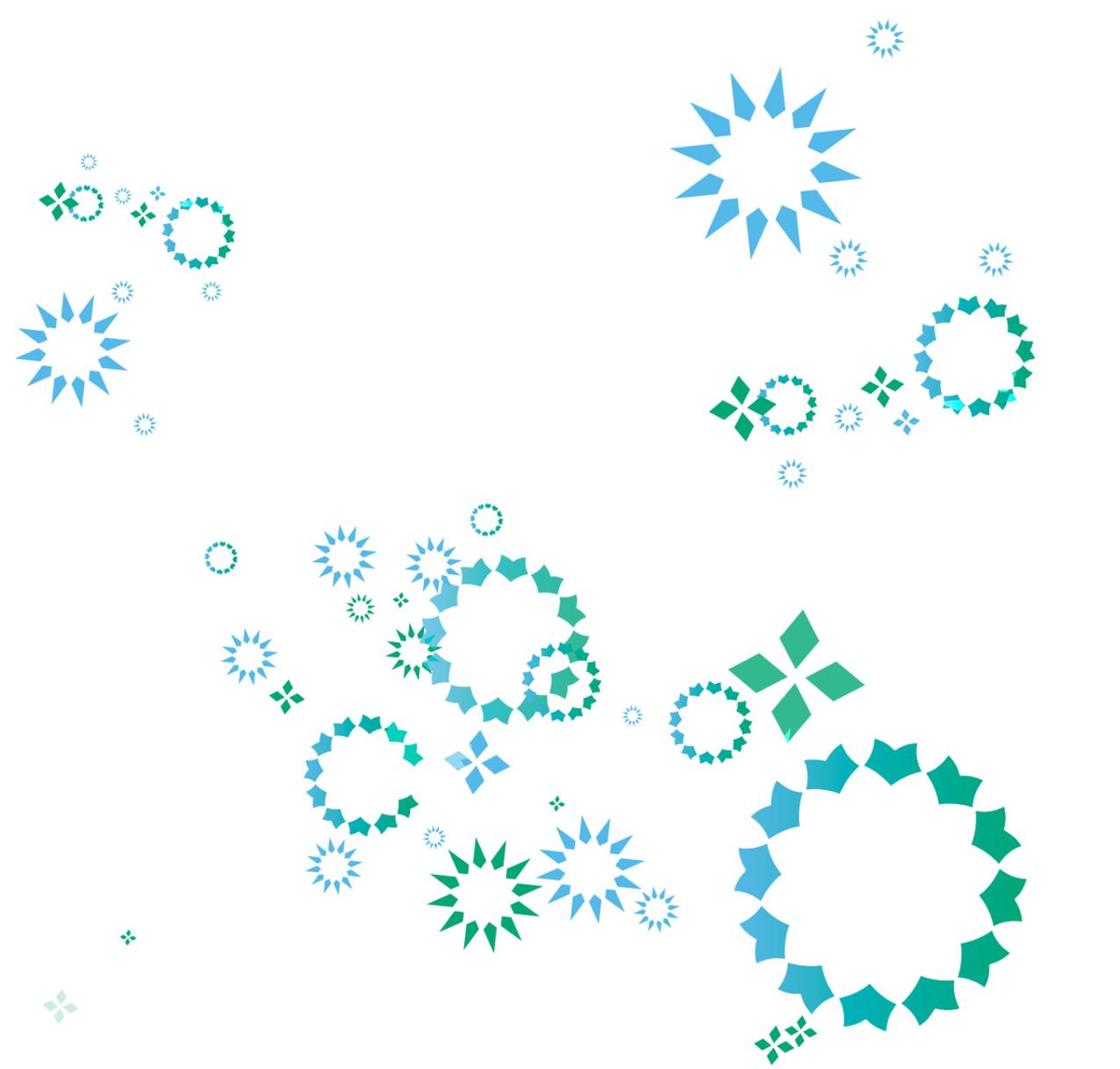
In recent years, Zain has had to adapt to circumstances in Sudan, where the depreciation of the Sudanese pound (SDG) has impacted the company's financial position. Revenues for Zain Sudan are generated in SDG, while a large portion of the company's overall indebtedness and equipment are priced in US Dollars (USD). The ongoing depreciation of the SDG to the USD has therefore adversely impacted Zain's financial performance. Zain responds to financial exchange risk by: 1) issuing a proportion of its loans in local currencies, 2) paying its suppliers in local currencies and 3) planning its foreign exchange purposes to minimize risk.



Jennifer Suleiman, Zain Group Head of CSSR (left), Ahmad Hanandeh, CEO of Zain Jordan (middle) and a representative from Jordan Hashemite Charity Organization oversee the dispatch of the humanitarian aid convoy bound for Gaza

# ENGAGING OUR STAKEHOLDERS

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



Our Stakeholders	How We Engage	Stakeholders Priorities	Our Response
Customers: 44.3 million	<ul style="list-style-type: none"> <li>Provide professional assistance in all our retail stores and outlets</li> <li>Serve customers through call centers</li> <li>Send text messages</li> <li>Conduct surveys (customer satisfaction, store experience, and brand tracker)</li> <li>Provide information on Zain websites</li> <li>Interact on social media channels</li> <li>Maintain customer service teams</li> <li>Communicate via media outlets</li> </ul>	<ul style="list-style-type: none"> <li>Reliable service</li> <li>Innovative service</li> <li>Affordable service</li> <li>Accessible service</li> <li>Customized service (products and services that fit different needs and lifestyles)</li> <li>Ease, clarity and transparency of billing</li> <li>Information security and data protection</li> <li>Fast and efficient complaint resolution</li> <li>High quality customer care</li> </ul>	<ul style="list-style-type: none"> <li>Invest in networks</li> <li>Provide customers with access to the latest technology</li> <li>Launch tailored products in each market with options for prepaid and postpaid customers for both voice and data</li> <li>Offer long-term commitment deals at discounted monthly rates</li> <li>Offer bundled packages that lump mobile data and service packages with other products</li> <li>Offer customized packages for particular segments such as students, women, the underserved, refugees, and those at the bottom of the pyramid</li> <li>Offer support through customer care teams</li> <li>Provide online services and billing options</li> <li>Operate call centers with different language options</li> </ul>
Shareholders and Investors: Largest shareholder is the Kuwait Investment Authority (24.2%)	<ul style="list-style-type: none"> <li>Communicate through Investor Relations Department</li> <li>Issue periodic reports (i.e. Financial Statements, Earnings Release, Analyst Call Reports and Audited Financial Statements)</li> <li>Host AGM/EGM</li> <li>Conduct analyst calls quarterly</li> <li>Attend conferences annually to strengthen relations with both current and potential investors to the organization</li> </ul>	<ul style="list-style-type: none"> <li>Strong return on investment</li> <li>Transparency</li> <li>Provide a fair understanding of the company's strategy and business by potential and actual investors</li> <li>Management excellence</li> <li>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</li> <li>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</li> </ul>	<ul style="list-style-type: none"> <li>Remain profitable</li> <li>Increase customer base</li> <li>Provide frequent updates through Investor Relations Department</li> <li>Increase transparency</li> <li>Maintain Revenue Assurance Department</li> <li>Attended the MENA Corporate Access Days Conference in London in 2014</li> </ul>
Employees: 6,740	<ul style="list-style-type: none"> <li>Distribute internal communications (e-mail, posters, SMS)</li> <li>Conduct performance appraisals</li> <li>Execute Employee Engagement Survey</li> <li>Hold employee town hall meetings</li> <li>Develop Health, Safety and Security Guidelines to ensure protection of employees</li> <li>Conduct regular Employee Engagement Surveys (EES)</li> </ul>	<ul style="list-style-type: none"> <li>Job security and satisfaction</li> <li>Employee benefits</li> <li>Opportunities for development, growth and skills development</li> <li>Competitive salary</li> <li>Working for a company that matches their values</li> <li>Access to international conferences and networking opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Offer competitive benefits package</li> <li>Deliver training programs</li> <li>Encourage open door policy</li> <li>Provide various volunteer opportunities and host employee events</li> </ul>
General Public and Community Institutions: Neighborhoods near base stations, media, NGOs and advocacy groups, charities, associations, foundations, schools, universities, and medical institutions	<ul style="list-style-type: none"> <li>Hold face-to-face and phone meetings</li> <li>Attend meetings and conferences</li> <li>Participate in community events and make presentations</li> <li>Distribute health and safety information</li> <li>Provide information on Zain websites</li> <li>Publish annual Sustainability Reports</li> <li>Conduct annual CSSR Surveys</li> </ul>	<ul style="list-style-type: none"> <li>Minimal visual and noise disruptions</li> <li>Commitment to upholding health and safety standards</li> <li>Address priority community needs (such as education, health, and economic development)</li> <li>Commitment to reducing waste and emissions and to uphold environmental standards</li> </ul>	<ul style="list-style-type: none"> <li>Support locally relevant CSSR activities</li> <li>Engage with neighborhoods in site selection and increased transparency</li> <li>Provide information about health and safety of network base stations</li> <li>Upgrade generators to models with silencers</li> <li>Install camouflage solutions for base stations, where applicable</li> <li>Install hybrid and solar generators where feasible</li> <li>Explore possibilities for site-sharing and implement the 'right-sizing concept'</li> <li>Implement e-waste recycling and reuse initiatives</li> <li>Comply with ESMP regulations</li> <li>Set long-term carbon emission reduction targets</li> </ul>
Business Partners: Suppliers, contractors, and distributors	<ul style="list-style-type: none"> <li>Interact through professional meetings</li> <li>Communicate through e-mail</li> <li>Discuss and negotiate contracts and terms</li> <li>Provide guidelines for performance, including health and safety and environmental management, when appropriate</li> <li>Hold an annual Zain Technology Conference (ZTC)</li> <li>Develop Innovation Centers</li> </ul>	<ul style="list-style-type: none"> <li>Favorable terms</li> <li>Timely payment</li> <li>Job opportunities for individuals and small-medium sized businesses</li> </ul>	<ul style="list-style-type: none"> <li>Encourage discussions with relevant departments, including procurement and sales</li> <li>Conduct periodic evaluations</li> <li>Improve our processes, when necessary</li> </ul>
Government and Regulators: Kuwait Stock Exchange (KSE), Capital Markets Authority (CMA), Telecommunications Regulatory Authority (TRA), other National Telecommunications Regulators, and Ministries of Communication	<ul style="list-style-type: none"> <li>Publish Annual Report</li> <li>Hold one-to-one meetings</li> <li>Participate in advisory committees</li> <li>Participate in conferences</li> <li>Release official letters</li> <li>Attend meetings and presentations</li> </ul>	<ul style="list-style-type: none"> <li>Access to telecommunications services for citizens</li> <li>Taxation revenue</li> <li>To ensure compliance with the regulatory requirements of the capital markets within which the company operates</li> <li>Compliance with new CMA regulations</li> <li>To develop the company's reputation and provide an insurance against unforeseen events</li> </ul>	<ul style="list-style-type: none"> <li>Comply with laws and regulations</li> <li>Publish disclosure reports</li> <li>Maintain open direct channels with public officials</li> </ul>

# OUR ECONOMIC IMPACTS

## THE CHALLENGE

- Investing in telecommunications infrastructure is a major facilitator of more efficient and equitable economic growth for a country.
- The unemployment rate in the MENA region is higher than that of most other regions.
- People with disabilities face greater difficulties in obtaining jobs and suffer more discrimination in the workplace.

## IN 2014, WE...

- Continued investing in the telecommunications infrastructure of our operating countries, which in Iraq totaled around USD \$4.5 billion between 2003 and 2013.
- Stimulated job creation through the incorporation into our value chain of 2,600 outlets in Bahrain and 22,800 outlets in Iraq.
- Maintained employment for 20 disabled persons in Zain Sudan's Call Center.

The provision of telecommunication services by Zain creates value not only for its shareholders and investors but for the broader community as well. By localizing its supply chain wherever feasible, the company supports the creation of local sustainable jobs in its countries of operation. Furthermore, investments made by Zain in local telecommunications infrastructure also has the effect of spurring broad socio-economic development. Such investments, particularly in developing countries such as those where Zain operates, facilitate the spread of efficient and equitable economic growth for local populations. Zain also acts as a catalyst for job creation simply by optimizing its core business activities, such as spreading connectivity to those without access. Studies reveal that an economy generates 80 new jobs for every 1,000 broadband connections made, and adds 1% to its sustainable Gross Domestic Product (GDP) for every 10% increase in mobile broadband penetration. Zain's recent thought-leadership study, entitled The Socio-Economic Impact of Mobile Telecommunication in the MENA Region, published to commemorate Zain's 30 years of operation, supports this claim when exploring the sector's region-specific potential to stimulate growth and innovation.

Zain strives to capitalize on the potential of mobile technology to fuel socio-economic growth and provide wide-scale employment opportunities; technology, which according to the GSMA, could potentially create 5.9 million full-time jobs in the region by 2025. By achieving a solid financial performance in 2014 and furthering the growth of the business, Zain continues to reward shareholders and investors and positively impact its local communities.

### FINANCIAL PERFORMANCE

Despite the growing maturity of the telecommunications sector and some difficulties that have risen in its operational context, Zain managed to achieve a solid financial performance in 2014. By maintaining operational effectiveness, Zain Group was able to achieve a consolidated net profit of USD \$685 million and maintain its market leadership in six countries, serving its customer base of 44.3 million during the course of the year.

On February 20, 2014, the day of the Annual General Assembly, Zain declared a cash dividend of 50% (50 fils per share) to registered shareholders, keeping with the company's ongoing commitment to rewarding shareholders.

At Zain, we continue to meet and exceed the expectations of our customers by providing quality and innovative products and services in order to develop an ideal customer experience. A key component in maintaining our position at the forefront of regional telecom leadership is ensuring that we continue to remain inclusive to all members and segments of our societies. As supporters of the value of inclusivity, we continuously expand the reach of our services to cover those that may lack accessibility, and provide specific services to accommodate sections of the population that have special needs or face some form of marginalization. The expansion and diversification of our products and services, as well as improvements in our quality of service, has allowed us to maintain our growth in recent years, despite the saturation of many of our markets. We also continuously engage with our customers in order to measure their satisfaction with our performance and offerings. Below are some of the results of our customer satisfaction polls:

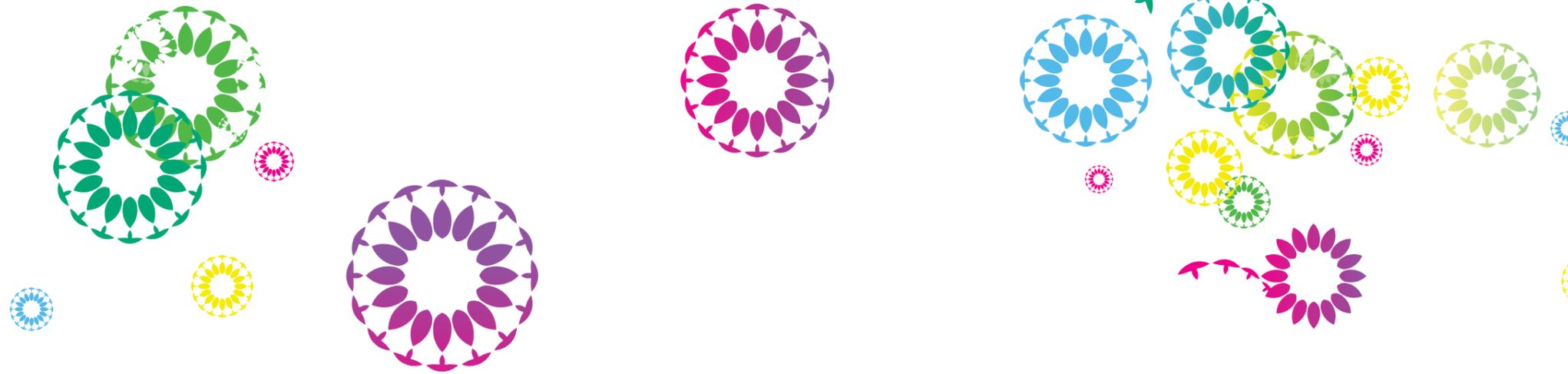
### FINANCIAL PERFORMANCE: DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

	2014		2013	
	(mn KD)	(mn USD)	(mn KD)	(mn USD)
Revenues	1,213	4,268	1,240	4,376
Cost of Sales	(336)	(1,182)	(352)	(1,241)
Operating Costs	(370)	(1,302)	(351)	(1,237)
Operating Profit	335	1,179	343	1,211
Net Profit	194	685	216	764
Retained Earnings	513	1,752	509	1,804
Dividends Paid	(195)	(694)	(194)	(682)
Dividends Paid to Non-Controlling Interests	(3)	(11)	(3)	(12)
Payroll (sum of wages, social security costs and ESOP)	(94)	(330)	(89)	(314)
Finance Costs Paid	(19)	(65)	(37)	(129)
Proceeds from/(repayment of) bank borrowings (net)	4	21	101	357
Income Tax Payments	(15)	(51)	(14)	(50)
Kuwait Foundation for Advancement of Sciences Paid	(4)	(14)	(5)	(18)
National Labor Support Tax and Zakat Paid	(4)	(14)	(5)	(16)

### ZAIN AS A CATALYST FOR SOCIO-ECONOMIC DEVELOPMENT

A robust telecommunications industry is a strong driver for national development. Investments in telecommunications infrastructure and the delivery of information and communications technology to a greater proportion of the population enables economic empowerment of the masses and facilitates the delivery of essential services such as those related to education, health, safety and economic efficiency.

Between 2003 and 2013, investments undertaken by Zain in Iraq's telecommunication industry amounted to around USD \$4.5 billion. In Sudan, investments between 2010 and 2013 came in at around USD \$599 million. In 2014, Zain announced investments of USD \$1.2 billion in network expansion and upgrade agreements in Saudi Arabia. In Jordan, the company invested USD \$270 million to acquire an exclusive 4G license and additional 3G spectrum, where investments in excess of USD \$100 million will be made towards the rollout of the 4G network, which is expected to be launched commercially in the first quarter of 2015. Going forward, Zain will continue to invest in developing national infrastructures in order to promote its business activities, which in turn will spur overall national socio-economic development.



**SUPPORT FOR INCLUSIVE JOB CREATION – THE ZAIN SUDAN CALL CENTER**

In 2009, Zain Sudan established a Call Center which prioritized the training and employment of people with disabilities. The commitment of the company to support inclusive job creation in the community resulted in the ongoing employment of 20 disabled persons at Zain Sudan.

**ZAIN BAHRAIN IPO**

As mandated by its mobile operating license, Zain Bahrain completed an Initial Public Offering (IPO) of 15% of its share capital on September 30, 2014, which saw 48 million ordinary shares offered at Bahraini Dinars (BD) 0.190 per share. This milestone was the first IPO in Bahrain since 2010.

On December 1, 2014, Zain Bahrain listed on the Bahrain Stock Exchange with the share price trading at BD 0.200 as of December 31, 2014.

**LOCALIZING THE VALUE CHAIN**

Zain’s business model supports various distributors, franchises and outlets which spurs job creation and local economic activity. Below is a table illustrating these figures for Zain.

**ZAIN’S ECONOMIC IMPACT THROUGH THE VALUE CHAIN**

	BAHRAIN	IRAQ	JORDAN	KUWAIT	SAUDI ARABIA	SUDAN	SOUTH SUDAN
# OF OUTLETS	2,600	22,800	3,737	179	8,339	29,700	14,000
# OF DISTRIBUTORS	4	18	6	21	7	48	12
# OF FRANCHISE SHOPS	14	60	25	68	213	70	2
# OF FLAGSHIP AND ZAIN-OWNED STORES	7	508	25	7	15	11	3

Zain supports the localization of its supply chain whenever feasible. This promotes the generation of local economic activity and employment, further aligning the organization’s value chain with the national economic wellbeing of its operating countries. The corresponding table illustrates the proportion of Zain’s procurement spending on local versus foreign suppliers in select operating countries.

**ZAIN’S PROPORTION OF PROCUREMENT SPENDING 2014\***

OPERATION	% OF SPENDING ON LOCAL SUPPLIERS	% OF SPENDING ON FOREIGN SUPPLIERS
BAHRAIN	44%	56%
IRAQ	40%	60%
JORDAN	42%	58%
KINGDOM OF SAUDI ARABIA	97%	3%
KUWAIT	80%	20%
REPUBLIC OF SUDAN	100%	0%

\* Data up to November 30, 2014

**CORPORATE RESPONSIBILITY THROUGH THE VALUE CHAIN**

Zain’s supplier selection process ensures 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. Furthermore, Zain requires the abidance of its Supplier Code of Conduct as a precondition to establishing relationships with its suppliers and as a condition for an ongoing relationship with Zain, which includes policies requiring the adherence to specific 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, although, in 2014, no screening of suppliers was undertaken.



**OUR PRODUCTS  
AND CUSTOMERS**

# OUR PRODUCTS AND CUSTOMERS

## THE CHALLENGE

- More than 620,000 registered Syrian refugees currently reside in Jordan, often without the most basic necessities.
- Around 13% of the population of Lebanon reside in rural areas with less access to the amenities available to those in urban areas.
- The social exclusion of women in the Middle East represents a major barrier to national development.
- There are currently more than 270,000 blind people in Kuwait, Saudi Arabia and Sudan

## IN 2014, WE...

- Continued to offer the Syria-Sim service, catered towards alleviating the hardships of Syrian refugees residing in Jordan.
- Provided service offerings facilitating connectivity for those residing in remote rural areas in Lebanon.
- Provided the Enty Service bundle in Saudi Arabia, specifically catering to the needs of women.
- Continued to provide unique service offerings in Kuwait, Saudi Arabia and Sudan that target the specific needs of the physically impaired.

Zain has chosen to pursue an inclusive approach to delivering its products and services, ensuring that all segments of society, particularly those that are economically or socially marginalized, are able to access the benefits obtained through information and communication technology (ICT). In doing so, Zain is working towards achieving its goals of reducing the digital divide and maintaining the organization's position at the forefront of regional telecom leadership.

Over more than 30 years of operation, Zain has established itself as a regional pioneer via investing in innovative products and services; and 2014 was no different. During this year, Zain completed a nationwide roll-out of 4G Long Term Evolution (LTE) services in Bahrain as part of its USD \$100 million network enhancement program. The company also announced the first phase of its 4G LTE network roll-out in Jordan following its USD \$270 million investment to acquire an exclusive 4G license and additional 3G spectrum. In addition, investments in excess of USD \$100 million will be made towards the roll-out of the 4G network. In Saudi Arabia, Zain announced an investment of USD \$1.2 billion towards improving 4G LTE network capacity, coverage and speed, thereby enhancing Zain KSA's overall customer experience. Moreover, on New Year's Eve, Zain Iraq made the nation's first 3G phone call to the Iraqi Minister of Telecommunications, marking a new era of enriched communications technology in the country. The rolling out of the 3.9G service by Zain Iraq will offer Iraqi people unprecedented access to mobile data and connectivity, and will enable the socio-economic progress which typically follows such upgrades in infrastructure and technology.

Several of Zain's operations ensure business excellence by maintaining ISO certifications related to quality management of its services. One example is Zain Kuwait's successful recertification of ISO 9001: 2008, related to Quality Management Systems.

### PROTECTING CUSTOMER PRIVACY

Zain complies with the GSMA Mobile Privacy Principles, ensuring best practices are followed on matters related to the privacy and confidentiality of customer data. Zain takes the protection of customer data extremely seriously and 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 Kuwait successfully achieved recertification of ISO/IEC 27001: 2013 related to requirements for establishing, implementing, maintaining and continually improving an information security management system within the organization. This also includes requirements for the assessment and treatment of information security risks tailored to the specific needs of the organization. In 2014, there were no substantiated cases related to breaches of customer privacy, data leaks, theft or loss. The protection of customer privacy is paramount at Zain, and as such, all necessary prudent measures are taken to protect this information at all times.

### OFFERING EXTRA VALUE FOR STUDENTS

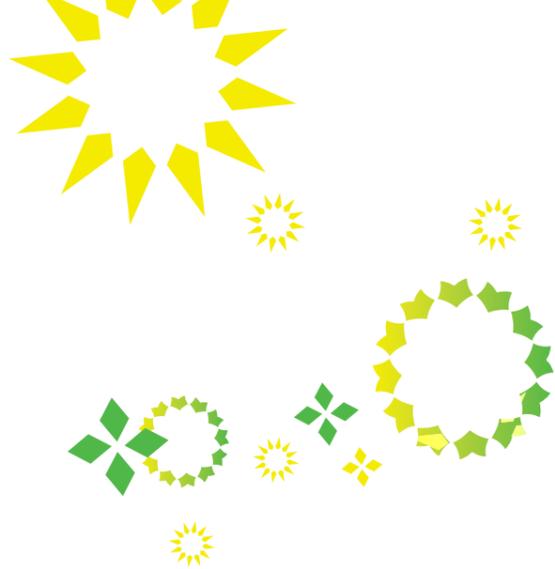
1. Shabab Package – Zain KSA: Saudi Arabia supports the youth through its Shabab Package, a unique package deal that provides exclusive rates to students attending schools and universities in the country.
2. Gam3ty Package – Zain Sudan: The first and only such package in Sudan, Gam3ty directly targets college and university students in the country, providing them with location-based discounts and special rates when on campus.
3. Tabby Package – Touch Lebanon: Tabby gives favorable package deals to students in Lebanon that includes tablets and connectivity. Touch also collaborated with one of the largest local banks to include the option of paying using monthly installments, making the deal more accessible to students. The Tabby Package also includes pre-loaded free educational content and provides a parental control capability.



The launch of 3G in Iraq will enable unprecedented access to mobile data and connectivity for the Iraqi people



The Gam3ty package offered by Zain Sudan provides location-based discounts to students



**SERVING THE PHYSICALLY IMPAIRED**

Several of Zain’s operating companies, including Zain Kuwait, Zain KSA, Zain Sudan, and Touch in Lebanon, offer packages targeting the needs of those within the community who face physical impairments such as deafness or blindness. As part of Zain’s commitment to inclusivity, the packages offered include significantly discounted rates on SMS and Voice SMS, assisting the physically impaired to enjoy the benefits of connectivity.

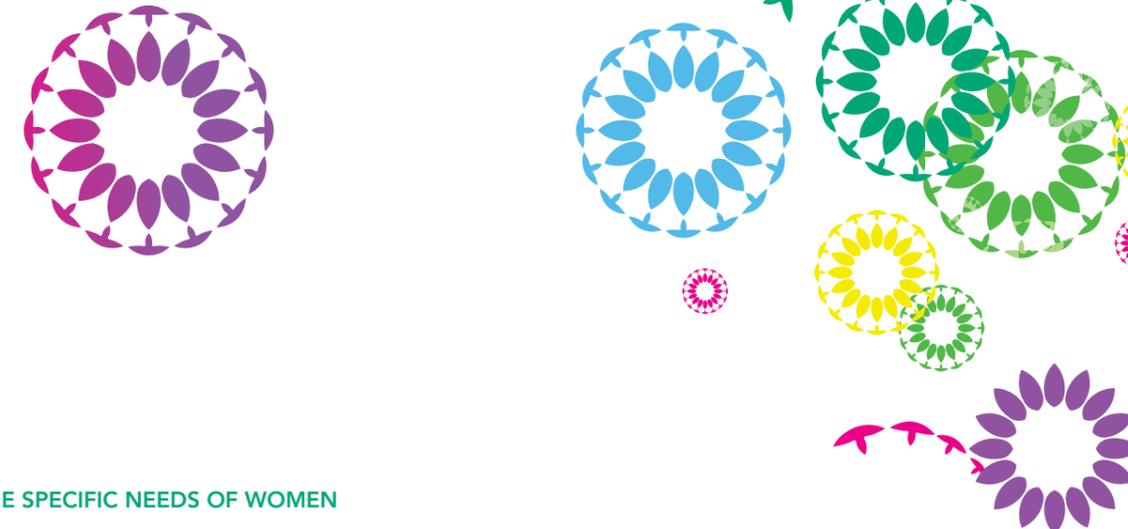
**COLLABORATING TO ASSIST REFUGEES – ZAIN JORDAN**

The plight of marginalized segments of the community are of a particular concern for Zain. In 2013, Zain Jordan collaborated with the United Nations High Commissioner for Refugees (UNHCR) to develop the Syria-Sim service, in order to try to address the troubling circumstances of Syrian refugees residing in the country. The service, which to date has attracted more than 30,000 subscribers, establishes a hotline between the UNHCR and Syrian refugees, giving both sides access to unlimited minutes to contact one another. The enablement of real-time communication between the two parties allows refugees to communicate their basic needs, and facilitates the delivery of essential supplies and aid by the UNHCR.

Zain also collaborated with Refugees United and Ericsson for the development of a platform in which Syrian refugees residing in Jordan are able to reconnect with separated family members. The Family Reconnection Project builds on the success of similar projects undertaken by Refugees United in Africa.

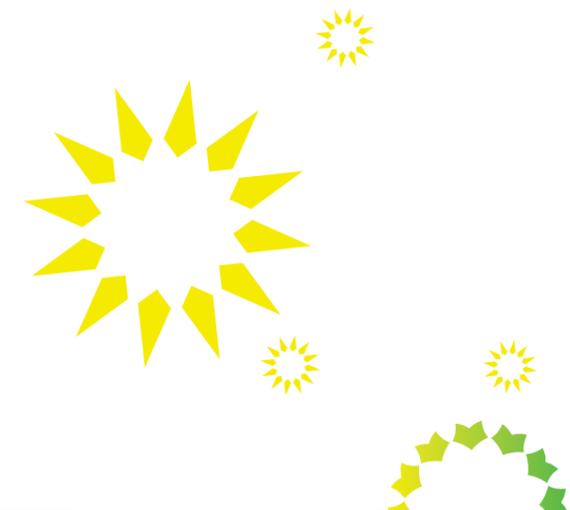
**EXPANDING ACCESSIBILITY**

1. Dary Line – Touch Lebanon: The Dary Line is a package that meets the needs of those living in specific locations where normal Public Switched Telephone Network (PTSN) is not available. The package includes a SIM card and compatible handset, and provides voice and data capabilities at landline rates. The purpose of the Dary Line is to provide greater accessibility to ICT, giving those who live in remote areas where connectivity is difficult to obtain an opportunity to connect at an affordable rate, thus narrowing the country’s digital divide.



**CATERING TO THE SPECIFIC NEEDS OF WOMEN**

1. Enty Service – Zain KSA: As an organization dedicated to promoting inclusivity, Zain KSA provides services targeting the needs of all segments of society. One example is the Enty Service, a unique bundle that provides specific content catering to women. Subscribers to the service have access to specialized content for women, demonstrating the commitment of Zain KSA to fulfilling the needs of each of its market’s major segments.



The Shabab Package in KSA offers exclusive package deals to students



Kuwait, KSA and Sudan offer unique packages for the physically impaired

**خط المفوضية السامية للأمم المتحدة لشؤون اللاجئين السوريين في الأردن**

التعرفة	مميزات
1 قرش/الدقيقة	مركز اتصال الأمم المتحدة
2 قرش/الدقيقة	شبكة زين
3 قرش/الدقيقة	شبكة أمان
10 قرش/الدقيقة	الشبكة الرئيسية
	اتصال دولي لسوريا

Zain Jordan’s Syria-Sim service enabled 31,000 refugees to connect with the UNHCR



The Dary Line offered by Touch provides accessibility to those living in remote areas

# OUR NETWORK

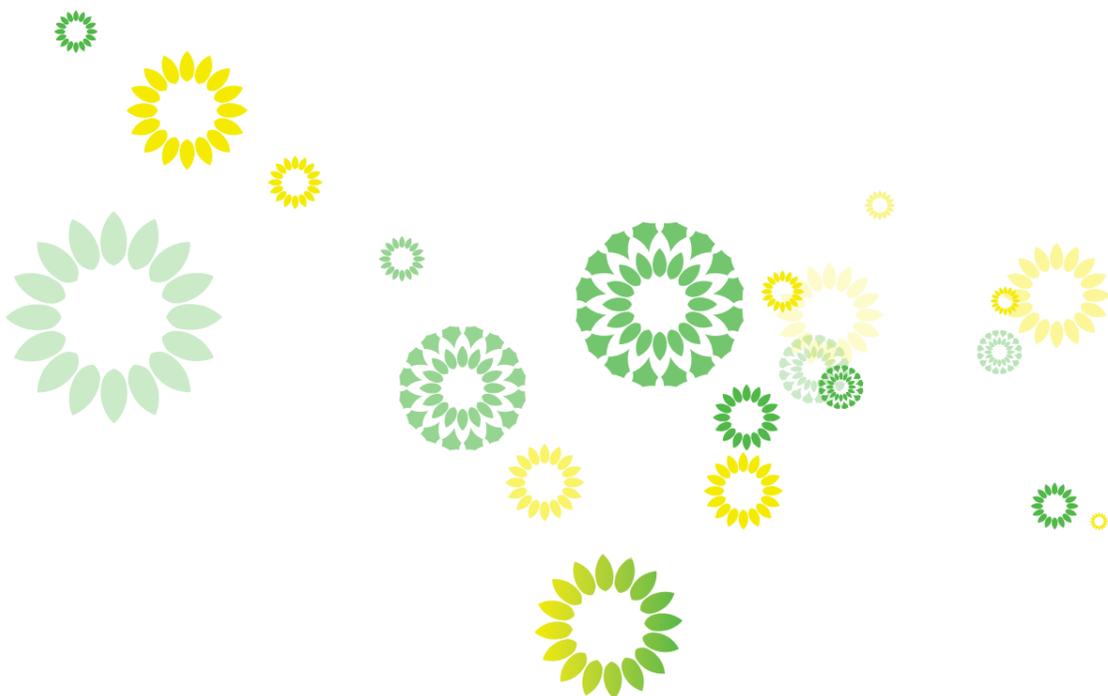
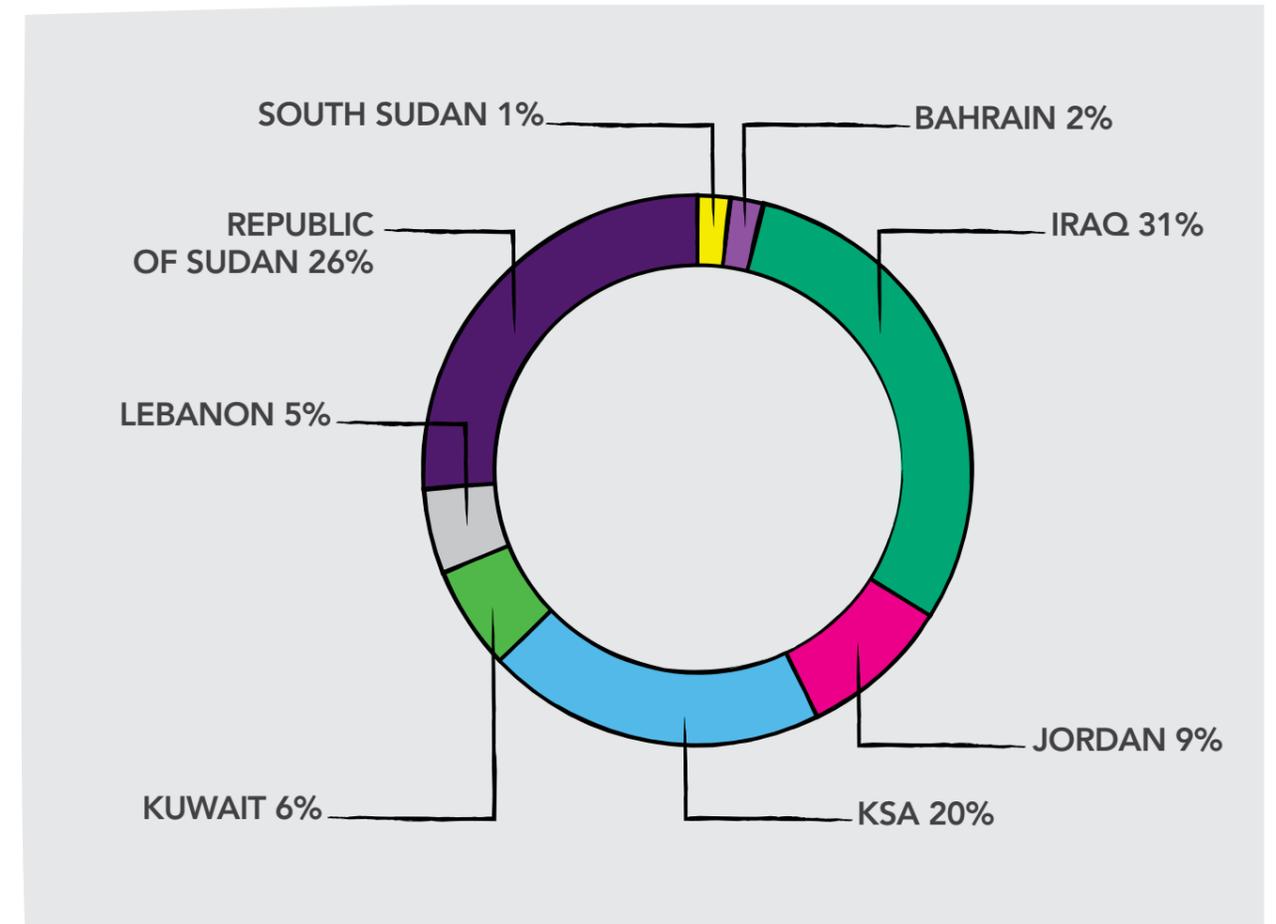
PROVIDING ACCESS TO MILLIONS  
ACROSS THE REGION

As of December 31, 2014	Ownership (%)	Active Customers (000s) December 31, 2014	Active Customers (000s) December 31, 2013	Y-O-Y Change	Active Prepaid (%) December 31, 2014
Bahrain	55%	788	772	2%	72%
Iraq	76%	13,768	15,882	-13%	99%
Jordan	96.52%	3,850	3,900	-1%	84%
KSA	37.05%	9,011	8,461	7%	94%
Kuwait	100%	2,665	2,525	6%	74%
Lebanon	MC*	2,142	2,048	5%	86%
Republic of Sudan	100%	11,372	11,702	-3%	99%
South Sudan	100%	692	812	-15%	99%

\*MC: Management Contract

Zain Group's total customer base reached 44.3 million by end of 2014, down 4% Y-o-Y. This customer base decline is a result of two major circumstances; one, a new definition of an "active customer" implemented by the regulator in Iraq, and second, due to the new registration policy implemented by Sudan's regulator. The Group customer base is dominated by the markets with the largest populations and highest potential for growth acquisition - namely Iraq, Republic of Sudan and Saudi Arabia, in order of contribution.

## CUSTOMER CONTRIBUTION



# OUR PEOPLE

## THE CHALLENGE

- Studies indicate that the lack of sufficient employee engagement leads to reduced productivity, innovation and financial performance for an organization.
- In the Middle East and North Africa, the participation of women in the economy is amongst one of the lowest in the world.
- Employers report that only one-third of fresh graduates in the region are adequately prepared for employment.

## IN 2014, WE...

- Developed an action plan based on our Employee Engagement Survey and developed multiple channels to consistently engage employees.
- Promoted merit-based growth within the company, thus leading to the recognition of five female Zain executives by CommsMEA as amongst the most notable women in telecommunications throughout the region.
- Developed comprehensive training and development programs for employees to further their career growth and promote their future employability.

### GENERAL EMPLOYEE INFORMATION - 2014

	Group	Bahrain	Iraq	Jordan	Kuwait	Lebanon	Saudi Arabia	Sudan	South Sudan	Total / Average
No. of Full Time Employees	163	271	1,462	1,050	1,115	630	1,453	1,069	64	6,740*
No. of Part Time and Temporary Employees	10	115	1,035	233	182	60	3	854	-	2,492
No. of Employees (all contract types)	173	386	2,497	1,283	1,297	690	1,456	1,923	64	9,769
No. of Males (all contract types)	133	265	1,937	912	1,109	467	1,353	997	56	7,229
No. of Females (all contract types)	40	121	560	371	188	223	103	926	8	2,540
% of Males (all contract types)	77%	69%	78%	71%	86%	68%	93%	52%	88%	74%
% of Females (all contract types)	23%	31%	22%	29%	14%	32%	7%	48%	13%	26%
No. of National Employees	44	237	1,421	1,050	683	622	1,097	1,068	55	6,277
No. of Expats	119	34	41	-	432	8	356	1	9	1,000
% of National Employees	27%	87%	97%	100%	61%	99%	75%	99.9%	86%	86%
% of Expats	73%	13%	3%	0%	39%	1%	25%	0.1%	14%	14%
No. of New Hires	32	21	263	78	174	17	451	49	4	1,089
Employee Turnover (males)	12%	8%	13%	8%	12%	3%	15%	5%	6%	10%
Employee Turnover (females)	1%	3%	3%	4%	2%	1%	3%	1%	3%	3%
Total Turnover	12%	11%	17%	12%	13%	4%	18%	6%	9%	13%
Rate of Retention After Maternity Leave	100%	100%	87%	100%	100%	100%	100%	100%	100%	
Rate of Retention After Paternity Leave	100%	100%	100%	100%	100%	100%	96%	100%	100%	

\* excludes 628 Lebanon employees (under Touch management contract), includes Mada Jordan (91 employees)

### EMPLOYEE AGE STRUCTURE\*\*

	Group	Bahrain	Iraq	Jordan	Kuwait	Lebanon	Saudi Arabia	Sudan	South Sudan	Total / Average
Number of Employees Under 30	20	80	479	419	408	160	511	66	9	2,152
Percentage Under 30	12%	30%	33%	40%	37%	25%	35%	6%	16%	32%
Number of Employees Aged 30-50	119	185	910	612	658	440	922	964	54	4,864
Percentage Aged 30-50	73%	68%	62%	58%	59%	70%	63%	90%	86%	73%
Number of Employees Over 50	24	6	73	19	49	30	20	39	1	261
Percentage Over 50	15%	2%	5%	2%	4%	5%	1%	4%	3%	4%

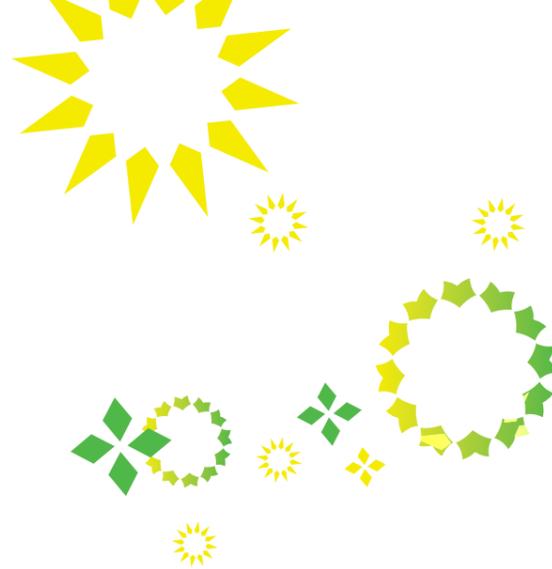
\*\* excludes Mada Jordan (91 employees)

People development is a strategic pillar for Zain. As such, the company takes a comprehensive approach to ensuring that employees' development, growth potential and compensation are consistent with the best practices of leading global organizations. In 2014, Zain applied wide-scale improvements to its training and development programs, broadening the scope of available programs and making them more accessible to employees across its entire footprint. Zain also takes active steps to promote a fair and rewarding environment, one that is conducive to enabling a motivated and dedicated workforce. The feedback of employees provided through Zain's Employee Engagement Survey (EES) enabled the company to take action and implement transparent changes in greater alignment with employees' needs and priorities. This, and other activities undertaken by Zain, cement the company's status as one of the most attractive employers in the region.



Zain Sudan employees celebrate their victory at the Zain Oscars alongside Zain Sudan CEO, Elfatih Erwa

A Zain Group employee commemorates Kuwait's National and Liberation Day

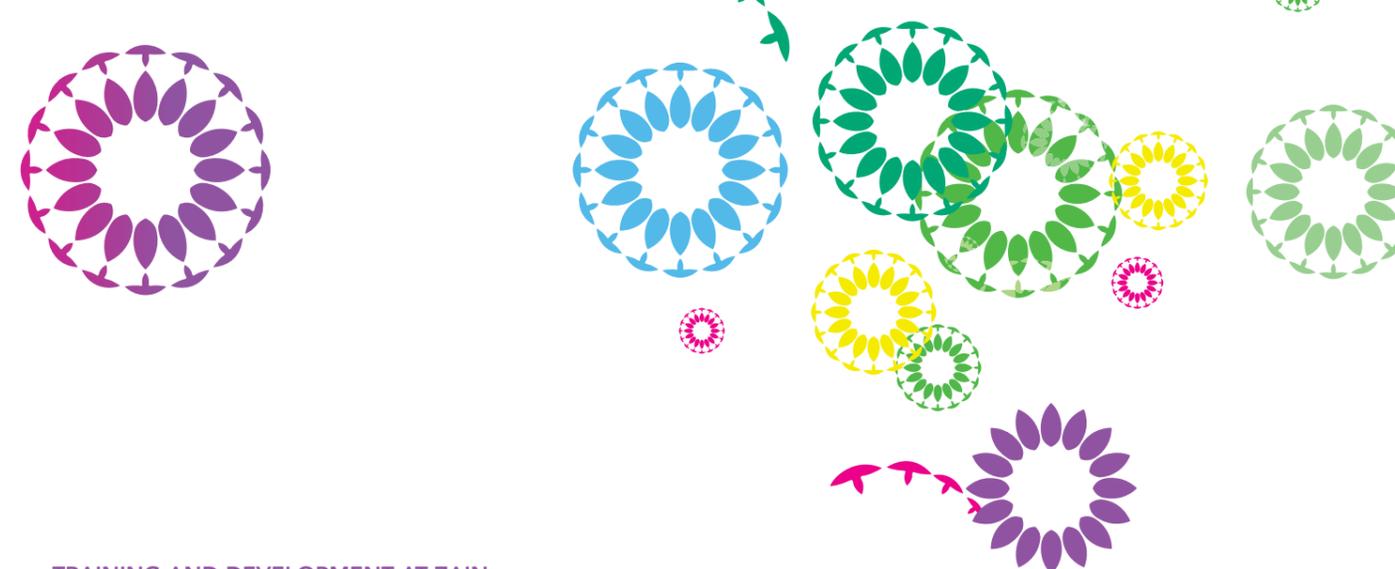


**VALUING OUR EMPLOYEES**

Over the course of 2014, Zain took multiple steps to build on its engagement policies in order to improve the organization’s responsiveness to the priorities and concerns of employees. The Human Resources (HR) function at Zain Group undertook an Employee Engagement Survey to track and measure employee sentiment on key issues and will launch monthly ‘Pulse Surveys’ that track levels of engagement. The HR function also holds regular town hall meetings to encourage a collaborative approach to tackling relevant matters. To gain insight into matters related to CSSR, including feedback on volunteer initiatives undertaken by Zain, the organization conducts annual CSSR Surveys.

Consistent and extensive engagement of employees has improved the organization’s understanding of those issues that are most prominent to them. Among those issues addressed most frequently in the EES and other engagement channels are those related to training and development, rewards and recognition, and the overall perception of the company. One response was to offer a more clear structure for rewards and recognition within the company.

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 to remuneration are exclusively merit-based, and Zain exercises a policy of non-discrimination based on gender and race. In addition, Zain employees are provided with health insurance and additional benefits based on their position within the organization. Zain also supports its employees through generous entitlements when employees leave our employment. Provisions for post-employment benefits as of 31 December 31, 2014 amounted to 32.962 million Kuwaiti Dinars.



**TRAINING AND DEVELOPMENT AT ZAIN**

In recognition of one of the major priorities that was highlighted by its employees, Zain undertook substantial advancements in training and development over the course of the year. At Zain Group, a comprehensive training and development scheme was established, based on individual development priorities that were submitted by each employee as well as areas of growth identified by their line managers. Through this feedback, training regimens in broad as well as industry-specific themes were offered to employees. Among the most substantial learning and development programs offered was a Creative Leadership Workshop, which was attended by Zain’s senior executives and board members. The workshop utilized an engaging and interactive platform to communicate the most cutting-edge research on creativity within organizational settings, demonstrating this research by sharing innovative practices undertaken by other leading organizations.

In order to set KPIs linked to employee development for subsequent years, Zain began to more accurately track employee training data in 2014. Below are illustrations describing Zain’s training and development programs.

**TRAINING AND DEVELOPMENT AT ZAIN**

	Group	Bahrain	Iraq	Jordan	Kuwait	Lebanon	Saudi Arabia	Sudan	South Sudan	Total/Average
Total Number of Training Hours	3,892	13,763	23,021	30,084	5,710	1,658	23,355	1,973	1,240	104,696
Average Hours of Training Per Full Time Employee	24	51	16	29	5	3	16	2	19	14

**SOME OF ZAIN'S MOST NOTEWORTHY TRAINING AND DEVELOPMENT PROGRAMS**

- CUSTOMER EXPERIENCE MANAGEMENT (CEM) CERTIFICATION
- CREATIVE LEADERSHIP WORKSHOP
- CITI TREASURY MANAGEMENT TRAINING
- KEY CHALLENGES OF DIGITAL TRANSFORMATION TRAINING
- MANAGING @ ZAIN II
- TELECOM MINI MBA
- NPS CERTIFICATION AND ECONOMICS
- LTE TECHNOLOGY BOOT CAMP
- TELECOM ACADEMY BOOT CAMP
- SOCIAL MEDIA STRATEGY TRAINING

### SUPPORTING INNOVATION AT ZAIN – THE ZAIN SUDAN OSCARS

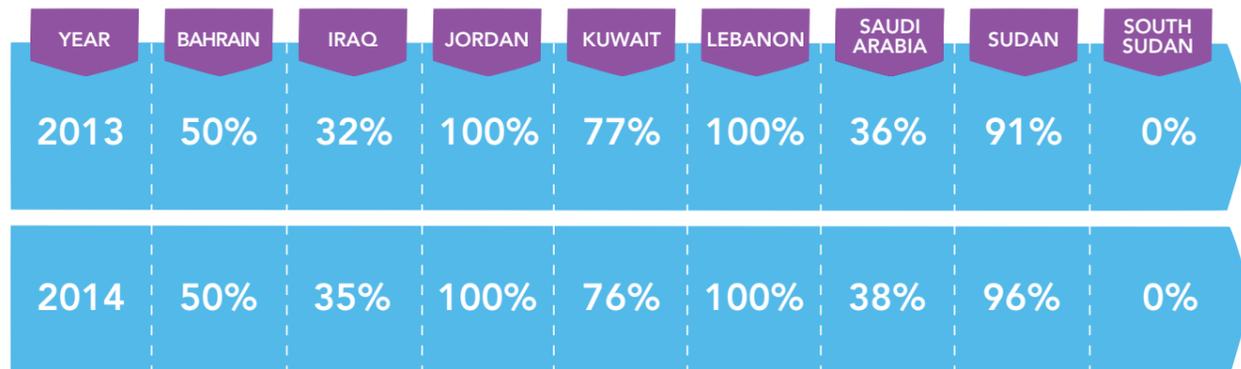
The Zain Sudan Oscars is an annual initiative established to engage employees at Zain Sudan and leverage their innovative capacity and creativity. Through the initiative, which was undertaken for its second year in 2014, employees are encouraged to submit project proposals that can either generate revenues, optimize costs or enhance customer experience. Proposals are then reviewed and filtered by an internal committee, and the top five proposals are chosen based on employee votes and presented in an awards-style ceremony. Of the 48 participants in the initiative in 2014, five winners were selected for project proposals that enhanced customer experience and network efficiency.

### ZAIN EMPLOYEES AND THE COMMUNITY

Community engagement and volunteer activities improve employees' sense of belonging and purpose with the broader public and are consistent with Zain's corporate signature of spreading 'A Wonderful World.' Some of the volunteer work undertaken by employees in 2014 included: the 5alik Zain charity initiative organized by Zain Bahrain, summer training programs for schoolchildren provided by Zain Iraq employees, and tree planting initiatives by employees from Zain Sudan and Zain Jordan. Corporate volunteerism programs are highly effective in leveraging the skills and enthusiasm of employees to make a difference in society. They also foster a stronger corporate identity, develop a robust internal culture and demonstrate the organization's solidity with the wider community.

Zain also supports local communities by prioritizing the hiring of local talent over the hiring of foreign nationals. While Zain does not discriminate based on race or ethnicity, the organization seeks to, wherever possible, hire employees from within the local community and encourages their growth within the company. This is part of Zain's overall strategy of contributing to the capacity-building of members of its communities. The career development of the local workforce is also in line with the national development strategies of Zain's countries of operation. Most of Zain's operations have either maintained or increased their percentage of locals in senior management over the past year.

### DEVELOPING AND ATTRACTING LOCAL TALENT: THE PERCENTAGE OF LOCALS IN SENIOR MANAGEMENT\*

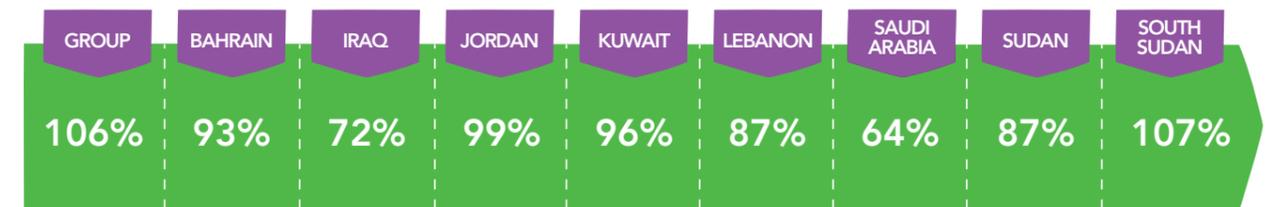


\*Senior Management defined as top two managerial levels

### ADDRESSING GENDER DISPARITY

Gender disparity marks a constant theme within Zain's sustainability agenda. This is part of the company's conviction that a diverse workforce that promotes equality and non-discrimination across genders will ultimately serve its best interests. Gender disparity is unfortunately a persistent issue within both the region and the telecom sector. However, Zain has taken steps to address this issue internally by tracking average remuneration ratios for males and females, and by articulating its commitment to providing equal opportunities as they relate to remuneration and career development, regardless of gender. In 2014, the proportion of females within the entire organization grew from the previous year. Zain's favorable policies towards pregnant employees also led to an increase in the maternal retention rate between 2013 and 2014. The proportion of female salaries as compared to male salaries increased in the majority of the company's operations.

### GENDER EQUALITY AT ZAIN: REMUNERATION RATIO (FEMALES/MALES) - 2014\*



\*Figures reflect the average ratio assuming an equal weight for each employment level within a given OpCo.

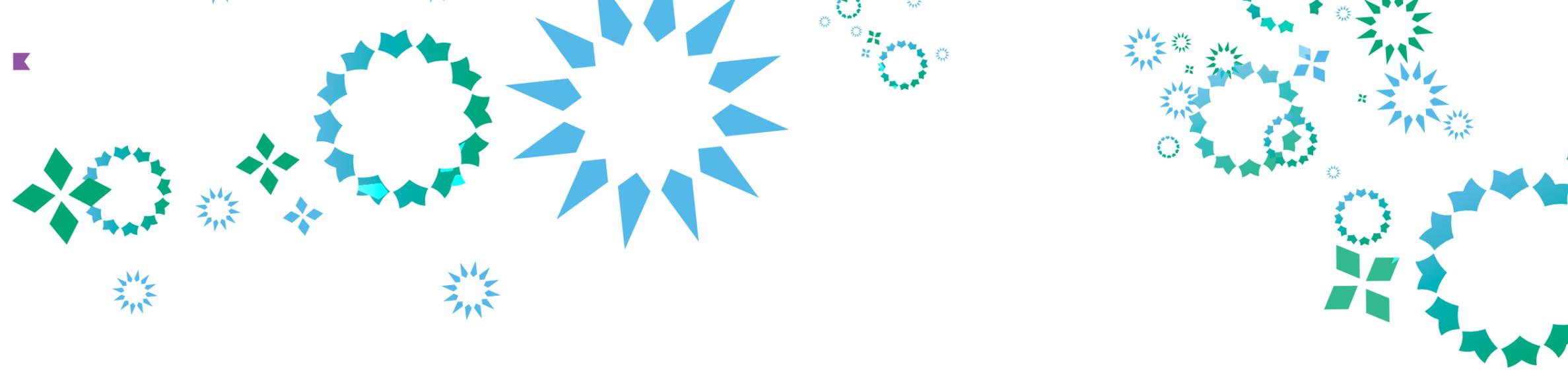
Zain's success in facilitating growth opportunities for females is also evident by CommsMEA's recognition of five female executives from Zain in their 2014 Women in Telecoms list, which honored the region's most notable women in the telecommunications industry. The fact that female employees from Zain feature more prominently within this list than any other organization is a testament to its progressive positions regarding equal opportunity and career development. Those mentioned in the CommsMEA list represent the brightest talents from Zain who have dedicated themselves over long periods of time to promote the success of the organization. Their ascension within the organization occurred through both their invaluable contributions to the company as well as Zain's policy of empowering employees regardless of gender. Profiles for each of Zain's notable female mentions are found below:

#### EAMAN AL ROUDHAN - CHIEF REGULATORY OFFICER AT ZAIN GROUP:

Eaman has been with Zain for 17 years. She initially began her career with Zain as part of the team that established Kuwait's first prepaid service, one that grew to dominate the country's prepaid market. Eaman later went on to participate in Zain startup projects in Bahrain, Iraq, Lebanon, and Saudi Arabia. As Chief Regulatory Officer, Eaman is currently responsible for and supports Zain's critical interactions and dealings with all of the organization's relevant telecom regulators.

#### JENNIFER SULEIMAN - HEAD OF CORPORATE SUSTAINABILITY AND SOCIAL RESPONSIBILITY (CSSR) AT ZAIN GROUP:

Jennifer leads Zain's CSSR activities at the Group level and supports all eight operations in their CSSR strategies and activities. Having been with the organization for 21 years, she began her career in the Public Relations and Advertising function of the company. Jennifer then went on to spearhead the establishment of Zain's CSSR department and managed its emergence as among the most prominent sustainability functions in the region. During her time as Head of CSSR, Jennifer has undertaken a collaborative approach with key regional and global players in order to address key country deficits and developmental challenges while promoting capacity-building, connectivity, greater employment opportunities, and national development within Zain's countries of operation.



**KHAWLA AL-JABER - TECHNOLOGY STRATEGY DIRECTOR AT ZAIN GROUP:**

Khawla will mark her 20th year as part of Zain in 2015. Her vast expertise includes areas of strategy, business development, product development, network VAS and service fulfillment, and sales and marketing. Khawla is also an experienced engineer in all facets of telecom technology, having managed services projects in 15 countries. Today, Khawla is the main driver of the highly successful annual Zain Technology Conference (ZTC), a cornerstone of Zain's efforts to leverage global innovative technology.

**MARIAM ALI - CHIEF COMMERCIAL OFFICER (CCO) AT ZAIN KUWAIT:**

This year, Mariam celebrated her extraordinary 25-year milestone as part of Zain. Having started off in the Marketing Department, Mariam oversaw product development. She later went on to establish the Roaming Department at the company. Today, Mariam's roles and responsibilities as CCO of Zain Kuwait include overseeing the launch of products and services, supervising all distribution channels, and driving the data growth on Zain Kuwait's nationwide 4G network.

**NADIA AL SAIF - VALUE ADDED SERVICES (VAS) DIRECTOR AT ZAIN KUWAIT:**

In 2015, Nadia will celebrate her 20-year anniversary with Zain. Since joining the company in 1995, Nadia has progressed within the organization's corporate hierarchy. During her time with Zain, Nadia has contributed to the growth of VAS and developed its technical and commercial aspects. As the VAS Director at Zain Kuwait, Nadia currently plays a critical role in developing and offering appealing products and services to Zain Kuwait's roughly 2.7 million customers.

**ZAIN'S CORPORATE ETHICS**

Zain considers ethics to be a cornerstone of its corporate culture and has taken steps to minimize and mitigate against corruption, discrimination and other unlawful activities within the company. Zain's Whistleblowing Policy stipulates clear mechanisms for reporting concerns about unethical or unlawful behavior within the organization, and communicates this policy to all employees via open town hall meetings and other communication channels. In 2014, no cases of discrimination were reported within Zain. Furthermore, Zain conducts internal audits in areas related to corruption, for which no instances were found. This issue is discussed in more detail in the Enterprise Risk section of this report. Zain also tracks instances of labor grievances, for which there were 24 total cases in 2014. Details for these can be found in the Sustainability Report Appendix.

**ENSURING THE HEALTH, SAFETY AND WELLBEING OF ZAIN EMPLOYEES**

Zain takes effective measures to protect the health, safety and wellbeing of its employees. While there are no functions within the organization that include the involvement of Zain employees in high risk occupational activities that have a likelihood of leading to disease, Zain developed a global health, safety and environment (HSE) policy for all of its operations in 2014 to provide further protection and to codify employee safety. The company also gives practical advice to its employees and partners regarding safety and security issues through its newly developed Security and Safety guidelines. Several of Zain's operating countries also provide CPR and First Aid training to employees as needed.



Eaman Al Roudhan - Chief Regulatory Officer at Zain Group



Jennifer Suleiman - Head of CSSR at Zain Group



Khawla Al-Jaber - Technology Strategy Director at Zain Group



Mariam Ali - Chief Commercial Officer at Zain Kuwait



Nadia Al Saif - Value Added Services Director at Zain Kuwait

# OUR COMMUNITIES

## THE CHALLENGE

- The rate of breast cancer in Bahrain is amongst the highest in the MENA region.
- An estimated 3.5 million women in Iraq live below the poverty line.
- Only half of those who graduate from university in Jordan are able to find jobs.
- Only an estimated 23% of Sudan's population has access to the internet.

## IN 2014, WE...

- Organized breast cancer awareness events that educated over 100 women on the benefits of early detection and prevention methods.
- Continued our support for the Widows Development Center which, in 2014, enabled more than 350 Iraqi widows to find jobs.
- Facilitated the creation of 12 entrepreneurial projects undertaken by Jordanian youth through the Zain Al Mubadara competition.
- Enabled more than 9,500 students to gain access to ICT through the development of the Zain E-Library in Nyala University.

There is a firm conviction within Zain that the prosperity of its surroundings is tied directly to the overall success of the organization. This vested interest justifies the incorporation of sustainability and socio-economic themes within the organization's overall strategic direction.

Support for capacity-building, youth empowerment, job readiness, and accessibility to ICT remain consistent themes across all of Zain's operations, as addressing these factors is recognized to be a key enabler of sustainable growth and development. As an organization operating in a region dominated by a burgeoning youth bulge, many of Zain's outreach programs specifically target local youth, as the prosperity of the region hinges on their readiness to overcome their upcoming challenges. Zain also promotes economic and social inclusivity, especially for those most vulnerable in society such as the underserved, those without access to ICT, women, and the disabled. In addressing these critical needs, Zain reinforces its position as a responsible player in the community.

In cases where a specific issue cuts across several operating countries, Zain takes a collective, Group-wide approach to addressing it in order to impact societies across its entire footprint. This is the case with Drive Zain, an awareness campaign developed by the organization in 2011 to educate the public about the responsible use of mobile phones. The Drive Zain campaign fulfills Zain's responsibility of addressing the negative impacts of the company's core business. The campaign also addresses specific country deficits for several operating countries, as these countries rank high on the global list of car crash fatality rates. By leveraging its marketing and social media tools, Zain has been able to have its message received by vast sections of the public at an unprecedented level. The latest Drive Zain campaign was launched in February of 2014 with a strong emphasis of utilizing multiple social media channels. This allowed the campaign to reach more than four million viewers around the world.

Zain's vision for furthering viable socio-economic growth is aligned with the principles articulated in the Millennium Development Goals and the Post-2015 Development Agenda, which were developed by the United Nations Social and Economic Council. Zain's support in enabling its communities to overcome their national development challenges is considered by the organization to be a central aspect of its leadership position in sustainability and is a fundamental driver to achieving long-term organizational success.

## BAHRAIN

### INTRODUCTION

Bahrain currently has one of the highest unemployment rates of joblessness in the Gulf region. In order to tackle this issue, Zain Bahrain places heavy emphasis on the training and skill development of young nationals and on the improvement of the quality of educational experience for local students.

With highly skewed wealth distribution found in Bahrain, it is also imperative that Zain Bahrain continues to support programs that promote inclusivity and ease the plight of those within society who are economically marginalized or face exclusion due to disability or disease. Support for key charities, orphanages and other relevant institutions is therefore a core pillar of Zain Bahrain's outreach policy.

The promotion of awareness on key health issues such as breast cancer and diabetes, both with high levels of prevalence in Bahrain, is another key component of Zain Bahrain's CSSR program. Information about disease prevention, detection and the general improvement of lifestyle habits constitute an essential part of Zain Bahrain's efforts in improving the lives of Bahrain's inhabitants.

### INITIATIVES

1. 5alik Zain: The 5alik Zain initiative promotes a sense of belonging and positivity between both Zain Bahrain and the general public by giving employee volunteers an opportunity to undertake a variety of charitable and socially beneficial activities. This year, around 25 of Zain Bahrain's Future University Network (FUN) participants took part in 5alik Zain, visiting orphanages, assisting those fasting during Ramadan, and giving charity to those in need. It is through such social outreach that Zain Bahrain strengthens its bond with the public.



The Drive Zain campaign reached more than 4 million viewers around the world



The Zain Donate program in Bahrain raised more than USD \$10,000 to support local causes



2. **Back to School:** For its eleventh consecutive year, Zain Bahrain has continued with its extremely successful Back to School Program through which essential school supplies are distributed to school students around the country. The Back to School program is an expression of support for the public schooling system in Bahrain, which is one of the oldest in the Gulf region. Education is considered a major catalyst for human development. As such, Zain Bahrain continues its commitment to maintaining programs such as Back to School. In 2014, Zain Bahrain provided school supplies to approximately 20,000 students across the country, around 16% of all public school students.
3. **Zain Donate:** In 2014, Zain Bahrain initiated the Zain Donate program whereby charity boxes were placed throughout the Head Office, allowing employees to express their support for various local causes and charities. Donations from employees were given to charities and institutions such as: the Dreams Society for children with cancer, the Childwish Society for children with cancer, the Autism Society, two homes for the elderly, and a local orphanage. Through the program, Zain Bahrain employees were able to raise more than USD \$10,000 in donations, affirming their spirit of belonging and also upholding the organization's commitment to facilitating assistance to those who are marginalized within society.
4. **Listen to Your Body:** In Bahrain, breast cancer makes up 54.4% of all female cancer cases, giving the country a 'high incidence' ranking for prevalence of the disease and the highest such rate in the Gulf. It is in light of this fact that Zain Bahrain undertook the Listen to Your Body initiative in 2014. Through this initiative, an event was organized to raise awareness and educate the public on the dangers of breast cancer and the importance of early detection of the disease. 100 women attended the event in 2014, which makes up a key aspect of Zain Bahrain's commitment to promote and inform the public of the importance of significant health issues in the country.
5. **Training for Injaz Volunteers:** An effective method to promote national development is to educate the youth about topics related to entrepreneurship and establishing a successful business. Doing so improves the capacity for those entering the job market to be better prepared for more productive undertakings, thus helping stimulate the economy and promote socio-economic development. In 2014, Zain Bahrain began its business and entrepreneurship training program for students volunteering in the Injaz Program. This 12-week program, provided by Zain employees, gives students the opportunity to improve their understanding of what it takes to run a viable business and aims to boost their job readiness. The training program involved a total of 31 students.

## IRAQ

### INTRODUCTION

Iraqi society has suffered the consequences of political upheaval over several years, and in 2014 has witnessed a tragic rise in internal conflict. The resulting situation has been a deterioration in the socio-economic conditions of the country, where citizens often lack the means to develop their capacity, find suitable employment, or attain adequate safety and security for themselves and their families. These dire circumstances are often more pronounced for the most vulnerable in society, such as women, children and the impoverished. Zain Iraq therefore emphasizes the empowerment of these marginalized sections of the community, supporting and developing projects that provide the training and education necessary to foster national development. Capacity-building, particularly for the underserved, remains at the heart of Zain Iraq's CSSR strategy, and many of its key initiatives target job creation, skill development and poverty alleviation to achieve this goal. By helping the Iraqi people attain job opportunities to improve their economic and social circumstances, Zain Iraq is working to remain a key advocate for national growth and progress.

### INITIATIVES

1. **Widows Development Center:** For its fourth consecutive year, Zain Iraq continued its support for the Widows Development Center, an invaluable institution whose aim is to develop the capacity of Iraqi widows, providing them with skill development in a number of different areas and targeting improvements in their job preparedness. In previous years, government estimates placed the number of widows in Iraq at around one million, a number that has likely increased since the most recent escalation of violence in the country began. Furthermore, it is estimated that, of the seven million Iraqis (out of a total population of 30 million) who live below the poverty line, more than half are women. This tragic social circumstance necessitates the support of organizations such as the Widows Development Center, which in 2014 trained a total of 1,500 women and led to 350 of them finding jobs. Training subjects at the center vary widely, ranging from courses in languages and computer science, to sewing. The support of Zain Iraq for the Widows Development Center promotes capacity-building for those most vulnerable in Iraqi society.
2. **Ammar Foundation:** Support for the Ammar Foundation by Zain Iraq continued for its seventh successive year in 2014. The Ammar Foundation promotes the training and development of Iraqis in need, and assists them in finding viable jobs to support themselves and their families. This year, Zain Iraq's ongoing contributions to the Ammar Foundation enabled it to train 4,000 women and to provide job opportunities to over 1,000. Skill development is considered a core component in Zain Iraq's efforts to stimulate the socio-economic development of the country.
3. **Student Summer Training:** Every year, Zain Iraq provides summer training programs in the fields of telecommunications, computer engineering, information technology, and electrical engineering to exceptional university students. These areas are considered vital to developing a modern and thriving economy. The training program, which has been ongoing since 2009, has grown steadily every year, reaching a total of 65 students this year. Considering that 27% of young females and 17% of young males in Iraq currently face unemployment, the training and development of these aspiring youths provides them with the capacity-building necessary to pursue productive employment opportunities and thus improve their standards of living.



Zain Iraq's support for the polio awareness campaign impacted more than 6 million Iraqis



Employees at Zain Iraq donated clothes and other goods to more than 40 orphans



4. Startup Weekend: Support for the entrepreneurial spirit in Iraq can serve as a key driver of growth in the country. The Startup Weekend, hosted by Zain Iraq, was a workshop in which students and other young Iraqis were brought together to pitch their entrepreneurial ideas to judges and other attendants. Based on the feasibility of the ideas and their potential contribution to society, the most promising ideas were taken to an implementation phase, assisted by coaches with previous experience and a track record of success. In 2014, Zain Iraq hosted Startup Weekend events in Baghdad and Sulaimaniyah, gathering a total of 180 participants to the events. It is support for events such as these that facilitate the innovative capacities needed to overcome trying times in the country.
5. Polio Awareness Campaign: In 2014, there was a reemergence of polio cases in Iraq a phenomenon unseen since 2000. Due to the severity of the disease and the ease of its transmission, Zain Iraq, the World Health Organization, UNICEF, and the Iraq Ministry of Health came together to undertake a large-scale immunization campaign, reaching around 3.75 million people. Zain Iraq contributed heavily to the initiative, leveraging mobile connectivity and its broad customer base to provide more than 6 million Iraqis with awareness messages about symptoms and preventative action regarding polio. The awareness and vaccination campaign was a massive success even despite the deteriorating political situation in the country.
6. Orphan Joy: The Orphan Joy campaign brought together employees of Zain Iraq with needy orphans during the Eid Al Fitr holiday. Zain Iraq employees provided children with clothes, toys, and food as part of their efforts to improve the hardships faced by the orphans, and as a positive experience to uplift their spirits. With more than three million orphans in Iraq, the Orphan Joy initiative is one that directly addresses a major problem that has resulted from Iraq's tragic circumstances. In 2014, more than 40 orphans participated in the Orphan Joy campaign.

## JORDAN

### INTRODUCTION

Capacity-building and job creation, particularly for youth, is a primary developmental priority for the Jordanian people. A lack of job opportunities remains a key hindrance to the country's growth and prosperity, made more pronounced with high levels of poverty in the country. Zain Jordan therefore emphasizes comprehensive programs that improve the conditions necessary to foster sustainable development in the country. The organization continues to lead the private sector in the development of the innovative capacities of young Jordanians. Zain Jordan also addresses national deficits by nurturing the skills necessary to improve employability. Significant measures are similarly taken to assist those living in poverty and unable to obtain essential services. Zain Jordan seeks to empower those within its communities and further the national development agenda by driving job creation, skill development, education, and poverty reduction.

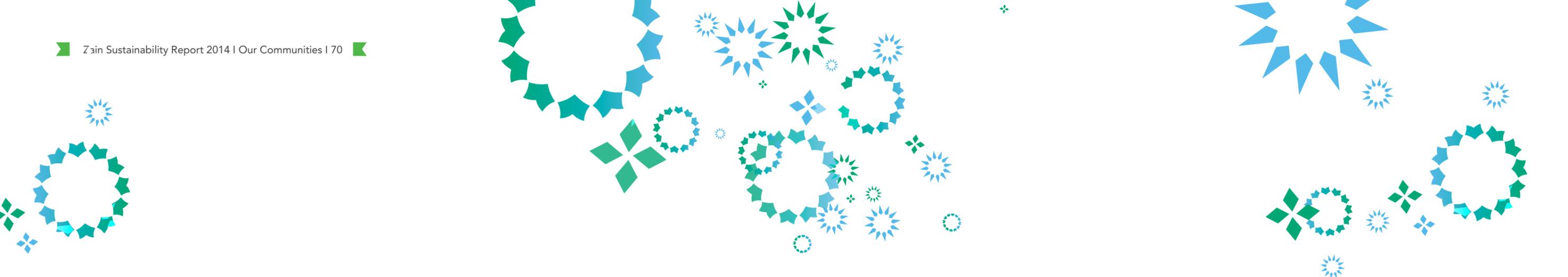
### INITIATIVES

1. Corporate Entrepreneurship Responsibility Division: Promoting development and capacity-building for Jordan's youth is both a top national priority and a key pillar in Jordan's community outreach agenda. Today, the country faces a shortage of employment opportunities for the young, with around 22% of young men and 45% of young women in the country unable to find jobs. Youth unemployment is not only an issue restricted to those without formal education – of those that graduate from university, only half can find jobs. The Corporate Entrepreneurship Responsibility Division (CER) was established by Zain Jordan in 2013 as the first such department in the country dedicated solely to the development and support of startup projects being undertaken by young, local pioneers. The CER established a Zain Innovation Campus (ZINC) in 2014; a space where those working on establishing innovative startups come together to cultivate their ideas and learn from one another. Furthermore, the Zain al Mubadara competition organized by the CER, where entrepreneurs compete for the funding of their initiative by Zain Jordan, successfully selected 12 entrepreneurial projects for funding and support. Through the CER, Zain Jordan aims to promote economic opportunities for the country's youth and stimulate socio-economic development in the country.
2. SOS Villages: In Jordan, the Ministry of Social Development estimated the number of orphans in the country to be approximately 72,000. Of this number, an estimated 23,000 of them are classified by the government as being in an impoverished situation. In light of these circumstances, Zain Jordan developed its SOS Village project whereby a number of orphanages were built and funded by Zain Jordan to house, provide for, and assist orphans in need. Each SOS Village orphanage provides the required care and essentials for orphans, giving them an opportunity to improve their opportunities in life. The first SOS Village, constructed in 1999 in Irbid, housed eight orphaned children. Today, Zain Jordan supports three SOS Villages in Irbid, Aqaba and Amman, providing care for a total of 21 orphaned children.



Zain Jordan's Shine Award Program has impacted over 60,000 students since its establishment in 2004





3. Zain Mobile Clinic for Children: In 2002, Zain Jordan developed its Mobile Clinic for children to provide access to health services for children in remote, rural areas around the Kingdom. 20% of Jordan's population live in rural areas, and of that number, an estimated 19% are classified as poor. As these people often have difficulty accessing the facilities necessary to provide for their health-related necessities, Zain Jordan's Mobile Clinic comes fully equipped with a qualified medical team that provides free medical and dental treatment and medication for all children under the age of 16. The Clinic also facilitates patients' transfers to different health centers and hospitals as required. The Zain Mobile Clinic for Children has successfully provided invaluable access to medical care and treatment to those in need since its development, treating more than 165,000 children in the country to date.

4. Mobile Maintenance Training Center: Promoting the development of skills in fields that will enable people to find productive employment opportunities is one way in which Zain Jordan endorses capacity-building in the country. Mobile Maintenance Training Centers, developed by Zain Jordan and the Vocational Training Corporation, support this target by providing students with the training and skills necessary to effectively repair and restore mobile phones. Since establishing its first center in 2008 in Al Zarqa, Zain Jordan has gone on to develop two more centers in Al Tafilah and Wadi Seer. A total of 340 people have successfully received training through the Mobile Maintenance Training Centers and have significantly improved their prospective job opportunities.

5. Shine Awards Program: The Shine Awards program was developed by Zain Jordan to encourage aspiring students in the fields of music, academia, arts and sports to continue excelling in these pursuits. The awards competition provides these students with an opportunity to showcase their talents to a wide audience and gain recognition in areas that are often neglected by society. The program, which Zain Jordan has launched in 22 private schools around the country, aims to create a more diversified social and economic climate by supporting these talents and skills. Over the ten years since Zain Jordan established the Shine Awards program, more than 60,000 students have participated and showcased their various talents to the wider public.

## KINGDOM OF SAUDI ARABIA

### INTRODUCTION

Saudi Arabia's vast oil reserves have resulted in great strides in the Kingdom's socio-economic development in recent decades. However, the reliance on oil exports to fuel economic growth has led to a dependency that can only be reduced through increased economic diversification. Zain KSA prioritizes skill development, training, and entrepreneurship as tools to tackle this national deficit, and enable the community to create a more balanced economy capable of achieving sustainable growth over time. The outreach methods of Zain KSA focus primarily on youth, as this segment accounts for roughly half of the country's population (47% are below the age of 24). The organization also supports capacity-building for women, consistent with its firm belief that a more inclusive economy can foster broader and longer lasting growth. Many of the programs undertaken by Zain KSA nurture the innovative capabilities of local youth, as innovation often serves as a key catalyst for sustainable development. Yet, as the organization continues to support such areas of development, Zain KSA also consistently supports the underserved, ensuring that those who are less fortunate in society are able to maintain access to essential products and services.

### INITIATIVES

1. Hadafi Program: An inclusive economy that utilizes the intellect and productive capacities of both males and females is one that is more likely to succeed and experience growth. Saudi Arabia, while making great progress in recent years, still ranks 137 out of 142 countries in the area of economic participation of women. It is for this reason that Zain KSA continued the Hadafi Program for its second year. It is an initiative that provides a forum for Saudi women to present their entrepreneurial ideas to a panel of judges, with the winners receiving prizes and seed money to carry out their initiatives. The Hadafi Program targets the facilitation of female inclusion in the workforce. By supporting ambitious female locals in fulfilling their entrepreneurial ambitions, the program also supports greater local participation in the private sector and a more diversified economy. The Hadafi Program continued to achieve a great measure of success in 2014, with 300 women registering during the year and ten being nominated as top winners.



Zain Jordan's Mobile Maintenance Training Centers have trained 340 people since 2008



The Corporate Entrepreneurship Division in Zain Jordan cultivates the entrepreneurial capacities of Jordanian youth, giving them greater economic opportunities



Zain KSA provided 50,000 people with charity meals during Ramadan



2. Arab Mobile App Challenge: In 2014, Zain KSA hosted the Arab Mobile App Challenge (AMAC), one that gives app developers in the region an opportunity to develop their ideas and build off the feedback of one another to improve their app development skills. As the economy in Saudi Arabia is currently heavily reliant on the oil industry, accounting for around 80% of the country's budget revenues, it is critical that responsible organizations such as Zain KSA do what they can to promote long-term sustainable growth by encouraging economic diversification. Support for AMAC by Zain KSA provides an opportunity for the development of local enterprise in an innovative way, creating new paths for productive growth in the private sector. The support of Zain KSA for AMAC allowed 40 teams to take part in the competition, the winners of which will compete against those of other countries.
3. Ramadan Charity Support Meals: During the holy month of Ramadan, Zain KSA promoted its value of inclusivity by providing meals to 50,000 people in need during the month. Zain KSA also informed its subscribers that one Saudi Riyal would be deducted from its revenues for each mobile transaction made and would be put towards the support of four local charities; the Disabled Children Association, the Charity Committee for Orphans' Care (Insan), the Prince Fahad Bin Salam Charity Association for Renal Failure Patients' Care (Kelana), and the Saudi Association for Hearing Impairment (Saudi-HI). Zain KSA continues to promote its core belief of providing outreach to those who are marginalized in society through several of its key initiatives.
4. Network Service to Hajj Pilgrims: One of the main CSR priorities of Zain KSA is that of connectivity. Being connected enables a person to obtain information necessary for their health, safety and overall livelihood. It is for this reason that Zain KSA provided network service to 2,500 Hajj pilgrims who lacked the means to obtain it themselves. As many Hajj pilgrims are less economically fortunate than others, Zain KSA plays its part to ensure that many are able to contact loved ones and maintain communication channels for their safety while undertaking the Hajj.

## KUWAIT

### INTRODUCTION

Kuwait's vast energy reserves have resulted in the creation of a wealthy and developed society, but has also led to an economy that is highly dependent on oil exports to maintain its standard of living. The promotion of economic diversification is therefore a key area of national development for the country, one which Zain Kuwait is also taking steps to promote. Many of the organization's key undertakings involve the cultivation of skills needed to enable young locals to pursue productive employment in the private sector, or the development of the innovative capacities necessary to advance entrepreneurial projects in the country. As a country with around 41% of the population under the age of 24, particular emphasis is also placed on supporting youth-oriented projects that focus on job-readiness and training in various fields. By supporting capacity-building initiatives for Kuwait's youth, Zain Kuwait is actively working to develop a more sustainable economic model for the country.

### INITIATIVES

1. Future University Network Program: One of the key targets of Zain Kuwait's CSSR strategy is to promote greater job readiness for the country's youth. In recent years, the percentage of nationals employed in the public sector stood at approximately 76%, which is a large percentage considering it is often the private sector of a country's economy that stimulates productivity, innovation, and economic diversification for society. The Future University Network (FUN) program launched by Zain is one way in which the company trains and employs exceptional local university students, giving them the experience and knowledge necessary to undertake productive private sector jobs in the future. In 2014, the number of FUN participants grew from 78 in the previous year to 85. In addition to receiving invaluable training, FUN participants serve as brand ambassadors for Zain and volunteer in a variety of community outreach initiatives.



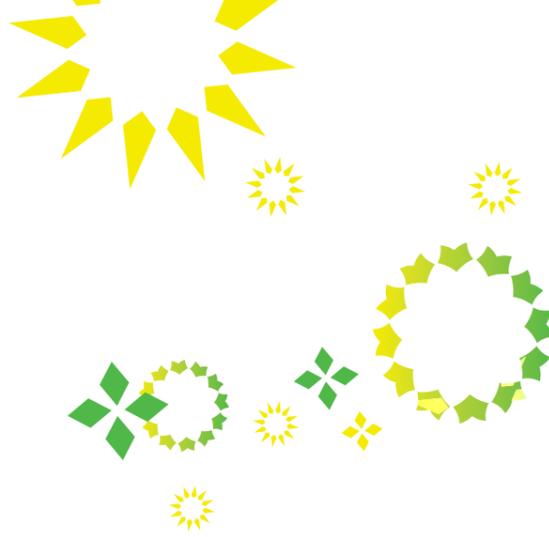
Zain KSA hosted the Arab Mobile App Challenge, successfully supporting youth development and capacity-building



More than 300 people registered for the Hadafi Program, which aimed at developing the skills of local women



In 2014, 85 students participated in Zain Kuwait's FUN program, which aims to improve their job-readiness



2. Taaleb E-Learning Project: Zain Kuwait has taken great strides in recent years to utilize technology for the achievement of social and economic goals. The Taaleb E-Learning project is one such example that was established in 2012. Taaleb is an online education portal that links students, parents, and teachers seamlessly in a manner that facilitates and enhances communication between each respective party for the purpose of improving the overall educational experience for students. The promotion of improved educational quality is a national priority for Kuwait and a major social pillar for Zain Kuwait. Taaleb has achieved great success in attaining this target and, to date, more than 500,000 people across the country are registered on the portal.
3. Zain Great Idea Project: Successful entrepreneurial activities promote the national development agenda by stimulating productivity, creativity, and innovation in society. A strong need for young locals to play a greater role in the private sector and create successful, sustainable businesses exists in Kuwait. Zain Great Idea is an initiative that seeks to achieve this goal and was developed by Zain Kuwait, the IE Business School in Madrid and Brilliant Lab (a startup accelerator firm in Kuwait). The initiative provides aspiring Kuwaiti entrepreneurs with an opportunity to present their ideas to a panel of judges, with the most successful ones receiving seed money from investors. The Zain Great Idea project has achieved significant impacts; enabling the creation of 14 sustainable business operations that remain ongoing to date.
4. Injaz Partnership: In 2014, Zain Kuwait continued its successful partnership with the local NGO Injaz for the purpose of developing the skills of young nationals and improving their job readiness. The collaboration of Zain Kuwait and Injaz targets the nurturing of young minds in order to prepare the country's next generation to improve the socio-economic circumstances of the country. Through the partnership, more than 400 students were impacted in 2014, providing them with training, mentoring, and job shadowing experience that greatly improves their future job prospects.

## LEBANON

### INTRODUCTION

Instability within Lebanon and its surrounding countries has contributed to a more stagnant social and economic situation in the country, where substantial sections of the population remain disenfranchised from obtaining necessary services to ensure their livelihoods. Touch has therefore developed a CSSR strategy that promotes poverty alleviation and employment creation, with the goal of fostering a more inclusive society catering to the needs of its entire population. The development of projects to assist those who are disenfranchised, handicapped, or marginalized are amongst the key priorities for Touch's outreach agenda. In a country where 28% of the population lives below the poverty line, such initiatives are critical in promoting the national development agenda and ensuring that socio-economic progress is achieved.

### INITIATIVES

1. Lebanese Welfare Association Handicapped Project: In 2014, Touch continued its efforts to facilitate the attainment of adequate health care for the people of Lebanon as part of its goal to promote overall human development in the country. This year, Touch funded a fully equipped Neurophysiological Diagnostic Unit for the Lebanese Welfare Association for the Handicapped (LWAH) Diagnostic and Treatment Center. The center provides free services to the physically impaired and low-cost treatment to those without impairments. Touch's support was based on the inclusive approach to medical treatment espoused by the LWAH Center. The contributions of Touch in constructing the unit will help in the center's treatment of the roughly 7,500 disabled people and 10,000 able-bodied people who visit the center every year.



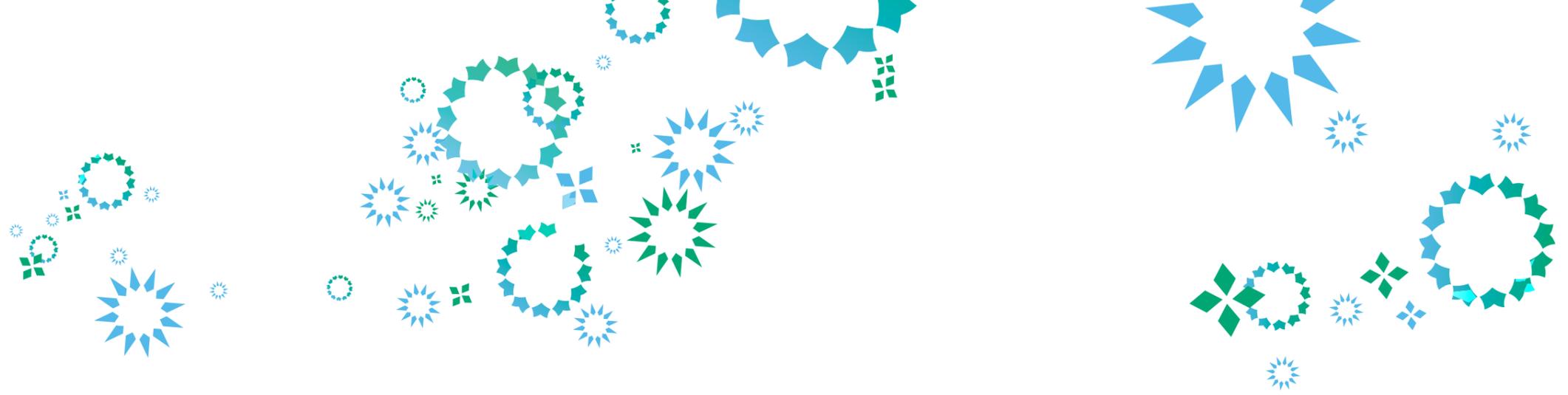
Zain Kuwait's partnership with Injaz supported youth development for 400 students in 2014



The Zain Great Idea project carried out by Zain Kuwait facilitated the establishment of 14 sustainable businesses



Touch CEO, Wassim Mansour, supporting Touch's Ramadan initiative, whereby iftar meals were provided to 200 children in need during the holy month



2. Arab Mobile App Challenge: In its effort to encourage the innovative capacities of aspiring local minds, Touch decided to host the local AMAC event this year. The competition brings together those seeking to present their app ideas to a panel of judges, with the winners being able to take their ideas and present them to the world. The AMAC competition gives locals an outlet to express and share their creative ideas with one another, helping to foster the innovative and productive capacities necessary to improve the socio-economic circumstances of the country.
3. #touchgivesback Campaign: This year, Touch leveraged its public reach through social media to benefit two children with cancer and required urgent treatment. Using the hashtag #touchgivesback, Touch was able to create public awareness of the plight of the two children, matching every retweet with a USD \$1 donation towards providing them with the necessary treatment. Within two weeks of launching the campaign, a total of USD \$16,000 had been raised for the children's treatment, illustrating Touch's dedication to utilizing its access to a wide public audience for the purpose of assisting those in need.
4. People with Disabilities – Economic and Social Inclusion Project: In 2014, Touch signed a protocol of cooperation with the Lebanese Physical Handicapped Union (LPHU) as part of the framework for promoting the People with Disabilities – Economic and Social Inclusion Project. This framework is directly in line with Touch's value of promoting inclusivity across society, and Touch continues to play a prominent role in promoting the success of the project by offering its expertise to further the integration of those with special needs into the job market. By facilitating the inclusion of marginalized groups such as those with disabilities, Touch is able to foster a more productive environment in the country.
5. Iftar Meals for Disenfranchised Youth: Touch's commitment to supporting marginalized and poverty-stricken youth was illustrated during its invitation of 200 children in need from several orphanages in the country for Iftar meals. The guests of honor, aged between 5 and 12 years, were also provided with an educational and entertainment program sponsored by the children's institution KidzMondo. Every year, Touch collaborates with various stakeholders to provide assistance to those within the country who are facing impoverishment circumstances.

6. Text If You Can Campaign: For its third consecutive year, Touch has continued with its campaign to educate the public on the responsible use of mobile phones, which it has done in collaboration with the local NGO YASA. Texting while driving is the third most common cause of car accidents in Lebanon, and in 2012, around 900 people were killed and 18,000 were injured through traffic accidents. It is for this reason that Touch continued with this vital campaign, rebranding it as the "Text If You Can" campaign. The awareness campaign was broadcast on all local TV stations during prime time, and involved a challenge made to various Lebanese celebrities to text while undertaking their famous profession, in order to illustrate the difficulties of multitasking. The campaign's launch through social media has received widespread recognition throughout the country, and has succeeded in raising awareness and important discussions about this critical issue. By addressing the negative consequences of its core business, Touch is fulfilling its role as a responsible member of the Lebanese community.

#### REPUBLIC OF SUDAN

##### INTRODUCTION

Sudan's primary socio-economic deficits include relatively high levels of poverty and unemployment. As a country that is predominantly rural, with 67% of people living in rural areas, challenges exist to ensure that the development agenda is extended to those living in secluded areas. Zain Sudan therefore undertakes capacity-building projects such as infrastructure development and the provision of essential products and services to ensure that national progress is achieved in an inclusive manner. With 61% of the population under the age of 24, it is imperative that the country's youth are provided with tools to further their knowledge and the capabilities to improve their socio-economic opportunities. Zain Sudan leads the private sector in assisting the marginalized and developing the educational capacity of the youth. As a leading organization in the country, the company also undertakes comprehensive efforts to assist the underserved, spread education, and support capacity-building on a national level.



The #touchgivesback campaign raised USD \$16,000 for children with cancer in 2014



Zain Sudan supported the education of 9,500 students at Nyala University by establishing and equipping the Zain E-Library



In 2014, Zain Sudan donated school supplies to 20,000 students across the country



**INITIATIVES**

1. **Zain E-Library:** By developing the capacities of educational institutions in the country, Zain Sudan is facilitating the national development agenda by enabling students to attain the knowledge needed to further progress. The Zain E-Library, an electronic library built and equipped by Zain Sudan in Nyala University, promotes this goal and gives students access to the tools required to develop their capacities to ensure a better future for themselves and their families. By using the Zain E-Library, a total of 9,500 students are now capable of improving their computer literacy, undertake valuable research in their fields of study, and access information through books and electronic sources.
2. **MRI Machine Donation:** In a determined effort to positively impact Sudan's existing deficit in public health, Zain Sudan made several key contributions to the national health sector in 2014. Among those was the donation of a vitally needed Magnetic Resonance Imaging (MRI) Machine to the National Hospital in the Red Sea State. As the first such machine in the entire Red Sea State, patients who were previously unable to receive the necessary care are now able to receive testing required to improve their health situations. Others who had to travel long distances to receive MRI testing can now do so with significantly less treatment costs. The donation therefore improves access to valuable health treatment for the 3.3 million surrounding inhabitants.
3. **Social Good Summit:** In 2014, Zain Sudan collaborated with the United Nations Development Program and other members of civil society to organize the Social Good Summit under the theme, "Connecting for All, Connecting for Good." Development experts, civil society, government officials, NGOs, private sector representatives, technology leaders, and entrepreneurs all gathered to discuss how technology, innovation, and new media are being leveraged for social good throughout Sudan. Sudanese youth were invited to a technology challenge to develop technology solutions for social good and peace in Sudan. 15 of the best proposals were then invited to attend a workshop to further develop their ideas, with the best five receiving awards to support their entrepreneurial projects. The theme of the Social Good Summit in 2014 was directly aligned to Zain Sudan's strategy of leveraging its core business to achieve socio-economic development for the Sudanese people.

4. **Khartoum Cheshire Home:** The efforts of Zain Sudan to promote inclusivity in its communities extended to its support for the Khartoum Cheshire Home, a shelter dedicated to training and rehabilitating disabled children and providing them with the skills necessary to develop their productive capacities in the workplace. Part of Zain Sudan's support for the shelter was to improve facilities such as the installation of a septic tank and the renovation of the building's infrastructure. Zain Sudan also developed a short code to enable any of its customers to easily donate to the institution. These improvements will impact more than 23,000 disabled youths every year. Zain Sudan considers institutions such as the Khartoum Cheshire Home as significant in the promotion of a more inclusive society and economy, and as such, supports its ongoing contributions to the community.
5. **Back to School:** Zain Sudan's Back to School project has been in place since 2006, providing students across the country with essential school supplies that further their educational experience. In recent years, the emphasis of Back to School in Sudan has been to provide supplies to students in low-income areas, orphaned children, or those suffering from HIV. In 2014, Zain Sudan was successful in distributing essential school supplies to more than 20,000 students. Support for Sudan's educational sector continues to be a principal aim of Zain Sudan's outreach strategy as it is directly in line with the organization's efforts to promote national growth and progress.
6. **Sand in My Eye – Sudanese Moments:** In 2014, author and photographer Eniko Nagy published her book entitled Sand in My Eyes – Sudanese Moments, a collection of literature and pictures that wonderfully capture the diversity and uniqueness of Sudanese society. The book chronicles Nagy's journey into the heart of Sudan, one that encompassed 19,000 miles and encounters with 45 different tribes and ethnic groups. The book is also comprised of proverbs, folktales, fables, and poems collected from locals across the country, which illustrate to the reader the rich identity of Sudanese heritage. As an advocate of projects that document and promote Sudanese culture, Zain Sudan supported the publication of this book, which is available to readers in both English and Arabic.



Support for the Cheshire Home by Zain Sudan promotes the values of inclusivity and youth development in Sudan's communities



Zain Sudan CEO Elfatih Erwa attends the ceremony for the publication of the book, Sand in My Eye – Sudanese Moments

## SOUTH SUDAN

### INTRODUCTION

South Sudan's main challenges to development include a shortage of access to education, widespread underdevelopment, a high rate of poverty, and ongoing internal conflict. Zain South Sudan, as an organization dedicated to the promotion of national development, undertakes programs that promote capacity-building by spreading education, facilitating greater access to ICT, and furthering skill development. In a country where 83% of the population lives in rural areas, a great challenge exists to deliver the tools necessary for further socio-economic development to those in remote areas. As such, Zain South Sudan focuses much of its efforts on providing accessibility, as ICT is recognized as an invaluable enabler of growth. Other facilitators to growth include education and innovation, both of which Zain South Sudan endorses through various initiatives that promote a higher quality of education, training or skill development.

As a country mired in internal conflict, it is also critical for Zain South Sudan to take steps to promote reconciliation and peace-building. Several of the key initiatives that were undertaken by the company in collaboration with various local and international partners have succeeded in establishing greater dialogue and understanding at a grassroots level. While South Sudan's socio-economic circumstances may remain challenging at present, Zain South Sudan has successfully positioned itself as a leader in promoting an agenda to further the progress of the country and return it to greater prosperity.

### INITIATIVES

1. The Whitaker Peace and Development Initiative: As internal sectarian conflict persists in South Sudan, an ongoing program that promotes education, reconciliation, and peace-building has never been more relevant. It is for this reason that the Youth Peacemaker Network (YPN), established as a collaborative effort between Zain South Sudan, Ericsson, UNESCO, and the renowned actor and UNESCO Goodwill Ambassador for Peace and Reconciliation Forest Whitaker, was established on a nationwide level. The YPN is comprised of youth from all 10 states of the country, and in order to develop their capacities in peace-building, the partners are working on: (1) the formation of a youth network,

(2) capacity development workshops and long-term support, (3) the establishment of a Youth Leadership Forum that will engage youth in policy dialogue relevant to their own development. The program also aims to provide participants with capacity-building tools with respect to reconciliation and peace building, as well as equipping them with the social and technical competencies required to undertake their activities effectively. These include basic computer training and development of negotiation skills. The project aims to draw on national pride and consolidate inter-tribal relations by bringing together youth from diverse educational, economic, religious, geographical, and tribal backgrounds. The network is inclusive of disabled youth and will ensure a gender balance. Zain plays a critical role in this partnership, providing the workshops with data and voice connectivity. In 2014, YPN provided preparation to 18 trainers, who went on to train 108 Peace Ambassadors who will go on to promote the values of the project to their respective communities.

2. Zain-Huawei Connectivity Project: This year, Zain South Sudan partnered with Huawei to establish a program that provides connectivity to schoolchildren in South Sudan. The project utilizes the energy from Zain's base stations, diverting it to nearby schools where it powers computer stations that have been built for that purpose. The computer stations, which serve an estimated 3,000 schoolchildren, empower the students by providing them with the tools and connectivity necessary to gain access to modern means of obtaining information and knowledge. Zain's role in the project is to provide power, connectivity, and dongles, while Huawei provides the equipment, the maintenance of the computer stations, and the computer training for relevant staff necessary to run the station and educate the children. By providing vital connectivity to South Sudanese youth, the Huawei Connectivity project will play a part in promoting capacity-building and development in the country.

3. YouthMobile Training Initiative: The YouthMobile Training initiative was established in 2014 for the purpose of empowering young South Sudanese, particularly women, by providing them with high level skills needed to develop and promote locally-relevant mobile apps. The training initiative, established in partnership with UNESCO, the Dev School in Kenya, and the College of Computer Science and Information at the University of Juba, is in line with Zain South Sudan's target of creating more viable employment opportunities for South Sudan's youth, particularly in the area of ICT. The YouthMobile Training Initiative was held at the University of Juba, and benefitted a total of 43 participants. Through this initiative, young locals are better enabled to contribute positively to the improvement of the socio-economic conditions of their society.

4. National Platform Campaign: Following the rise in conflict within South Sudan during 2014, Zain South Sudan deemed it imperative to leverage its customer base to promote and spread messages that would encourage an end to violence. The National Platform campaign was a wide-scale SMS campaign that spread awareness messages on the values of peace, national healing, and reconciliation. The campaign spanned those states most affected by the internal conflicts in the country: the Unity, Upper Nile, Jonglei, and Central Equatorial states. By using its core business, Zain South Sudan hopes to spread its message of peacebuilding and understanding to as wide an audience as possible.



The YouthMobile initiative empowered 43 students through education and capacity-building

CEO of Zain South Sudan, Basel Manasrah (middle) stands alongside HE Minister of Telecommunications & Postal Services Rebecca Joshua Okwachi (right) and a school official (left) to inaugurate the launch of the Zain-Huawei Connectivity project

# OUR ENVIRONMENT

## THE CHALLENGE

- Due to rising CO<sub>2</sub> emissions, global temperatures could potentially increase by 2.6 °C, with severe implications for societies around the world.
- Several of Zain's operating countries have among the highest carbon footprints in the world.
- Ongoing desertification has the potential to displace up to 50 million people by the year 2025.

## IN 2014, WE...

- Remained committed to reducing emissions in each operating country in line with our 2020 targets.
- Continued with site sharing initiatives and the installation of various facilities to improve energy efficiency and lower carbon emissions, leading to a reduction in emissions of 14% in Jordan and 4% in Sudan over the year.
- Continued with tree-planting initiatives in both Sudan and Jordan.

Zain pursues improvements in environmental performance and energy efficiency as part of its overall sustainability strategy. Progress in reducing emissions and developing more efficient operating methods has the effect of both decreasing long-term operational costs as well as affirming Zain's position as a responsible member of the global community. Reports by the Intergovernmental Panel on Climate Change (IPCC) illustrate without a doubt the harmful effects that human-induced climate change can have on the planet and on human societies. Furthermore, changes resulting from climate change can potentially lead to direct and indirect financial implications for Zain. To address this, Zain invests in innovative and feasible solutions that improve energy efficiency, reduce the organization's environmental footprint and support its long-term business objectives. The company also incorporates environmental initiatives in its social outreach agenda.

### REDUCING ZAIN'S CARBON FOOTPRINT

Zain operates in several countries that rank at the top of the list of those with the highest carbon footprints. Some of its operating countries, such as Sudan and Iraq, suffer from high costs of conventional energy. Even in Kuwait, a country rich in hydrocarbons, large increases in fuel costs set to take effect in 2015 creates a greater incentive to develop more efficient operating practices. As most of Zain's environmental impacts result from the installation, operation, and maintenance of its base stations, the bulk of the company's efforts have been directed towards: 1) improving efficiency within its base stations, 2) increasing the number of base stations that operate by renewable or battery hybrid technology, and 3) pursuing tower-sharing schemes wherever feasible. The organization's progress in achieving this has grown over time, with investments in more environmentally friendly and energy efficient infrastructure almost doubling between 2013 and 2014. In Sudan and Jordan, where the bulk of the organization's solar and battery hybrid solutions were installed, the result was a decrease in CO<sub>2</sub> emissions of 4% and 14% over the year respectively. Zain has also expanded its collaboration with industry competitors in its pursuit of tower-sharing schemes, succeeding in sharing 242 new sites over the course of the year. This collaborative approach reduces the environmental footprint of the industry and reduced costs in excess of USD \$8 million over the year.

In 2012, Zain measured an emissions baseline level for the purpose of tracking and pursuing reduction targets by the year 2020. Below is a table outlining those targets, for which Zain remains committed to achieving. The targets vary by operating country, and are generally split into two categories. Category One countries represent those with more unreliable commercial power supply availability, where the business case for pursuing higher, more ambitious targets is stronger. Category Two countries represent those with more reliable power supplies, where it is more feasible to pursue lower, yet substantial targets nonetheless.



## ZAIN'S CO<sub>2</sub> EMISSIONS REDUCTION TARGETS FOR 2020

### CATEGORY 1



### CATEGORY 2



Note: Category 1 operations represent those countries where commercial power availability is relatively unreliable, and Category 2 operations are those with stronger, more reliable power supplies.

## EMISSION REDUCTIONS IN 2014



Every year, Zain measures its fuel and electricity consumption in order to track the progress of achieving its 2020 emissions reduction targets. Details about the fuel, electricity and CO2 emissions per base station for select operating countries are found below.

Energy Consumption and CO <sub>2</sub> Emissions by Operation - 2014						
Descriptions	Units	Iraq	South Sudan	Jordan	Kuwait	Sudan
Total Fuel Consumption - Direct	Liters	57,963,265	4,885,574	335,007	7,394,650	23,856,987
Total Electricity Consumption - Direct	KWh	117,195,902	6,104,880	58,412,190	58,687,648	78,332,546
CO <sub>2</sub> Emissions Per Base Station	Kg	58,336	57,371	18,125	38,943	38,613

### NOTES

#### ZAIN BAHRAIN

The exclusion of Zain Bahrain is on account of the fact that most sites obtain power through site owners, restricting the ability to accurately track energy consumption. In the future, Zain Bahrain will install energy meters that will allow for more accurate tracking of energy and emissions data.

#### ZAIN IRAQ

Energy consumption in Zain Iraq dropped in 2014 because of Out of Service sites in conflict zones.

#### ZAIN JORDAN

Zain Jordan accurately tracked its energy consumption in 2014. By successfully undertaking several energy efficiency initiatives, the company succeeded in reducing its emissions by 14% over the year.

#### ZAIN KSA

Zain KSA is currently optimizing its data collection processes. Zain will include emissions and energy consumption data for KSA in 2015.

#### ZAIN KUWAIT

Zain Kuwait tracked its energy consumption at a 75-80% confidence level. Going forward, the company will continue to improve data accuracy by optimizing data collection processes throughout the year.

#### ZAIN LEBANON

The exclusion of Touch Lebanon is on account of strikes in the public energy sector that prevented the collection of accurate electricity consumption for the company.

#### ZAIN SUDAN

Zain Sudan accurately tracked its energy consumption in 2014. By successfully undertaking several energy efficiency initiatives, the company succeeded in reducing its emissions by 4% over the year.

#### ZAIN SOUTH SUDAN

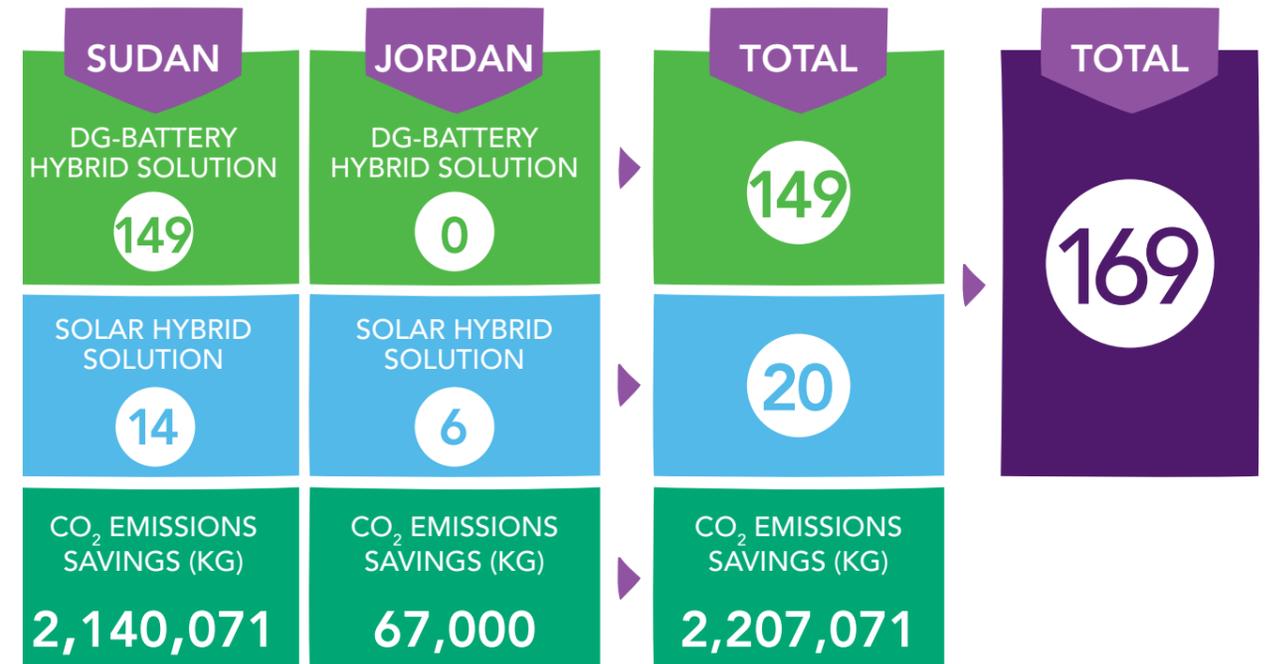
Energy consumption in Zain South Sudan dropped in 2014 because of Out of Service sites in conflict zones.

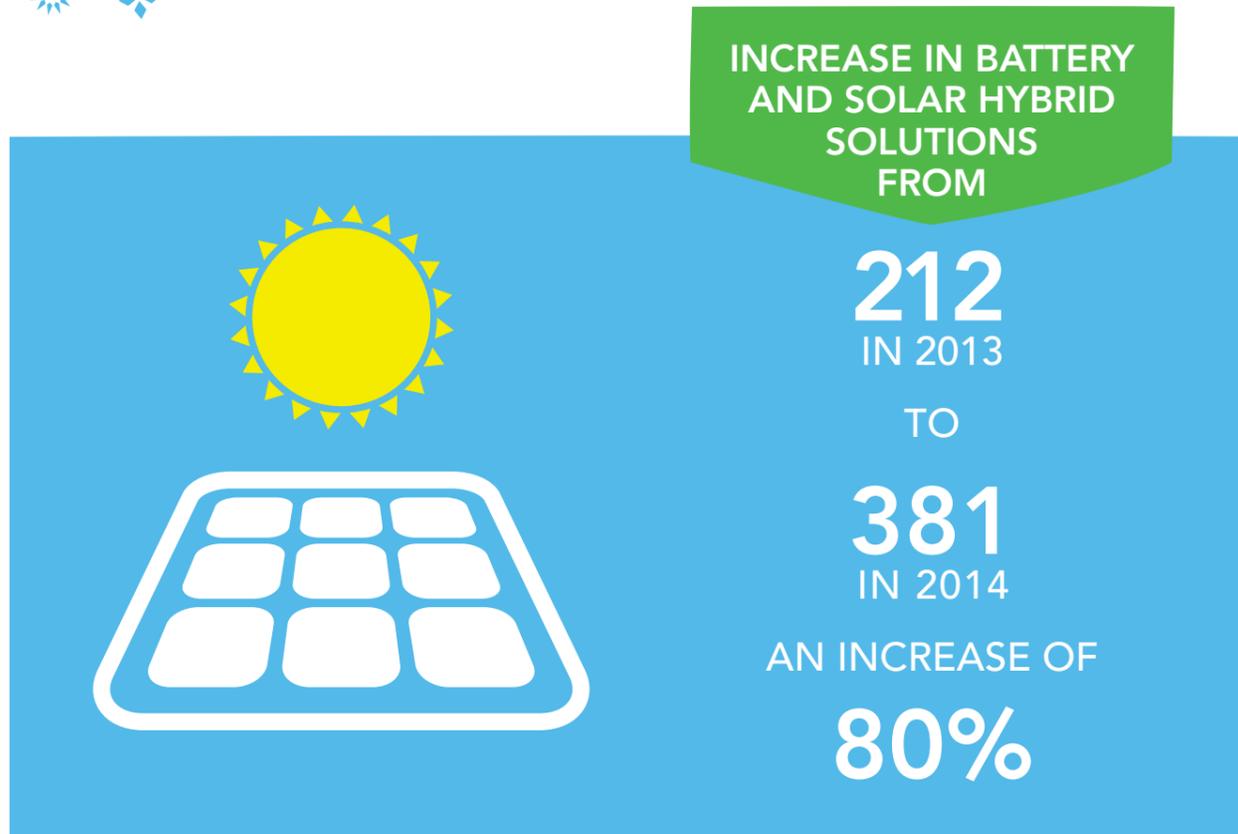
Going forward, Zain will continue to improve the accuracy of data collection related to its environmental footprint. The installation of energy meters in Zain Bahrain is one significant step that will be taken in the future in order to achieve this goal. The organization will also continue to refine data collection processes in order to include all operations in its emissions measurements in future years.

Zain improves its environmental performance in part by installing greener technology that minimizes the company's environmental footprint. The majority of Zain's environmental impacts relate to the installation, operation, and maintenance of base stations. The installation of greener technology therefore primarily includes the deployment of hybrid solutions to run its base stations and the upgrade of infrastructure to achieve greater energy efficiency. Decisions on which activities to undertake are based on the specific operational context of each of its operating countries. The tables below illustrate the dramatic growth in environmentally friendly technology pursued by Zain in 2014. The growth in Diesel Generator (DG) Battery Hybrid and Solar Hybrid solutions was significant over the year, increasing by 80%, from 212 in 2013 to 381 in 2014.

## HYBRID SOLUTION INSTALLATIONS

### OPERATING COUNTRIES



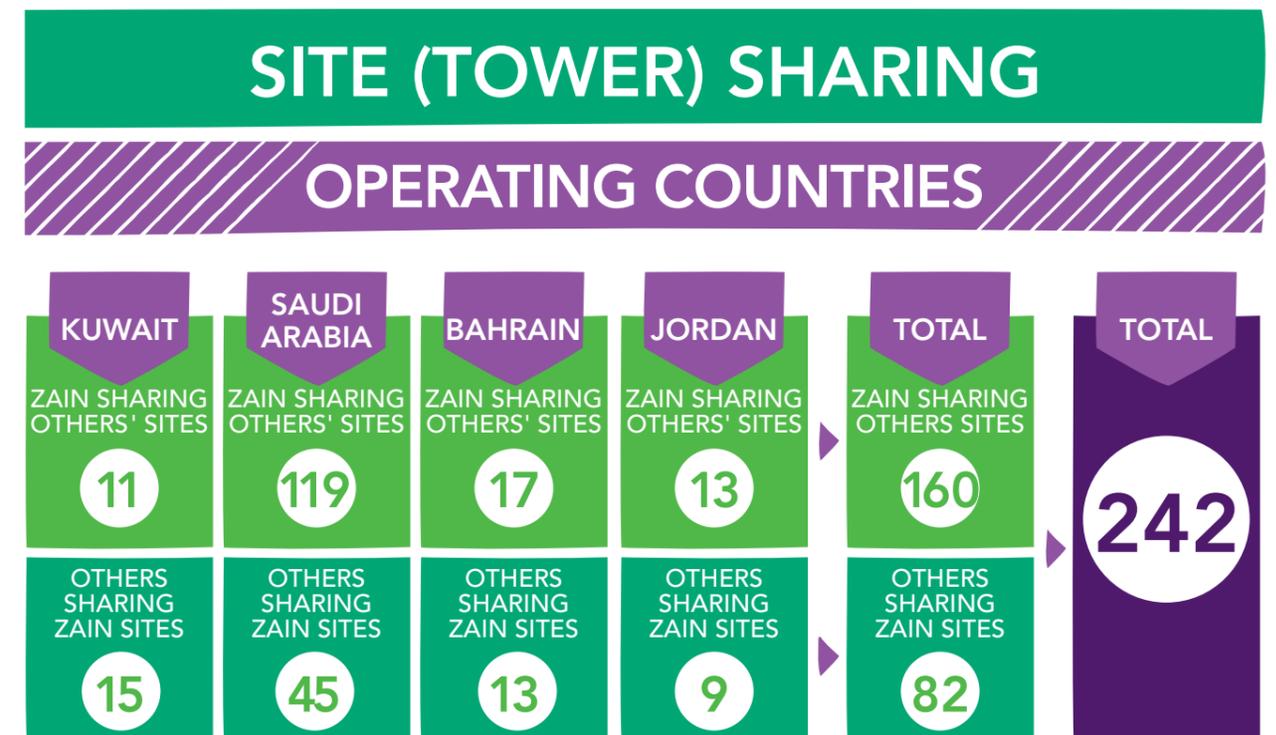


Zain's Improvements to Energy Efficiency and Site Optimization (Units)

Base Station Energy Infrastructure Optimization

Operating Countries	Smaller Size Generators	Outdoor (BTS/Power) Solution	Free Cooling System	Small Shelters (2.5m x 2.5m)	Grid Connection
Sudan	100	48	0	0	50
Kuwait	0	0	0	60	0
Saudi Arabia	45	8	0	64	235
Iraq	104	146	0	0	112
Bahrain	0	0	0	0	0
Jordan	0	269	300	0	0
South Sudan	0	0	0	0	0
<b>Total</b>	<b>249</b>	<b>471</b>	<b>300</b>	<b>124</b>	<b>397</b>

Zain also takes steps to lower its energy consumption and environmental impact by collaborating with industry competitors in tower sharing schemes. Tower sharing also has the effect of lowering costs and minimizing the negative visual impacts of telecommunication infrastructure. The illustration below indicates the number of sites shared by the organization in 2014.



**COMPLIANCE**

Zain follows international best practices by adhering to its corporate Environmental and Social Management Plan (ESMP) guidelines, developed by the organization to minimize its environmental impacts and protect the safety of its surrounding communities. The guidelines also outline the measures taken by the organization to protect site workers and the public from potential Electro Magnetic Field (EMF) exposure. According to the guidelines, base station equipment is tested on a regular basis to ensure compliance with the International Commission on Non-Ionizing Radiation Protection (ICNIRP) exposure guidelines 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.

Furthermore, Zain follows stringent policies regarding site selection to make certain that base station locations do not use land that harms historical or culturally significant areas (e.g., UNESCO sites) or biodiversity, and that do not require the economic or physical displacement and/or resettlement of people. Zain's operating companies coordinate with their respective environmental protection agencies and pursue certification related to environmental performance individually based on their specific needs and requirements. In 2014, Zain Kuwait maintained its environmental management standards, allowing it to obtain recertification of the ISO 14001:2004 related to Environmental Management Systems.



### COUNTRY INITIATIVES

Environmental initiatives make up one of the core CSSR pillars of Zain. As such, several operating countries undertake environmental activities that involve employee volunteers and the wider community. Below is a selection of some of these activities.

1. Zain Forest – Jordan: Zain Jordan collaborated with the Jordanian Tree Protection Society in 2008 to develop the 'Zain Forest,' an area of 120 dunums where Zain plants and preserves trees to further its environmental agenda. As deforestation represents a major aspect of environmental degradation, Zain Jordan has acted to preserve existing habitats in the country and to mitigate the harmful impacts of carbon emissions in the atmosphere by continually undertaking tree-planting within the 'Zain Forest.' In 2014, Zain Jordan gathered volunteers from the company and the public in order to further expand the forest, successfully planting an extra 1,000 trees over the year.
2. Darajati Initiative – Saudi Arabia: The Darajati initiative, supported by Zain KSA, is an awareness-raising activity that educates participants about the benefits that walking, running or riding bicycles instead of using cars can have to both personal health and the environment. While still a health and humanitarian initiative, Darajati also has a strong environmental component since it raises awareness about the implications of excessive car use on pollution. As Saudi Arabia has among the world's highest per capita carbon footprint, such initiatives are significant for directly engaging the community to tackle a key country deficit. The Darajati initiative was also important in that it specifically involved disabled youths by organizing a marathon race for them to take part in. The race served the purpose of promoting the event and raising public appreciation for those less fortunate who still opt to use bicycles for their transportation. The initiative was a great success, gathering more than 200 people, including 16 disabled individuals who took part in the race.

3. En.V – Kuwait: In Kuwait, significant opportunities exist to improve the energy efficiency and environmental performance of the public. For this reason, the local organization, En.V, organizes various educational forums, workshops and activities that involve students and promote awareness on the most important environmental issues facing the country. As a company committed to these values, Zain Kuwait has consistently supported En.V in undertaking its local projects. In one specific project supported by Zain Kuwait, the Reuse workshop, a total of 25 participants and 6 trainers from 19 different Kuwaiti schools and universities participated, spreading the key message of valuing environmental stewardship to the country's youth.
4. Tree-Planting – Republic of Sudan: Zain Sudan takes active steps to reverse the harmful processes of deforestation and overgrazing in the country and to improve the company's carbon footprint. Zain Sudan's tree-planting initiative, ongoing since 2012, is one major activity which supports this goal. Undertaken in partnership with the National Forestry Corporation, the goal of the initiative is to plant 1 million trees over a five-year timespan. While globally significant, the initiative also has local relevance since most of Sudan's forests were located in what is today South Sudan. After the independence of South Sudan, the percentage of Sudan's forest covered land was reduced from 29% to 11%.



Zain Jordan successfully planted 1,000 trees in 2014



The Darajati initiative in Zain KSA raised environmental awareness for more than 200 participants



Zain Kuwait sponsored the Reuse workshop, raising awareness for 25 participants and 6 trainers from 19 schools across the country

# LOOKING FORWARD

In the years to come, Zain will continue its enthusiastic and vigorous drive to further its sustainability agenda. Zain's sustainability is embedded in its new corporate strategy, and significant steps have been taken cross-functionally to align the business activities of the entire company with key sustainability principles. Zain continues to measure its success through the triple bottom line, continuously taking account of its economic, social and environmental impacts on all of its stakeholders.

Going forward, Zain will also strive to remain responsive and adaptable to its operating context. It is therefore important that the company continues to implement its Group-wide risk management and assessment program to control and mitigate against potential internal and external risks. Maintaining its robust corporate governance policy is another major priority for Zain in the upcoming year. The company is taking steps to align its corporate governance with the requirements of the Capital Markets Authority (CMA) and will continue to maintain its strong position regarding corporate ethics and transparency.

In 2015, Zain will maintain its collaborative approach to addressing the prevailing deficits that are impacting its countries of operation. Ongoing challenges, such as environmental performance and gender disparity, will continue to be strategic imperatives for Zain, and improvements in this regard will consistently be measured. Zain takes pride in its status as a regional leader in sustainability and corporate outreach, and the company is eager to meet the challenges and opportunities of the coming year.

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

Target	Met	Comments
Conduct a second CSSR Survey.	Yes	The CSSR Survey carried out in 2014 measured the sentiments of employees, the general public, and key business partners on issues related to CSSR.
Establish comprehensive employee training, development, and talent management programs.	Ongoing	Zain undertook a complete revamping of its employee development program, providing a range of activities that promote the growth of its employees. This process will continue into 2015.
Incorporate human rights awareness and training into the employee development program.	Ongoing	Zain will seek to widen the scope of its employee training and development program to include aspects regarding human rights awareness and training.
Implement the Employee Engagement Action Plan.	Ongoing	In 2014, many steps were taken to implement the Employee Engagement Action Plan, a process which will continue in 2015.
Continue to address gender disparity.	Ongoing	Zain maintains its policy of non-discrimination based on gender, and improved its gender disparity ratio in most operating countries.  The importance placed by Zain on this issue is illustrated through the recognition by CommsMEA of several exemplary female Zain employees.
Expand the recording of baseline emission measurements to include all operating countries and improve the organization's energy efficiency.	Ongoing	Zain continues to improve its energy efficiency through the installation of energy-saving technology and upgrades to its infrastructure.

Further alignment of CSSR goals with the UN Millennium Development Goals and Post-2015 Development Agenda.	Ongoing	The company takes continuous steps to broaden the scope of its CSSR programs and address themes in line with the UN Millennium Development Goals and the Post-2015 Development Agenda.
Work towards meeting the standards needed to join the UN Global Compact.	Ongoing	Incremental steps are being taken to align Zain with the standards of the UN Global Compact.
Expand cooperation with the GSMA.	Ongoing	Zain is continuously seeking opportunities for greater collaboration with the GSMA.
Implement handset refurbishment and recycling programs across operations.	Ongoing	Handset refurbishment was launched in several operating countries in 2014 and will roll out the service in 2015.
Refine governance policies and strategy to maintain compliance with CMA regulations.	Ongoing	Zain is reviewing its governance policies and collaborating with external consultants to ensure the achievement of this target.
Enhance relationships with regulatory bodies, customers, suppliers, and solutions partners.	Ongoing	Zain will continue to support the business functions dedicated to maintaining continuous constructive dialogue with all major stakeholders.
Continue to implement Zain's risk management and assessment program across all operations.	Ongoing	Zain's risk management and assessment program began in 2014 and will continue unabated in 2015.
Ensure the financial sustainability of Zain by focusing on growth across all segments, generating innovative products and services, increasing data services, transforming towards convergence, and upgrading infrastructure.	Ongoing	The organization continues to roll out new and innovative products and services, advance its customer experience strategy, and upgrade the quality of its services.

# 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 2014 Sustainability Report (the "Report"), for the year ended 31 December 2014.

## 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 2014 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 2014 key realizations under the following sections of the report:

- Our 2014 Highlights
- Chairman Message
- CEO Message
- About Zain
- A Message from the Head of CSSR
- Our Operating Context
- Looking Forward

2. Selected social, environmental, and economic data, under the following sections of the report:

- About the Report
- Introduction
- Materiality Assessment
- Engaging our Stakeholders
- Our Economic Impacts
- Our Products and Customers
- Our People
- Our Communities
- Our Environment
- 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, G4-33, G4-51, G4-56, G4-57, G4-58
  - Specific Disclosures: G4-EN29, 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. 92-107), 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 and Social Responsibility 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 2014, 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 2014. 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 2014 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, March 31<sup>st</sup> 2015



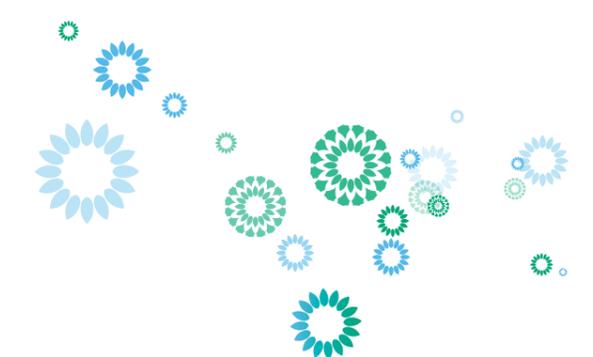
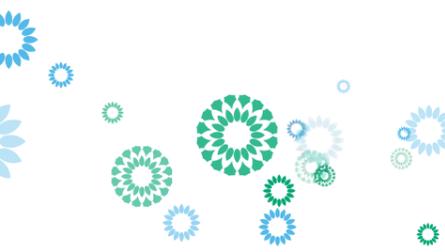

# APPENDIX

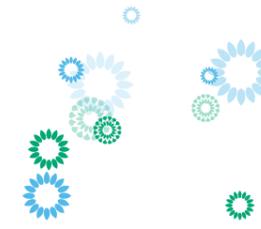
	STANDARD DISCLOSURE	SECTION	COMMENTS	EXTERNAL ASSURANCE
<b>STRATEGY AND ANALYSIS</b>				
▶ G4-1	Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	Chairman Message, CEO Message, Message from the Head of CSSR		Yes
▶ G4-2	Provide a description of key impacts, risks, and opportunities.	Enterprise Risk Management		Yes
<b>ORGANIZATIONAL PROFILE</b>				
▶ G4-3	Report the name of the organization.	Company Overview		Yes
▶ G4-4	Report the primary brands, products, and services.	Company Overview		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"> <li>• Total number of employees</li> <li>• Total number of operations</li> <li>• Net sales (for private sector organizations) or net revenues (for public sector organizations)</li> <li>• Total capitalization broken down in terms of debt and equity (for private sector organizations).</li> <li>• Quantity of products or services provided</li> </ul>	Our People, Company Overview	Relevant information on Net Sales and Total Capitalization available in Consolidated Financials of the Financial Reports section on the Zain website. <a href="http://www.zain.com/investor-relations/financial-reports/">http://www.zain.com/investor-relations/financial-reports/</a>	Yes
▶ G4-10	<ul style="list-style-type: none"> <li>• Report the total number of employees by employment contract and gender.</li> <li>• Report the total number of permanent employees by employment type and gender.</li> <li>• Report the total workforce by employees and supervised workers by gender.</li> <li>• Report the total workforce by region and gender.</li> <li>• 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.</li> <li>• Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).</li> </ul>	Our People		Yes
▶ G4-11	Report the percentage of total employees covered by collective bargaining agreements.		100% 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). Approx. 9% of all full-time employees.	Yes

	STANDARD DISCLOSURE	SECTION	COMMENTS	EXTERNAL ASSURANCE
▶ G4-12	Describe the organization's value chain.	Our Economic Impacts		Yes
▶ 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"> <li>• Changes in the location of, or changes in, operations, facility openings, closings, expansions.</li> <li>• Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations).</li> <li>• Changes in the location of suppliers, the structure of the supply chain, or in relationships with suppliers, including selection and termination.</li> </ul>	Company Overview		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, 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"> <li>• Holds a position on the governance body.</li> <li>• Participates in projects or committees.</li> <li>• Provides substantive funding beyond routine membership dues.</li> <li>• Views membership as strategic.</li> </ul> This refers primarily to memberships maintained at the organizational level.	Company Overview, Corporate Governance, Enterprise Risk Management, Our Environment		Yes

	STANDARD DISCLOSURE	SECTION	COMMENTS	EXTERNAL ASSURANCE
<b>IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES</b>				
▶ 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. <a href="http://www.zain.com/investor-relations/financial-reports">http://www.zain.com/investor-relations/financial-reports</a>	Yes
▶ G4-18	<ul style="list-style-type: none"> <li>• Explain the process for defining the report content and Aspect Boundaries.</li> <li>• Explain how the organization has implemented the Reporting Principles for Defining Report Content.</li> </ul>	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"> <li>• 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"> <li>- The list of entities or groups of entities included in G4-17 for which the Aspect is not material, or</li> <li>- The list of entities or groups of entities included in G4-17 for which the Aspects is material.</li> </ul> </li> <li>• Report any specific limitation regarding the Aspect Boundary within the organization.</li> </ul>		Aspect Boundaries are explained throughout the Report in sections relevant to each corresponding material Aspect.	Yes

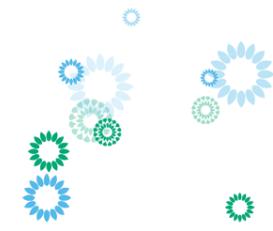




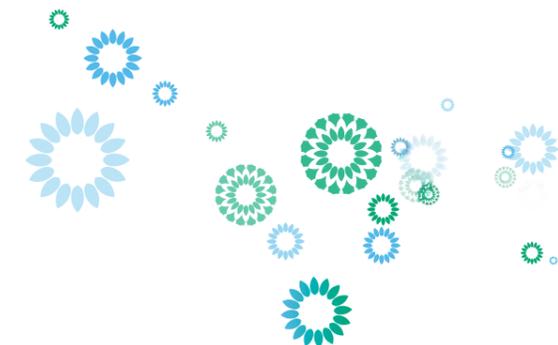
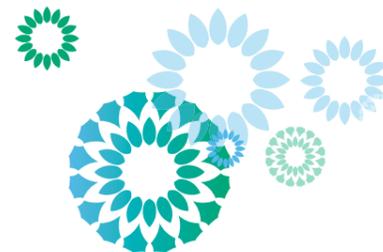
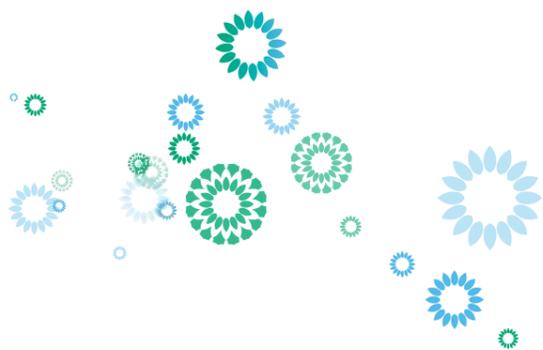
	STANDARD DISCLOSURE	SECTION	COMMENTS	EXTERNAL ASSURANCE
▶ G4-21	For each material Aspect, report the Aspect Boundary outside the organization, as follows: <ul style="list-style-type: none"> <li>• Report whether the Aspect is material outside the organization.</li> <li>• If the Aspect is material outside 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.</li> <li>• Report any specific limitation regarding the Aspect Boundary outside the organization.</li> </ul>		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.		Significant information is restated for the purpose of maintaining the Report's consistency and legibility.	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
<b>STAKEHOLDER ENGAGEMENT</b>				
▶ 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		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.	Engaging Our Stakeholders, Our People		Yes
▶ 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.	Engaging Our Stakeholders, Our People		Yes

	STANDARD DISCLOSURE	SECTION	COMMENTS	EXTERNAL ASSURANCE
<b>REPORT PROFILE</b>				
▶ G4-28	Reporting period (such as fiscal or calendar year) for information provided.	About This Report		Yes
▶ G4-29	Date of most recent previous report (if any).	About This Report		Yes
▶ G4-30	Reporting cycle (such as annual, biennial).	About This Report		Yes
▶ G4-31	Provide the contact point for questions regarding the report or its contents.	About This Report		Yes
▶ G4-32	<ul style="list-style-type: none"> <li>• Report the 'in accordance' option the organization has chosen.</li> <li>• Report the GRI Content Index for the chosen option</li> <li>• 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.)</li> </ul>	Materiality Assessment, Independent Assurance Report		Yes
▶ G4-33	<ul style="list-style-type: none"> <li>• Report the organization's policy and current practice with regard to seeking external assurance for the report.</li> <li>• If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided.</li> <li>• Report the relationship between the organization and the assurance providers.</li> <li>• Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report.</li> </ul>	Independent Assurance Report		Yes
<b>GOVERNANCE</b>				
▶ 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		Yes

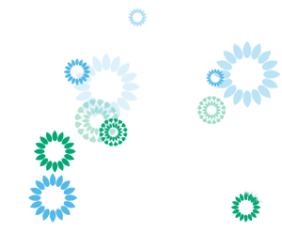
	STANDARD DISCLOSURE	SECTION	COMMENTS	EXTERNAL ASSURANCE
▶ G4-35	Report the process for delegating authority for economic, environmental, and social topics from the highest governance body to senior executives and other employees.	Corporate Governance		Yes
▶ G4-36	Report whether the organization has appointed 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		Yes
▶ 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		Yes
▶ G4-38	Report the composition of the highest governance body and its committees by: <ul style="list-style-type: none"> <li>• Executive or non-executive.</li> <li>• Independence.</li> <li>• Tenure on the governance body.</li> <li>• Number of each individual's other significant positions and commitments, and the nature of the commitments.</li> <li>• Gender.</li> <li>• Membership of under-represented social groups.</li> <li>• Competences relating to economic, environmental and social impacts.</li> <li>• Stakeholder representation.</li> </ul>	Corporate Governance		Yes
▶ 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		Yes



	STANDARD DISCLOSURE	SECTION	COMMENTS	EXTERNAL ASSURANCE
▶ 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"> <li>• Whether and how diversity is considered.</li> <li>• Whether and how independence is considered.</li> <li>• Whether and how expertise and experience relating to economic, environmental and social topics are considered.</li> <li>• Whether and how stakeholders (including shareholders) are involved.</li> </ul>	Corporate Governance		Yes
▶ 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"> <li>• Cross-board membership.</li> <li>• Cross-shareholding with suppliers and other stakeholders.</li> <li>• Existence of controlling shareholders.</li> <li>• Related party disclosures.</li> </ul>	Corporate Governance		Yes
▶ 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		Yes
▶ 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		Yes



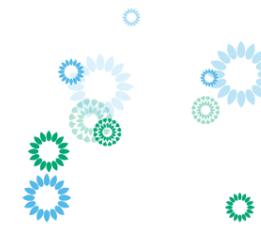
	STANDARD DISCLOSURE	SECTION	COMMENTS	EXTERNAL ASSURANCE
▶ G4-44	<ul style="list-style-type: none"> <li>Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental, and social topics.</li> <li>Report whether such evaluation is independent or not, and its frequency.</li> <li>Report whether such evaluation is a self-assessment.</li> <li>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.</li> </ul>	Materiality Assessment, Independent Assurance Report		Yes
▶ G4-45	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.	Corporate Governance		Yes
▶ 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		Yes
▶ G4-47	Report the frequency of the highest governance body's review of economic, environmental, and social impacts, risks and opportunities.	Corporate Governance		Yes
▶ 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 This Report		Yes
▶ G4-49	Report the process for communicating critical concerns to the highest governance body.	Corporate Governance		Yes
▶ 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		Yes



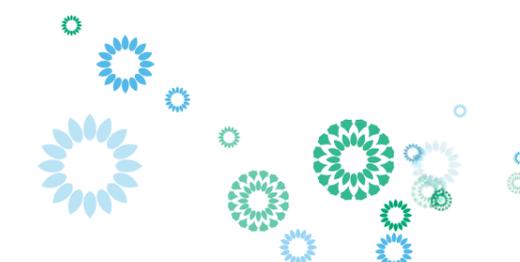
	STANDARD DISCLOSURE	SECTION	COMMENTS	EXTERNAL ASSURANCE
▶ G4-51	<p>a. Report the remuneration policies for the highest governance body and senior executives for the below types of remuneration:</p> <ul style="list-style-type: none"> <li>Fixed pay and variable pay: performance-based pay.</li> <li>Equity-based pay.</li> <li>Bonuses.</li> <li>Deferred or vested shares.</li> <li>Sign-on bonuses or recruitment incentive payments.</li> <li>Termination payments.</li> <li>Clawbacks.</li> <li>Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives, and all other employees.</li> </ul> <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>		Currently our Corporate Governance team is working closely with our consultants and internal related parties to finalize and approve the remuneration policy for the BoD and Executive Management in compliance with Corporate Governance requirements as per the CMA. Moreover, Zain is in the process of forming the required Board Committees among which is the remuneration Board Committee. This committee is responsible for evaluating the compensation of the Board and Executive Management with regards to the long-term objectives of Zain Group. It is considered as part of the overall Corporate Governance Framework of Zain Group, taking into consideration the CMA Corporate Governance rules and other regulatory requirements.	Yes
▶ 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 that the remuneration consultants have with the organization.	Our People		Yes

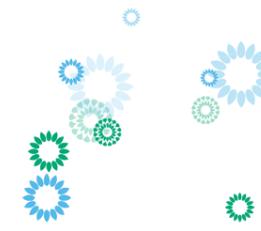


	STANDARD DISCLOSURE	SECTION	COMMENTS	EXTERNAL ASSURANCE
▶ G4-53	Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable.	Our People		Yes
<b>ETHICS AND INTEGRITY</b>				
▶ G4-56	Describe 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. <a href="http://www.zain.com/media/uploads/news/Zain_Group_Code_of_Conduct.pdf">http://www.zain.com/media/uploads/news/Zain_Group_Code_of_Conduct.pdf</a>	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. <a href="http://www.zain.com/media/uploads/news/Zain_Group_Code_of_Conduct.pdf">http://www.zain.com/media/uploads/news/Zain_Group_Code_of_Conduct.pdf</a>	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. <a href="http://www.zain.com/media/uploads/news/Zain_Group_Code_of_Conduct.pdf">http://www.zain.com/media/uploads/news/Zain_Group_Code_of_Conduct.pdf</a>	Yes



	STANDARD DISCLOSURE	SECTION	COMMENTS	EXTERNAL ASSURANCE
<b>ECONOMIC: ECONOMIC PERFORMANCE</b>				
▶ 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.			Yes
▶ G4-EC3	Coverage of the organization's defined benefit plan obligations.	Our People		Yes
<b>ECONOMIC: MARKET PRESENCE</b>				
▶ G4-EC6	Proportion of senior management hired from the local community at significant locations of operation.	Our People		Yes
<b>ECONOMIC: INDIRECT ECONOMIC IMPACTS</b>				
▶ G4-EC7	Development and impact of infrastructure investments and services supported.	Our Economic Impacts		Yes
▶ G4-EC8	Significant indirect economic impacts, including the extent of impacts.	Our Economic Impacts, Our Communities, Our Environment		Yes
<b>ECONOMIC: PROCUREMENT PRACTICES</b>				
▶ G4-EC9	Proportion of spending on local suppliers at significant locations of operation.	Our Economic Impacts		Yes
<b>ENVIRONMENTAL: ENERGY</b>				
▶ G4-EN3	Energy consumption within the organization.	Our Environment		Yes
<b>ENVIRONMENTAL: BIODIVERSITY</b>				
▶ G4-EN13	Habitats protected or restored.	Our Environment		Yes





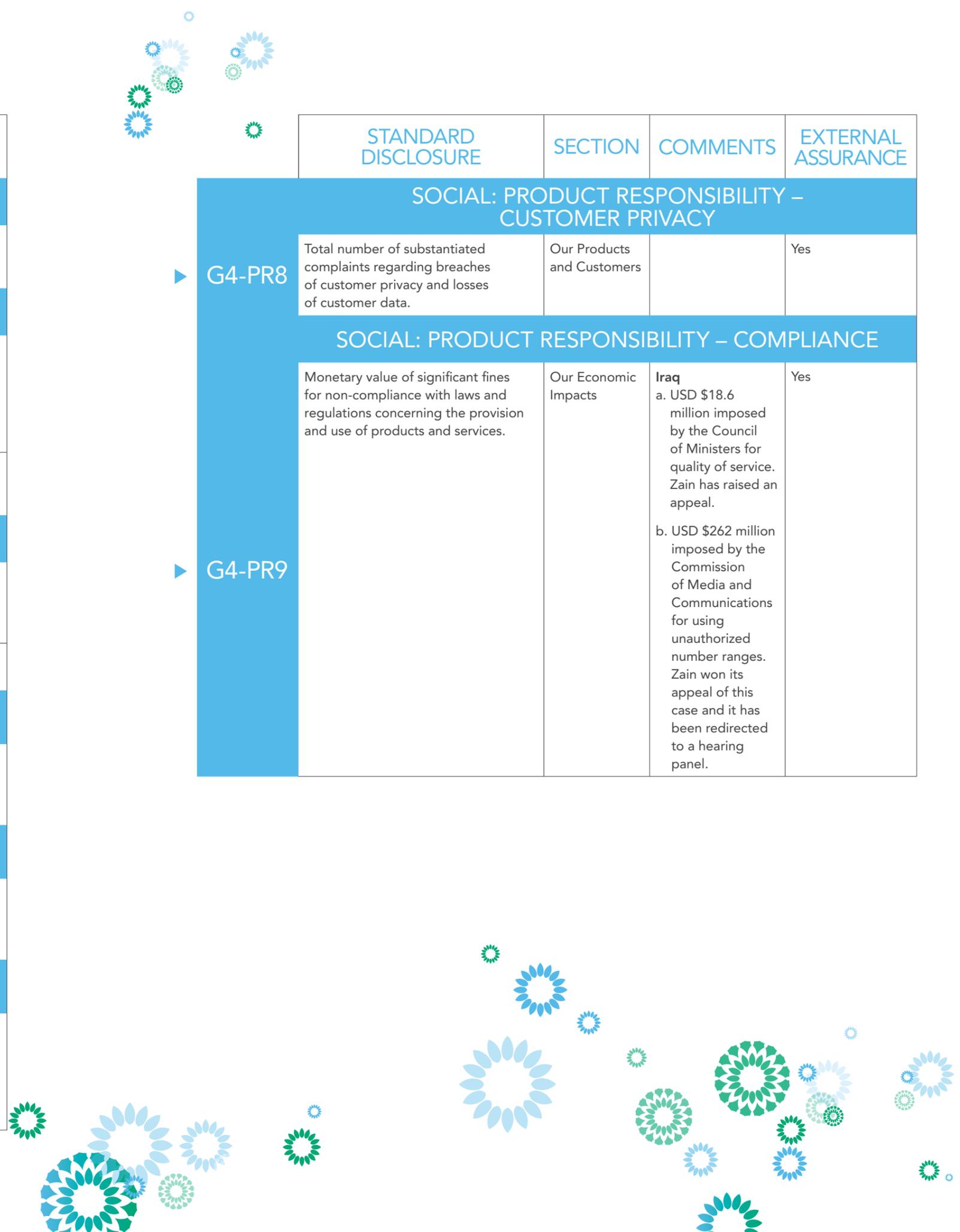
	STANDARD DISCLOSURE	SECTION	COMMENTS	EXTERNAL ASSURANCE
<b>ENVIRONMENTAL: EMISSIONS</b>				
▶ G4-EN15	Direct greenhouse gas (ghg) emissions (scope 1).	Our Environment		Yes
<b>ENVIRONMENTAL: PRODUCTS AND SERVICES</b>				
▶ G4-EN27	Extent of impact mitigation of environmental impacts of products and services.	Our Environment		Yes
<b>ENVIRONMENTAL: COMPLIANCE</b>				
▶ 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..	Yes
<b>ENVIRONMENTAL: OVERALL</b>				
▶ G4-EN31	Total environmental protection expenditures and investments by type.	Our Environment		Yes
<b>ENVIRONMENTAL: SUPPLIER ENVIRONMENTAL ASSESSMENT</b>				
▶ G4-EN32	Percentage of new suppliers that were screened using environmental criteria.	Our Economic Impacts		Yes
<b>SOCIAL: LABOR PRACTICES AND DECENT WORK – EMPLOYMENT</b>				
▶ 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, Partial
<b>SOCIAL: LABOR PRACTICES AND DECENT WORK – OCCUPATIONAL HEALTH AND SAFETY</b>				
▶ G4-LA7	Workers with high incidence or high risk of diseases related to their occupation.	Our People		Yes
<b>SOCIAL: LABOR PRACTICES AND DECENT WORK – TRAINING AND EDUCATION</b>				
▶ G4-LA9	Average hours of training per year per employee by gender, and by employee category.	Our People		Yes, Partial

	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.	Our People		Yes
▶ G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category.	Our People		Yes
<b>SOCIAL: LABOR PRACTICES AND DECENT WORK – DIVERSITY AND EQUAL OPPORTUNITY</b>				
▶ 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.	Corporate Governance, Our People		Yes, Partial
<b>SOCIAL: LABOR PRACTICES AND DECENT WORK – EQUAL REMUNERATION FOR WOMEN AND MEN</b>				
▶ G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	Our People		Yes
<b>SOCIAL: LABOR PRACTICES AND DECENT WORK – SUPPLIER ASSESSMENT FOR LABOR PRACTICES</b>				
▶ 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		Yes
<b>SOCIAL: LABOR PRACTICES AND DECENT WORK – LABOR PRACTICES GRIEVANCE MECHANISMS</b>				
▶ G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms.		<b>Kuwait</b> a. 3 cases reported in 2014. b. 6 cases under process. c. 3 cases ongoing from prior years. <b>Saudi Arabia</b> a. 11 cases pending b. 4 settlements c. 1 case lost <b>Sudan</b> a. 5 cases reported in 2014. b. 5 cases resolved in 2014.	Yes



	STANDARD DISCLOSURE	SECTION	COMMENTS	EXTERNAL ASSURANCE
<b>SOCIAL: HUMAN RIGHTS – NON-DISCRIMINATION</b>				
▶ G4-HR3	Total number of incidents of discrimination and corrective actions taken.		No such cases reported in 2014.	Yes
<b>SOCIAL: SOCIETY – LOCAL COMMUNITIES</b>				
▶ 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
<b>SOCIAL: SOCIETY – ANTI-CORRUPTION</b>				
▶ 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
<b>SOCIAL: SOCIETY – GRIEVANCE MECHANISMS FOR IMPACTS ON SOCIETY</b>				
▶ G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms.		Kuwait: One case ongoing from previous years.	Yes
<b>SOCIAL: PRODUCT RESPONSIBILITY – CUSTOMER HEALTH AND SAFETY</b>				
▶ G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.	Our Products and Customers		Yes
<b>SOCIAL: PRODUCT RESPONSIBILITY – MARKETING COMMUNICATIONS</b>				
▶ 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.		Iraq: 2 cases Saudi Arabia: 2 cases Sudan: 2 cases	Yes

	STANDARD DISCLOSURE	SECTION	COMMENTS	EXTERNAL ASSURANCE
<b>SOCIAL: PRODUCT RESPONSIBILITY – CUSTOMER PRIVACY</b>				
▶ G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	Our Products and Customers		Yes
<b>SOCIAL: PRODUCT RESPONSIBILITY – COMPLIANCE</b>				
▶ G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Our Economic Impacts	<b>Iraq</b> a. USD \$18.6 million imposed by the Council of Ministers for quality of service. Zain has raised an appeal.  b. USD \$262 million imposed by the Commission of Media and Communications for using unauthorized number ranges. Zain won its appeal of this case and it has been redirected to a hearing panel.	Yes





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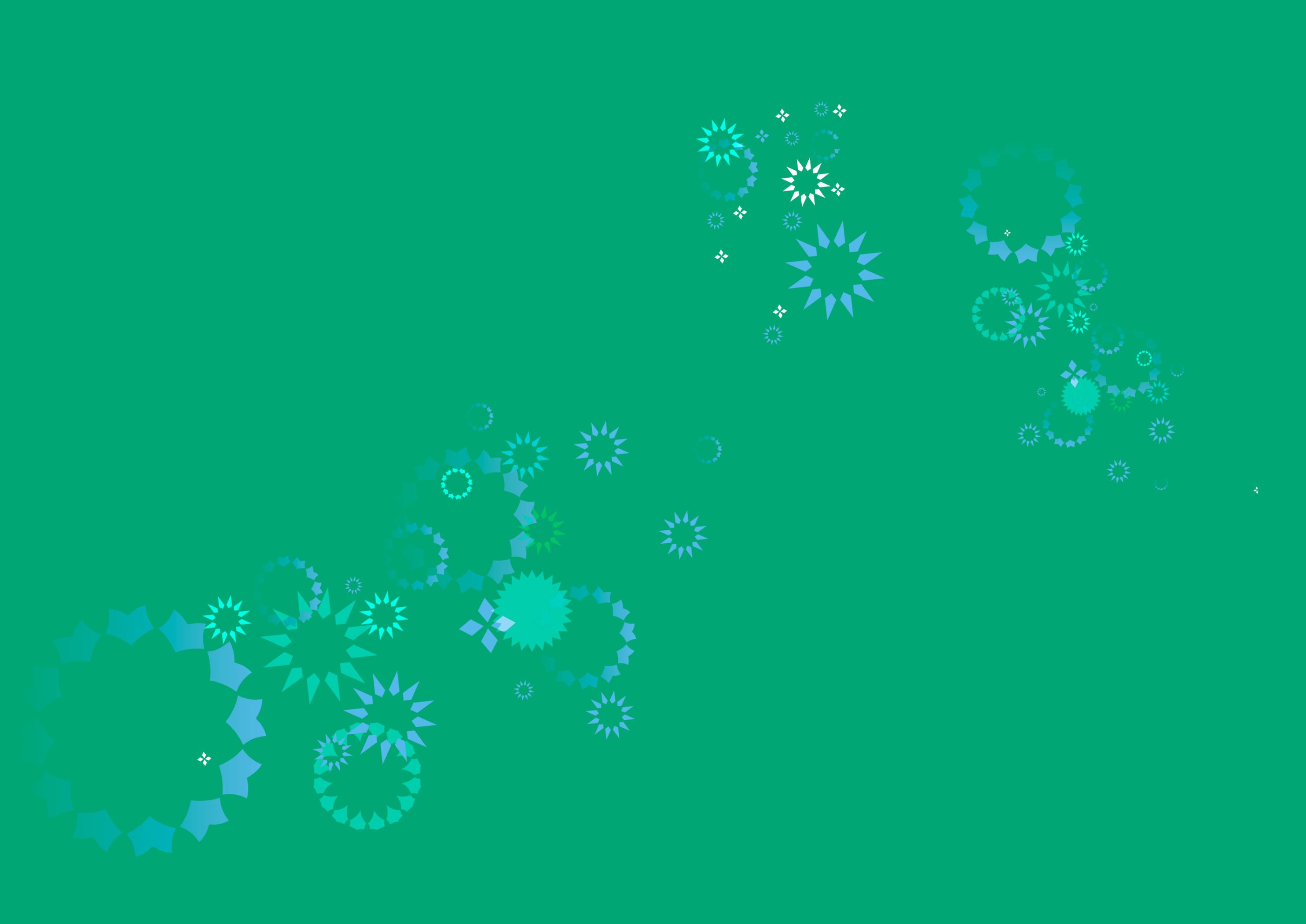
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