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Matters



# CORPORATE GOVERNANCE

## 2018 REPORT

Emirates Telecommunications Group Company PJSC (Etisalat Group)

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# 01 INTRODUCTION

Emirates Telecommunications Group Company PJSC ("Etisalat Group") created an optimal governance environment for its business and activities by committing itself to the best local and international governance rules throughout its operations. Etisalat Group reinforced the principles of transparency, accountability, responsibility and equity, and determined the rights and responsibilities of every stakeholder. The Company also established grounds for cooperation with external auditors to produce reliable reports that are consistent with the International Financial Reporting Standards (IFRS). By this, Etisalat Group was able to create a workplace environment that ensures the integrity of its operations and protects the interests of its shareholders.

The governance report is one of the most important platforms for transparency and interaction with the public given the fact that the governance is embodied in an array of rules and measures under which the Company is run and controlled and it regulates the relations between the Board of Directors, executive management, shareholders and other stakeholders. Moreover, governance handles corporate social responsibility with due attention. This report works on bringing the foregoing to the attention of the public and enables the shareholders to get acquainted with what the Company does in these aspects.

This report tackles the charters, policies and mechanisms that govern the Company's work in the field of governance. It also touches on Etisalat Board of Directors, the Board's Committees, the duties assumed by the Board and by its committees, the Board Members' remunerations and their tradings in the Company's securities. Further, it makes mention of the executive management, the related party transactions, the internal control, external audit, the Investor Relations Department, the important events in the Company, its financial indicators and the innovative initiatives during 2018.





## 02

### IMPLEMENTATION OF GOVERNANCE RULES

Corporate governance has witnessed an overwhelming interest and has become an indispensable substantial requirement for public joint stock companies. Thus, Etisalat Group pioneered the adoption of effective governance criteria and measures and is now running its different operations with an integrated system of policies and mechanisms that aim to achieve transparency, and ease and accelerate achievement of its operations while keeping pace with the fast growing developments in the telecommunications industry.

The Company, in developing these policies and mechanisms, took into account the legislations in force in the UAE, especially the Resolution of Securities and Commodities Authority Chairman No. (7 /R.M.) of 2016 regarding the Standards of Corporate Discipline and Governance of Public Shareholding Companies ("SCA Resolution No. 7 of 2016") in addition to the best international governance practices that are compatible with the said SCA resolution.



Below is a brief summary for some of the policies under which Etisalat Group operates:

## 2.1 BOARD MEMBERSHIP POLICY

Board Membership is deemed one of the crucial elements for the Company's well-established governance, and defining the Company's path towards success and advancement. Therefore, the Company introduced a full-fledged policy to govern Board Membership.

This policy included all the provisions and controls, which stipulate the criteria and procedures for such membership. It also explained how the Board is formulated, its term and the provisions related to the Board's Chairman and Vice-Chairman as well as the category of the directorship, be it executive, non-executive, dependent or independent. The policy further set an election mechanism for Board Membership and defined the cases of membership expiry/termination and filling the vacant seats of the Board of Directors.

## 2.2 EXTERNAL AUDITOR POLICY

Etisalat Group has always considered the audit function as one of the fundamental control aspects for ensuring integrity of its business. Hence, given the essentiality of the mandates of the External Audit, the Company set a policy that regulates all affairs of the External Auditor in full harmony with the requirements and rules stipulated in the relevant governance and corporate discipline standards in the UAE.

This policy regulated all matters related to the External Auditor including the mechanism of its engagement, its dismissal, its resignation, its requisite qualities, its obligations and duties, the functions it is prohibited to undertake, the consultancies and works it is allowed to engage in.

## 2.3 INSIDER SECURITY TRADING POLICY

Etisalat has introduced this policy to set out the controls governing the trading in Etisalat securities by Insiders whom the policy defines as the persons who gain access to material information relating to the Company. This policy also clarified the nature of material information, the mechanism that governs insiders' trading and the prohibition periods during which Insiders cannot buy or sell the Company's securities.

## 2.4 POLICY OF HOLDING SHAREHOLDERS GENERAL ASSEMBLY

The General Assembly is the supreme apparatus of the Company where the shareholders congregate to resolve the Company's most essential matters. Therefore, the Company set a policy that defines the General Assembly's competencies, jurisdictions, the rules and procedures that govern the call for its convention and the controls that govern its valid functionality in terms of quorum, mechanism of voting, mechanism of passing resolutions and any other matters that relate to the General Assembly and control its functionality. Under the aforesaid policy, the Company could call for and convene its General Assemblies with proficiency and transparency.

## 2.5 DIVIDEND POLICY

In the Company's constant endeavour to create a transparent habitat for shareholders, the Company set a policy for the dividends that mirrors all its provisions and procedures.

The policy defines the principles that govern all the Company's procedures in relation to all dividends' matters including the resolutions related to specifying the quantum of the dividends and the procedures related to the pay-out of dividends. This policy also indicates in detail how and why relevant resolutions are made and the grounds on which the value of dividends to be paid out to shareholders is decided. In addition, this policy stipulates other requirements that the Company should observe and take into consideration to preserve the interests of the Company and its shareholders with regard to dividends.

## 2.6 BOARD MEMBERS CONFLICT OF INTEREST POLICY

Viewing the soundness of its operations, maintaining transparency and adoption of governance best practices as highly crucial, the Company introduced a policy that controls the cases where Board Members have a conflict of interest.

This policy prescribes a framework explaining how to treat the deals and transactions where the Board Member or the body, which he represents in the Board, has an interest in conflict with the Company's interest. This Policy also functions as a guide for the Board Members on how to handle such deals and transactions and on the responsibility of the Board Members for recognising and making disposals on such cases, if any, so as to be treated in a way that observes the

best interest of the Company and its shareholders and fulfils the requirements of the SCA's Resolution No. 7 of 2016 in this connection.

## 2.7 BOARD CONFIDENTIAL INFORMATION DISCLOSURE POLICY

The Company set this policy to prescribe additional criteria to regulate the Board Members' communications with stakeholders when such communications involve confidential information. This aims to keep the confidential information under the seal of secrecy and to prevent its abuse. Thus, this policy defined the confidential information in terms of its nature and how it is to be treated and preserved, and clarified the bases for the communications with other parties.

## 2.8 POLICY OF TRANSACTIONS WITH RELATED PARTIES

The Company established a comprehensive policy that defines the provisions and procedures related to the transactions concluded with the Related Parties in light of the provisions of the SCA's Resolution No. 7 of 2016 and the International Financial Reporting Standards (IFRS). The policy also provided for the measures that need to be taken in these kinds of transactions.

This policy defines the Related Parties as the Chairman and Members of the Board of Directors, the members of the Executive Management, the employees of the Company, the companies in which any of those aforementioned persons owns a shareholding of not less than 30% of the capital and the subsidiaries, associates or sister companies of Etisalat Group. The policy further defined the procedures followed in the transactions with the Related Parties and defined the cases where the deal is deemed a transaction, which is exclusive to deals, contracts or agreements concluded by Etisalat Group in relation to its non-core business or deals, which include preferential terms and conditions that the Company does not usually award to the parties who make deals with it.

In addition to the above, this policy defined the concerns to be considered upon examining the deals with the related parties and the responsibilities related to such deals.





## 03 BOARD OF DIRECTORS

The Board of Directors ("the Board") is the authority that enjoys all the powers required for carrying out Etisalat business, except those reserved by Law or Etisalat Articles of Association for the General Assembly.

The Board of Directors comprises eleven members; some are appointed and others are elected directors. The Government Shareholder (Emirates Investment Authority "EIA" or any other body constituted as a government representative in the Company by virtue of a Cabinet Resolution) has the right to appoint 7 Board Members in proportion to its shareholding in the Company while the remaining 4 Board seats are filled by members elected by other shareholders at the General Assembly. Currently, the Board consists of seven appointed and four elected members.

It is worth mentioning here that Etisalat pays continuous attention to female engagement in all aspects of its business including its Board, hence, a female director was appointed in the Company's Board of Directors bringing the feminine percentage in the Board to more than 9% of the total number of the Board Members.

The table below shows the names, roles and capacities of the members in Etisalat Group's Board and its committees.

Name	Roles	Capacities
Eissa Mohamed Ghanem Al Suwaidi	Chairman of the Board Chairman of IFC	Non-Executive & Independent
Essa Abdulfattah Kazim Al Mulla	Vice-Chairman of the Board Chairman of AC	Non-Executive & Independent
Sheikh Ahmed Mohd Sultan Al Dhahiri	Board Member Member in AC	Non-Executive & Independent
Mohamed Sultan Abdulla Alhameli	Board Member Chairman of NRC	Non-Executive & Independent
Hesham Abdulla Qassim Al Qassim	Board Member Member in NRC	Non-Executive & Independent
Mariam Saeed Ahmed Ghobash	Board Member Member in IFC Member in NRC	Non-Executive & Independent
Saleh Abdulla Ahmad Lootah	Board Member Member in IFC	Non-Executive & Independent
Juan Villalonga	Board Member Member in IFC	Non-Executive & Independent
Abdelmonem Bin Eisa Alserkal	Board Member Member in NRC	Non-Executive & Independent
Khalid Abdulwahid Hassan Alrustamani	Board Member Member in AC	Non-Executive & Independent
Otaiba Khalaf Ahmed Al Otaiba	Board Member Member in IFC	Non-Executive & Independent

The table below shows the names, roles and capacities of the members in Etisalat Group's Board and its Committees whose term ended during 2018.

Name	Roles	Capacities
Abdulla Salem Obaid Al Dhaheri	Board Member Member in NRC His term ended in March 2018	Non-Executive & Independent
Abdulfattah Sayed Mansoor Sharaf	Board Member Member in IFC His term ended in March 2018	Non-Executive & Independent
Mohamed Hadi Ahmed Al Hussaini	Board Member Member in IFC His term ended in February 2018	Non-Executive & Independent

The table below shows the names of the Government-appointed Board Members and the starting dates of their appointments on the Board.

Name	Date of Accession to the Board
Eissa Mohamed Ghanem Al Suwaidi	2012
Essa Abdulfattah Kazim Al Mulla	2012
Mohamed Sultan Abdulla Alhameli	2015
Hesham Abdulla Qassim Al Qassim	2015
Mariam Saeed Ahmed Ghobash	2018
Saleh Abdulla Ahmad Lootah	2018
Juan Villalonga	2018 (appointed in September 2018)
Abdulla Salem Obaid Al Dhaheri	2012 (his term expired in March 2018)
Abdulfattah Sayed Mansoor Sharaf	2013 (his term expired in March 2018)
Mohamed Hadi Ahmed Al Hussaini	2012 (his term expired in February 2018)

The table below shows the names of the Board Members elected by General Assembly and the starting dates of their Board Memberships:

Name	Date of Accession to the Board
Sheikh Ahmed Mohd Sultan Al Dhahiri	2000
Abdelmonem Bin Eisa Alserkal	2012
Khalid Abdulwahid Hassan Alrustamani	2015
Otaiba Khalaf Ahmed Al Otaiba	2015



### 3.1 BOARD MEMBERS



**Eissa Mohamed  
Ghanem Al Suwaidi**  
(Chairman)



**Essa Abdulfattah  
Kazim Al Mulla**  
(Vice-Chairman)



**Juan Villalonga**  
(Board Member)



**Khalid Abdulwahid  
Hassan Alrustamani**  
(Board Member)



**Mariam Saeed  
Ahmed Ghobash**  
(Board Member)



**Hesham Abdulla  
Qassim Al Qassim**  
(Board Member)



**Saleh Abdulla  
Ahmad Lootah**  
(Board Member)



**Otaiba Khalaf  
Ahmed Al Otaiba**  
(Board Member)



**Mohamed Sultan  
Abdulla AlHameli**  
(Board Member)



**Sheikh Ahmed Mohd  
Sultan Al Dhahiri**  
(Board Member)



**Abdelmonem  
Bin Eisa Alserkal**  
(Board Member)



**Hassan Mohamed Al Hosani**  
(Group Corporate Secretary)

### 3.2 PROFILES OF BOARD MEMBERS

The Company's Board has a varied array of expertise, skills and qualifications in various fields like telecom, information technology, banking, finance, investment, oil and gas, real estate, aviation, insurance, hospitality, etc. Below are the profiles of the current Board Members:

#### EISSA MOHAMED GHANEM AL SUWAIDI

Mr. Eissa Al Suwaidi holds a Bachelor's Degree in Economics from the Northeastern University of Boston, Massachusetts, USA, and currently holds the following positions:

- Chief Executive Officer – Abu Dhabi Investment Council (ADIC)
- Chairman – Abu Dhabi Commercial Bank (ADCB)
- Vice-Chairman – Maroc Telecom
- Board Member – Emirates Investment Authority (EIA)

#### ESSA ABDULFATTAH KAZIM AL MULLA

Mr. Essa Kazim holds an Honorary Doctorate from Coe College, USA; Master's Degree in Economics from the University of Iowa, USA; Master's Degree in Total Quality Management from the University of Wollongong and a Bachelor's Degree in Mathematics, Economics and Computer Science from Coe College. He currently holds the following positions:

- Governor – Dubai International Financial Center
- Chairman – Borse Dubai
- Chairman – Dubai Financial Market
- Member – Higher Board of Directors of Dubai International Financial Center (DIFC)
- Member – Supreme Fiscal Committee in Dubai
- Deputy Chairman – Supreme Legislation Committee in Dubai
- Chairman – DIFC Authority Board of Directors
- Chairman – DIFC Investments Board of Directors
- Board Member – Free Zones Council
- Board Member – NASDAQ Dubai
- Board Member – Noor Bank
- Board Member – Rochester Institute of Technology
- Member of the Board of Governors – Hamdan Bin Mohammed E-University
- Member of the Council – United Arab Emirates University
- Board Member – NASDAQ Inc.
- Board Member & Secretary General – Dubai Islamic Economy Development Centre

#### SHEIKH AHMED MOHD SULTAN AL DHAHIRI

Sheikh Ahmed Al Dhahiri graduated with a Bachelor's Degree in Civil Engineering from the UAE University, Al Ain in 1993. He currently holds the following positions:

- Vice-Chairman – Abu Dhabi National Hotels Company (ADNH)
- Vice-Chairman – Abu Dhabi Aviation (ADA)
- Board Member – First Abu Dhabi Bank (FAB)
- Board Member – Al Dhafra Insurance Co

#### HESHAM ABDULLA QASSIM AL QASSIM

Mr. Hesham Al Qassim holds a Bachelor's Degree in Banking and Finance and a Master's Degree in International Business Management & in Executive Leadership Development. He currently assumes the following positions:

- Vice-Chairman – Dubai Real Estate Corporation
- Chief Executive Officer – Wasl Asset Management Group
- Vice-Chairman and Managing Director – Emirates National Bank of Dubai PJSC
- Chairman – Emirates Islamic Bank PJSC
- Chairman – Emirates NBD S.A.E Egypt
- Chairman – Emirates NBD Capital KSA
- Board Member – National General Insurance Company
- Board Member – Dubai International Financial Centre Authority (DIFCA)
- Board Member – DIFC Investments
- Board Member – Amlak Finance
- Chairman – Emirates Institute for Banking and Financial Studies (EIBFS)
- Board Member – Pak Telecom Mobile Ltd (PTML-Ufone) Pakistan
- Board Member – Pakistan Telecommunications Company Limited (PTCL)
- Chairman – Dubai Sports Corporation
- Vice-Chairman – Dubai Autism Centre
- Board Member – Federal Authority for Government Human Resources
- Board Member – The National Human Resources Development Committee in the Banking and Financial Sector
- Board Member – The International Humanitarian City
- One of the Founders of Young Arab Leaders Organisation

#### MOHAMED SULTAN ABDULLA ALHAMELI

Mr. Mohammed Alhameli holds a Bachelor's Degree in Finance from Boston University, USA, and is a Chartered Financial Analyst (CFA). In addition, he successfully completed several executive programmes at "Harvard Business School". He currently holds the following positions:

- Director General – Department of Finance, Abu Dhabi
- Managing Director and Board Member – Abu Dhabi Development Holding Company
- Vice-Chairman – Abu Dhabi Commercial Bank (ADCB)
- Board Member – Social Welfare & Minor Affairs Foundation
- Board Member – Federal Tax Authority

#### SALEH ABDULLA AHMAD LOOTAH

Mr. Saleh Lootah currently serves as Deputy CEO of Technical Support in the TV and Radio Sector at Dubai Media Incorporated. He is leading the organisation's transformational efforts in the engineering, digital and operational fronts along with the efforts to transform and develop the entity's initiative of becoming a leading multiplatform broadcaster.

Mr. Lootah holds an Executive Masters of Business Administration degree from Oxford University and a Bachelor's Degree (Hon.) in Communication Engineering from Khalifa University for Science, Technology and Research.

Upon his graduation, Mr. Lootah worked for Emirates Integrated Telecommunications Company (Du) in the field of satellite broadcasting, handling the accounts and satellite operations of major broadcasters in the region. He also served as Director of Business Development in the same field.

After moving to Dubai Media Inc, Mr. Lootah headed the Department of Engineering and led the process of transforming the infrastructure into a flexible file-based system that caters for high quality transmission on various media platforms.

#### MARIAM SAEED AHMED GHOBASH

Ms. Mariam Ghobash holds a Bachelor's Degree in Economics from the Wharton School, University of Pennsylvania, USA. She has also completed several executive programmes including the General Management Program at Harvard Business School. She currently holds the following positions:

- Director, Global Special Situations Department – Abu Dhabi Investment Council
- Board Member – Emirates Development Bank
- Vice-Chairperson – Abu Dhabi Investment Company (Invest AD)

#### JUAN VILLALONGA

Juan Villalonga is a partner at Hermes Growth Partners. Juan is the former Executive Chairman and CEO of Telefónica Group, where he grew the company's market capitalisation from \$12 billion to over \$100 billion.

In 2010, the Harvard Business Review ranked Juan as number 33 on the list of the top 100 performing CEOs in the world.

Juan serves on the Board of Etisalat, Virgin Mobile Latin America and Finaves. He is a member of the Advisory Board of Lutetia Capital and ISquared Capital. Juan is a former partner at McKinsey and Company.

He holds an MBA from IESE Barcelona and an LLB from University of Deusto.

#### ABDELMONEM BIN EISA ALSERKAL

Mr. Abdelmonem graduated from Point Loma Nazarene University – San Diego, California, USA in 1993 with a Degree of Bachelor in Business Administration (emphasis on Economics). He currently holds the following positions:

- Founder – Alserkal Avenue
- Managing Director – Nasser Bin Abdullatif Alserkal Est.
- Board Member – Al Burj Real Estate Ltd.
- Board Member – USOS Holding LLC.
- Board Member – Alserkal Group
- Advisory Board Member – Tharawat Family Business Forum
- Board of Patrons – Art Dubai
- Board of Patrons – Jean Paul Najjar Foundation
- Member – The British Museum's Contemporary and Modern Middle Eastern Art Acquisition Group
- Member – Tate's Middle East and North Africa Acquisition Committee
- Member – Guggenheim's Middle Eastern Circle
- Member – Centre Pompidou International Circle Middle East
- Patron – Peggy Guggenheim Collection
- Honorary Member – Thinkers & Doers Forum, Paris

#### KHALID ABDULWAHID HASSAN ALRUSTAMANI

Mr. Khalid Alrustamani holds a Bachelor's Degree in Finance from George Washington University, Washington DC, USA. He currently holds the following positions:

- Chairman and CEO – AW Rostamani Group
- Board Member – Dubai Insurance Company
- Board Member, Member of the Credit and Investment Committee, Member of the Risk Committee – Commercial Bank of Dubai

#### OTAIBA KHALAF AHMED AL OTAIBA

Mr. Otaiba obtained a Bachelor of Laws from the University of Damascus in 2001, and a license to practice law from the Ministry of Justice in the United Arab Emirates in 2004.

Mr. Otaiba participated in numerous legal seminars and committees at the local and international level, among the most prominent of these activities is the participation as a member on the National Committee of Lawyers in the UAE. He also was the Head of the Legal Suits Division of the Legal Department at National Bank of Abu Dhabi for two years.

Mr. Otaiba currently manages "Al Otaiba Advocates & Legal Consultants Office", which was founded by him in 2004, headquartered in the city of Abu Dhabi, United Arab Emirates, and has a number of branches including a branch in Dubai, and a branch in Al Ain.

### 3.3 ETISALAT GROUP CORPORATE SECRETARY

Mr. Hassan Mohamed Al Hosani has been the Corporate Secretary of Etisalat Group, and the rapporteur of the Board's "Investment and Finance Committee" and "Nominations and Remunerations Committee" since 2012. Mr. Hassan has a vast experience in the legal field spanning more than 19

years, during which he has held a number of positions in the public and private sectors. He began his career in the oil and gas sector where he worked for nine years during which he served as a legal adviser to the National Petroleum Construction Company (NPCC) known as one of the largest oil construction companies in the region and the Middle East.

Mr. Hassan then moved to the public sector of the Emirate of Abu Dhabi where he assumed the position of General Counsel for the Department of Municipal Affairs as well as the position of Real Estate Regulations and Legislation Director.

Mr. Hassan Al Hosani holds a Bachelor's Degree in Law from the United Arab Emirates University and is a lawyer registered in the Registry of Lawyers at the Ministry of Justice. He is also a commercial arbitrator accredited by Abu Dhabi Commercial Conciliation and Arbitration Centre (ADCCAC) and a member in the International Chamber of Commerce (ICC).

### 3.4 MEETINGS OF THE BOARD OF DIRECTORS

The Board of Directors held five meetings during 2018. The below table shows the Board Members' attendance for the meetings of the Board of Directors in 2018:

Meeting Date	Number of Attendance	Attendance by Proxy	Names of Absent Members
20 Feb 2018	9	0	Mohamed Alhameli Abdulla Al Dhaheri
24 Apr 2018	8	1	Otaiba Al Otaiba
24 Jul 2018	9	1	-
25 Oct 2018	9	1	Hesham Al Qassim
12 Dec 2018	9	1	Essa Al Mulla





## 04 COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors of Etisalat Group has a flexible and streamlined management system that facilitates the undertaking of its duties. This system is based on sub-constituting three Board Committees namely: Audit Committee, Nominations and Remunerations Committee and Investment & Finance Committee. An essential role is being played by each Committee in assisting the Board of Directors to effectively assume its roles and responsibilities of running the Company.

## 4.1 AUDIT COMMITTEE ("AC")

To mould and attain the abovementioned flexible management system, an Audit Committee has been constituted to help the Board of Directors in various fields and to undertake its duties in accordance with its Charter, which serves as an authorisation by the Board of Directors to the Audit Committee for undertaking the functions mentioned therein in

compliance with the laws and regulations taking force in the country. Such Charter also sets out, in detail, its functions and powers, the mechanism of its constitution, the conditions governing the convention of its meetings and the quorum for the same, in addition to how it shall take its decisions.

The functions of the Audit Committee include, among other things, monitoring the soundness and integrity of the Company's financial

statements, developing and implementing a policy for contracting with the external auditor and ensuring such auditor's independence as well as reviewing the systems of the financial control systems and risk management. In addition, the Committee reviews/checks the implementation of internal control systems and policies and supervises the functions of the Internal Control and Audit Department to ensure the sound performance of its duties.

The Committee consists of three non-executive and independent members of the Board of Directors in addition to one external member. All the Committee members are well-versed in financial and accounting matters. The Committee convenes periodically and whenever necessary.

### 4.1.1 MEETINGS OF THE AUDIT COMMITTEE

The Committee held eight meetings in 2018 as per the following schedule:

Dates of the Committee Meetings							
18 Jan	14 Feb	19 Feb	22 Apr	23 Jul	08 Oct	22 Oct	10 Dec

The meetings' attendance by the Committee members in 2018 was as follows:

Name	Attendance in Person
Essa Abdulfattah Kazim Al Mulla	8
Sheikh Ahmed Mohd Sultan Al Dhahiri	8
Khalid Abdulwahid Hassan Alrustamani	6
Salim Sultan Al Dhaheri (External Member)	6

## 4.2 NOMINATIONS AND REMUNERATIONS COMMITTEE ("NRC")

The Nominations and Remunerations Committee has been constituted from within the Board of Directors to assist the Board in performing its duties diligently and effectively as per the Committee's charter, which serves as an authorisation by the Board of Directors to it for undertaking the functions mentioned therein in compliance with the laws and regulations taking force in the UAE. The Committee's Charter also sets out, in detail, the functions and powers granted to the Committee, its constitution, the conditions governing the convention of its meetings & its quorum and the Committee's decision-making mechanism.

Whereas the Company's cadre is deemed fundamental for the Company's advancement and for achievement of its targeted goals, the Committee assumes setting the policies, which define Etisalat requirements of talents at the levels of Executive Management and staff as well as setting the policies pertaining to the remunerations, incentives and salaries of the members of the Board of Directors, Executive Management and staff of the Company in a manner that ensures meeting the Company's objectives and that is commensurate with its performance. In performing its functions,

the Committee takes into account preserving the competitive and fair nature of the compensations, which is to be in line with Etisalat's strategy of attracting and retaining the talented staff in order to achieve the best results.

The Committee is also responsible for organising and administering the nominations for the Board Directorship. Further, it constantly ensures meeting the independence requirements by the independent Board Members and reports to the Board of Directors in the event that one of the independent Board Members loses his independence capacity.

The Committee consists of four non-executive and independent members from the Board of Directors, and convenes periodically and whenever necessary.

#### 4.2.1 MEETINGS OF THE NOMINATIONS AND REMUNERATIONS COMMITTEE

The Committee held three meetings in 2018 as per the following schedule:

Dates of the Committee Meetings		
06 Feb	29 May	18 Sep

The meetings attendance by Committee members in 2018 was as follows:

Name	Attendance in Person
Mohamed Sultan Abdulla Alhameli	3
Hesham Abdulla Qassim Al Qassim	3
Mariam Saeed Ahmed Ghobash	2
Abdelmonem Bin Eisa Alserkal	2
Abdulla Salem Obaid Al Dhaheri (His term ended in March 2018)	1

#### 4.3 INVESTMENT AND FINANCE COMMITTEE ("IFC")

The IFC was formed to assist the Board in investment-related business at the local and international levels given that Etisalat Group is one of the major companies investing in the telecom industry and has a shareholding in many companies such as Maroc Telecom, Etisalat Misr, Mobily, Etisalat Pakistan and many other companies. This necessitated the Board to constitute such a Committee to assist it in undertaking its duties pertaining to such Group's investments along with other financial matters that are fundamental for the Company's success and progress.

A charter for this Committee has been composed and has defined its functions and duties, the cases in which the Committee is entitled to make the decisions which it deems appropriate and the cases

in which it is only empowered to make recommendations for the Board to pass the appropriate resolutions thereon. This Charter serves as an authorisation by the Board for the Committee to carry out the functions and responsibilities stipulated therein.

The Investment and Finance Committee consists of five independent and non-executive members from within the Board of Directors and convenes periodically and whenever necessary.

#### 4.3.1 MEETINGS OF THE INVESTMENT AND FINANCE COMMITTEE

The Committee held seven meetings in 2018 as per the following schedule:

Dates of the Committee Meetings						
16 Jan	15 Mar	10 Apr	15 May	01 Jul	25 Sep	25 Nov

The meetings attendance by Committee members in 2018 was as follows:

Name	Attendance in Person
Eissa Mohamed Ghanem Al Suwaidi	7
Mariam Saeed Ahmed Ghobash	5
Saleh Abdulla Ahmad Lootah	5
Juan Villalonga (His term started in September 2018)	1
Otaiba Khalaf Ahmed Al Otaiba	6
Abdulfattah Sayed Mansoor Sharaf (His term ended in March 2018)	1
Mohamed Hadi Ahmed Al Hussaini (His term ended in February 2018)	1





## 05 BOARD REMUNERATIONS

The remuneration of Board Members is a lump sum amount that is usually submitted to the General Assembly for approval via Board recommendation. Etisalat Group's Articles of Association, which was promulgated by virtue of Cabinet Resolution No. 29 of 2015, linked the remunerations of the Board of Directors to the net profit that the Company generates and set a ceiling for such remunerations so as not to exceed 0.5% of last financial year's net profit after deducting the amortisations and reserves.

The total remunerations of the Board Members for the year 2017 amounted to AED (16,308,000), while the Board remunerations for the year 2018 amounted to AED (16,618,000) covering membership in the Board and its Committees along with the allowance for attendance of the Board Committees' meetings.

Such remunerations constitute 0.21% of the net profit after deducting the amortisations and reserves.

The table below shows the Committees' attendance fees for each Board Member:

Investment and Finance Committee	
Name	Attendance Fee
Eissa Mohamed Ghanem Al Suwaidi	49,000
Mariam Saeed Ahmed Ghobash	35,000
Saleh Abdulla Ahmad Lootah	35,000
Juan Villalonga	7,000
Otaiba Khalaf Ahmed Al Otaiba	42,000
Abdulfattah Sayed Mansoor Sharaf	7,000
Mohamed Hadi Ahmed Al Hussaini	7,000
Audit Committee	
Name	Attendance Fee
Essa Abdulfattah Kazim Al Mulla	56,000
Sheikh Ahmed Mohd Sultan Al Dhahiri	56,000
Khalid Abdulwahid Hassan Alrustamani	42,000

Nominations and Remunerations Committee	
Name	Attendance Fee
Mohamed Sultan Abdulla Alhameli	21,000
Hesham Abdulla Qassim Al Qassim	21,000
Mariam Saeed Ahmed Ghobash	14,000
Abdelmonem Bin Eisa Alserkal	14,000
Abdulla Salem Obaid Al Dhaheri	7,000



## 06 ETISALAT SECURITIES TRADING

This report tackles Etisalat Securities Trading Policy in another context where it articulates the policies set to implement the governance rules and corporate disciplines. The aforesaid policy controls Insiders' tradings in the Company's securities in compliance with the governance and disclosure requirements applicable in the UAE.

This section of the report provides for the tradings in Etisalat shares effectuated by the Chairman and Members of the Board of Directors and their first of kin relatives since they are subject to

the abovementioned policy given that they are deemed part of the Insiders' definition, namely, Chairman, Board Members, the top Management and any person who has access to the Company's material information prior to publishing it.

The Material Information is defined by the abovementioned Policy as any information, positive or negative, that may impact the price of Etisalat securities, hence, affect the investors' decisions towards buying or selling such securities.

The following table shows the tradings in the Company's shares conducted by the Board Members, their spouses, sons and daughters in 2018:

Name	Position/ Kinship	Owned Shares	Total Sold Shares	Total Purchased Shares
Eissa Mohamed Ghanem Al Suwaidi	Chairman	77	-	-
Essa Abdulfattah Kazim Al Mulla	Vice-Chairman His Wife	- 241,595	-	-
Sheikh Ahmed Mohd Sultan Al Dhahiri	Board Member	14,519	-	-
Mohamed Sultan Abdulla Alhameli	Board Member His Wife	289,467 10,366	-	-
Hesham Abdulla Qassim Al Qassim	Board Member	330,000	-	-
Mariam Saeed Ahmed Ghobash	Board Member	-	-	-
Saleh Abdulla Ahmad Lootah	Board Member	20,411	-	-
Juan Villalonga	Board Member	-	-	-
Abdelmonem Bin Eisa Alserkal	Board Member	2,688,561	-	-
Khalid Abdulwahid Hassan Alrustamani	Board Member Son	319,983 -	876,630 319,983	319,983
Otaiba Khalaf Ahmed Al Otaiba	Board Member	12,313	-	-





# 07 EXECUTIVE MANAGEMENT

The Executive Management carries out Etisalat's day-to-day activities and exercises the authorities delegated to it by the Board of Directors of the Company pursuant to the customary practice and the governance rules and regulations. The Executive Management, in undertaking its functions, abides by a performance mechanism and ambitious targets approved by the Board of Directors and grounded on linking remunerations and incentives with the level of performance. The Company sets a clear policy, approved by the Board, with well-defined limits to ease the mission of the Executive Management in exercising its role and tasks. The authorities granted to the Management under this power of attorney include, but are not limited to, executing documents, transactions, warranties, contracts and agreements as well as signing bank documents, appointing employees and setting their roles, establishing companies and representing the Company before official and quasi-official bodies.

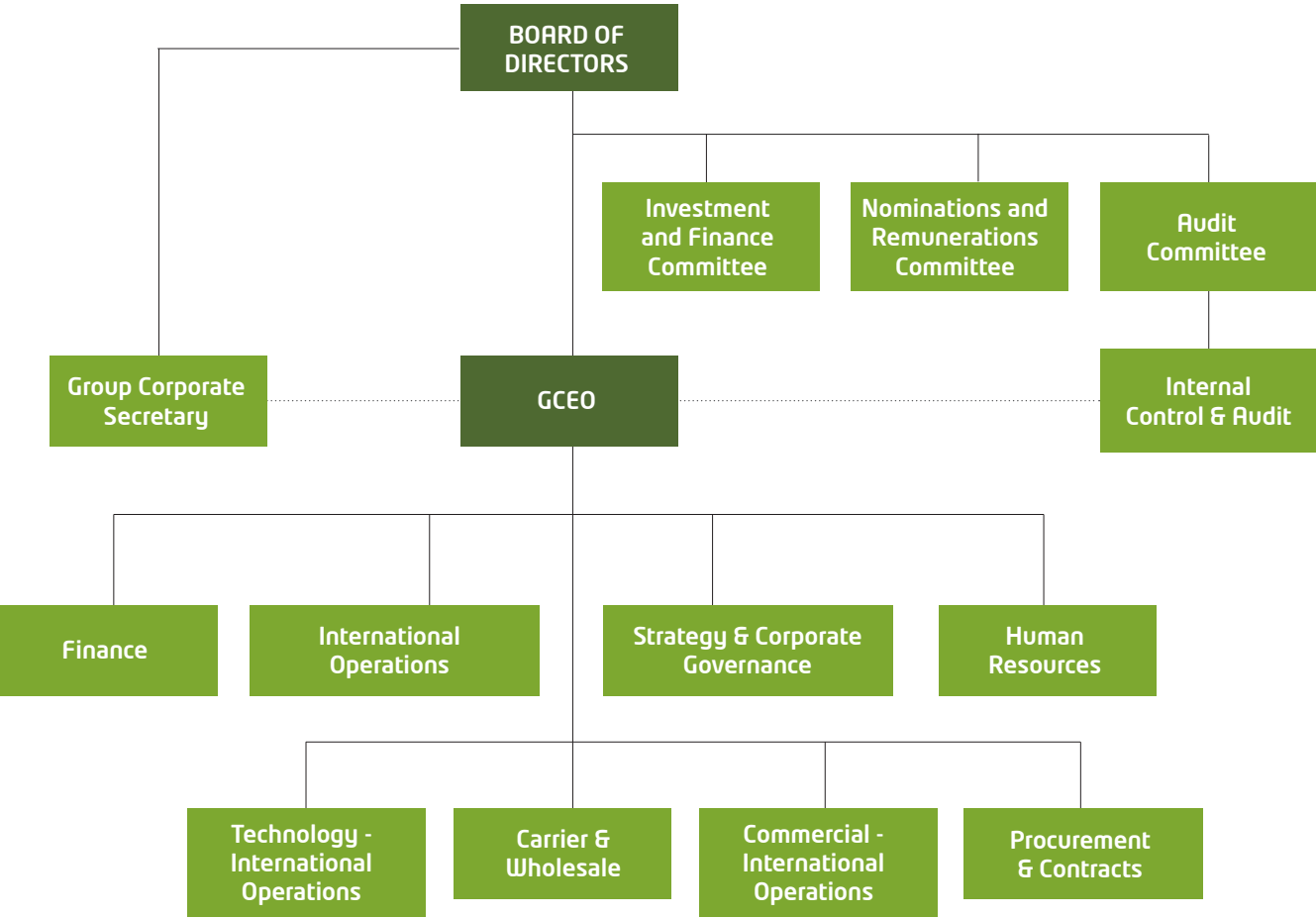
7.1 SALARIES AND REMUNERATIONS OF EXECUTIVE MANAGEMENT

The details of Etisalat Group's key Executive Management members with the positions they hold, their joining dates and their gross salaries and remunerations for the year 2018 are set out below:

Position	Appointment Date	Gross Salaries & Remunerations	Gross Bonuses paid in 2018
Group Chief Executive Officer	01/11/1992	3,640,200	16,500,000
Group Chief Corporate Strategy and Governance Officer	19/06/1993	2,492,379	2,800,000
Chief Executive Officer/ International	27/09/2015	2,391,300	3,573,000
Group Chief Financial Officer	01/01/2012	2,228,034	4,100,000
Group Chief Human Resource Officer	01/12/1991	2,227,234	2,850,000
Group Chief Carrier & Wholesale Officer	24/10/1981	2,161,498	2,525,000
Group Chief Procurement Officer	19/04/1999	2,103,023	2,800,000
Chief Technology Officer - International	01/09/2013	2,172,578	1,588,000
Chief Commercial Officer - International	04/10/2016	1,468,800	1,067,000

7.2 ORGANISATION STRUCTURE OF ETISALAT GROUP

Below is the chart of Etisalat Group:



7.3 NATIONALISATION RATE IN ETISALAT GROUP

The Company keenly works on putting nationalisation as first priority, thus, the national cadres in the Company currently constitute 47% of the total number of the Company's positions.



# 08 RELATED PARTY TRANSACTIONS

Etisalat Group did not conduct any transactions with Related Parties in the year 2018 in accordance with the definition of transactions and Related Parties stipulated under SCA's Resolution No. 7 of 2016.





## 09 INTERNAL CONTROL AND AUDIT

The Board of Directors is responsible for the Company's internal control system, its annual revision and ensuring its efficiency. Hence, the Board approved certain governance functions and structures that achieve the goal of effectively undertaking the internal control functions and ensuring the efficiency and effectiveness of internal control aspects within the Company.

In order to ensure the optimal application for the internal control and audit requirements, Etisalat has adopted the internationally recognised "three lines of defence" model. Thus, the system of internal control and audit in Etisalat consists of the following three elements:

### 1- FRONTLINE BUSINESS FUNCTIONS

(First line of defence) governed by policies, procedures, code of business ethics and delegated mandates as approved by the Board of Directors and signed by all staff. The business functions are responsible for having adequate skills, operating procedures, systems and controls in place to comply with policies and mandates and to exercise sound risk management.

### 2- THE INTERNAL CONTROL FUNCTION

(Second line of defence) includes the Enterprise Risk Management (ERM) and Compliance responsibilities. The Internal Control function is responsible for the oversight and monitoring of risks as well as the oversight of overall corporate compliance requirements.

### 3- THE INTERNAL AUDIT FUNCTION

(Third line of defence) provides the overall independent assurance.

# 09

The Internal Control and Internal Audit functions are run by a specialised department named Internal Control and Audit Department, which is headed by Mr. Mohamed Dukandar, who has a wide experience of over 22 years in the fields of governance, internal control and internal audit at reputable companies, especially Telecom companies. Mr. Dukandar is a Chartered Accountant (CA), Certified Internal Auditor (CIA) and Certified Control Self Assessor (CCSA). It is noteworthy that Mr. Dukandar has assumed the role as Group Chief Internal Control and Audit Officer as well as the Compliance Officer since joining the Company in 2016.

The Internal Control and Audit Department is completely independent from the Executive Management, reporting to the Etisalat Board of Directors which, in turn, authorised the Audit Committee to supervise the functions of this department. The Board of Directors has approved an Audit Committee Charter, which defines the functions and powers of the Audit Committee.

## 9.1 INTERNAL CONTROL FUNCTION

The Internal Control function engages with teams across the first line of defence to maintain risk management practices and compliance obligations in line with the Group-wide internal control framework. The Internal Control function provides the Management and the Audit Committee with timely and reliable assurances. It also

helps the Management and the Audit Committee to focus on the delivery of operational, financial, compliance and strategic objectives.

The scope of work of Internal Control is to implement and maintain:

- An ERM team to ensure key risks are appropriately identified and managed.
- Regular risk assessments are conducted across Etisalat Group and OpCos in line with defined risk tolerance and appetite levels.
- Reports on these risks are regularly submitted to the Management and the Audit Committees within the Group and across OpCos. These reports help to drive appropriate actions in order to mitigate risks.

- A Compliance team to:
  1. Ensure policies and processes are in place to meet corporate legal and regulatory obligations.
  2. Verify adherence to policies and processes for legal and regulatory obligations.
- A culture of continuous improvement in relation to process efficiency and the awareness of risk management.

## 9.2 INTERNAL AUDIT FUNCTION

The Internal Audit function role is to provide independent and objective assurance and consulting services, which are designed to add value and improve the operations of Etisalat. The function helps Etisalat accomplish its objectives by creating a comprehensive approach to anticipate, identify, prioritise, monitor and facilitate management of Etisalat's key business risks, facilitate implementation of cost-effective internal controls and compliance thereon.

The function is governed by adherence to the mandatory elements of The Institute of Internal Auditors' (IIA) International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing.

The function evaluates and reports on the effectiveness and efficiency of Etisalat's operations, systems and controls, in line with the internationally recognised Internal Audit framework.

The function has had the privilege of being the first UAE-listed company to successfully pass an External Quality Assessment by the IIA Global with the highest rating of Generally conforming in the three areas: Attributes Standards, Performance Standards and Code of Ethics.

In addition, the function was presented with the overall 'Best Practice Award in Internal Audit' at the 5th Chief Audit Executive Conference and again in the GRC Private Sector category at the 7th Chief Audit Executive Conference in Dubai by the IIA UAE in recognition of practices and standards implemented by the function.

## 9.3 KEY CONTROL/AUDIT MATTERS

The Internal Control and Audit Department addresses key issues or risks identified in the annual reports and accounts, which include but are not limited to the following:

- Ensuring establishment of remediation or action plans for all key risks and compliance breaches, if any. Such plans are to identify the responsible persons along with timelines for completion;
- Monitoring progress in completing agreed actions with regular reporting on their status to Audit Committee; and
- Performing follow-up reviews, as needed.

It is worth mentioning that the Company did not face any material problems in the fiscal year-ended 31st December 2018.





# 10

## THE EXTERNAL AUDITOR

### 10.1 A GLANCE

KPMG has been assuming the External Auditor's role in the Company since the beginning of 2018. KPMG is a global network of professional firms providing Audit, Tax and Advisory services across a wide range of industries; Government and non-profit sectors.

KPMG operates in 154 countries and has more than 200,000 people working in member firms around the world. The KPMG network is coordinated by Swiss cooperative KPMG International (KPMGI).

In the UAE, KPMG has been established since 1973 as a leading professional services firm taking pride in its reputation for delivering cutting-edge solutions and exceptional client value. With over 50 partners and directors

leading 750 professionals across offices in Dubai, Abu Dhabi and Sharjah, KPMG works shoulder to shoulder with our clients, helping them solve their most complex business issues in support of their growth objectives.

KPMG values diversity and inclusion, fostering a positive and encouraging culture. As a result, it attracted passionate individuals who share a common purpose of Inspiring Confidence and Empowering Change for their clients and the communities in which they live and work. Amid times of economic change, technology advancement and industry disruption, KPMG has the depth of expertise, global reach, clarity of insight and strength of purpose to work shoulder to shoulder with its clients – now and into the future.

With a worldwide presence, KPMG continues to build on our member firms' successes, thanks to our clear vision, maintained values and our people.

### 10.2 EXTERNAL AUDIT FEES, SERVICES & COSTS

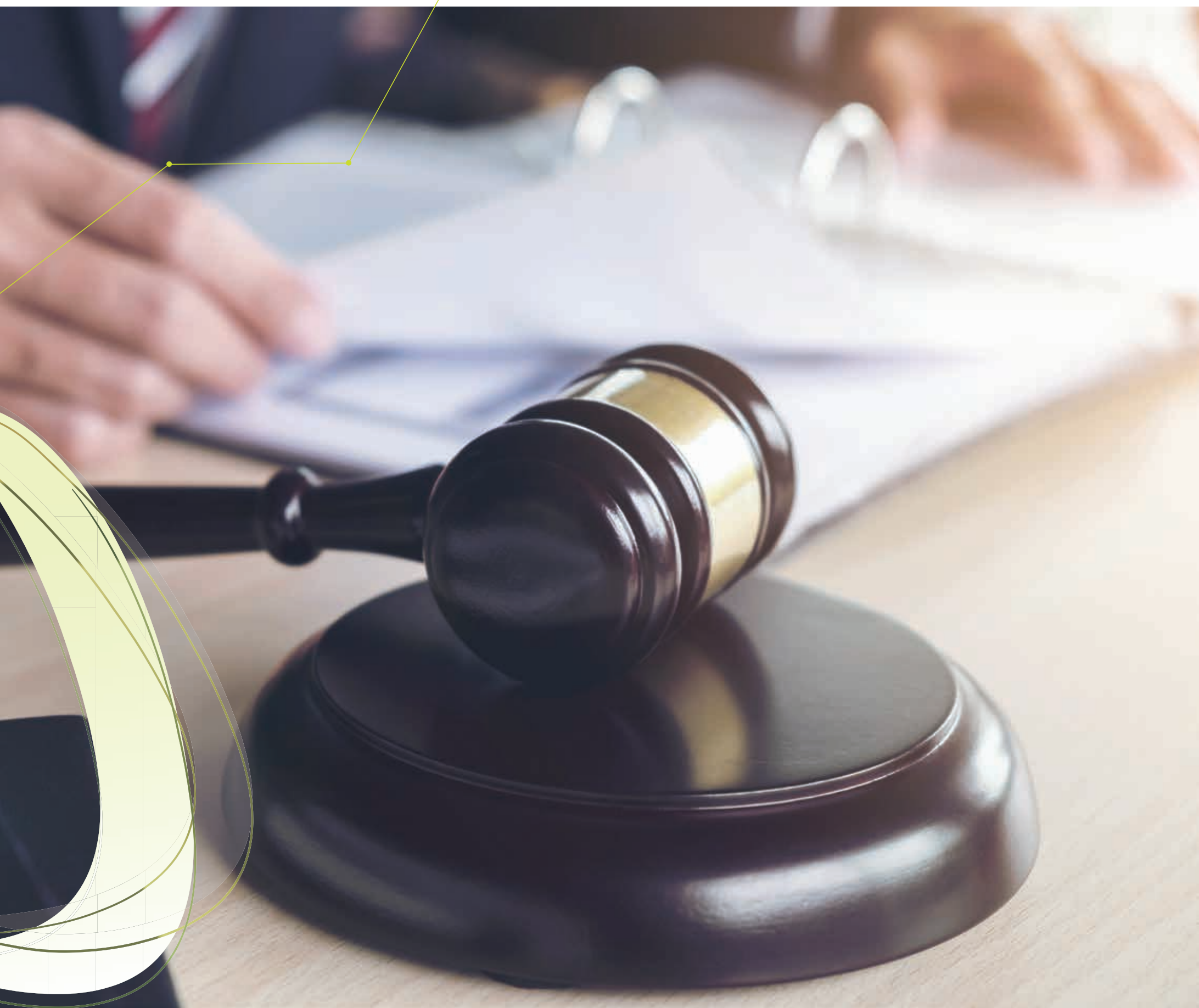
Below are the details and breakdowns of the external audit costs paid during 2018:

- The external audit services' fees for 2018 are amounting to AED 2,183,458. These fees are against the Audit of the financial statements and services related to SCA Review (XBRL).
- The fees paid/payable by Etisalat in 2018 to its External Auditor against services other than the audit tasks are amounting to AED 4,916,296. These fees cover:
  1. Advisory services for IFRS 15 implementation project paid once.
  2. Advisory services related to VAT and Royalty.
- The fees paid/payable for services, which were delivered to the Company in 2018 by other external auditors other than the Company's auditors are amounting to AED 291,220. These fees were all paid/payable against advisory services.

### 10.3 EXTERNAL AUDIT QUALIFIED OPINIONS ON INTERIM & ANNUAL FINANCIAL STATEMENTS OF THE YEAR 2018

The external auditor did not state any qualified opinions on the interim and annual financial statement of the year 2018.





# 11 VIOLATIONS

During the year 2018, Etisalat received sixteen violation decisions from the Telecommunications Regulatory Authority (TRA) as follows:

1. Thirteen violation decisions were in relation to Mobile Registration requirements.
2. Three violation decisions were in relation to Registration of the Mobile SIM Cards Points of Sale requirements.

Etisalat has allocated resources to address these requirements to the satisfaction of the TRA and work is still ongoing in this regard. This includes implementing adequate controls to eliminate recurrence of any such violations.



## 12 CORPORATE SOCIAL RESPONSIBILITY

Etisalat continues its commitment to corporate social responsibility in 2018 with CSR deeply integrated into our business ethos.

Special efforts were made to set new sustainability targets for tackling issues like climate change, promoting sustainable economic growth and providing access to basic necessities.

Etisalat continues its special focus on enabling technology and digital capabilities at a grassroots level to make a collective impact on the society, including through educating the youth about the usage of such technologies.



# 12

A summary of Etisalat's CSR Activities of the year 2018 is as follows:

## 12.1 SOCIAL DEVELOPMENT

- Fujairah Foundation for Regions Development
- Arab Media Forum
- Al Bayt Mitwahid Society
- Emirati Women Future is Now Conference 2018
- Al Madam 3rd Shopping Festival
- Aqdar World Summit
- Abu Dhabi Development Fund Greeting Campaign
- Emirati Women's Day
- Dubai Police "Day Without Accidents" Campaign

**VALUE: AED 2.3M**

## 12.2 SPORTS & YOUTH

- UAE Football Association
- The Professional League Committee
- Committee of Arab Women Sports
- Talented UAE Sports Persons/Athletes Support Fund Contribution
- HH Sheikha Fatima Bint Mubarak Women's International Shooting Championship 2018
- UAE Special Olympics
- Al Ain Cycle Festival
- 25th Abu Dhabi Chess International Festival
- Second Emirates Sports Facilities Forum
- Cars Taxi Services Sports Day Event
- Youth Hub Training Workshop on Innovation
- Special World Games 2018
- Dubai Fitness Challenge

**VALUE: AED 17.4M**

## 12.3 INNOVATION, EDUCATION & HEALTH

- Etisalat Award for Children Book 2018
- The UAE Board on Books for Young People- Sharjah International Book Fair 2018
- BETT 2018 Exhibition
- EAY Sponsorship of Children Book
- Ajman International Fair for Education and Training 2018
- UAE Happiness Journey Carnival
- Blood Donation Campaign
- Safer Internet Day for Children
- Medical Box 2018
- World Children's Day
- Arabic Language Day
- Noor Dubai Foundation Medical donation
- Dubai Cares Fund for FAHR employees
- Innovation Month 2018 SMS campaign
- Innovation Exhibition UAE University 2018

**VALUE: AED 5.2M**

## 12.4 CULTURAL, ENVIRONMENT & COMMUNITY SUPPORT

- Zayed Heritage Festival 2018
- Dubai International Holy Quran Award 2018
- 2nd Fujairah International Arts Festival
- "Caravan Project - Year of Zayed"
- 5th Ajman International Environmental Conference
- Quoz Arts Fest 2018
- Ramadan Festival 2018
- "An Evening of Loyalty - Thanks to The Generations Maker"
- Ajman Club for Special Needs
- 70th Anniversary Celebrations of the Independence Day of Sri Lanka
- India Social & Cultural Centre Event
- Translation Challenge MBR Academy
- Zayed Heritage Festival
- Zayed Arab mass wedding
- Dubai Food Festival

**VALUE: AED 2.7M**





# 13

## INVESTOR RELATIONS

### 13.1 COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

In light of the Company's endeavours to create the best means of communication with its shareholders, it assigned the Investor Relations Department to serve as an interface with its shareholders. This Department functions through various platforms like newspapers, its website and Abu Dhabi Securities Exchange website in which it publishes Company-related information and data such as its news, events, developments, milestones, annual and interim financial statements, Board of Directors' reports, governance reports and shareholding percentages and structure. In doing so, the Company keeps abreast with the best international practices in this field and complies with the provisions of SCA's Resolution No. 7 (R.M.) of 2016 Concerning Corporate Governance and Discipline Standards of Public Joint Stock Companies.

The Investor Relations Department is headed by Mr. Nazih Ramez El Hassanieh, whose experience in the financial and respective sectors approximates to twenty-one years, of which nine years were in investor relations field in Etisalat Group. Mr. Nazih holds a Master of Science degree in Management from Babson College, USA.

#### **Investor Relations Contact:**

Etisalat Investor Relations  
Etisalat Head Office, P.O. Box 3838  
Email: [ir@etisalat.ae](mailto:ir@etisalat.ae)  
Website:  
<http://www.etisalat.com/en/ir/index.jsp>

#### **Shareholders Affairs Contact:**

Ms. Engy Zaki, Phone: +971 2 618 2661  
Email: [shares@etisalat.ae](mailto:shares@etisalat.ae)

### 13.2 INSIDER TRADING SUPERVISORY COMMITTEE

In an endeavour to ensure the implementation of Etisalat Securities Trading Policy, which governs Insider tradings and compliance with the applicable rules and regulations for this kind of tradings in the country, Etisalat Group is in constant engagement in managing, following up and supervising Insider trading and ownership through the Investor Relations Department. Besides, this department updates the Insider list and sends such record to Abu Dhabi Security Market ("ADX") as amended. Hence, Investor Relations Department performs the functions related to Insider tradings instead of forming a committee to be vested with such functions.



## 14 SPECIAL RESOLUTIONS

The special resolution, as defined in the Company's Articles of Association, is the resolution that requires approval of the Company's General Assembly by votes of a majority of three fourths of the shares represented in the Company's General Assembly. Special Resolutions are passed for specific matters defined and specified in the Company's Articles of Association, which are also in conformity with the relevant laws and regulations taking effect in the UAE. The General Assembly held on 21st March 2018 passed the following Special Resolutions:

1. Approving a budget of not more than 1% of the Company's average net profits of the two years preceding 2018 (i.e. 2016-2017) for voluntary contributions to the community (Corporate Social Responsibility), and authorising the Board of Directors to effect payments for such contributions to beneficiaries to be determined at its own discretion.
2. Approving the Company's buyback of its shares within a maximum of 5% of its paid-up capital, for the purpose of cancelling or re-selling such shares, after obtaining approval of competent authorities and empowering the Company's Board of Directors to finalise the rest of the procedures.





# 15

## GENERAL INFORMATION

This section touches on the aspects related to the company's shareholding in terms of shareholding structure, shareholding volume and percentage of ownership to give a crystal clear and transparent picture on the company's shareholding and share performance in light of the general and telecommunications indices in 2018.



### 15.1 PRICE OF ETISALAT SHARES IN 2018

The below table shows Etisalat's shares price in 2018:

Date	Open	High	Low	Close
01-2018	17.85	17.95	17.75	17.80
02-2018	17.35	17.35	17.20	17.20
03-2018	17.30	17.65	17.10	17.65
04-2018	17.25	17.25	17.15	17.15
05-2018	15.85	16.20	15.85	16.20
06-2018	16.20	16.25	16.10	16.15
07-2018	17.15	17.40	17.10	17.35
08-2018	16.80	16.95	16.75	16.95
09-2018	16.70	16.70	16.50	16.56
10-2018	17.00	17.40	16.96	17.40
11-2018	17.10	17.16	16.62	16.62
12-2018	16.82	16.98	16.82	16.98

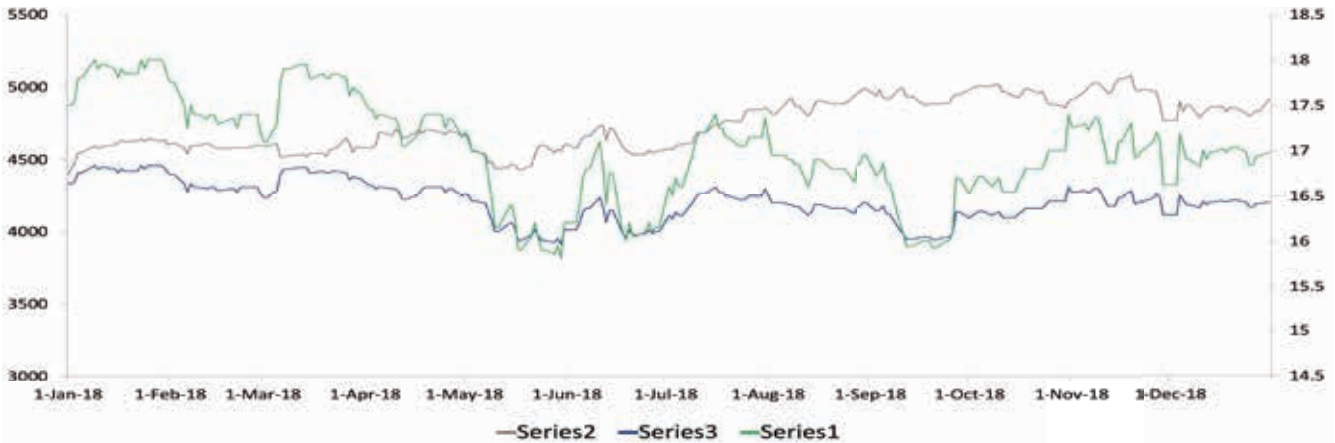
### 15.2 SHAREHOLDERS HOLDING 5% AND ABOVE OF ETISALAT SHARES

The below table shows the names of shareholders holding 5% and above of Etisalat total shares and the percentage of their shareholdings in 2018:

Shareholder	Number of Shares	Shareholding Percentage
Emirates Investment Authority (EIA)	5,218,052,400	60%

### 15.3 ETISALAT SHARES PERFORMANCE

The below charts show Etisalat shares performance compared to the General Index and Telecommunication Index in 2018:



### 15.4 SHAREHOLDING STRUCTURE AT THE END OF 2018

The below table shows the percentage of shareholding owned by different categories of shareholders as at the end of 2018:

Shareholder	Percentage of the Owned Shares			
	Individuals	Corporate	Government	Total
UAE	29.98%	3.77%	61.53%	95.27%
GCC	0.01%	0.08%	0.02%	0.11%
Arab	0.02%	0.00%	0.00%	0.02%
Foreign	0.00%	4.56%	0.03%	4.59%
Total	30.02%	8.40%	61.58%	100%

### 15.5 SHAREHOLDING VOLUME DETAILS

The below table shows the shareholding percentages to capital during 2018:

Shareholding	Number of Shareholders	Number of Shares	Shareholding percentage
Less than 50,000	9,086	87,805,759	1.01%
50,000 to less than 500,000 shares	2,732	451,764,678	5.19%
500,000 to less than 5,000,000 shares	816	1,171,701,914	13.47%
5,000,000 shares and above	97	6,985,481,649	80.32%
Total	12,731	8,696,754,000	100.00%



# 16

## INNOVATIVE INITIATIVES

Innovation remains an integral part of Etisalat's strategy and focus areas. It is embedded within the Company's operations and manifested in its novel market launches. Etisalat's early adoption of breakthrough technologies, its partnership with technology leaders and entrepreneurs, along with collaboration with partners from the government and private sectors, were key drivers behind sustaining its position as an industry innovation leader.

### 16.1 INTERNAL INNOVATION

Etisalat continues to endorse various internal initiatives that stimulate and promote corporate-wide innovation; be it in the Company's operating model, platforms, talent or day-to-day operations, which will naturally deliver more value to its customers.

#### 1. Implementation of advanced systems for in-depth analysis and a better understanding of Voice of Customer to provide a world-class experience, for example:

- Customer Feedback Management module: Implemented across all touchpoints to collect on-the-spot feedback on customer interactions and ensure a seamless experience.

- Speech Analytics platform: Next generation tools and systems developed to analyse voice-based interactions with the objective of enhancing service quality and deriving actionable insights to better fulfil the needs and expectations of customers.
- #### 2. Roll out of multiple innovative Data Layer IT projects aiming to enhance customer experience, for example:
- Beacons: A marketing tool enabling real-time and proximity-based customised interaction and content delivery, using miniature beacon transmitters.
  - Gamification: Enabling real-time delivery of content over any network to and from any terminal device. Deployment within Etisalat's Smiles

programme led to an increase of 82% of daily customer interaction.

- Real-time usage: Allowing customers to track their usage over Etisalat's website or mobile app accurately within minutes of their chargeable transactions.
- Customer 360: Consolidating all customer insights from across different systems and business departments into a single point of view, hence allowing the application of advanced analytical models to provide new opportunities.
- Blockchain solution for Smiles programme, allowing the cross exchange between several loyalty currencies. The solution also allows transforming a loyalty currency into a cryptocurrency, which can be used to perform online and physical transactions.

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### 3. Applying cutting-edge Robotics, Artificial Intelligence and Biometric technologies to improve business operations, for example:

- Deployment of more than 100 automated IT back-office Robotic processes; accelerating product development and reducing time to market.
- Facilitating Mobile Number Portability: Using Facial Recognition to accelerate the validation of customer's Emirate ID when porting out from Etisalat.
- The use of Optical Character Recognition (OCR) and Computer Vision in business debt collection and customer document verification as part of Etisalat's regulatory compliance programme.

- Using Facial Recognition to provide a smooth and seamless mWallet onboarding experience, while providing automated ID matching and liveness checks.
- Providing with Etisalat employees the benefits of using AI to perform personal HR inquiries conveniently via the newly introduced HR Chatbot. Employees can use the Chatbot to query about their vacations, schooling allowance and other HR services.
- Automated Radio Access Network (RAN) power management has saved more than AED 10m and reduced carbon emissions by approximately 4M Kg.
- Automating mobile network optimisation and enabling Zero-Touch mobile provisioning.

### 4. Sustained digitalisation in retail and self-service touchpoints, including:

- Smart Store rollouts: Expanding the network of "Smart Stores" through the upgrade of existing stores.
- Expanding the features of Etisalat mobile application, notably:
  1. Customers can now use the app to purchase mobile and smart devices, along with a wide variety of accessories, conveniently and securely.
  2. The mobile application also allows customers to instantly provide their valuable feedback to Etisalat.
- Video Customer Service Representative: Handling of customer requests conveniently through interactive screens set up in stores, by connecting to an agent remotely.
- Self-service machines: Transformation of self-service machines network with wider presence and an enhanced portfolio of functions available.
- A self-appointment smart portal, allowing customers to book an appointment at their convenience. The deployment of this solution, premised on automation solutions, enhances customer experience and reduces back-office workload.
- Business Mobile App: Serving SMBs as with a one-stop destination to access their business accounts anytime, anywhere, enabling complete visibility of their benefits, and control of their services, add-ons, accounts status and the convenience of paying bills digitally.

### 5. Opening of a dedicated innovation floor (the Hatch), as part of the eSpark innovation programme within Etisalat premises.

The Hatch is equipped with facilities designed to empower employees to innovate and prototype ideas, connecting with other labs/innovation hubs, and providing a studio to create digital media content to promote creativity and elevate digital capabilities:

- The Hatch serves as a hub aiming to raise the digital capabilities of Etisalat staff; providing sessions and hands-on training on emerging technologies, and allowing continuous devolvement on topics such as Artificial Intelligence, 5G, Robotics, design thinking, and many others. It is in line with Etisalat's capability building strategy that focuses on reskilling staff to adapt to the changes in the industry and to equip them with the right tools to accommodate the shift in the operating model.

### 6. Launch and expansion of innovative products and services bringing value and convenience to customers, notably:

- Control Line: Introduction of a new "hybrid" concept for the first time in the UAE market, combining the flexibility of prepaid with benefits of postpaid.
- eLife Unlimited: Entirely revamped Triple Play packages for home, with lightning fast speeds starting at 100Mbps and TV packages with best-in-class content.
- eSIM: One of the first mobile network operators globally and first in the UAE to offer eSIM capabilities to our customers.
- Smart metering: The Smart City concept elevated from basic trials to large-scale deployment, with the first UAE commercial deployment for DEWA smart metering solution.
- City in Motion: This analyses mobile devices movements and translates them



# 16

to actionable insights. This solution applies sophisticated algorithms to anonymised data collected by cell towers, to create rich visual maps that provide insights into people mobility. The results are actionable data that can help transportation authorities, for example, to optimise bus routes and aid road planning. The solution also opens the door for new commercial opportunities in advertising.

- 4K(HD) streaming over 5G (multichannel, live streaming drones), showcasing Etisalat's readiness in ushering new technologies and using cases on 5G.

**7. The launch of the first commercial 5G network in MENA.** Etisalat became the first mobile operator in the region to commercially launch a 5G network with EXPO2020 as the first business customer. 5G will provide unmatched high speeds and ultra-low latency levels, allowing futuristic

applications such as autonomous vehicles, ultra-fast mobile broadband, remote health services and many others. One of the first applications launched over 5G is Live 4K multi-channel live streaming, using drones. Once deployed fully, 5G will enable a wide variety of consumer and business use cases.

**8. UAE Innovation Month.** During the Innovation month, Etisalat lined up workshops, lectures, educational activities and competitions along with the launch of several of its innovative products, to instil a spirit of creativity. 5G and related technologies, Technical and Vocational education and Training week, Hello Business Hub, launch of Mobile Cashier service for SMBs, and Arab Innovation Expo and Summit are some of the programmes and activities Etisalat was leading during the innovation month.

## 16.2 EXTERNAL INNOVATION

In 2018, Etisalat continued to foster open innovation with the launch of Etisalat

Future Now. With its three pillars, Future Now introduces new ways of innovating and collaborating with start-ups, IoT developers, Government entities, Enterprises and their end users.

**1. Scale-Ups:** The Scale-Ups programme of Future Now opens doors to tech start-ups and companies from across the globe to accelerate their business in the UAE and partner with Etisalat to bring new solutions to the market. In 2018, Etisalat has run several challenges as an example:

- Development of AI solution on video capabilities that will help reduce crimes rates and road congestions by analysing the behaviour of subjects and objects of interest. It can help predict crime-related patterns, congestions and accidents, and take automated decisions with the use of artificial intelligence on existing video surveillance systems, to support the UAE 2021 vision of making the UAE the safest place in the world and to enhance transportation.
- Blockchain solutions that aim to reduce transactional costs and complexity in B2B processes between banks, government and private entities by 40% in 5 years.
- City scale augmented reality experience and virtual reality tours for major UAE attractions. Aiming to provide technologies to transform the experience of visitors by leveraging extended reality (AR/VR) and artificial intelligence at every stage of the visitor journey.

**2. IoT partnerships programme:** Through its IoT partnerships ecosystem, Etisalat invites developers and innovators ranging from IoT companies to talented university students, to build, test and integrate

their applications on Etisalat's digital IoT platform, to showcase the latest technology breakthroughs across all sectors.

**3. Open Innovation Centre:** Future Now's Open Innovation Centre is where visitors can experience how Etisalat Digital can drive digital transformation journeys. With over 300 corporate customer visits in 2018, the Open Innovation Centre has become an essential asset for Government entities and Enterprise customers to understand how to embrace their journey into Digital Transformation to be able to compete in today's disruptive markets.

**4. Third Innovation and Entrepreneurship Boot Camp:** In collaboration with the UAE Ministry of Education, EBTIC1 organised the third Innovation and Entrepreneurship boot camp for school students, to help develop their innovation skills, and support the UAE's National Innovation Strategy. The boot camp was developed in partnership with British Telecommunications (BT) and the University College Dublin (UCD), with the participation of 50 talented students from schools across the UAE. The four-day hands-on action-orientated boot camp aimed at helping young students foster a culture of entrepreneurship, creativity and innovation, while inspiring them to translate their innovative ideas into products and services.





# 17 KEY EVENTS

This section is meant to highlight the major events that occurred during the year 2018 which encompasses the launches made, the advances achieved, the partnerships concluded, the credit ratings gained and likewise matters. In a nutshell, this section marks emergent important events and new milestones in the march of the Company during the year 2018.



# 17

## JANUARY

- Etisalat UAE successfully implemented VAT on its products and services effective from 1 January, 2018.

## FEBRUARY

- United Arab Emirates University (UAEU) joined the Etisalat Digital Internet of Things (IoT) partner programme.
- Etisalat launched 'Hello Business Hub' in the UAE, a one-stop place for all start-ups and SMBs.
- Mobily acquired additional spectrum in the frequency bands 800 MHz and 1800 MHz.
- Etisalat was awarded the Most Valuable Telecoms Brand in MENA region.
- E-Vision entered into an exclusive 5-year content deal with STARZ PLAY.

- Etisalat Misr's shareholders approved capital increase by 23.16 percent or LE 4.5 billion to reach LE 19.43 billion.

## MARCH

- Etisalat Group's shareholders approved the Board proposed buyback programme of 5% of the company's paid capital, representing 434.8 million shares.
- Etisalat and Microsoft formed a strategic partnership to deliver the comprehensive, trusted Microsoft Cloud from their first data centre located in the Middle East.

## APRIL

- Maroc Telecom acquired additional 10% stake in its Burkina Faso subsidiary ONATEL S.A., bringing its shareholding to 61%.
- Etisalat, Singtel, SoftBank and Telefonica signed an agreement to create the first global telco security alliance to offer enterprises a comprehensive portfolio of cyber security services.

## MAY

- Etisalat launched the first commercial 5G network in the MENA region.

## JUNE

- Credit Rating Agencies Standard & Poor's and Moody's affirmed Etisalat Group's high credit rating at AA-/Aa3 with stable outlook.
- Maroc Telecom acquired and launched 4G license/services and renewed 3G and 2G licenses in Togo.
- Etisalat launched MENA region's first Apple Watch Series 3 with built-in cellular.

## JULY

- Etisalat connected Expo 2020 Dubai to 5G network.
- Expo 2020 Dubai became the first 5G major commercial customer in the Middle East, Africa and South Asia (MEASA) region through partnership with Etisalat.

## AUGUST

- Etisalat Group sold its shareholding in Thuraya.
- Etisalat Misr and Telecom Egypt signed the first MoU for virtual fixed voice services.

## SEPTEMBER

- Etisalat Misr and Ericsson launched Egypt's First Voice Over LTE (VoLTE) services.
- Etisalat Digital signed a cloud hosting deal with Massar Solutions, offering secure and reliable OneCloud Services.
- Etisalat was named the 'Best Regional Wholesale Carrier' at the prestigious Telecoms World Middle East Awards.
- Etisalat became the first operator in the MENA region to launch the eSIM service with the new Apple Watch Series 4.

## OCTOBER

- Etisalat Group's Board of Directors recommended lifting restrictions on foreign shareholders voting rights.
- JCR-VIS Credit Rating Company Limited assigned initial long term entity rating of 'AAA' and short term rating of 'A-1+' to PTCL.
- Etisalat announced a strategic partnership with Sage Middle East to offer Sage cloud accounting solutions to Small and Medium businesses (SMB).

## NOVEMBER

- Etisalat inked a strategic partnership with the National Petroleum Construction Company (NPCC) to implement Artificial Intelligence solutions for remote sensing, real-time data, autonomous vehicles and predictive analytics improving response time with all their consumers.

- Etisalat signed an agreement with ENOC to provide its retail outlets with Cloud Managed Wi-Fi solution.

- Maroc Telecom acquire 4G license in Mali.

## DECEMBER

- Etisalat Group and CK Hutchison completed the combination of their operations in Sri Lanka.
- Etisalat became the first telco to offer Home Insurance solution for all eLife customers in partnership with Union Insurance.



Eissa Mohamed Ghanem Al Suwaidi  
Chairman of the Board of Directors - Etisalat Group