Oman Telecommunications Company

Sustainable Finance Framework

March 2023

1. Introduction
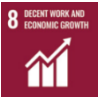
Oman Telecommunications Company ("Omantel" or "the Company") was founded in 1966 as the first telecommunications company in Oman. Headquartered in Al Irfan City, Muscat, it is now the leading integrated telecommunications service provider in the country that enables digital society to flourish and allows new ways of doing business. Omantel is publicly listed on the Muscat Stock Market (MSX) and is majority-owned by the Government of Oman.

Omantel's mission is to fulfil all communications needs of its customers; to attract and develop talent in a team-oriented environment and to deliver profitable growth to its shareholders. The Company focuses on delivering the best services with professionalism and ethics in every aspect of business and operations, driven by its core values of Passion, Simplicity, Collaboration and Ownership.

Organization Structure

3 core markets — Consumer | Enterprise & Government | Wholesale Global

4 supporting units — Finance | Technology | Operations | HR

Subsidiaries/Associate Companies

Company	%	Description
zain	21.9 %	Leading MENA Telecom Operator with presence in 9 countries of which Leadership position in 4 markets
infoline	100 %	BPO, Contact Center, IT services
FUTURE CITIES	51 %	IOT & Smart Cities Solutions with partnership with National Energy Centre
EQUINIX OMAN	50 %	JV with Equinix — Carrier neutral data center
renna mobile / Red Bull MOBILE	40 %	Majan Telecom — Class II Mobile Reseller operating Renna and Red Bull MOBILE brands
OMAN DATAPARK	100 %	Hosting Services, Cloud service, Security Services
OMPay	55 %	Global Financial Technology — Payment Gateway solution
Blockchain Solutions & Services	51 %	Fintech, Blockchain, Software development
Oman Fiber Optic	41 %	Fiber Optic Cables manufacturing, Outside Plant services, Telecom services
Offshore entities	100 %	• Oztel Holdings SPC • Omantel International • Omantel France

1.1. Omantel's Contribution to Oman Vision 2040

Omantel is committed to conduct business and execute its strategy in a responsible and sustainable manner. This sustainability approach is defined under the five pillars outlined below, each in alignment with the United Nations Sustainable Development Goals (UNSDGs) and the Oman Vision 2040:

Strategic Pillar	Description	UNSDG Alignment	Oman Vision 2040 Alignment
Customer Value Creation	Create Value for all our customers in a transparent and inclusive manner	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 11 SUSTAINABLE CITIES AND COMMUNITIES	The Private Sector, Investment, and International Corporation; Development of Governorate and Sustainable Cities
Employer of Choice	Become Oman's employer of choice	3 GOOD HEALTH AND WELL-BEING; 5 GENDER EQUALITY; 8 DECENT WORK AND ECONOMIC GROWTH	Citizenship, Identity and National Heritage and Culture; Labour Market and Employment
Environmental Stewardship	Engage in active environmental stewardship	7 AFFORDABLE AND CLEAN ENERGY; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION	Environment and Natural Resources
Social Responsibility	Enable the progress of Omani society by building a digitally competent and connected community	1 NO POVERTY; 3 GOOD HEALTH AND WELL-BEING; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 10 REDUCED INEQUALITIES; 4 QUALITY EDUCATION; 5 GENDER EQUALITY; 11 SUSTAINABLE CITIES AND COMMUNITIES; 17 PARTNERSHIPS FOR THE GOALS	Education, Learning, Scientific Research and National Capabilities; Health; Well-being and Social Protection; The Private Sector, Investment and International Cooperation
Governance & Ethics	Have the highest level of governance and ethics	8 DECENT WORK AND ECONOMIC GROWTH	Economic Leaderhip and Management; Economic Diversification and Fiscal Sustainability; Legislative, Judicial and Oversight System

Omantel's contribution to Oman Vision 2040 is to enable the Omani society by building a digitally advanced and connected community and driving Oman's sustainable development. Omantel has highlighted five main areas in which its operations are able to most contribute to the key national priorities, aspirations and vision of a digitalised and sustainable Oman.

1.2. Reducing Environmental Impact

Omantel is committed to environmental stewardship, primarily focusing on reducing emissions, waste and energy consumption, in line with the sustainability agenda of Oman Vision 2040.

A key feature of Omantel's recent efforts is the expansion of 5G technology. 5G is set to play a significant role in national projects and the growth of emerging sectors such as the logistics sector, smart cities and transportation, and has the environmental benefit of being more energy efficient than older technology. Omantel is building an expansive 5G network that will support Oman as it progresses along the path towards Vision 2040. In 2021, Omantel was first to launch 5G for mobile, which opens new horizons for the mobile telecommunications sector and will greatly contribute to supporting growth and digital transformation efforts across different sectors, by facilitating the adoption of the Fourth Industrial Revolution technologies i.e., smart cities, the Internet of Things (IoT) and Artificial Intelligence.

Omantel has installed a 746 kWp solar system for its new headquarters, reducing the electrical consumption from the grid by more than 20%. To further decrease its reliance on fossil fuel-based energy, Omantel has installed hybrid power sources and/or solar sources in 31 sites.

Omantel has also worked in cooperation with Oman Environmental Service Holding Company, Be'ah, and the launch of reverse vending machines for the collection of polyethylene terephthalate (PET), i.e. plastic bottles. These work to promote the culture of recycling encourage the growth of the circular economy, whilst also ultimately successfully reducing waste and pollution for local communities. The project consists of 25 machines across multiple locations in Muscat, which will use Artificial Intelligence to ensure only PET bottles are accepted. Omantel also provided Be'ah with lead-acid batteries, end of life tyres, used lubricating oils and electric and paper waste for recycling.

1.3. Supporting Digital Inclusion

Omantel has been increasing its digital efforts by significantly investing in digital infrastructure and solutions. Omantel aspires to lead the digital transformation in the country, strongly supporting the Government's vision of a more digital Oman. These efforts have been supported by the implementation of a series of programmes that aim to entrench the use of technology in society and build an inclusive digital environment where everyone has equal access to technology.

Omantel has built a state-of-the-art integrated network infrastructure providing extensive coverage throughout Oman as well as internationally. At the end of 2021, Omantel had a 94.99% coverage rate across Oman (including both mobile and fixed network). In addition, Omantel has developed and now provides cable landings and connectivity to more than 120 cities around the world and has invested in 20 subsea cable systems and six diverse landing stations, all of which are centrally connected to the International Network Operations Centre. This makes the Sultanate of Oman one of the most connected nations in the region.

1.4. Omantel's Approach to Social Responsibility

For Omantel, the creation of value and impact in Oman's communities means the enabling of Omani Society by building a digital, competent and connected community for sustainable development. This is delivered through Omantel's social responsibility program which was founded on forming strategic partnerships. This approach targets the following four different focus areas based on and closely aligned with the pillars of Omantel's sustainability framework, community needs and the Oman 2040 Vision:

Education	Entrepreneurship	Community Wellbeing	Environment
Create a digital competent society through quality education, technical and vocational skills	To be the national technical catalyst in ICT & 4th Industrial Revolution Startups	Harness the power of technology to ensure and promote community wellbeing and sustainable development across Oman	Become the Sultanates role model enterprise for environmental awareness across the society

This Social Responsibility approach is governed by a dedicated Corporate Social Responsibility team that aligns Omantel's CSR activities with these four focus areas, forms strategic partnerships and monitors and evaluates the impact.

Omantel believes in the crucial role of start-ups in Oman's ecosystem as innovators and future job creators. Consequentially, Omantel has invested greatly in facilitating platforms that drive entrepreneurship with a strong focus on technology. For example, Omantel launched the first of its kind open e-learning platform in Oman, 'Edlal', in partnership with the Entrepreneurs in Point organisation[1]. This innovative platform was acknowledged for its efforts in spreading digital knowledge by winning the Sultan Qaboos Award for Excellence in e-Services at the Best e-Service in the SME Category in its sixth edition.

In addition to the direct contribution to research and the development of solutions, Omantel has a strong commitment to facilitating the communications for organisation's which require a channel to spread awareness about education, health and environmental campaigns. For example, 'Omantel wal Alawael' is an initiative that aims to eradicate digital illiteracy among the elderly, working to decrease the digital gap between them and younger generations[2]. Other initiatives include supporting the Blood Donation Campaign with the Blood Bank and Sultan Qaboos University Hospital that contributes to spreading awareness of the importance of donating blood.

Furthermore, Omantel is proud of its Mubadera award, now in its seventh year, which specifically drives the importance of supporting and strengthening the efforts of Oman women's associations. The initiative aims to highlight, support and enhance the role of women in civil society institutions to empower women and highlight their efforts.

For more information on Omantel's CSR initiatives, please refer to: https://www.omantel.om/csr/key-initiatives

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[1] https://www.omantel.om/csr/key-initiatives/details/edlal+platform
[2] https://www.omantel.om/About%20us/Media%20Center/Details/omantel%20wal%20awael

2. Sustainable Finance Framework

Omantel intends to use this Framework as the basis to issue Green, Social or Sustainability Bonds, Sukuk, Loans and other debt instruments ("Sustainable Financing Instruments"). The Sustainable Financing Instruments will fund Eligible Sustainable Projects that conform to the sustainable finance principles listed below:

- the International Capital Market Association ("ICMA") Green Bond Principles ("GBPs") 2021 (with June 2022 Appendix 1)[3], Social Bond Principles ("SBPs") 2021 (with June 2022 Appendix 1)[4] and Sustainability Bond Guidelines ("SBGs") 2021[5]; and/or

- the Loan Market Association ("LMA") Green Loan Principles ("GLPs") 2023[6] and Social Loan Principles ("SLPs") 2023[7].

In aligning with the above principles and guidelines, the Company's Sustainable Finance Framework is presented through the four core components of the GBPs, SBPs, SBGs, GLPs and SLPs as well as their recommendation for external review:

a) Use of Proceeds

b) Process for Project Evaluation and Selection

c) Management of Proceeds

d) Reporting

Bond(s) or Sukuk issued under this Framework may take the form of public transactions or private placements, in bearer or registered format, and may take the form of senior unsecured or subordinated issuances. Such Sukuk, bonds and any loans entered in to under this Framework will be standard recourse-to-the-issuer obligations and investors will not bear the credit risk of the underlying allocated eligible asset exposures.

2.1.   Use of Proceeds

Omantel will allocate an amount at least equivalent to the net proceeds of the Sustainable Financing Instruments issued under this Framework to finance and/or re-finance, in whole or in part, sustainable projects which meet the eligibility criteria of the following Eligible Sustainable Project categories ("Eligible Sustainable Projects"), as defined as below.

A maximum 3-year look-back period would apply for refinanced projects and Omantel expects each issuance under this framework to be fully allocated within 2 years from the date of issuance.

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3 In alignment with ICMA Green Bond Principles, June 2021 (with June 2022 Appendix 1), https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/
4 In alignment with ICMA Social Bond Principles, June 2021 (with June 2022 Appendix), https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/social-bond-principles-sbp/
5 In alignment with ICMA Sustainability Bond Guidelines, June 2021, https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/sustainability-bond-guidelines-sbg/
6 In alignment with LMA Green Loan Principles, February 2023, https://www.lsta.org/content/green-loan-principles/
7 In alignment with LMA Social Loan Principles, February 2023, https://www.lsta.org/content/social-loan-principles-slp/

Eligible Green Categories

GBP Category	Eligibility Criteria
Energy Efficiency 7 AFFORDABLE AND CLEAN ENERGY	Investments and expenditure (including deployment, installation, refurbishment, operation and R&D) in network transformation and modernization across fixed and mobile to reduce energy demand and improve energy efficiency • Development, refurbishment, and operation of base stations for building 5G networks and upgrading of existing infrastructure to support 5G / 4G LTE, including 3G sunsetting initiatives • Deployment of 5G wireless technologies that allow for real-time response to energy demand, including smart city systems, smart building management systems, telecommuting systems, smart grids; • Network modernization involving replacement/upgrade of legacy network and technologies, including moving from copper to fibre networks and upgrade of legacy IP core network • Network and server virtualization, cloud migration, aimed at reducing energy consumption Development and implementation of digital products and services, Internet of Things (IoT), Big data or Artificial Intelligence (AI), which aims at saving energy or natural resources Replacement of old equipment with energy efficient equipment, such as heating, ventilation and cooling (HVAC) systems, chillers, cooling towers and lighting Investments and expenditure in construction, operation, maintenance and operational improvements in green data centres with a power usage effectiveness (PUE) less than 1.5
Renewable Energy 7 AFFORDABLE AND CLEAN ENERGY	Projects related to the production, transmission and storage of energy from the following renewable sources: • Solar (PV and Concentrated Solar Power with a minimum 85% of power generation derived from solar sources) • Wind energy (including onshore and offshore) This may include procurement of renewable energy under long-term power purchase agreements (PPAs)
Pollution Prevention and Control 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Expenditures and investments in equipment takeback programs and recycling of electronic waste such as contracting of external partners for the safe recycling of lead acid batteries (LAB)
Green Buildings 11 SUSTAINABLE CITIES AND COMMUNITIES 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Projects related to acquisition, development, construction and refurbishment of buildings that belongs to the top 15% in terms of energy efficiency of their local market or have received, or expect to receive based on its design, construction and operational plans, certification according to third-party verified green building standards, including: • LEED "Gold" or above BREEAM "Excellent" or above • Global Sustainability Assessment System (GSAS) "4 star" or above Projects related to building renovations that achieve a minimum 30% improvement in energy use and/or carbon emissions compared to a mandated local or regional baseline or code
Clean Transportation 11 SUSTAINABLE CITIES AND COMMUNITIES	Investments and expenditure in low energy consuming or low emission transportation, meeting the threshold of 50gCO2/p-km up to 2030, and zero tailpipe emissions thereafter. Projects supporting the deployment of electric vehicles including charging infrastructure.

Eligible Social Categories

SBP Category	Eligibility Criteria
Affordable Basic Infrastructure *(SDG 9: Industry, Innovation and Infrastructure)*	Deployment, extending and optimization of broadband (fixed or mobile) connectivity services in unconnected or underserved areas (rural and remote areas), in order to provide Internet access with sufficient bandwidth for the new digital services
	Investments in providing telecoms specifically to disadvantaged people such as those with special needs or disabilities (mobility, cognitive, hearing, vision and speech), including deployment of adaptive products and services for customers
	Target Populations: Unconnected populations that do not have mobile or fixed network coverage, or have network coverage but limited or unaffordable to them. Underserved population who have access to mobile and fixed networks of inferior technology (2G/3G for mobile networks and copper for fixed networks); Rural populations; Persons of determination; Schools and Students in low income communities.
Employment Generation, and programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises *(SDG 8: Decent Work and Economic Growth)*	Empowerment of microentrepreneurs (incl. women)/ SMEs to conduct their business through digital tools
	Funding and supporting entrepreneurship ecosystem programs and direct or indirect investments in start-ups or SMEs
	Target Populations: Women entrepreneurs, micro or small businesses, start-ups, SMEs.
	Training of local populations in the field of ICT; Tackling inequalities by investing in education, new skills, new competences and upskilling /reskilling programmes
	Target Populations: Unemployed population, including people with limited knowledge of digital technologies. Also, workforce at risk of losing their job due to lack of knowledge of new digital competences

2.2.   Project Evaluation and Selection Process

The Project Evaluation and Selection Process will ensure that the proceeds of any Omantel Sustainable Financing Instrument are allocated to finance or refinance Eligible Sustainable Projects that meet the criteria and objectives set out above in section 2.1. Use of Proceeds.

Omantel's Environmental, Social and Governance Steering Committee (the "Committee") will be responsible for governing and implementing the initiatives set out in the Framework.

The Committee is comprised of certain Company management personnel, including but not limited to representatives from the following departments for the selection and evaluation of the Eligible Sustainable Projects: Corporate Strategy, Finance/Investor Relations, Human Resources (Diversity & Inclusion), Technology, Operations, ICT EBU, Corporate Social Responsibility, Strategic Sourcing & Procurement, and ERM. The Committee will be chaired by the Strategist, Corporate Strategy, and reports to the Corporate Management Team (CMT) which is chaired by the Chief Executive Officer (CEO).

The Committee will:

- Meet at least two times each year, endeavoured to be distributed evenly throughout the year

- Ratify Eligible Sustainable Projects, which are initially proposed by the constituent team members

- Ensure that all Eligible Sustainable projects have been assessed from an environmental and social risk management perspective

- Undertake regular monitoring of the asset pool to ensure the eligibility of Sustainable Projects with the criteria set out above in section 2.1, Use of Proceeds, whilst replacing any ineligible Sustainable Projects with new eligible Sustainable Projects

- Facilitate regular reporting on any Sustainable issuance in alignment with our Reporting commitments

- Manage any future updates to this Framework

- Ensure that the approval of Eligible Sustainable Projects will follow the Company's existing credit/investment approval processes

2.3. Management of Proceeds

The proceeds of each Omantel's Sustainable Financing Instrument will be deposited in Omantel's general funding accounts and earmarked for allocation towards the Eligible Sustainable Projects using the Sustainable Finance Register.

The Sustainable Finance Register will contain the following information:

I. Sustainable Financing Instrument (Sukuk/Bond/Loan etc.) details: pricing date, maturity date, principal amount of proceeds, coupon, ISIN number, etc.

II. Allocation of Proceeds:

a) The Eligible Sustainable Projects List, including for each Eligible Sustainable Project, the Eligible Sustainable Project category, project description, project location, Company's ownership percentage, total project cost, amount allocated, settled currency, etc.

b) Amount of unallocated Proceeds

Omantel will periodically adjust the balance of the tracked proceeds to match allocations to the Eligible Sustainable Projects. The Committee will review the eligibility of those projects every half-year. Should a project be considered by Committee to be no longer meeting the criteria detailed above or is subject to postponement, cancelation or divestment, Omantel is committed to reallocate proceeds to ensure the full amount of net proceeds are allocated to eligible projects. Such monitoring will be done throughout the life of the sustainable financing instruments.

Any proceeds temporarily unallocated will be invested according to the Company's standard liquidity policy in cash or cash equivalents.

2.4. Reporting

On an annual basis, Omantel will publish an allocation report and an impact report on its Eligible Sustainable Projects, as detailed below. This reporting will be updated annually until full allocation of the net proceeds of any Sustainable Financing Instrument issued, or until the Sustainable Financing Instrument is no longer outstanding.

2.4.1. Allocation Reporting

a) List of eligible Sustainable projects

b) The amount of Proceeds allocated to each Eligible Sustainable Project category

c) When possible, descriptions of the Eligible Sustainable Projects financed, such as project locations, amount allocated, etc.

d) Selected examples of projects financed

e) Amount of unallocated Proceeds

f) Percentage share of refinancing vs. new financing

2.4.2. Impact Reporting

The Company will provide reporting on the environmental benefits of the Eligible Sustainable Projects. Subject to data availability and confidentiality, impact reporting may cover the following impact reporting metrics listed below,

and where available, taking reference from the relevant indicators suggested in the ICMA Harmonized Framework for Impact Reporting. In addition, calculation methodologies and key assumptions will be disclosed.

Eligible Sustainable Project Categories	Impact Reporting Metrics
Eligible Green Categories	
Renewable Energy	• Capacity of renewable energy plant(s) constructed or rehabilitated in MW • Annual renewable energy generation in MWh/GWh (electricity) and GJ/TJ (other energy) • Annual GHG emissions reduced/avoided in tonnes of CO2 equivalent (where possible)
Energy Efficiency	• Annual energy savings in MWh (electricity) and GJ/TJ (other energy savings)
Pollution Prevention and Control	• Waste reduced/avoided (tonnes) • Annual GHG emissions reduced/avoided (tonnes of CO2 equivalent)
Clean Transportation	• Number of low- and zero-carbon vehicles (by type) • Annual GHG emissions reduced/avoided (tonnes of CO2 equivalent)
Sustainable Water and Wastewater Management	• Annual reduction in water use in % • Annual amount of wastewater treated, reused or avoided before and after the project in m3/a
Green Buildings	• Type of scheme, certification level • Energy efficiency gains in MWh or % versus baseline/building code
Eligible Social Categories	
Affordable Basic Infrastructure	• Number of people benefitted (e.g. patients benefited or students supported)
Employment Generation, and programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises	• Number of SMEs and entrepreneurs supported

3. External Review

3.1. Second Party Opinion

Omantel has appointed DNV to assess this Sustainable Finance Framework and its alignment with the GBPs, SBPs, SBGs, GLPs and SLPs and issue a Second Party Opinion accordingly.

The Second Party Opinion will be made publicly available on the Company's official website.

3.2. Post issuance external verification

In order to provide timely and transparent information about the reporting of the funds from Sustainable Financing Instruments issued under this Framework, the Company intends to engage a third-party reviewer to provide an annual assessment of the alignment of the allocation of funds with the Framework's criteria.

3.3. Amendments to this Framework

The Committee will review this Framework on a regular basis, including its alignment to updated versions of the Principles as and when they are released, with the aim of adhering to best practices in the market. Such review may result in this Framework being updated and amended. The updates, if not minor in nature, will be subject to the prior approval of the Company and DNV. Any future updated version of this Framework that may exist will either keep or improve the current levels of transparency and reporting disclosures, including the corresponding review by an external reviewer. The updated Framework, if any, will be published on our website and will replace this Framework.

4. Appendix (Case Studies)

4.1 Example Eligible Green Projects

LEED-compliant Building

Omantel's headquarters is a LEED-Platinum certified building. The Interior of the building was 100% compliant with the use of low-energy emitting materials. About 59.77% of the material used in its construction was recycled, 46.14% was locally sourced, and the wood used was 100% FSC Certified. Omantel's building also scores well on renewable energy production and has solar panels installed on the exterior.

Recycling of Lead Acid Batteries (LAB)

With the aim of minimizing waste across its operations and supporting customers to reduce their environmental impact, Omantel has partnered with Be'ah for the collection of lead acid batteries (LAB). The LAB will be collected by Be'ah and recycled and disposed of in accordance with environmental policies, producing lead metal and plastic as an output. The batteries will also be handled and stored in a way so as to minimize pollution.

In 2022, Omantel safely disposed 217 tonnes of lead acid batteries.

4.2 Example Eligible Social Projects

Omantel Innovation Labs to Support Entrepreneurship and Omantel Accelerator

Located on 1100m^2 facility at Omantel headquarters in Muscat, Omantel Innovation Labs aims to contribute to Oman's Vision 2040 and promote innovation and entrepreneurship in new and emerging technologies. The main focus is to cultivate local entrepreneurial skills among the youth and accelerate the growth of relevant Oman-based technology start-ups across five technological verticals: 5G, Internet of Things, Cybersecurity, Customer Experience Technology, and Big Data. This is achieved by providing systematic spaces, approaches, events and activities that can accelerate product conceptualization, prototyping, testing and deployment of solutions for Oman and Omantel-centric challenges.

Program Goals:

Ecosystem: Create an ecosystem of partners that can catalyze the rapid growth of technology start-ups in Oman.	Innovation: Develop a platform that can identify and support relevant innovations in Oman to maintain Omantel's prominent position as the national leader in technology.	Investment: Identify and invest in a portfolio of start-ups that are strategically aligned with Omantel with an aim to generate long-term financial profit or added value to Omantel stakeholders.

Example Activities: Omantel Accelerator

The Omantel Accelerator is a 6-month start-up accelerator with a strong focus on providing start-ups with technology related support to increase the speed at which they can develop and commercialize their products. Activities include mentoring, master classes, access to capital and access to clients.

Digital Inclusion Initiatives, such as "Afaaq" Initiative

Omantel launched the government "Afaaq" initiative, in cooperation with the Telecommunications Regulatory Authority (TRA) to provide the Home Internet services to more than 600 villages throughout the Sultanate by Satellite technology coinciding with back-to-school session. This initiative comes within the various initiatives to spread telecommunications services in the Sultanate and cover villages and rural communities with telecommunications and Internet services throughout the Sultanate.