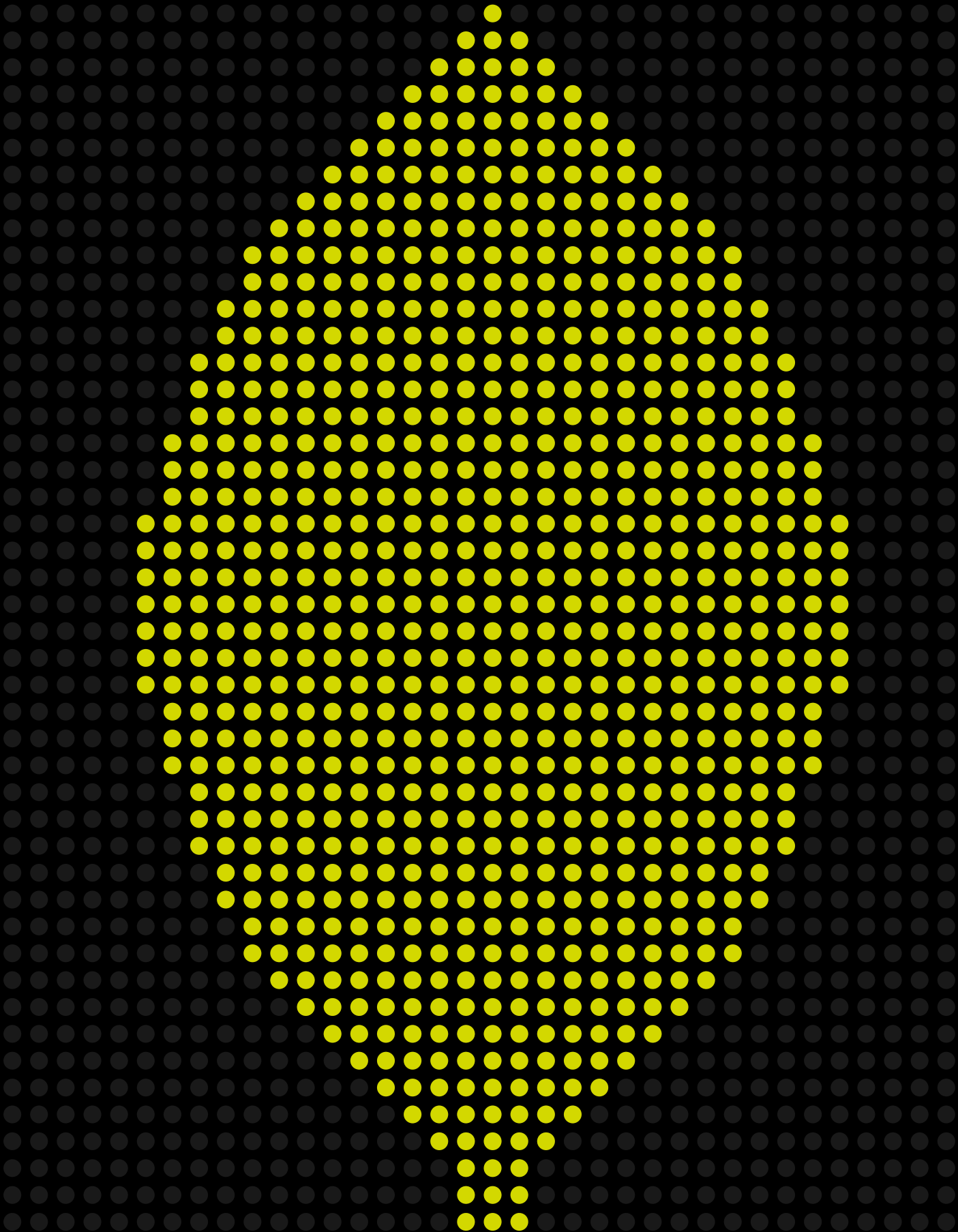


2018
Sustainability
Report





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About this report

Welcome to Etisalat's inaugural sustainability report encompassing our UAE operations for the calendar year 2018. This report demonstrates Etisalat's commitment to sustainable development and leadership by highlighting our economic, environmental and social performance. Moving forward, we plan to report on the sustainability performance across all our operating entities.

This report has been prepared in accordance with the GRI Standards: Core option. We report on the topics that are most material to our business and stakeholder groups.

We welcome your feedback on this report and our performance. Feel free to email us at: ir@etisalat.ae

Cautionary Message
This report contains forward-looking statements that express the way in which Etisalat intends to conduct its future activities. These statements may include terminology such as "plans", "aims", "assumes", "continues", "believes", or any variations of such words that express certain actions that could be taken in the future. Etisalat has made every effort to ensure the report is as accurate and truthful as possible. However, by their nature forward-looking statements contain inherent risks and uncertainties surrounding future expectations that could cause actual results to differ materially from these projected or implied statements. Such statements are subject to risks that are beyond Etisalat's ability to control and therefore do not represent a guarantee that events implied in these forward-looking statements will actually occur.





Chairman Message

It is with great pleasure that I present to you Etisalat's inaugural sustainability report. We are proud to showcase our achievements, successes, challenges and progress throughout our sustainability journey.

At Etisalat, our focus is to enrich people's digital lives, to transform its operating model, and to enhance value and returns to our customers and shareholders. In 2018, we surpassed 143 million customers across our operations, our portfolio was the most valuable brand in the MENA region and the first and only brand to surpass the USD 10 billion mark; a great achievement that places Etisalat head to head with globally renowned brands and ahead of key regional competitors. Etisalat is committed to adding value to our stakeholders and is proud to embark on its sustainability journey to showcase not only our financial performance but also our non-financials, considering the positive impact we can offer through our sustainable business operations.

Inspired and motivated by our achievements, sustainability continues to be at the forefront of our operations and strategic direction to help secure a better world for the succeeding generation. With that goal in mind, we have been improving the management approaches of our economic, social and environmental impacts and are proud to present Etisalat's first sustainability report.

Etisalat's 2018 sustainability report is aligned to international and national priorities including the United Nations' Sustainable Development Goals (SDGs) and the UAE Vision 2021, to ensure sustainable development and build a robust economy and a motivated society. The report highlights our key achievements in the UAE in 2018 and touches on our future ambitions.

Etisalat is grateful to the country's leadership for their continuous and invaluable support. We are thankful to our customers who are at the heart of everything we do. We are appreciative of our shareholders for their confidence and trust, contributing to our success and allowing us to innovate and make an impact in the years ahead.

Moving forward, I am confident that we can continue to serve our communities by providing safe, efficient and environmentally responsible telecommunication services that enhance connectivity, and support personal and national economic prosperity.

Obaid Humaid Al Tayer

Chairman - Etisalat Group



Group CEO Message

Our first Sustainability Report 2018 highlights our belief in shaping a sustainable future, and our firm adherence to a high standard of corporate governance and transparency. This report marks a significant milestone for Etisalat as it demonstrates our commitment to engaging stakeholders in our sustainability vision, goals and practices. Through this report, we hope to provide better insight to how we intend to drive improvements across our operations. The year 2018 was rich with accomplishments that will enhance our ability to achieve our corporate vision as a Group, which is to drive the digital future to empower societies. Sustainability is at the core of everything we do. We work hard to operate responsibly and transparently, and we are committed to having a positive impact on our communities while maintaining sustainable success.

Etisalat's sustainability framework is guided by initiatives such as the United Nations' Sustainable Development Goals (SDGs), the Abu Dhabi Economic Vision 2030 and the Global Reporting Initiative (GRI), which directs our efforts towards maximizing the telecommunication sector's contribution to national and global sustainable development objectives. Our new framework is built on five key pillars: Marketplace and Customers, Responsible Business Practices, Our People, Environmental Protection and Connected Communities.

To maintain success and gain the respect and confidence of our stakeholders, we recognize that focusing on profitability performance is insufficient. Companies are increasingly evaluated on sustainability measures such as governance practices, environmentally friendly practices and corporate social responsibility, including how they give back to their communities. For years, we have declared our commitment to being a responsible corporate citizen, and we continue to support numerous and varied initiatives benefiting our communities, our customers and our employees.

Etisalat hopes its initiatives can impact the lives of the people in the UAE by implementing the latest telecommunication solutions and other resources to help those in need. We are among the first operators in the world to deploy 5G networks enabling our customers to realize exponential value from the technology. As part of our commitment to deliver an inspired digital experience and spread innovation across our communities, Etisalat developed a unique Digital Open Innovation Center, an integral space for our clients to embrace the evolving digital world and compete in today's disruptive market.



In 2018, Etisalat launched its Smart Insights services, utilizing network-aggregated data to provide enhanced insights to the different transportation authorities, national security agencies and retail companies. Moreover, Etisalat continues to work on the delivery of EXPO 2020 to create the fastest, smartest and best-connected site.

In line with the UAE Vision 2021, Etisalat seeks to empower women's roles within the organization so that our local communities and businesses prosper. At Etisalat, we celebrate diversity. We believe diversity and equal opportunity are not only human rights, but key to Etisalat's success. With that in mind, we aim to provide a diverse and inclusive work environment for our employees, at all levels of employment. We also encourage a culture of staff volunteerism by creating the right opportunities and environment for our people to volunteer their time and contribute to society in the most meaningful way.

Our 2018 report covers our sustainability efforts in the UAE exclusively. However, we plan to improve our transparency and disclosure practices by reporting on our international portfolio going forward.

Etisalat will always aim to be the trusted partner for governments and enterprises, the preferred telecom provider for consumers, and the transformation engine for societies where it operates. We will always ensure value is created for each and every stakeholder. Our success would not be possible without the continued support of the UAE's wise leadership, the trust of our customers and shareholders, and the commitment of our management.

Saleh Al Abdooli

CEO - Etisalat Group





About Etisalat

Headquartered in Abu Dhabi, Etisalat was founded in 1976 as the UAE's first telecommunications service provider. Over our 40-year history, Etisalat has played an integral role in the UAE's development as a major communication hub in the region. Today we operate in 15 countries in the Middle East, Africa and Asia. As a telecom leader in emerging markets, Etisalat's innovative solutions and services serve 143 million customers.



Largest mobile network in the UAE with LTE coverage of **99%**



Largest Fibre to the Home (FTTH) network of coverage of **99%**



Leading mobile operator with 10.7 million mobile customers and **55%** market share in the UAE



Leading fixed line operator with eLife segment (FTTH) customers of **1.0m**

In 2018, Etisalat demonstrated its strong financial performance and maintained its high credit rating. Our consolidated net revenues were AED 52.4 billion and consolidated net profit was AED 8.6 billion. This reflects

our healthy balance sheet and solid performance. Etisalat is listed on Abu Dhabi Securities Exchange (ADX).

ETISALAT GROUP FINANCIAL PERFORMANCE

	Group (AEDm)	Growth (%)	UAE (AEDm)	Growth (%)
Revenue	52,388	1	31,382	1
EBITDA	25,880	0	16,196	(3)
Net Profit	8,615	2	8,260	2
Dividends	6,954	0	N/A	N/A

Etisalat Group's consolidated revenue increased by 1% to AED 52.4 billion in 2018, attributable to both domestic and international operations. In the UAE, revenue grew year-over-year by 1% to AED 31.4 billion. This is due to:

- growing mobile post-paid and eLife segments driven by customers' uptake to premium content and higher speed packages,
- an increase in handset sales, and
- increased offerings of business solutions and digital services.

Revenues of international consolidated operations for 2018 increased year-over-year by 4% to AED 20.7 billion. We attribute this to

strong performance in Morocco and Egypt, despite the impact of the unfavourable exchange rate movements in Pakistan. Revenue from international operations represented 40% of Group consolidated revenue.

Etisalat Group has a strong track record of dividends distribution to shareholders. In 2018, we paid 80 fils per share representing a total cash dividend payment of AED 6.9 billion i.e. 80.7% pay-out ratio.

For more details on our financial results, please see our 2018 Annual Report.

For more details on our management's compensation, please see our 2018 Corporate Governance Report.



OUR CHARTER

OUR VISION

Our vision – Drive the Digital Future to Empower Societies – inspires and guides us towards achieving the following goals:



Reshaping the lives of consumers



Accelerating the economic growth of businesses



Enhancing the competitiveness of the countries in which Etisalat operates

Etisalat's **Target Strategy** was established to help us realise this vision.



To drive the digital future to empower societies



Accelerate value generation through innovation and digitisation



Raise capabilities and develop talent across the Group



Grow B2B/Digital across the footprint



Expand portfolio in MENA and knowledge economies



Transform operating companies into strongholds



OUR VALUES

EMPOWERMENT

Enabling people to take ownership, be motivated, act appropriately to achieve the defined organisational, group and team objectives

AGILITY

Being able to respond quickly by adapting to, and working in, a variety of situations with diverse individuals and groups

COLLABORATION

Cooperating across organisational levels and unit boundaries, recognising and adapting to different ways and styles of working to achieve goals

CUSTOMER CENTRICITY

The willingness and ability to give priority to customers, delivering high-quality services and providing a great end-to-end customer journey that exceeds their expectations

AWARDS & CERTIFICATION IN 2018

Name	Award
CEM Telecom Forum	Best Customer Experience Management in Telecoms Middle East (CEM)
CommsMEA	IoT Innovation of the Year
Forbes Middle East	Forbes Top 100 UAE Companies
Global Business Outlook Awards	5G Innovator of the Year – 2018 Best Wholesale Carrier – UAE, 2018
Global Capacity Carrier Awards	Best Middle Eastern Wholesale Carrier
Telecom Review Leader's Summit 2018	Best Middle East Operator Best Middle East Wholesale Operator Best Carrier Enterprise Service (won jointly with Nokia) Best African Operator (MAROC) Best Asian Operator (PTCL)
Telecom World ME 2018	Best Regional Wholesale Carrier 5G Innovator of the Year
Global Carrier Awards	ME Regional Operator of the Year



Brand Finance	Most Valuable Brand Portfolio in MENA Most Valuable Telecom Brand in MENA Most Valuable Consumer Brand in MENA
GSMA	IoT Security Award
HR Brilliance Award UK	Brilliance in Employee Engagement
Government HR Summit	Best Nationalisation Initiative in the Private Sector
Future Workplace	HR Technology & Digital Champion Award Best Executive & Leadership Development Strategy Best Graduate Recruitment Programme
CISCO	Gold Partnership
TRA	Benchmark No. 1
Rubrik	Middle East Partner of the Year Award
Annual Conference of Incident Response and Security Forum	Won First Place
Certifications: PCI-DSS	Certification for Data Centre Infrastructure
Tier III-Gold	Certification for Sheikh Khalifa Data Centre
ISAE 3402 – Type II	Certification for Data Centre Infrastructure
WTA Teleport Certification	Certification of Tawi Al Saman
Uptime Tier III	Design Certification for Al Ain Central Data Centre
ISO Certification	ISO 27001 Renewal for Managed Services Solution ISO 20000 Surveillance Audit for Managed Services Solution ISO 27001:2013 for Network Security of Upkeep of GSOC Department ISO 22301 for Business Continuity of Data Centre Infrastructure ISO 27001 for Data Centre Infrastructure ISO 9001, ISO 14001, OHSAS 18001 for Data Centre Infrastructure ISO 22301 for MN-BCMS ISO 9001:2015/TL 9000 OMS for MN-OMS ISO 9001:2015 for Fixed OMS

MEMBERSHIPS

- European Telecommunication Standards Institute
 - International Telecommunication Union
 - Institute of Risk Management
 - Foundation for the Global Compact
 - CEB Global Limited
 - International Auditors Association
- Gartner Gulf Z-LLC
 - Information Systems Audit and Control Association
 - FTTH Middle East and North Africa FC LLC
 - First.Org, Inc.
 - United Nations Global Compact (UNGC)
 - Global System for Mobile Communications Association (GSMA)

01 Sustainability

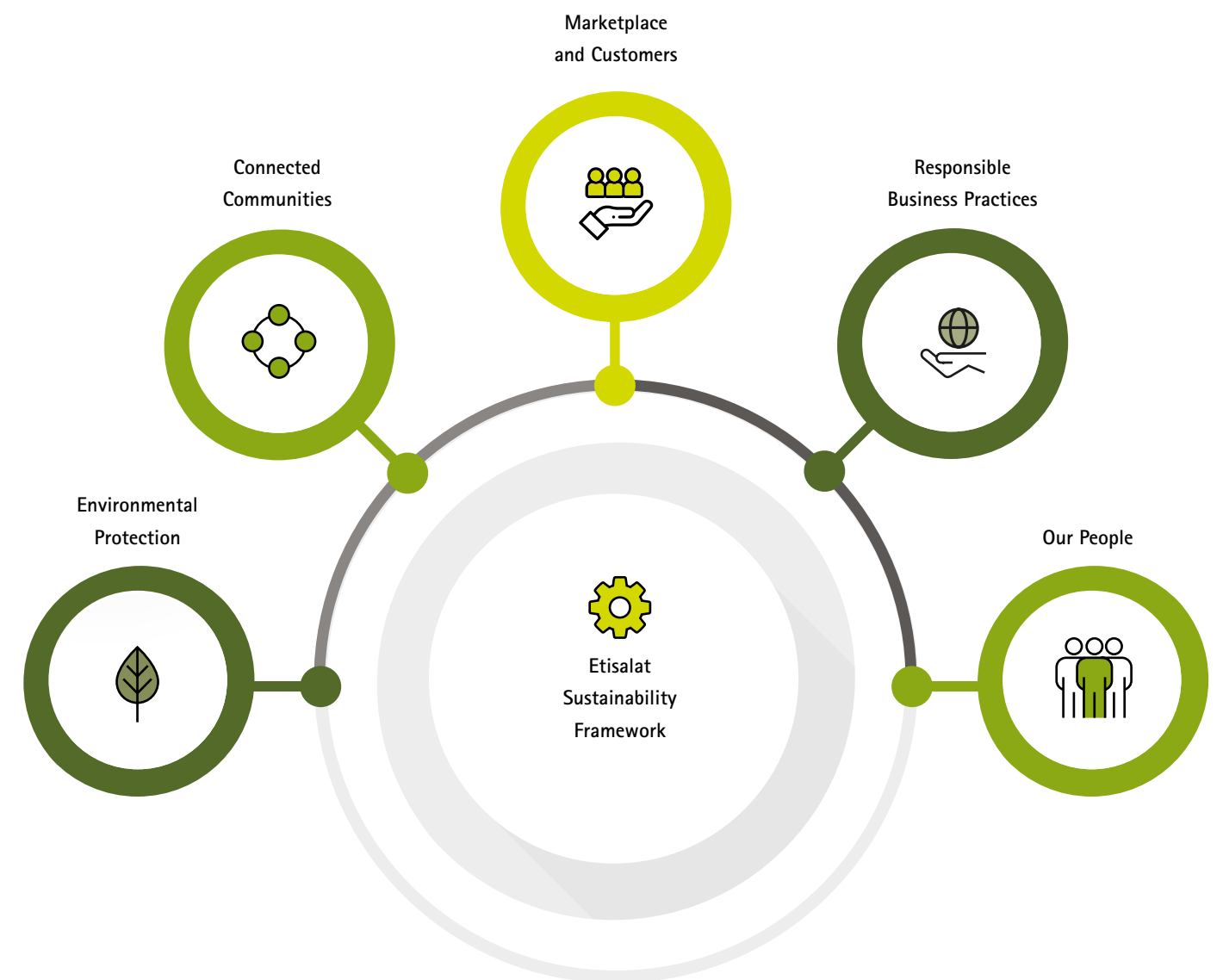
Sustainability is at the core of everything we do. We work hard to operate responsibly and transparently by living our vision to Drive the Digital Future to Empower Societies. We are committed to having a positive impact on our communities, while at the same time maintaining sustainable success.

We are embarking on a progressive roadmap to monitor, benchmark and continuously enhance our economic, environmental and social performance.



Sustainability Strategy & Framework

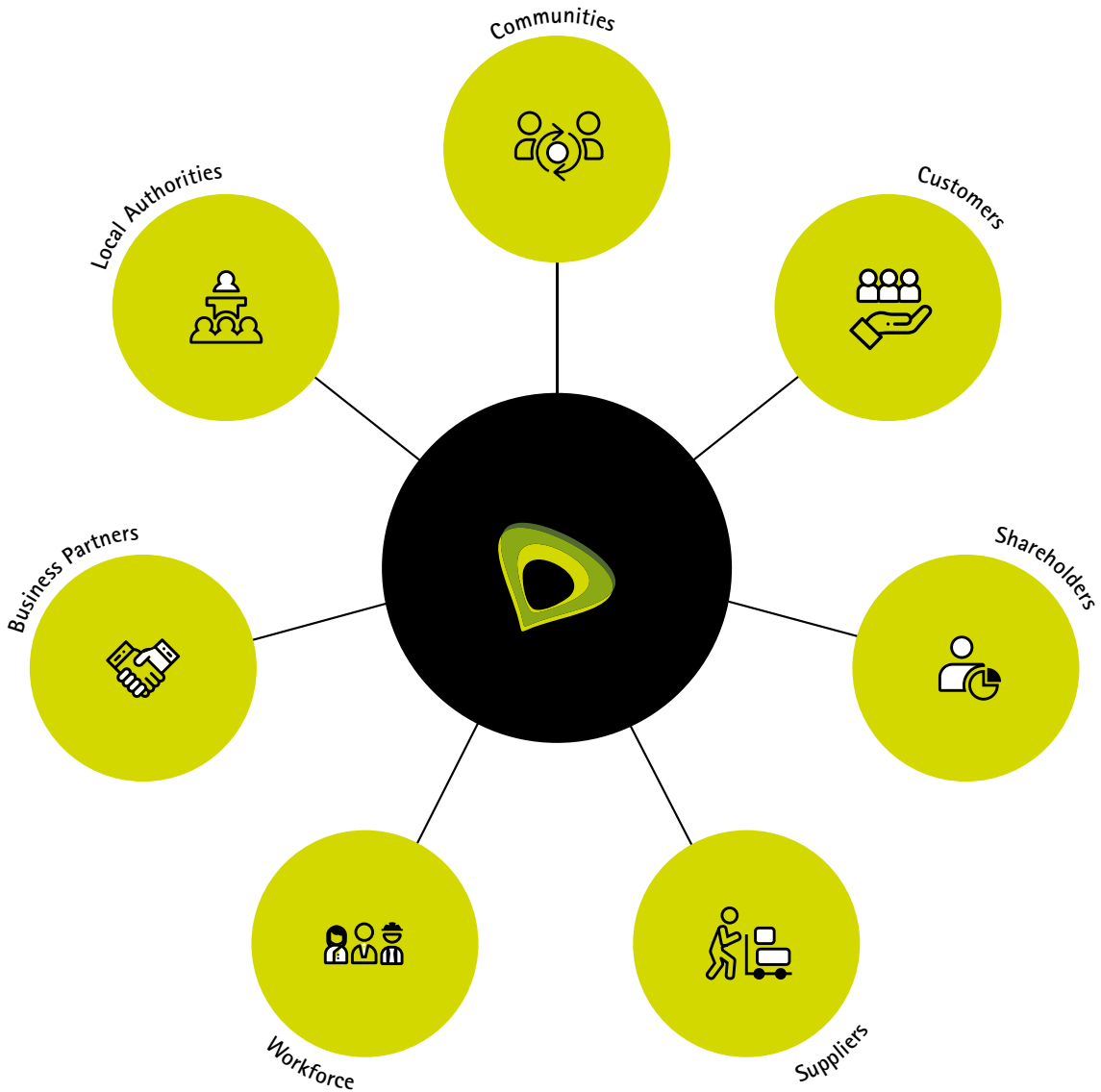
To conceptualize sustainability, we rely on a sustainability framework for defining and managing our environmental, social and economic impacts. Our framework has five key pillars: Marketplace and Customers, Responsible Business Practices, Our People, Environmental Protection and Connected Communities. We believe that an effective framework, supported by progressive improvement programmes, will help us achieve our strategic business objectives.





Stakeholder Engagement

Understanding the views and concerns of Etisalat's diverse stakeholders informs our business practices and corporate priorities. We regularly engage our key stakeholder groups, represented in the diagram below, to help shape and drive our sustainability strategy. Through various communication channels we listen and seek feedback from the stakeholders who are affected by our business.





Materiality Assessment

We continuously seek to identify and respond to existing and emerging global and regional matters that present risks as well as opportunities for our business and key stakeholders. To identify key material issues, we:

- 1. Identify a list of potential material issues through desk-based research, including a review of peer companies, industry standards and employee interviews.
- 2. Prioritize stakeholders (both internal and external groups) and topics to rate material issues in terms of their perceived importance.
- 3. Review results internally within Etisalat management and the sustainability team. This review ensures the list of material issues captures and is inclusive of all stakeholder perspectives.

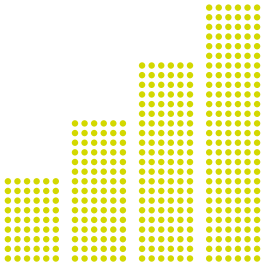
The findings of our materiality analysis are presented on the matrix below. It reflects our understanding of the significance of each topic in terms of stakeholder interest and potential business impact.

MATERIALITY MATRIX

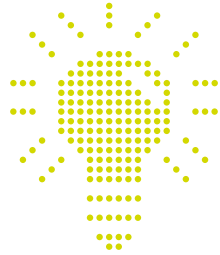




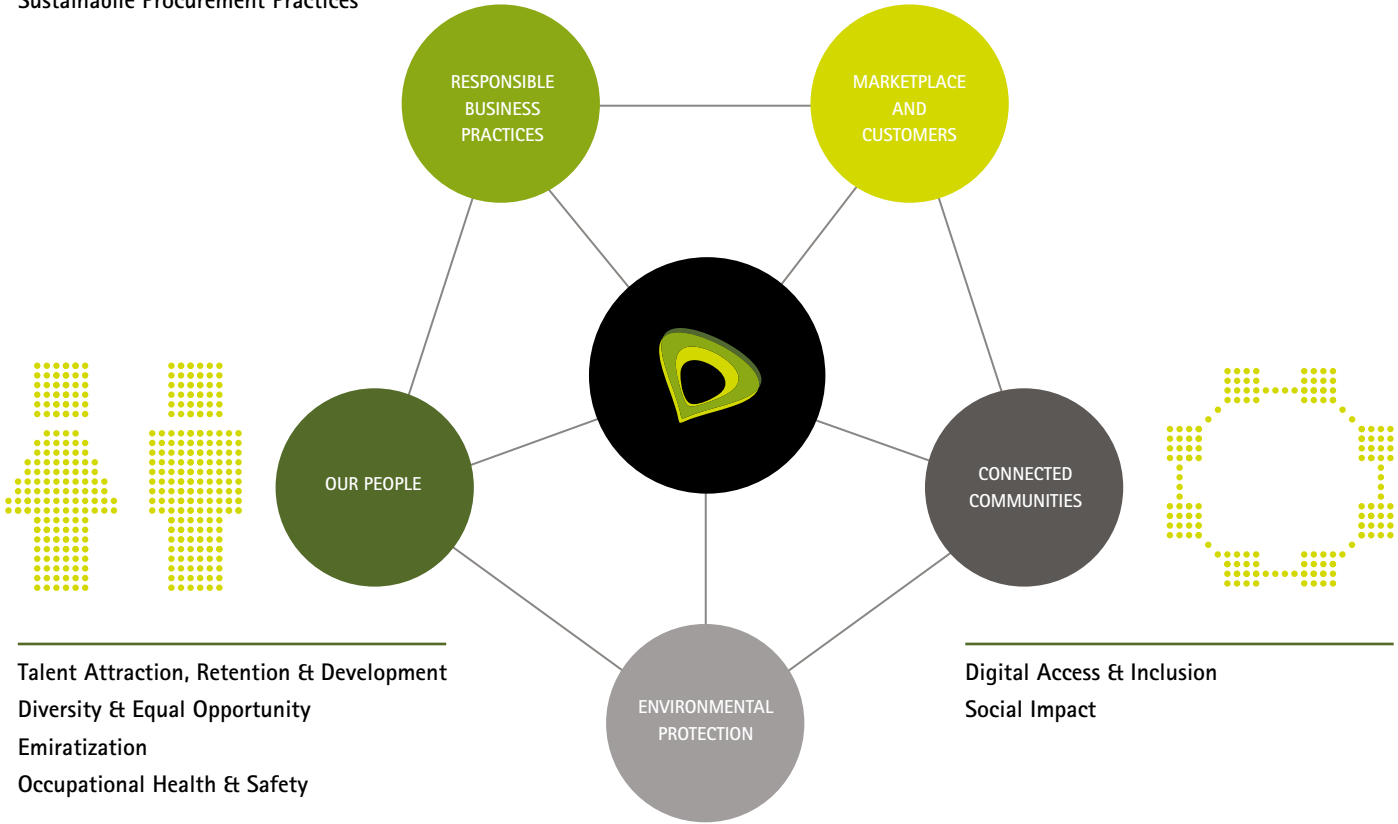
This report provides our initial disclosure and progress against each of these areas. We have grouped our material topics into the five pillars of Etisalat's sustainability framework:



Economic Performance
Anti-Competitive Practices & Anti-Corruption
Governance, Transparency & Accountability
Enterprise Risk Management
Responsible Marketing Communications
Sustainable Procurement Practices



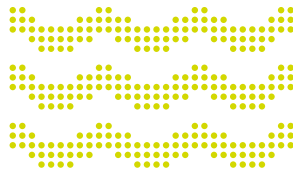
Customer Privacy & Data Security
Customer Satisfaction
Customer Health & Safety
Digital Innovation
Product Service & Quality



Talent Attraction, Retention & Development
Diversity & Equal Opportunity
Emiratization
Occupational Health & Safety

Digital Access & Inclusion
Social Impact

Climate Change & Energy Management
Waste Management & Recycling
Water & Biodiversity Management



Alignment to Standards

As one of the largest telecom companies in the region, we recognize our role in the industry to deliver meaningful contributions to national and international sustainability priorities, such as the UAE Vision 2021 and the United Nations' Sustainable Development Goals (SDGs). We have aligned our sustainability plans and efforts to support these ambitious goals in order to ensure sustainable development of a robust economy and a motivated society.



02 Marketplace & Customers

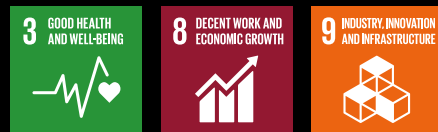
MATERIAL ISSUES COVERED

- Digital innovation
- Product and service quality
- Customer privacy and data security
- Customer satisfaction
- Customer health and safety

UAE NATIONAL VISION 2021 PILLARS

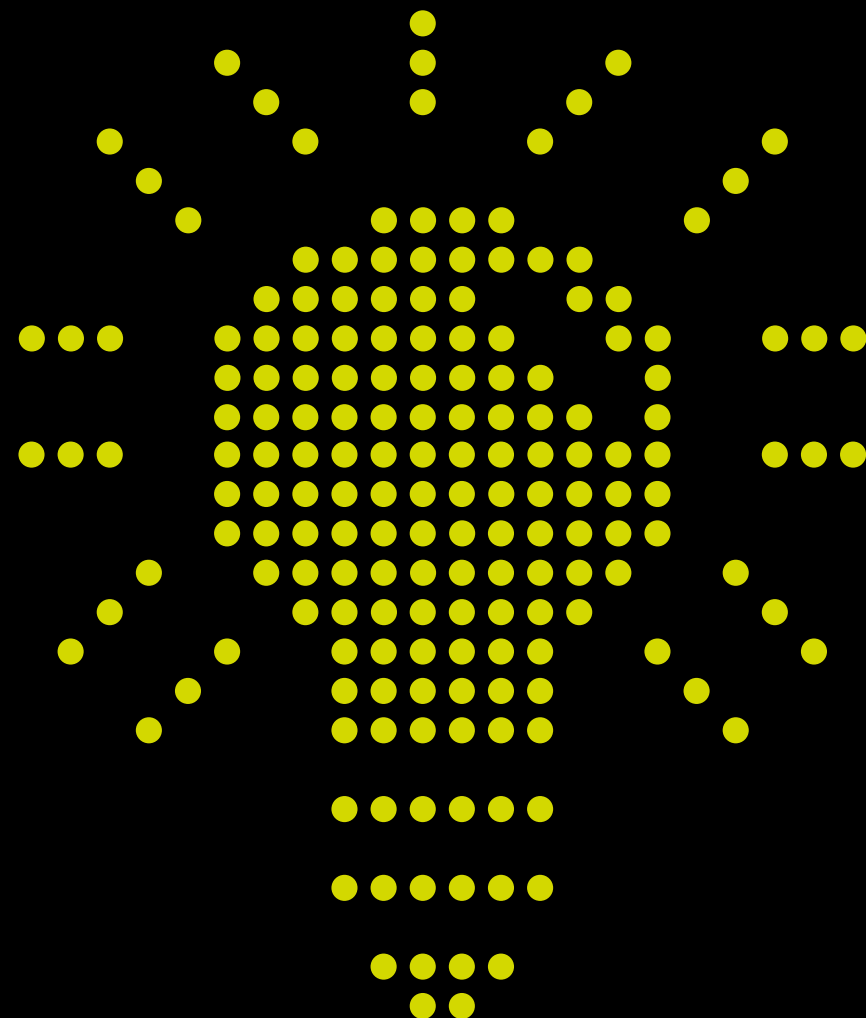
- Competitive knowledge economy
- World-class healthcare

SUSTAINABLE DEVELOPMENT GOALS



2018 PERFORMANCE HIGHLIGHTS

- Developed the Digital Open Innovation Centre
- Launched IoT Fleet Management system
- Introduced Etisalat Energy Efficiency Services (E3S) programme
- Launched Smart Insights services
- Established the Business Robotics Centre of Excellence (RCoE)
- 20 business units are ISO 9001:2015 certified
- ISO/IEC 270001:2013 certified
- Zero data breaches



Driving the Digital Future

Etisalat relies on its vision to deliver an inspired digital experience and spread innovation across its customers and businesses. We provide end-to-end digital vertical propositions to enable smarter developments, education, healthcare, transportation and a smarter economy.

DIGITAL OPEN INNOVATION CENTRE

We developed a unique Digital Open Innovation Centre in which government entities and business enterprises can experience Etisalat's digital solutions first-hand, on real projects. The solutions focus on optimising digital solutions including cloud, cybersecurity, omnichannel platforms and IoT services. The centre is an essential space for our clients to embrace the evolving digital world and learn how to compete in today's disruptive markets.

In 2018, there were

301 customer visits to the centre

25% were visits from returning customers.



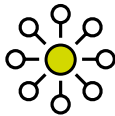


SCALEUP PROGRAMME

Etisalat's Scaleup programme lets growth stage startups (scaleups) collaborate to create innovative solutions that address business challenges. The programme also allows them to accelerate their business in the region.



In 2018, Etisalat Digital launched eight challenges supporting digital transformation – including various verticals and technologies, ranging from digital healthcare, cybersecurity, extended realities, artificial intelligence, facial recognition and blockchain. This resulted in a robust ecosystem of 16 companies that are now part of Etisalat Digital solution portfolio.



Etisalat Digital also inaugurated its co-working space in Dubai dedicated to scaleups that are participating in our innovation programme.



We also provided customers with solutions to sustainability matters. Two examples include the IoT Fleet Management system and the Etisalat Energy Efficiency Services (E3S) programme.

- The IoT Fleet Management system is a real-time management information service that improves fleet operations and increases efficiency by enabling informed decisions. Users can centrally manage and optimise their geographically dispersed fleet, improving response times, efficiency and cost-efficiencies.
- We launched the Etisalat Energy Efficiency Services (E3S) programme to help businesses reduce costs through improved energy management of their buildings and infrastructures across the UAE. The programme helps businesses reduce their carbon footprint by monitoring real-time performance data of existing energy consuming equipment, which helps them make adjustments. As part of the E3S programme, an energy survey is conducted at the customer's site to gather information regarding facilities occupancy pattern, equipment ratings and usage, and historical energy consumption data. The data is analysed by subject matter experts (SMEs) who review the facility performance and identify Energy Conservation Measures (ECMs) to improve efficiency and energy usage. In addition to energy savings, the programme will also provide the added advantage of informed facility management. Typical energy savings can range from 5% to 25%.



Etisalat strives to be a digital solutions platform for its business customers. In 2018, we made significant progress towards becoming a Digital Telco. For example, we introduced Business First, an innovative mobile plan designed for small and medium-sized business (SMB) customers that, thanks to its unlimited data offer, allows them to stay available and connected to their business. In addition, we launched Inflight Roaming services, the first of its kind in the UAE, to provide connectivity across all flights, including Aeromobile and SITA OnAir.



We also launched Private Connect, a connectivity service fully based on newly deployed software-defined networks (SDN). This will be the basis of fully programmable, software-defined networking services for Etisalat's government entities and business customers. More than 3,000 Virtual Machines (VMs) are in place and serve local business customers.



Etisalat reached an agreement to enable Microsoft Cloud services in the UAE. This agreement is a first of its kind and brings together a global technology leader with a telecommunications service provider. The agreement is poised to transform the regional digital landscape for businesses and governments through the adoption of cloud technologies.



In 2018, Etisalat continued to be UAE's preferred M2M and IoT provider, with over 800,000 connected SIMs on its IoT platform. We collaborate with UAE companies to drive the digital future in the society, like our partnership with Emirates Transport to build one of the largest connected fleets with more than 24,000 vehicles. We continue to develop our Smart Solutions portfolio. Two of our recent advancements in this area include the successful deployment of the smart stations solution across ADNOC's petrol stations and the establishment of the largest outdoor digital advertisement network in the UAE (which is fully controlled by Etisalat).

Etisalat is investing in new Low Power Wide Area Networks (LPWAN) such as Narrow Band IoT and LTE-M. We successfully deployed Proof of Concepts (POCs) using these technologies with the Dubai Electricity and Water Authority (DEWA) for bulk water metres.

In 2018, Etisalat launched its Smart Insights services leveraging the network-aggregated data to provide enriched insights to different transportation authorities, national security agencies and retail companies. At the same time, we continue to work on the delivery of EXPO 2020 to create the fastest, smartest and best-connected site. EXPO has become the first major commercial customer in the Middle East, Africa and South Asia (MEASA) region to access 5G services enabled by Etisalat.

Etisalat established the Business Robotics Centre of Excellence (RCoE) to use Robotic Process Automation (RPA) and Artificial Intelligence (AI) to transition to cognitive business processes. In 2018, more than 70 software robots were in place that performed 700,000 transactions.





Product Service & Quality

We are committed to offering the highest standards of service and quality to our customers.

To achieve that, we continuously enhance the reach, reliability and quality of our networks in the UAE. We invest in new base stations, upgrade our technologies and increase network capacity to cater to the increased demand. In 2018, our capital investment amounted to AED 3.8 billion, an increase of 28% from prior year.

Etisalat has a Performance Improvement & Quality Assurance management system in place. Twenty business units across Etisalat are ISO 9001:2015 certified for quality management. In addition, Etisalat was the first telecom service provider in the MENA region to be certified for Quality Management System for Information & Communication Technology (TL 9000). This past year, Etisalat was SAP recertified for infrastructure and cloud services.

Our Mystery Shopping Programme helps us monitor and enhance the customer experience. Etisalat views this programme and framework as a method to better understand our customers' needs and meet their expectations.

The "Customer Journey" stages are evaluated by a mystery shopper on a rating scale from (1-5), with 1 being poor and 5 being excellent. The assessment includes strengths and areas of concerns, and the findings are reported to the respective business team within Etisalat (Direct Sales channels, Indirect Sales channels or Customer Care). The relevant team will review the results, take any necessary corrective actions, and report on the actions taken to Corporate Quality and Excellence.

New concepts were introduced at Etisalat Smart Stores to provide an exclusive customer experience. The digital queue management (Qmatic) system, which connects via the Etisalat app from the mobile device, integrates both the virtual and physical ecosystems to engage and connect with the customer.

We monitor customer experience KPIs and perform trend analysis to identify and address any deviations from our targets. To ensure that Etisalat is delivering high-quality service, external audits are also performed based on management directives to obtain impartial views on the Etisalat network and service offering. As part of the

National Alerting System, Etisalat alerts the public, within a selected geographical area, before or during a crisis (via cell broadcast).

In 2018, Etisalat launched various products and services to enhance the customer experience and broaden digital inclusion:

- A Control Line Plan to give customers more control over their digital connections
- The Freedom Plan to meet customers' needs for more flexibility
- Roamophobia, a fully integrated, 360o combination package that includes, for the first time, outgoing voice calls in addition to incoming calls and data, available in different options to address customers' diverse needs while travelling
- Play on Demand, offering unlimited video streaming for only 5 Fils per minute
- Starz Play, offering access to one of the region's leading OTT video platforms; and Apple Music, offering access to best-in-class music streaming services
- eLife "Unlimited" plans, giving subscribers the opportunity to enjoy lightning fast internet speeds and enhanced TV content
- HomeZone, boosting Wi-Fi coverage and delivering a super-fast, reliable, and hassle-free connectivity in every room
- eSIM services for the first-time in the UAE market, enabling latest technologies in the industry



Customer Privacy & Data Security

We place the utmost importance on the privacy of our customers' personal information. To ensure that customers are always protected, we have an executive-level information security steering committee in to ensure the continuous enhancement of cyber security controls. The committee encompasses members from our technical and physical security teams in CIT, Technology, Administration, HR, Corporate Governance, Business Continuity and Enterprise Risk Management departments.

THE MAIN ROLES AND RESPONSIBILITIES OF THE COMMITTEE ARE TO:

- Develop the overall information security vision and the information security policies.
- Oversee the effectiveness of the implemented security controls by conducting annual third-party audits.
- Conduct periodic risk assessment and business impact analysis.
- Endorse the remediation plans for any security deficiencies.
- Support awareness campaigns to Etisalat staff, executives and board members

ETISALAT ALSO EMBEDS OTHER PROCEDURES TO SAFEGUARD CUSTOMER DATA, SUCH AS:

- Data encryption for users' laptops and removable media devices (USB)
- Media sanitization to erase the data from the expired storage media (hard disks)
- Data leakage prevention across all data transfer channels (web, email and removable devices)
- Data masking, which scrambles sensitive fields in the testing data
- File integrity monitoring (for accessing or changing any sensitive data)
- Strong passwords and multi-factor authentication using fingerprint devices and tokens
- Advanced threat. protection to prevent against data exfiltration
- Privilege access management
- Mobile device management



Across our organisation, we have a set of 36 security policies (including those shown in the visual below) covering all security elements to ensure the confidentiality, integrity and protection of information assets under our care.



Etisalat's corporate security policies address cybersecurity aspects related to our business environment and are reviewed on an annual basis. Below is an illustration depicting Etisalat's IT Security Management Framework.

In addition, we educate employees on our information security guidelines and compliance is mandatory. We take disciplinary action against employees who violate customer and data privacy.



Etisalat was certified for ISO/IEC 270001:2013 standard in 2018, which identifies the requirements for a comprehensive information security management system. This demonstrates our strong commitment to managing information based on best practices in data security. Etisalat is also certified according to the Payment Card Industry Data Security Standard (PCI DSS). Etisalat also has a code of practice, publicly available for customers, that includes a dedicated section on customer privacy.

To ensure the continuous effectiveness of Etisalat's privacy and security management system, our finance department and IT security team conduct internal audits and penetration testing quarterly. We also engage a third-party firm to conduct external audits on an annual basis.

We provide employees with specialised training covering different topics regarding privacy, including, data protection, cyber security, information security, hacking and cloud computing. In 2018, the Etisalat Digital Academy partnered with Huawei to deliver numerous security training courses to our employees.

Our Security team also follows the UAE cyber security standard created by the Signals Intelligence Agency (SIA). The standard comprises 188 controls covering all management and technical security controls.

Indicator	2017	2018
Number of attempted cyber attacks	107,693,371	167,306,381
Number of actual cyber attacks	0	0
Number of data breaches	0	0

In 2018, the number of attempted cyber-attacks increased compared to 2017, while actual cyber-attacks and data breaches remained at zero. This attests to Etisalat's strong processes and to the stringent measures in place to protect customer information and combat cyber-attacks.

DISASTER RECOVERY AND BUSINESS CONTINUITY REHEARSALS



Etisalat arranges annual campaigns for disaster recovery and business continuity rehearsals, focusing on our critical services and systems. The rehearsals also include simulations for:

- Cyber security scenarios such as massive virus outbreaks
- Unavailability of some data centres
- Unavailability of some high-rise buildings
- Unavailability of critical services due to service attacks

The results of these simulations are shared with Etisalat's stakeholders along with an action plan for improvement.



Customer Satisfaction

Excellent customer care is the foundation of Etisalat's business. We work tirelessly to meet and exceed our customers' expectations. Etisalat aims to constantly improve and simplify our processes to serve customers better, to provide multiple channels for easy and convenient access to services, and to attend to customer needs in a timely manner. Customer centricity is one of our leading values and is an imperative guideline to the design of our products and services portfolio for various segments.

Etisalat's Product Marketing teams consistently analyse global telecom trends, customer usage behaviour and sales performance analytics to design and update new and/or existing features to ensure Etisalat's offerings are exciting and address our customer needs. Etisalat also provides sales representatives with training to ensure the centralised training and recruitment centre is a Centre of Excellence. The sales training team is responsible for the delivery of training programmes. The design of the training modules is done in-house (within sales), with support from HR Learning & Development, or through external vendors.

During 2018, we implemented various initiatives to enhance the customer experience, facilitate customer engagement and obtain feedback from our customers.

To improve customer feedback and engagement, we deployed a Customer Feedback Management System. This system helps obtain real-time feedback from more than two million customers annually across our business. We also introduced a speech analytics solution in four languages (Arabic, English, Malayalam, and Urdu).

To further enhance the customer experience, we implemented a new Customer Care segmentation system, enabling us to differentiate the service between low and high Average Revenue Per User (ARPU) segments. In 2018, employees were trained on how to make customers feel, experience and talk about Etisalat services, resulting in significant improvement of Customer Satisfaction Score (CSAT) scores.

Our Customer Service Centres were awarded a gold ranking in 2018 by the Telecommunications Regulatory Authority (TRA) under the 'Erteqa' initiative. This is one of the various programmes implemented by the TRA to achieve customer happiness.

We recorded a substantial reduction in system related billing defects (75%), a direct result of a robust reconciliation and bill review process prior to bill generation. Etisalat launched a new online complaints resolution system called Expert Desk. This led to a 20% increase in customer experience scores, with 90% complaints resolved at first contact and less than 15 minutes spent per complaint.

In retail, Etisalat released more than 40 Concept Stores and continued the rollout of Smart Stores, which now represent 89% of total retail sales. These stores have completely transformed the retail customer experience and the way we engage with customers by:

- Offering more products and accessories at the shops
- Adding digital interfaces including digital screens, iPads, and Self Service Machines (SSM) machines to support exploration and self-service
- Increasing automated service handling to boost the processing of customer requests
- Revamping store design and layout to reduce congestion and waiting time

As a result, the average waiting time at retail stores was reduced by 24% from 2017 to 2018. The positive impact on customer experience is also reflected in the favourable responses in exit interviews at stores and the improvement in Customer Feedback Management System scores. Overall, the customer satisfaction at retail stores exceeded the target set for 2018 by +4.8%.

TECHNOLOGICAL INNOVATION

This past year, Etisalat's security team implemented several innovative and advanced technologies to improve data and network security. These technologies are providing precautionary measures to prevent attacks and/or mitigate incidents at an early stage. Examples are:

1. User and Entity Behaviour Analysis (UEBA)

- Established a normal behaviour or baseline for users and entities
- Analysis of user actions along with the computer
- Triggers an alert to the IT Security Operation Centre for any abnormal behaviour or transaction

2. Public Cloud Access Security Broker (CASB)

- Security platform to control access to data stored on the public cloud
- Enforces location-based access control rules
- Monitors user's transactions and triggers alerts on any violations
- Prevents Shadow IT (using untrusted or personal Public Cloud Applications such as Google Drive and Dropbox)

3. Threat Intelligence based on Machine Learning

- Heuristics and predictive analysis for the computers' behaviours to detect any potential threats





Etisalat receives customer complaints from various channels – Retail, Inbound Voice and Inbound Non-voice (Chat, email, social media). Relevant data points are then collected from customer and verified to ensure the complaint is genuine and valid. Complaints are then classified into three categories – Technical, Billing and Customer Service. Technical complaints are further classified into fixed and non-fixed. Non fixed technical complaints are transferred to the expert desk for faster resolution. Fixed technical complaints are shared with engineering team. For each category of complaint there is a standard operating procedure (SOP) to be followed as per the nature of the issue. In case of billing complaints, the staff also analyse and determine if customer is eligible for any refunds. In all cases, the resolution is communicated back to the customer to close the loop.

	2017	2018
Customer complaints		
Number of customer complaints	1,819,175	1,529,363
Number of customer complaints resolved	1,808,219	1,457,987
Customer satisfaction		
Customer Effort Score (lower the better)	2.14	2.05
Retail Satisfaction	3.79	4.09
Call Centre productivity		
Number of First Call Resolution (FCR)	81.5%	83.2%

Customer complaints decreased by 15.9%, from 1,819,175 in 2017 to 1,529,363 in 2018, while we maintained a high percentage of complaints resolved at 95.3% in 2018. Customer satisfaction scores (Customer Effort Score and Retail satisfaction) increased in 2018, compared to 2017. Call centre productivity increased by 1.7 percentage points from 81.5% in 2017 to 83.2% in 2018.

15.9%

decrease in complaints in 2018 compared to 2017



83.2%

call centre productivity



Customer Health & Safety

The health and safety of customers, people and local communities is a high priority for us. There is a health risk perception of the emission of Electromagnetic Energy (EME) from mobile devices, base stations masts. Despite the lack of conclusive evidence on adverse health effects caused by mobile phone usage, Etisalat is committed to transparent communication regarding these public concerns and will comply with the laws in every jurisdiction that we operate.

Our telecommunication networks are built to follow TRA guidelines (Non-Ionizing Radiation Limits for Telecommunication Networks), which are in line with ICNIRP (International Commission of Non-Ionizing Radiation Protection) guidelines in terms of Specific Absorption Rate (SAR).



03 Responsible Business Practices

MATERIAL ISSUES COVERED

- Anti-competitive practices and anti-corruption
- Governance, transparency and accountability
- Enterprise risk management
- Sustainable procurement practices
- Responsible marketing communications

UAE NATIONAL VISION 2021 PILLARS

- Competitive knowledge economy

SUSTAINABLE DEVELOPMENT GOALS



2018 PERFORMANCE HIGHLIGHTS

84%
local procurement rate

Governance, Accountability & Transparency

Etisalat is dedicated to being a business that is accountable and transparent across our operations. To achieve this, we have implemented responsible business practices and adopted local and international standards of integrity throughout our operations.

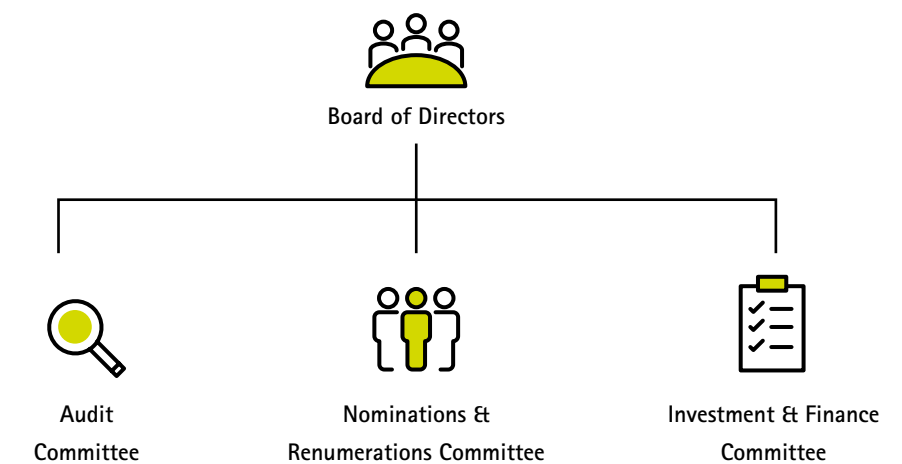
The telecommunications sector is fast-paced and ever-evolving, which is why Etisalat uses effective governance criteria that allow our operations to run smoothly with an integrated system of policies and mechanisms.

Etisalat operates through several transparency platforms among which are the media, Abu Dhabi Securities Exchange ("ADX") disclosure website, a dedicated website for Etisalat that articulates the company information and disclosures as well as the governance report. The governance report is one of the most important platforms for transparency and interaction with the public. Governance is embodied in an array of rules and measures under which the company is run and controlled. 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 brings governance to the attention of the public and enables shareholders to get acquainted with the company.

We created a set of policies that serve as the governance framework for Etisalat's Board of Directors including:

- Board Membership Policy
- External Auditor Policy
- Insider Security Trading Policy
- Policy of Holding Shareholders General Assembly
- Dividend Policy
- Board Members Conflict of Interest Policy
- Board Confidential Information Disclosure Policy
- Policy of Transactions with Related Parties

The Board of Directors consists of eleven members. Seven members are appointed by our government shareholder, and the remaining four are appointed by other shareholders at the General Assembly. All Board Members, including the Chairman and the Vice Chairman, are non-executive and independent. It is important for Etisalat to have a female representation on the board level. Currently, female representation is 9%. The Board of Directors held five meetings during 2018.



There are three committees of the board namely: Audit Committee, Nominations and Remunerations Committee and Investment & Finance Committee. These committees play an essential role in helping the board

in the running of the company. There are detailed charters for each committee that set out how they function, constitutional mechanisms, conditions governing meetings, meeting quorum and decision making.



AUDIT COMMITTEE

The Audit Committee is made up of three non-executive and independent members in addition to an external member. All Committee Members are well-versed in financial and accounting matters and the External Member holds a bachelor's degree in accounting and he is a member of the Illinois CPA Society, the American Institute of Certified Public Accountants and the Institute of Leadership and Management in the United Kingdom. The committee held eight meetings in 2018.

Among other things, the Audit Committee functions include:

- Monitoring the integrity of the Etisalat's financial statements
- Developing and implementing a policy for contracting with the external auditor
- Ensuring the external auditor's independence
- Reviewing the systems of the financial control systems and risk management
- Reviewing the implementation of internal control systems and policies
- Supervising the functions of the Internal Control and Audit Department to ensure the sound performance of its duties



NOMINATIONS AND REMUNERATIONS COMMITTEE

The Nominations and Remunerations Committee consists of four non-executive and independent members. The committee sets the policies, which define our talent requirements for executive management and staff. It also sets policies pertaining to remunerations, incentives and salaries of Board Members, executive management and staff. The committee makes sure compensations are in

line with Etisalat's strategy of attracting and retaining talented staff to achieve the best results. Committee Members organise and administer the nominations for the board directorship. Moreover, the Nominations and Remunerations Committee ensures that the board meets the independence requirements and reports its findings. In 2018, it held three meetings.



INVESTMENT AND FINANCE COMMITTEE

The Investment and Finance Committee consists of five independent and non-executive members and held seven meetings in 2018. The Committee assists the board in investment-related business at the local and international levels.

Executive management performs Etisalat's daily activities and exercises the authorities delegated to it by the board. Etisalat has a clear policy with well-defined limits of authority that outlines executive management team's duties. The executive management follows a performance mechanism and ambitious targets approved by the board, which link remunerations and incentives with the performance.





Ethics & Compliance

Etisalat is committed to comply with the laws and regulations of the jurisdictions where it conducts operations. Compliance with national and international laws, regulations and best practices is of utmost importance to protect Etisalat's reputation, stay competitive in the market, foster the business and avoid penalties.

ANTI-CORRUPTION AND ANTI-BRIBERY

Etisalat's commitment to combat corruption and bribery is reflected in its Anti-Bribery and Anti-Corruption Programme. This programme covers:

- Anti-Bribery and Anti-Corruption
- Gifts, Entertainment & Hospitality
- Conflict of Interest
- Due Diligence and Engagement

All new staff joining Etisalat are required to sign the "acknowledgement and disclosure statement of conflict of interest and business ethics." This statement includes a clause for employees not to commit or partake in any form of bribery and corruption.

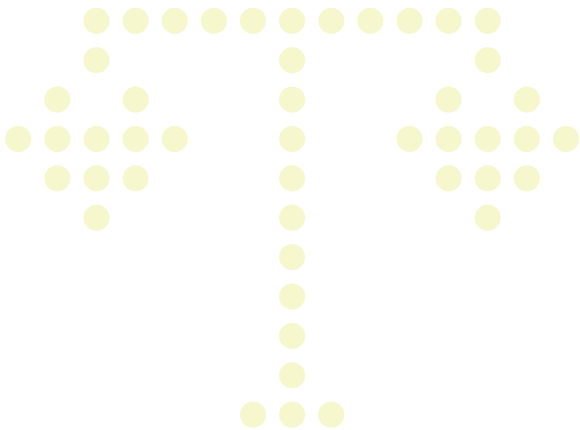
ANTI-COMPETITIVE PRACTICES

Etisalat is also committed to combat anti-competitive practices and behaviour in line with applicable legislation and regulation. In 2018, no claims were raised against Etisalat for anti-competitive behaviour, anti-trust, or monopoly practices.

WHISTLEBLOWING POLICY



Etisalat follows a Global Whistle Blower process to monitor and report any potential non-compliance incidents. The Global Whistle Blower process promotes openness in the workplace, and encourages employees to report instances of unethical behaviour, actual or suspected fraud, or any violation of Etisalat's policies, processes, and applicable laws and regulations. The received complaints are classified to better understand the types of complaints, the sources, and their frequency. This, in turn, will enable an appropriate and timely recommendation or remediation strategy.



COMBATTING FRAUDULENT ACTIVITIES

To prevent revenue leakages, Etisalat's Revenue Assurance Function has a dedicated Fraud Management team, responsible for monitoring and addressing subscription fraud and other fraudulent activities. The Fraud Management team is comprised of a detection team and an investigation team.

The detection team's main objective is to quickly detect and deter any subscription related fraud or revenue leakages. The investigation team on the other hand, collects all cases, and searches for patterns of subscription fraud, where compliance violations and/or internal fraud have been identified, among sales channels. The investigation team will initiate deep investigations when needed and will issue Fraud Investigation Reports (FIRs), which outline main findings and recommendations.

As part of the Anti-Fraud Programme, Etisalat conducts employee training and awareness campaigns that cover:

- The risks of fraudulent activities
- What constitutes fraud
- How to prevent and detect fraud
- How to report suspected fraud

These campaigns equip employees with the knowledge and skills to detect fraudulent transactions. Fraud Risk Assessments (FRA) are performed by the fraud team.

CORPORATE COMPLIANCE

In 2018, Etisalat established a dedicated Corporate Compliance team to ensure compliance with national and international laws, regulations and best practices regarding corporate compliance topics. These include, but are not limited to, regulatory compliance, anti-bribery and anti-corruption, anti-money laundering, data protection and export controls and trade sanctions.



Risk Management

Proactive management of risk is essential to achieving our strategic objectives. Enterprise Risk Management (ERM) is a fundamental part of the way we do business and is built into our day-to-day operations.

Through an ERM policy, we work to effectively manage and mitigate business risks. The Internal Control function within Etisalat is responsible for establishing and maintaining an ERM framework and methodology, as well as helping executive management and teams across the company with regards to risk management.

The ERM framework is aligned to international best practices. We follow the 'three lines of defense' model to effectively manage risks. The Etisalat ERM programme is governed by approved ERM procedures as well as an approved internal control charter. We also have a Risk Appetite statement that classifies and rates top risks facing our business. These risks, along with any new and emerging risks, are reviewed on a quarterly basis at the ERM Committee (ERMC) meetings. The ERMC, chaired by senior Etisalat executives, meets on a regular basis to review important risk-related information such as current risk drivers, existing controls, and the status of Key Risk Indicators (KRIs) and planned risk mitigation actions. Summary risk reports are given to the Audit Committee for consideration.





The following is a breakdown of some of the significant threats across Etisalat's various operations and how these threats are being managed:



STRATEGIC CHALLENGES

GEO-POLITICAL THREATS

Ongoing political and geographical uncertainty pose continuous challenges.

MANAGEMENT

We manage this by leveraging local expertise and knowledge to combat these challenges. Moreover, the security of local employees is proactively managed.

MACRO-ECONOMIC CONDITIONS

Changes in regional and global economic conditions within several markets continues to present challenges.

MANAGEMENT

Fluctuating economic factors are considered during the annual financial budgeting and planning processes. Ongoing analysis and review of market conditions are regularly assessed within key markets.

OVER-THE-TOP (OTT) OPERATORS

The presence of OTT operators is a common threat across the telecommunications industry that affects mobile voice revenues in a number of Etisalat's more mature mobile markets.

The increase in the use of VoIP applications is cannibalising traditional telecom operators' revenues.

MANAGEMENT

Various commercial strategies in response to such OTT threats are considered and implemented by respective commercial teams across Etisalat.



OPERATIONAL THREATS

CYBERSECURITY

The threat of external cyber-attacks across the Etisalat network and IT infrastructure is ever-present.

MANAGEMENT

Network and IT security teams proactively monitor activity across our networks to identify and mitigate possible cybersecurity threats and data privacy breaches.

COMPETITION AND PRICING PRESSURES

The markets in which Etisalat operates are characterised by high levels of competition (existing and new), pricing pressure, technology substitution, market and product convergence, and customer churn.

MANAGEMENT

Etisalat closely analyses and monitors the trends within these markets and invests in its networks, products and service offerings to compete effectively. The growth and development of digital products and services is a further means of managing diverse competitive threats.

SERVICE CONTINUITY

The sustained continuity of Etisalat's network across all its operating companies is vital to its continued success. Etisalat faces the threats of disruption, malfunction, and loss or damage to network infrastructure due to natural disasters or other uncontrollable events.

MANAGEMENT

Etisalat has established a Business Continuity Management team to develop and test business continuity plans and crisis management arrangements. Insurance policies are also in place to make provision for infrastructure property damage.



COMPLIANCE CHALLENGES

REGULATORY CHALLENGES AND UNCERTAINTIES

As the Etisalat Group operates in various diverse and developing markets, it faces ongoing regulatory and legal challenges. Governments and regulatory agencies can alter existing policies or implement new policies, which can significantly influence Etisalat's operations and financial performance.

MANAGEMENT

These challenges are managed by the respective OpCos' regulatory departments, with support from the Group's regulatory team.

LITIGATION

Just as any other organisation, Etisalat is subject to the risk of litigation by competitors, customers, regulators and other parties. This can affect the financial performance and reputation of the Group's OpCos.

MANAGEMENT

Legal counsel within each OpCo oversees and actively manages such litigation cases. Where required, Etisalat Group's legal team also provides support to the OpCos.



FINANCIAL THREATS

FOREIGN EXCHANGE EXPOSURES

Etisalat is exposed to the uncertainty of foreign exchange rate volatility in some of the countries in which it operates. Specifically, this volatility may affect consolidated results and the overall value of Etisalat's investment in overseas operations.

MANAGEMENT

Group Finance has established policies, procedures and tools to monitor, manage and report such exposures.

OTHER FINANCIAL EXPOSURES

The Group's financial assets and liabilities are exposed to additional financial threats, including interest rates, liquidity and credit risks.

MANAGEMENT

Financial risk management is discussed in greater detail in the Financial Instruments section of the 2018 Annual Report.





Procurement Practices

We are committed to sustainable procurement practices. Our suppliers and vendors are an integral part of Etisalat's value chain – crucial to the delivery of quality products and services to customers.

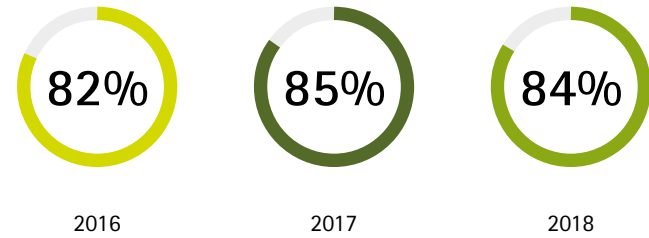
LOCAL PROCUREMENT

We aim to work with local suppliers whenever possible. Total procurement spending with local suppliers increased by 2% from 2016 to 2018, from 82% to 84%.

TOTAL PROCUREMENT SPENDING (AED MILLION)

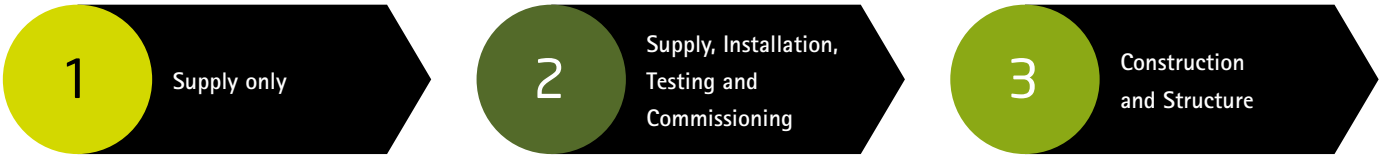


LOCAL PROCUREMENT RATE



SUPPLY CHAIN MANAGEMENT

All current and future suppliers must comply with Etisalat's strict Standard Instructions and Conditions for Etisalat Tenders (SICET). Etisalat has three types of SICETs that pertain to different types of procurements and services:



In each of the three SICETs, we expect all vendors to comply with applicable UAE laws and regulations.

Etisalat always performs an evaluation of vendors participating in our Request for Proposals (RFPs) to ensure the companies are compliant with our SICETs. Certain clauses in the SICETs deal with environmental and social aspects.

Etisalat conducts a yearly Supplier Performance Evaluation, assessing strategic suppliers based on different criteria, including size of business, quality of project and service performance, timeline on project, and compliance to Etisalat terms and conditions.

Also, as part of our environmental efforts, we consider ways to reduce overall material stock including slow-moving and non-moving items. This results in less obsolete and written-off items.





Responsible Marketing

At Etisalat, customer centricity is embedded into the design of our products and services. All customer segments are considered when new products and services are developed. We analyse trends, behaviours and sales performance when creating new products and services or when updating existing ones.

Our Customer Interaction Guidelines require sales agents to be completely transparent when they discuss key terms and conditions with customers.

At Etisalat's customer-facing channels, sales agents are trained to fully explore customer needs and requirements before recommending the best-fit product or service. This is achieved as a result of the in-house designed Customer Journey process, built on the Sales Excellence 5-point framework, which aims to provide an effective and efficient customer experience.

Some products, such as eLife, have dedicated zones in retails stores with a full entertainment setup box where customers can view the products in a home-like setting. This allows them to test and feel the product before they purchase it.

Etisalat's sales teams are equipped and trained to communicate and educate customers on the full array of product and service benefits, including related clauses and terms. The primary focus here is to ensure quality sales and a positive customer experience, while maintaining transparency and offering best-fit products suited for every customer segment.

Etisalat's Customer Feedback Management programme captures comments and rating scores after every sales transaction. In cases of concern, the Customer Feedback Management team contacts the customer to further understand their sales experience and offer corrective actions when required.

ADDRESSING OUR CUSTOMERS' NEEDS: DEAL OF THE DAY AND NEXT BEST ACTION



Etisalat also promotes responsible, efficient and cost-effective products to its customers based on their needs. We recently launched the Deal of the Day (DoD) and Next Best Action (NBA) initiatives.

DoD is a pull-based engagement platform where customers get daily customised special deals by dialing the required USSD code. A catalogue of 200+ special offers is offered to customers depending on their telecom usage preference.

NBA provides the customer with the most relevant offer based on the customer's usage needs. The offer is presented to the customer when he/she engages with Etisalat on one of our inbound channels.

Human Rights

Etisalat is a United Nation Global Compact (UNGC) signatory and upholds its support to the UNGC's Ten Principles in different areas including that of human rights.

Etisalat is therefore proud to follow a zero-tolerance policy with regards to abuses of human rights within its value chain. Etisalat reserves the right to terminate business with a supplier with serious breaches of the standards contained in this policy and where the supplier consistently fails to take corrective action within an agreed timeline.



04 Our People

MATERIAL ISSUES COVERED

- Occupational health and safety
- Talent attraction, retention and development
- Diversity and equal opportunity
- Emiratisation

UAE NATIONAL VISION 2021 PILLARS

- Competitive knowledge economy
- Cohesive society and preserved identity

SUSTAINABLE DEVELOPMENT GOALS



2018 PERFORMANCE HIGHLIGHTS

- Diversified workforce where 81 nationalities are working collaboratively
- 84% Employee Engagement Index score
- HR Technology and Digital Champion Award, Best Executive and Leadership Development Strategy, Best Graduate Recruitment Programme at the HR Summit and Expo 2018 – UAE
- HR Brilliance Award UK held in London and won the Brilliance in Employee Engagement award for 2018
- 1,279 training hours on health and safety
- 33 average hours of training per employee
- Launch of SPOT recognition awards
- Nationalisation focus resulting in 47.6% representation by UAE Nationals in the workplace and giving equal opportunity for expatriates to work and support the business objectives

Employees – Our Greatest Asset

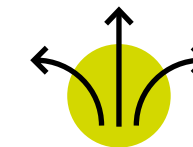
At Etisalat, we firmly believe that our people are our greatest assets. We believe that our success and our customers' experience depend on attracting and retaining talented people at all levels of the company.

Etisalat implements a unique transformational approach to provide an agile, digitally native and responsive Human Resources Ecosystem by fostering a mentality that aligns with our business strategy.

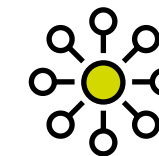
We at Etisalat are committed to doing business according in alignment with our core values.



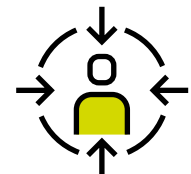
EMPOWERMENT involves the ability to enable people at all levels to take ownership, be motivated and act appropriately to achieve the defined organisational, group, and team objectives. It requires clarity on what has to be achieved, to what standard, within what timeframe and budget, and gives accountability for delivery.



AGILITY is the ability to respond quickly by adapting to, and working in, a variety of situations with diverse individuals and groups. It is about thinking and responding differently, and not being disconcerted or stopped by the unexpected, thus achieving a fast response time.



COLLABORATION is about working cooperatively, across organisational levels and unit boundaries, recognising and adapting to different ways and styles of working to achieve common and shared goals.



CUSTOMER CENTRICITY is the willingness and ability to give priority to customers, delivering high-quality services and providing a great end-to-end customer journey that exceeds their needs and expectations.



Etisalat is committed to:



→ Provide effective and efficient employee services for all staff



→ Maintain internal equity of job grades and ensure the external competitiveness of salaries and benefits



→ Create a healthy working environment, by establishing a sense of belonging, teamwork and respectful treatment



→ Upgrade, train and develop employees to cope with international standards



→ Attract, recruit & retain qualified staff, with emphasis on UAE Nationals

Workforce profile	2016	2017	2018
Employees on an indefinite or permanent contract	4,646	4,544	4,459
Employees on a fixed term or temporary contract	2,527	2,255	2,285
By employment level:			
Senior management	66	64	63
Middle management	643	669	680
Staff	3,937	3,811	3,716



Diversity & Inclusion

At Etisalat, we celebrate diversity. We believe diversity and equal opportunity are not only human rights, but key to Etisalat's success. With that in mind, Etisalat aims to provide a diverse and inclusive work environment for its employees, at all levels of employment.

Etisalat is guided by the UAE labour law to ensure equitable and sustainable practices of fair employment. Etisalat policies provide benefits and protection either higher or equivalent to the terms mentioned in UAE labour law for migrant workers. Further, Etisalat has a Personal Conduct Policy that is communicated to all employees. Employees must abide by this policy and observe proper work ethics. A breach of the policy will entail equitable disciplinary action depending on the nature and seriousness of the offence.

In 2018, like previous years, Etisalat recorded zero incidents of discrimination.

YOUTH EMPLOYMENT

In line with UAE's national vision, Etisalat strives to support young people and be a catalyst for youth employment. Etisalat seeks to hire youth in every job. In 2018, 31% of our new hires were between the ages of 18 and 30.

NEW EMPLOYEE HIRES (AGE 18-30)

2016	31%
2017	40%
2018	31%

FEMALE EMPLOYMENT

In line with the UAE's national vision 2021, we seek to empower women and promote gender equality so that our local communities and business prosper.

We have equality policies in place that ensure women rights are protected and exercised, and that our working culture respects women's rights at all times. In 2018, a total of 1,010 females were working at Etisalat, representing 22.7% of our total workforce. 72.8% of female employees at Etisalat are Emiratis.

Etisalat constantly works to increase the percentage of women representation in its workforce. In 2018, around 30% of new hires were female.

NUMBER OF FEMALE EMPLOYEES

2016	1,060
2017	1,030
2018	1,010

FEMALE EMPLOYMENT RATE

2016	22.8%
2017	22.7%
2018	22.7%



DEVELOPMENT OF UAE NATIONALS

Etisalat's focus on UAE nationals' development and engagement strategies contributed to an exponential increase in organisational performance, and a significant cultural shift within the company with new corporate values. These initiatives are perfectly aligned with the corporate strategy and the positive impact that they had on financial results, cross-functional collaboration and overall staff motivation resulted in Etisalat becoming an 'Employer of Choice'.

Building Human Capital has always been a key focus area at Etisalat and continual efforts are underway to create a positive and enriching employment journey for Emiratis. Inspired by our vision and associated pillars on people strategy – Building the Next Generation of Leadership – we work to raise capabilities and develop local talent. Etisalat has placed a significant emphasis on recruiting Emiratis to achieve strong performance for today and sustainable talent for tomorrow.

Etisalat is dedicated to address the Emiratisation agenda that is in alignment with the UAE national vision 2021. We seek to empower Emiratis by offering meaningful jobs, training and development opportunities to help them excel and create long-term careers in the telecom sector.

Etisalat focuses strongly on building the next generation of corporate leaders. To that end, Etisalat has nationalisation KPIs at multi-levels of the organisation. Etisalat is also committed to developing national employees by encouraging them to continue their studies, providing them with extensive training, coaching and mentoring programmes specifically designed for UAE Nationals, and offering UAE students from different universities work placements. In addition, Etisalat indirectly contributes to scholarship programmes with the ICT Fund under the TRA.

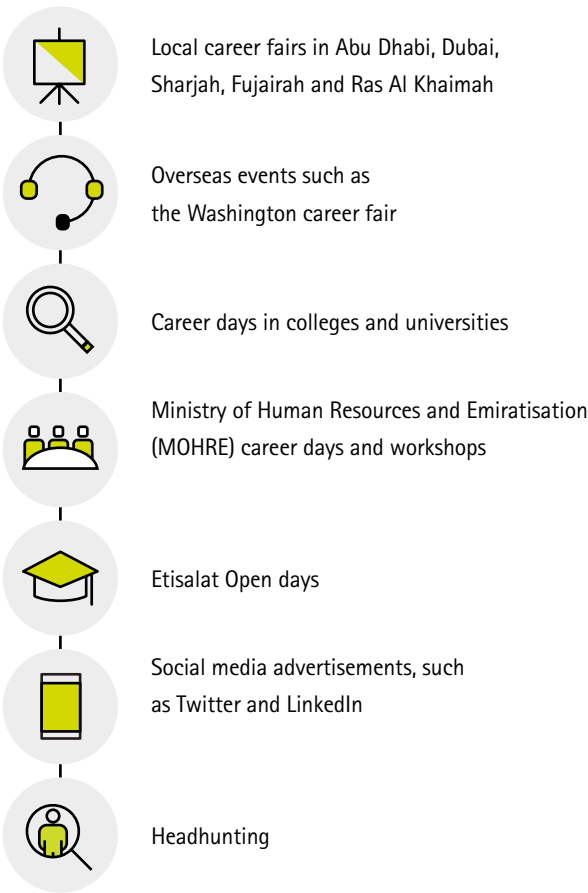
Etisalat UAE continued with its numerous endeavours to attract national ability through career fairs and recruitment campaigns. In 2018, Etisalat participated in five career fairs and cooperated with local colleges and other instructive establishments to hire nationals. Moreover, Etisalat offers Emiratis the opportunity for internship/work placement and summer trainings.

We attract youth through our new talent acquisition and sourcing model – Work-Ways. This model offers younger employees flexible working conditions through Flexi-Time, the ability to work from different Etisalat locations and a variety of positions (shifts, part-time, seasonal work during summer and work placements).

One distinctive and unique approach taken by Etisalat is the establishment of three call centres in Ras Al Khaimah, Fujairah and Al Ain to offer new job opportunities for nationals close to their home Emirate. We hired UAE nationals for part-time work and seasonal sales projects, civil projects, and the Al Ain project (for example we hired Engineering Contingent UAE Nationals for the Hassantuk project).

With each passing year, Etisalat has grown increasingly successful in attracting local talent and thus developing the national workforce at all levels, paving the way to become future leaders. Etisalat's strategic Emiratisation agenda encompassed initiatives such as its Work Placement Programme, Summer Trainee Programme, and Graduate Trainee (GT) Hiring Programme. We are dedicated to participating in Career Fairs, Absher (MOPA) Programme, Accelerators agenda, Open Days approach, Wajehni, Tamkeen, UAE Nationals Sourcing Programme, Overseas Hiring (Washington DC Initiative), Secondment Programmes in Etisalat's International operations and more.

Below is a list of channels used by Etisalat to hire UAE nationals:



The ratio of Emiratis to expatriates is a balanced one. In 2018, Emiratis made up 47.6% of the workforce, compared to the 47.3% in 2016.



Health & Safety

Etisalat is committed to the highest standards of health and safety in the workplace. To that end, it established a Health, Safety & Environmental (HSE) policy for all UAE HSE related legislations. This policy applies to all Etisalat UAE staff, contractors, suppliers, consultants, visitors and partners at Etisalat premises and its projects.

Etisalat adheres to safe labour practices and laws regarding working hours and ensures good protection and safety of all employees. Moreover, Etisalat is OHSAS 18001 certified for health and safety.

An internal audit on HSE was performed in 2018, and all recommendations were accepted by the management and are in place to be implemented. In addition, health and safety risks are assessed as part of the physical and environmental controls that are included in the annual audit plan. These include, but are not limited to, reviewing the control environment for fire suppression systems, document retention and disposal, physical perimeter security and crisis management.

In addition to protecting the safety of our people, Etisalat promotes better living habits. Through various events, Etisalat raises its employees' awareness on health and safety in the workplace as well as leading healthier lifestyles. In addition, Etisalat provides its employees with training sessions covering health and safety.

In 2018, 1,279 training hours were provided to employees regarding health and safety. One of the prominent programmes is the Best Employee Wellness and Wellbeing Programme that was introduced in 2010. Every year new enhancement and initiatives are added for employee health and well-being.

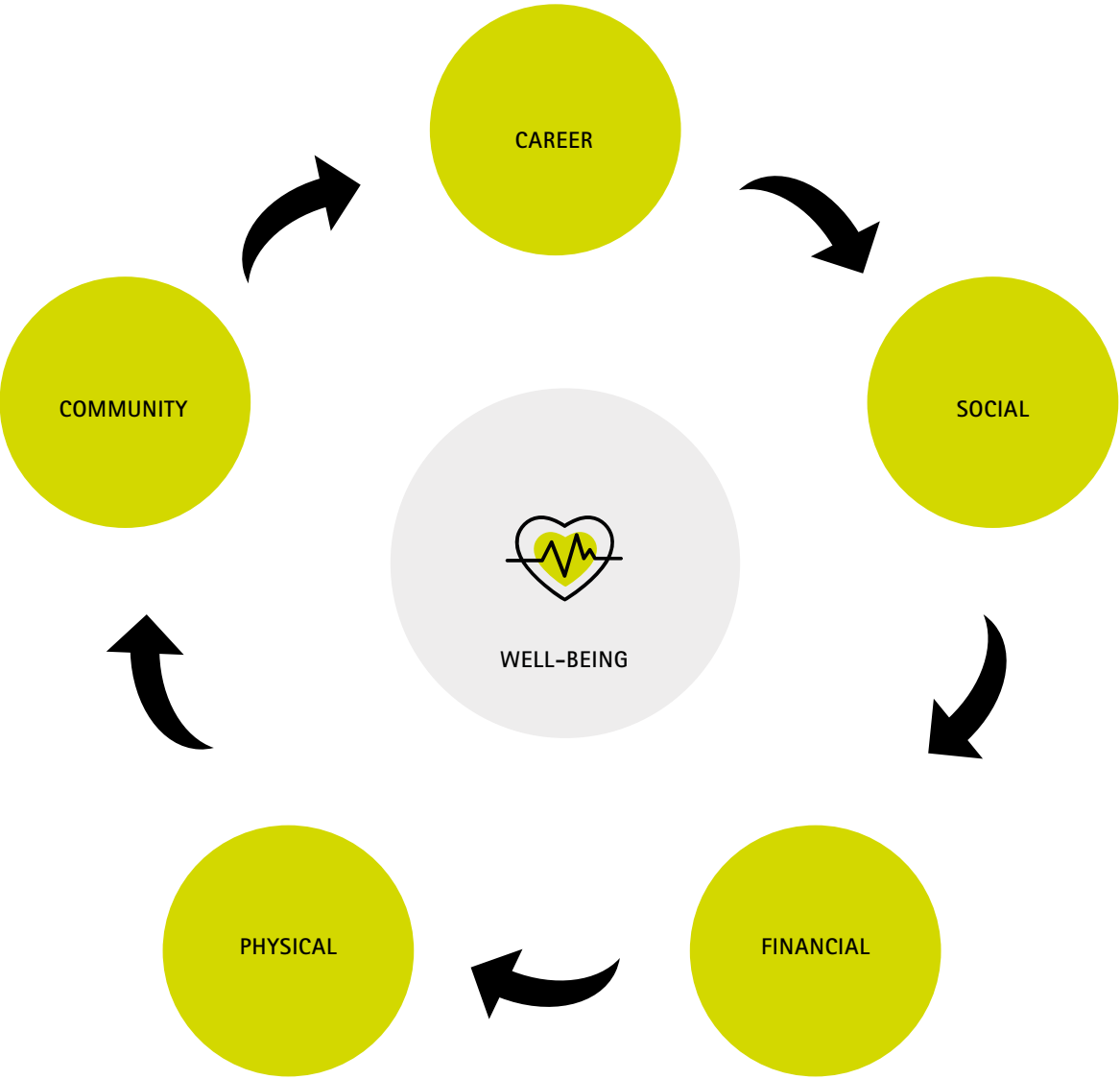
Our employee Wellness Programme's theme is Eat-Think-Live. Over the year, we run programme related seminars such as: health screenings, healthy food, educational awareness seminars, special health offers, smoking cessation support, stress management services (such as yoga and meditation), weight loss and exercise programmes, as well as many more fun filled activities.





Etisalat Wellness Programme encourages employees to find a balance between their personal lives and jobs. Therefore, after the adoption of this programme, employees' productivity was drastically enhanced and a massive decrease in absenteeism rate was noted.

The Corporate wide wellness programme also helped Etisalat employees understand the common diseases and health issues that they face daily and how to overcome them by adopting healthier habits. Etisalat UAE incorporated Corporate Wellness into its HR Vision, Mission & Strategic Focus with the following five-step wellness and well-being model:



To ensure a seamless implementation process, Etisalat added a group medical insurance policy covering all employees and their families residing in UAE. In 2018, Etisalat focused on medical screenings, health awareness lectures, Eat-Think-Live seminars, physical activities such as Zumba guided by a personal trainer, medical nutritionist, healthy food samples, providing food baskets to employees, and games and competitions.

REWARDS & RECOGNITION:

- 7 stars award
- Appreciation Certificates
- Appreciation for staff who organized the National Day celebrations
- Awarding the retired employee
- Awarding the staff Carrefour Vouchers
- Counter Sales Day
- Customer Experience Team Award
- Exceeder Awards
- Giveaways
- Long Service Recognitions
- National Service Ceremony
- Star Performer Awards

PHYSICAL WELL BEING

- Personalized E-cards For Colleagues
- Brunch with all teams
- Business Care Iftar
- C&WS T-Shirts Design Competition
- General Health Checkup
- Get together before Ramadan
- Hot Chocolate Week
- Monthly Breakfast session with SVP
- Online Quizzes & Games
- Our Values in Virtual Reality
- Prestige Ramadan Iftar
- Ramadan Iftar
- Ramadan Campaign
- Sudanese Iftar
- Telesales Ramadan Iftar
- Wellness Festival in Customer Care

ENGAGEMENT & HAPPINESS

- Mother's Day Celebration
- A Day in RAK
- Annual Team Activity Day
- Business Management Day with Business Care
- WhatsApp group
- Colleagues site visits
- Diamond program
- Etisalat Digital Monthly What's Up Meeting
- Follow The Leader
- Got Talent
- H.H. Shk. Mohammad Bin Rashid quotes
- Happiness gatherings, portal, robot
- Haq Al Lailah
- Lecture About Ramadan
- Meetings with Emp. Engagement SPOC's
- Mentoring
- Monthly Sectional Gatherings
- Motivational Messages & Events Update
- Senators Program
- SVP Call & Message to the achievers
- Thank you note
- WYANA Souq

SPORTS

- Table Tennis Tournament
- Basketball Cup & Billiard Competition
- Cricket League
- C&WS Foosball Tournament
- Daily Fitness exercise
- Engineering World Cup
- Foosball Tournament for Ladies
- Foosball Tournament for Men
- Football Tournament
- Indoor Sports
- Men's Rapid Chess Tournament
- Rapid Chess Tournament for Ladies
- SME Ramadan Iftar
- Sports Events



In 2018, around 5,000 Employees participated in the Wellness Programme week in Etisalat UAE Offices to receive medical check-ups and healthy lifestyle tips and offers. Other wellness activities conducted on an annual basis include:

- Etisalat Games
- Ramadan Tournaments
- Wellness for Family and Spouse
- BBQ for Family and Friends
- Information Security Campaign
- Free lifetime E-Life connections for Latifa Hospital – Thalassemia Centre
- Financial support from Etisalat UAE to Dubai Cares



WEIGHT LOSS CHALLENGE

Over 140 of Etisalat employees participated in UAE's weight loss challenge that took place between May and October of 2018 in partnership with Abu Dhabi Police and Imperial College London Diabetes Centre (ICLDC). Through the Weight Loss Challenge, we encouraged people to start making necessary changes in their lifestyles. Etisalat employees who participated in the challenge were chosen based on their Body Mass Index (BMI) and weight-loss goals. Each participant had to meet strict eligibility requirements and was given a toolkit at the start of the challenge containing healthy nutritious choices and exercise tips to help them adopt healthier habits.



ETISALAT WON THE CORPORATE WALKING CHALLENGE IN 2018

Etisalat Employees in Abu Dhabi and Al Ain who wore walking trackers for six months to promote physical exercise in the UAE were rewarded for their efforts. Participants aimed to take at least 10,000 steps per day during the campaign. Those who hit the highest numbers were recognized at a ceremony held at Yas Marina Circuit as part of WALK 2018, the 12th cycle of ICLDC's flagship health event initiative.

The WALK witnessed thousands of people embarking on a 5km stroll in the circuit in celebration of gentle exercise. Open to people of all ages, backgrounds, and levels of fitness, it featured free fun activities, from Zumba to bubble football and Gladiator-style games.

FOSTERING A FITNESS CULTURE AT ETISALAT

Etisalat established an employee gym in 2016. The gym, located in the Abu Dhabi head office, is free of charge for all employees and

has flexible opening hours (6:00 AM – 10:00 PM). Employees are only required to provide their employee ID to access the facility.





Any personnel involved in the installation, operation and maintenance of base stations and equipment must be qualified and authorised to do so. Etisalat issues a Permit to Work (PTW) and a mandate for third-party certification for hoist, cradles and riggers. We provide personnel with training and a toolbox talk, and perform continuous HSE inspections. In addition, Etisalat ensures that all field staff do not perform any work on telecommunication towers until the power from the related base stations is cut off.



In 2018, 13 emergency response drills were conducted, a significant increase from the number of drills conducted in 2016 (5 drills). Etisalat is committed to raising employees' awareness on heat stress events through constant seminars and training sessions on the definition, types, symptoms and precautionary measures on heat stress. In September 2018, the HSE team successfully conducted Beat the Heat campaign with field workers who are exposed to sunrays during hot weather.



No fatalities were recorded in 2018. Total recordable injuries for employees stood at zero while there were two contractor injuries recorded in 2018.

Employee health and safety	2016	2017	2018
Employee occupational illnesses frequency rate	0.11%	0.11%	0.20%
Heat stress incidents	0	0	0
Total number of emergency response drills conducted	5	7	13
Absentee Rate			
Employee absentee rate	1.98%	2.29%	2.30%



Training & Development

Etisalat is committed to develop its employees and constantly provide them with training opportunities that support their career advancement. With our mission to drive the digital future, we incorporate strategic learning and futuristic technology to shape the talent landscape of the future.

As we move to the future, technology will increasingly become a key driver of society. By fostering a technologically savvy workforce, we can ensure that Etisalat will continue to offer innovative and customer centric products and services, and that our people will be prepared for a digital future.

Etisalat has propelled its Qadat Al Mostaqbal Leadership Development Programme Cohort 5 to be a vehicle for building and preparing the pioneers of tomorrow. Also, the establishment of the Technology Academy, the Sales Academy, and the Business and Customer Care Academy mark key milestones in Etisalat's efforts to offer the best capacity building programmes.

The total number of training hours provided increased by 5% from 125,528 in 2016 to 132,256 in 2018, highlighting Etisalat's commitment to develop its employees. Similarly, the average hours of training per male employee increased by 12.5% from 28.58 hours in 2016 to 32.18 hours in 2018.

An additional 1,334 training sessions were offered in 2018, totaling 2,610, compared to the 1,276 offered in 2016. The total sessions attended by staff in 2018 stood at 12,947, an increase of 48.8% when compared to the 8,702 sessions in 2016.

ENCOURAGING A CULTURE OF EXCELLENCE



Etisalat recognises a performance driven culture. We introduced rewards and recognition programmes that focus on employee engagement and happiness that aligned with the business objectives. These programmes create healthy competition among employees and assist in achieving business targets.

In 2018, the rewards and acknowledgment programmes were re-branded and improved. New reward schemes, including SPOT Recognition award, were established, allowing staff to be rewarded by their managers and peers based on positive behaviour in accordance with the Etisalat core values. The reward is transferred instantly to the employees' Smiles App on their mobile phones.

Training		2016	2017	2018
Total hours of training for employees	#	125,528	104,640	132,256
Average hours of training per female employee	#	27.54	28.42	27.84
Average hours of training per male employee	#	28.58	28.89	32.18
Average hours of training per employee	#	28.36	28.79	31.22
Total number of training sessions held	#	1,276	868	2,610
Total training sessions attended by female employees	#	1,795	1,830	2,973
Total training sessions attended by male employees	#	6,907	5,761	9,974
Total training sessions attended by all employees	#	8,702	7,591	12,947



Moreover, Etisalat has a performance management system in place. The Continuous Performance Management system strongly contributes to the alignment of senior executives and employee objectives with goals and aspirations of Etisalat's corporate strategy. The system bridges performance and associated rewards in a consistent and coherent approach in all operations. As part of Etisalat's missions, on a monthly basis Etisalat celebrates its employees' outstanding performance through initiatives such as Monthly Excellence, WoW Award and Customer Exceeder awards.



THE REWARD & RECOGNITION PROGRAMMES AT ETISALAT:



To recognise and reward for your exceptional contribution, commitment and going the extra mile in your day to day work.

Eligibility: Director level and below



Awarding those who go the extra mile in engaging with our customers.

Eligibility: Frontline Staff (excluding managers and above)



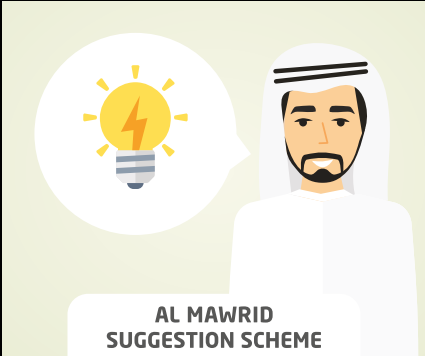
Top Retail Outlet, Top CCC teams and Top CSE Group in Technology shall be awarded with Customer Experience Awards based on the Customer Service Excellence measures.

Eligibility: All staff



Reward project team members for their strategic impact and innovative or path-breaking execution of a specific project.

Eligibility: All Staff excluding GCEOs Direct Reportees.



Rewarding innovative ideas which help to improve processes, products, employee engagement or customer experience.

Eligibility: All staff



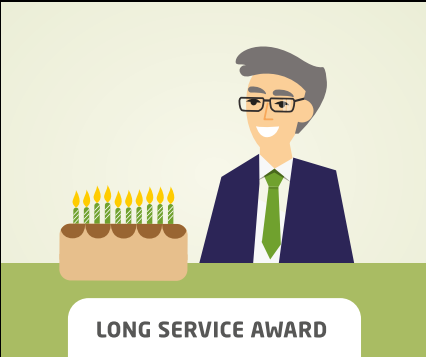
Honouring the best colleagues who work in the same section/department, or in other departments.

Eligibility: All staff



To recognise and reward for excellence in your day-to-day function.

Eligibility: Managers and below



Reward all Etisalat staff who served the company for more than 10 years.

Eligibility: Full-time employees



To reward those who have contributed exemplary customer experience, innovation and excellence within or outside their functional role.

Eligibility: All staff excluding GCEO's direct reportees



Recognise employees for their leadership skills.

Eligibility: Full-time employees



All the UAE National Staff who have served and completed the National Military Services.

Eligibility: UAE Nationals



To recognise employees who win more than one award in a year.

Eligibility: Rewarded staff only



Engagement & Satisfaction

Etisalat engages with its employees to better understand their needs and concerns. Etisalat maintains open communication channels with its employees and develops action plans based on their feedback.

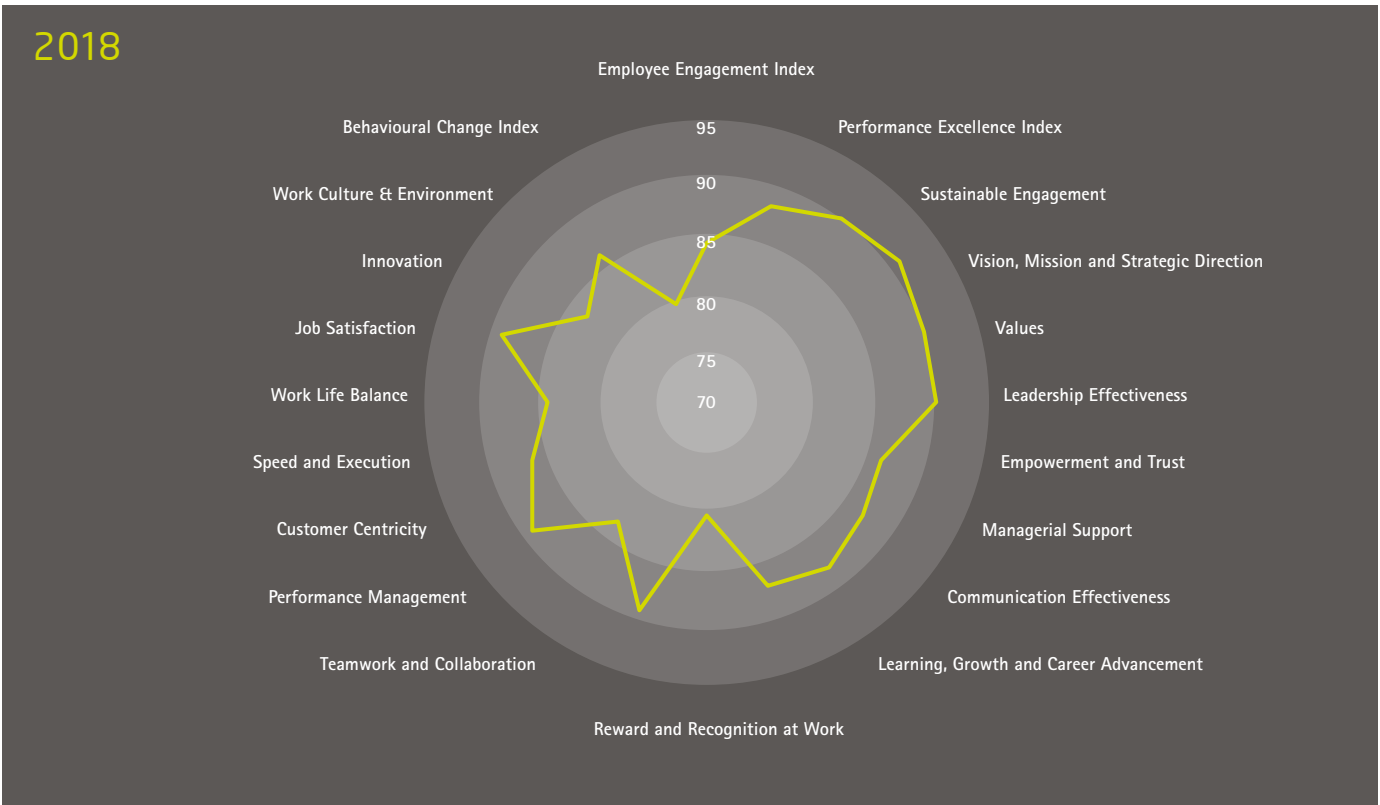
We encourage employee engagement through innovative management tactics involving a unique deployment methodology, engagement committees and a network of 'Engagement Champions', employee feedback mechanisms, and reward and recognition programmes. By including an Employee Engagement Index and a Performance Excellence Index into every office's key execution dashboard, we're able to align employee engagement with business objectives.

We employ several channels to ensure the efficient employee engagement including recognition events (Etisalat Heroes) and an employee suggestion scheme (Al Mawrid). Since inception of Al

Mawrid, more than 1,500 ideas have been put together by staff from all divisions. Every year around 9-10% of the ideas are implemented by Etisalat, demonstrating the success of the programme.

In 2018, employee satisfaction increased by 6.5 percentage points in comparison to 2016 (up from 66% to 72.5%), reflecting Etisalat's successful efforts to improve its employee engagement channels.

The participation rate on the employee engagement survey reached 84% in 2018. The Employee Engagement Index increased by 10 percentage points from 74% in 2016 to 84% in 2018. The Performance Excellence Index stood at 88% in 2018, an 11-point increase from the 2016 figure of 77%. The highest increase (16 percentage points) from 2016 to 2018 was noted in both the Behavioural Change Index and the Reward and Recognition at Work indicators.



Employee satisfaction and engagement (%)	2016	2017	2018
Employee satisfaction score	66.0	69.6	72.5
Employee Engagement Index	74	80	84



COMPENSATION AND BENEFITS

We believe that a skilled, motivated and engaged workforce is essential to achieving our growth ambitions. Fair and competitive compensation and benefits are essential factors in achieving this.

To that end, we strive to provide salaries and benefits that help meet the varying needs of all our employees. Our benefits include, but are not limited to, health insurance, parental leaves, paid time off, and different paid incentives programmes.

INTERNAL GRIEVANCE MECHANISM

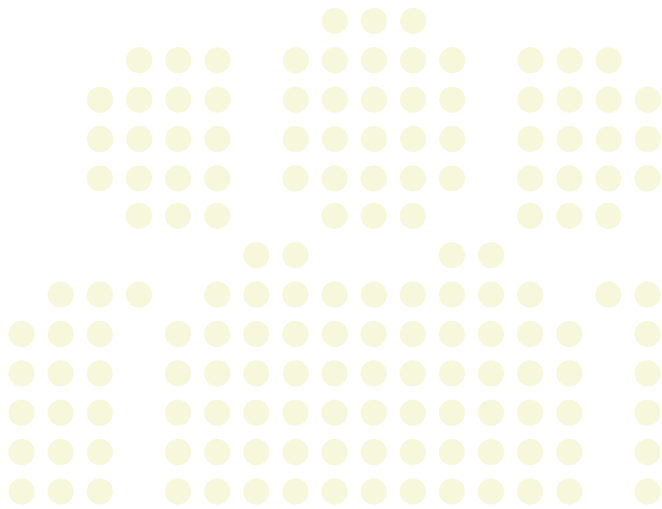
Etisalat set out clear grievance management guidelines that are deemed necessary to eliminate the possibility of any detrimental effects arising out of unresolved grievances. With the implementation of grievance management guidelines, Etisalat aims to ensure that all communication channels are open, and all employees have an adequate opportunity to express their grievances, which are resolved fairly and promptly. In 2018, 64 performance grievances were filed. Of these, 12 were addressed and resolved (19%). Three employee grievances were filed in 2018, all of which were addressed or resolved. Investigation reports are addressed to different management levels and/or Audit Committee as considered appropriate. A summary of all completed cases along with the status of implementation are reported to the Audit Committee on quarterly and annual basis.

TALENT ATTRACTION AND RETENTION

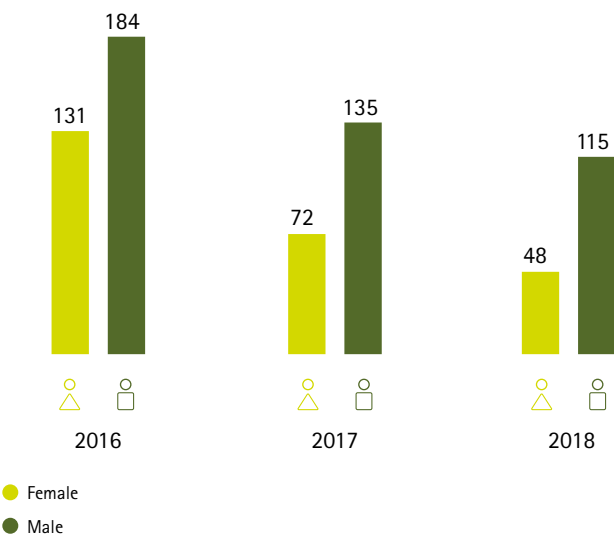
We seek to attract and retain top talents through several programmes and strategies. Our talent management programmes span from recruiting the right people to succession planning and retaining key talents.

In 2018, 163 employees joined Etisalat compared to 315 employees joining Etisalat in 2016.

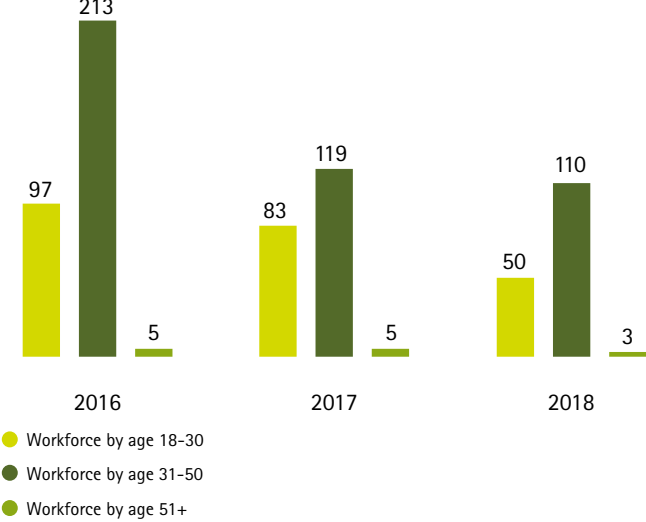
On the other hand, turnover rate decreased by 1.9 percentage points from 7.4% in 2016 to 5.5% in 2018. This can be viewed as a sign of increased satisfaction amongst the workforce.



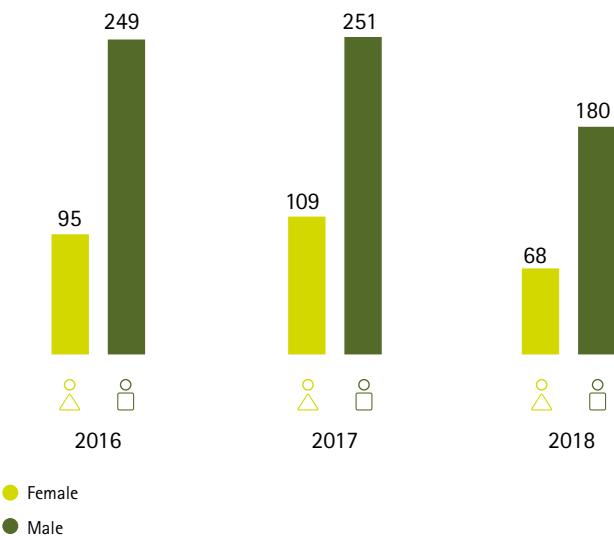
NEW EMPLOYEE HIRES BY GENDER



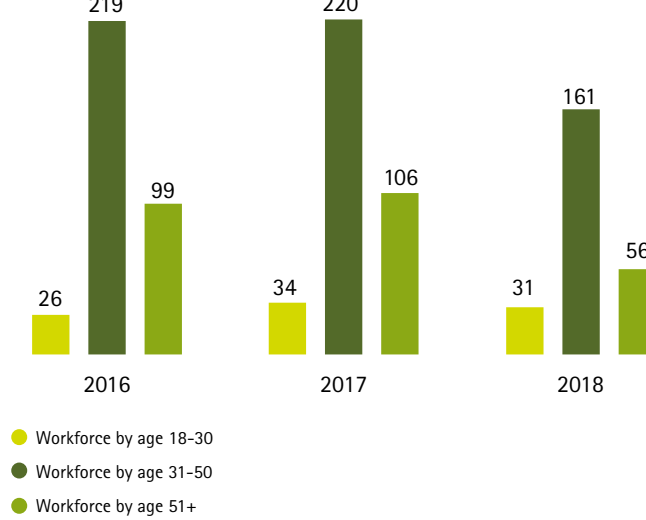
NEW EMPLOYEE HIRES BY AGE



TURNOVER BY GENDER



TURNOVER BY AGE



05 Environmental Protection

MATERIAL ISSUES COVERED

- Climate change and energy management
- Waste management and recycling
- Water and biodiversity management

UAE NATIONAL VISION 2021 PILLARS

- Sustainable environment and infrastructure

SUSTAINABLE DEVELOPMENT GOALS



2018 PERFORMANCE HIGHLIGHTS

- All customers moved to electronic bills
- 5% paper recycled
- Water saving aerator taps fixed to all Etisalat toilets and pantries

Etisalat is committed to protect the environment and the natural resources. To that end, Etisalat devised an Environmental Management Policy that tackles environmental issues and focuses on energy and waste management. Moreover, Etisalat is ISO 14001 certified for environmental management. Etisalat has ten High Rise Buildings (HRBs) across the UAE, and five of the biggest are ISO 14001 certified. Khalifa Data Centre, which is Etisalat's largest data centre, is also ISO 14001 certified.

Climate Change & Energy Management

Etisalat is keen on playing an instrumental role in lessening its environmental impact. Etisalat acknowledges that urgent action is needed to address climate change. Recognising that Etisalat operates in an energy intensive sector, it works constantly to lower its energy consumption and implements initiatives that reduce its impact on the environment and climate change.

ETISALAT DEPLOYS VARIOUS ENERGY SAVING PROGRAMMES:

- Installed an intelligent Building Management System (iBMS) that controls and monitors electro-mechanical systems including lights and air-conditioners. As a result, iBMS helps us improve our energy efficiency.
- Constructed more than 85 PV solar power systems and implemented more than 140 PV solar panels/ diesel generator (DG)/ batteries hybrid power solutions for mobile network sites located in remote off-grid areas with no access to commercial power. This reduces operational costs, carbon footprint, and enhances customer experience. DG run hours were reduced by 50%-80%.
- Implemented free cooling solutions such as fans, in more than 170 Etisalat mobile network sites, which operate during cool times to cool down the network equipment temperature.
- Etisalat utilizes energy efficient equipment, including high efficiency rectifiers, UPS and DRUPS (Diesel Rotary UPS) to better store and convert energy.
- Implemented a power savings software that significantly reduces Etisalat's mobile network energy consumption by automatically shutting down various network components during idle times.
- Conducted retrofits and replacement of existing equipment such as chillers and split AC units, to better enhance their efficiency and reduce its environmental impact. Fluorescent, incandescent, and metal halide lights (normal lights) are replaced with new energy efficient LED lamps.
- Deployed containment solutions in data centres to reduce the power consumption of cooling systems by preventing the mixing of hot and cold air.

SOME FUTURE ENERGY SAVING PROGRAMMES THAT WE ARE WORKING ON INCLUDE:

- Building a solar energy farm in 2020, which is expected to be around 40 MW and is estimated to generate around 64 GWh of electric energy per year. Etisalat is targeting the construction of LEED certified data centres in a further effort to reduce its energy consumption.
- Deploying on-grid solar systems on rooftops and carports of various Etisalat sites. These systems will produce renewable energy and are expected to reduce the energy consumption of these sites from the grid.



Indicator	Unit	2016	2017	2018
Total electricity consumption	MWh	504,710	556,503	564,898
Diesel consumption operation	Litre	-	-	8,989,768
Diesel consumption vehicle	Litre	213,012	190,039	197,443
Petrol consumption vehicle	Litre	2,028,475	2,150,749	3,782,798
Gas consumption operation	Litre	0	0	0
Number of data centres owned by Etisalat	#	-	10	10
Number of exchanges owned by Etisalat	#	-	190	192
Number of base stations	#	-	10,144	10,350
Number of base stations powered by renewable energy	#	-	83	85
Number of base stations powered by diesel	#	-	470	387
Number of base stations powered by Hybrid Solution	#	-	123	140
Number of base stations with free cooling solution	#	-	-	150
Data centres	(GWh)	-	25.9	39.1
Exchanges	(GWh)	-	101.2	97.6
Base stations	(GWh)	-	122.7	129.8
Fuel Consumption	Litre	-	-	7,777,594

In 2018, the total electricity consumption increased by 12%, up from 504,710 MWh in 2016 to 564,898 MWh in 2018 due to the increase in operations and growth in traffic and subscribers.

Number of base stations powered by renewable energy increased by 2.4% from 83 base stations in 2017 to 85 base stations in 2018. One hundred and forty (140) base stations were powered by a hybrid solution in 2018, compared to 123 base stations in 2017. This represents a 13.8% increase. One hundred and fifty (150) base stations utilized a free cooling solution in 2018. The number of base stations powered by diesel decreased by 17.7% from 470 base stations in 2017 to 387 base stations in 2018. Overall, Etisalat made some positive progress towards reducing energy consumption of base stations.

Although the number of data centres remained constant between 2017 and 2018, the electricity consumption increased by 51% from 25.9 GWh in 2017 to 39.1 GWh in 2018 due to the growing utilization of the datacentres space and power. Although the number of exchanges were higher in 2018 when compared to 2017 (192 exchanges in 2018 and 190 exchanges in 2017), the electricity consumption decreased by 3.6% from 101.2 GWh in 2017 to 97.6 GWh in 2018.

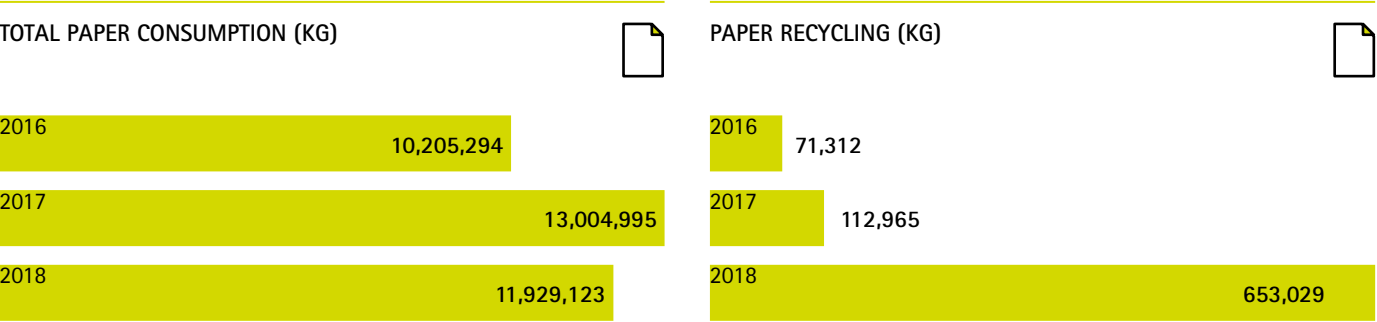


Waste Management & Recycling

Ensuring sustainable consumption, preventing and reducing waste generation is a critical aspect of Etisalat's environmental impact. Etisalat seeks to boost its waste recycling. This can be achieved by reusing equipment and the recycling of network waste, IT equipment as well as other office waste.

As part of the Go Green initiative, all customers have successfully moved from paper bills to eBills. Billing is now electronic at Etisalat. In addition, Etisalat stores adopted a paperless approach and utilised smart and interactive tools to deal with customers.

Etisalat raised its employees' awareness regarding the importance of saving paper by sending emails and involving them in campaigns and events. Etisalat encouraged its employees to avoid printing whenever possible, and instead scan and archive copies electronically. Bins were also placed in offices to motivate employees to recycle. In 2018, Etisalat was awarded a certificate of Environmental Accomplishments by Shred-it. We believe that the Shred-it initiative helped educate staff about the importance of information security and protecting the environment.



Indicator	Unit	2016	2017	2018
Percentage of paper recycled	%	1	1	5
Printer cartridges recycled	#	-	886	765
Computers recycled	#	-	-	2,922
Laptops recycled	#	-	-	740
Monitors recycled	#	-	-	52

Total paper consumption increased by 17% from 10,205,294 kg in 2016 to 11,929,123 kg in 2018. However, as a result of the Shred-it initiative and an increased employee awareness, the percentage of paper recycled in 2018 (5%) was 4% higher than the percentage recycled in 2016 (1%). In 2018, Etisalat recycled 765 print cartridges, 2,922 computers, 740 laptops and 52 monitor screens.

In its efforts to move towards a paperless environment, Etisalat has achieved many digitisation and automation initiatives. As a direct result, orders placed for A4 papers reduced 63% compared to 2015.

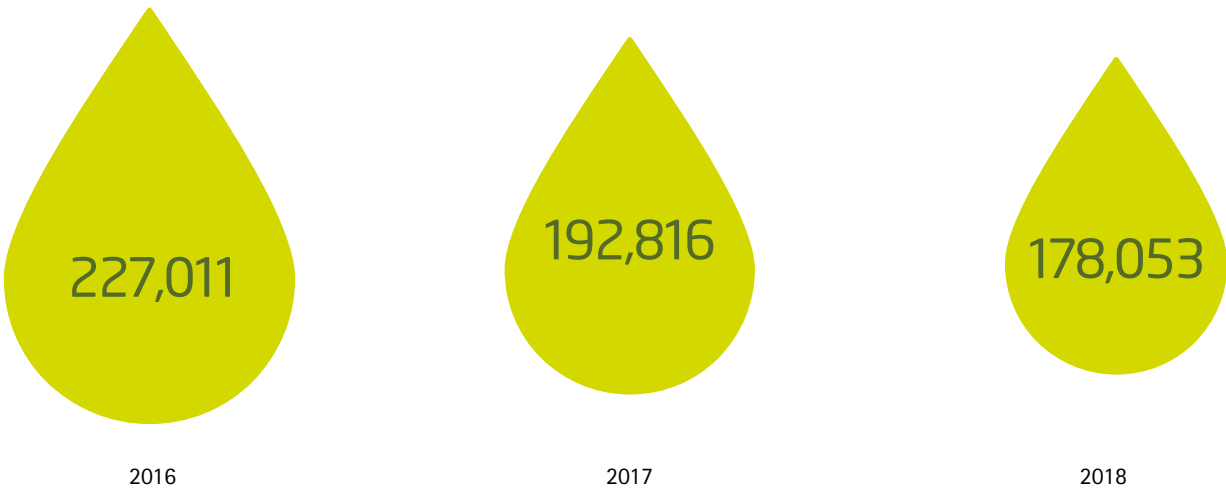


Water Management

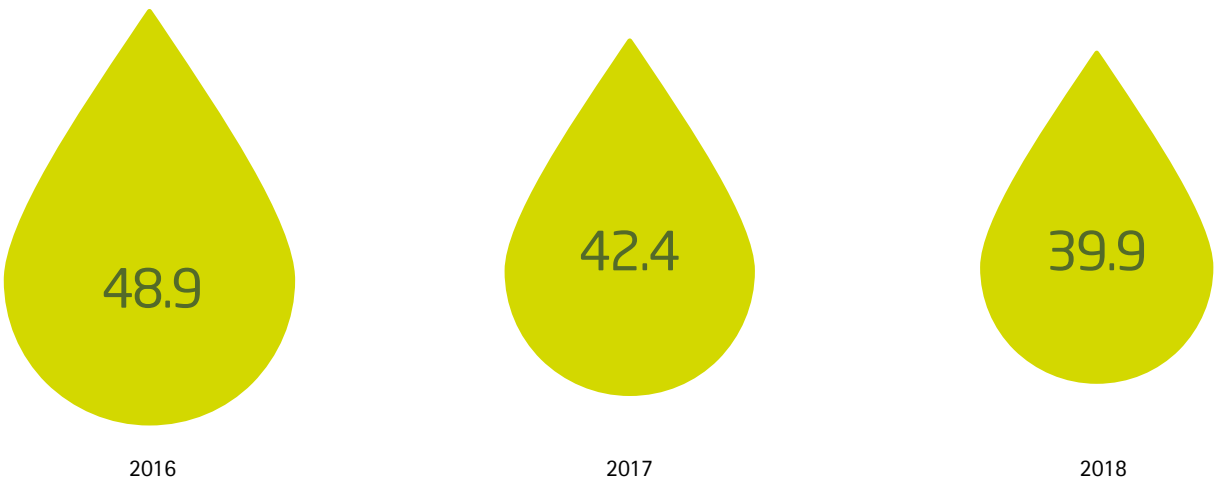
Compared with businesses in other sectors, Etisalat does not use water intensively. Nevertheless, Etisalat remains committed to reduce its water usage and takes measures to use water responsibly.

In 2018, Etisalat installed water saving aerator taps for all toilets and pantry rooms to reduce the water flow to 2.5 litres/min. Therefore, reducing our water consumption and water consumption intensity over the years.

TOTAL WATER CONSUMPTION (m³)



WATER CONSUMPTION INTENSITY (m³/FTE)



Etisalat UAE is proud of its accomplishment in reducing its water consumption. Water consumption decreased by 22% from 227,011 m³ in 2016 to 178,053 m³ in 2018. Water consumption intensity decreased by 18% from 48.9 m³ per full-time employee in 2016 to 39.9 m³ per full-time employee in 2018.



06

Connected Communities

MATERIAL ISSUES COVERED

- Community investment
- Digital access and inclusion
- Innovation and entrepreneurship
- Health and wellness

UAE NATIONAL VISION 2021 PILLARS

- Cohesive society and preserved identity

SUSTAINABLE DEVELOPMENT GOALS



2018 PERFORMANCE HIGHLIGHTS

- AED 27.6 million invested in the community
- Introduced the 'Talking Bill' initiative
- Launched more than 52 local community development programmes
- Initiated 'Youth x Hub' platform and 'Future Now' programme
- Launched 'Hello Business Hub'

Digital Access & Inclusion

Bringing advanced technology to the many communities that Etisalat serves in the UAE is a commitment and a responsibility that we take seriously. Etisalat works towards social integration, equal opportunities and care for all individuals.

In line with the UAE's vision to make the country accessible, Etisalat introduced the Talking Bill initiative to support the people of determination. Etisalat's business centres and service centres have designated parking and ramp for people of determination in which they receive a priority queue (Masarrah) through the Queue Management System across all Etisalat stores. They are also offered escort services to the door after completing the transaction. 'Talking Bill' is an example of how technology can help remove access barriers and empower visually challenged people.

Etisalat's visually challenged customers can access the bill summary details of their account free of charge. They have the option to choose English or Arabic automated calls that explain the summary bill details. The call can also be repeated if required. The initiative applies to both mobile and fixed line services.

Etisalat UAE employees were also actively involved in the Mohammed Bin Rashid Academy's drive to provide free education to the Arab world. Specifically, Etisalat volunteers joined the academy's challenge to translate educational texts and video material for mathematics and science from English to Arabic.

On a global level, Etisalat continues to liaise with the GSMA and the UNGC to enable technology and digital capabilities at a mass level, thus making a collective impact on the society.

Etisalat works closely with the GSMA on its Humanitarian Connectivity Charter. Telecom companies come together and collaborate to improve preparedness and resilience among mobile networks. The charter comprises a set of shared principals that are adopted by key players in the industry. The principals guide companies to provide better access to communication and information to those affected by a crisis or natural disaster, and thereby, reducing the loss of life and positively contributing to the humanitarian response.

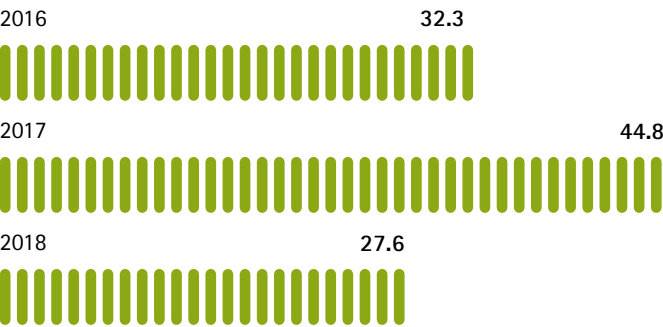


Social Impact

Community development was again a major priority in 2018. Our community investments totalled AED 27.6 million. Beyond financial support, our goal last year was to increase our involvement in community causes. Etisalat participated in more than 52 programmes in 2018, a significant increase from 2016 and 2017. The company encouraged volunteerism and provided meaningful opportunities to contribute to the society. As a result, over 1,000 employees volunteered their time to various causes in 2018.

Our activities last year centred on technological development, education, social and cultural engagement, employee wellness, and more. We selected initiatives with an emphasis on enabling technology and digital capabilities to make a collective positive impact on society. We also engaged in efforts to encourage innovation and creative thinking among the next generation.

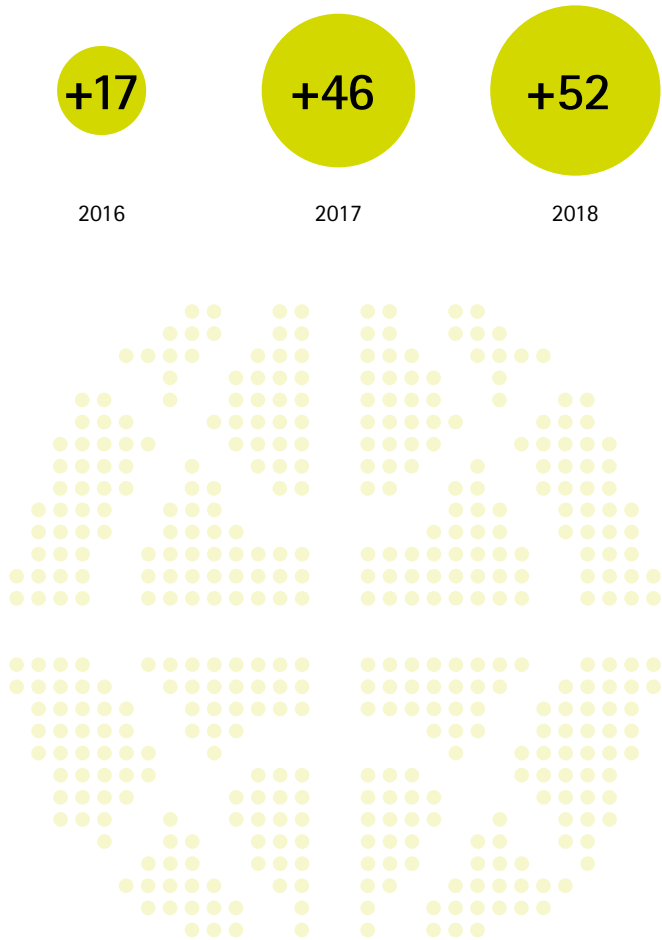
TOTAL VALUE OF COMMUNITY INVESTMENTS (AED MILLION)



Etisalat used outreach and social media to support different partners, with a focus on getting cooperation arrangements with as many partners possible.

To support the empowerment of women in our society, we celebrated International Women's Day. We used our social media platforms to recognise the achievements of women and to call for gender equality. We also supported Emirati Women's Day on August 28th through communications and videos of Emirati women who work at Etisalat.

TOTAL NUMBER OF LOCAL COMMUNITY DEVELOPMENT PROGRAMMES BASED ON LOCAL COMMUNITY NEEDS



INNOVATION & ENTREPRENEURSHIP

Through our overall strategy of driving the digital future to empower societies, Etisalat established activities aimed at encouraging digital initiatives and innovation, while setting a roadmap for future entrepreneurs and innovators.

Etisalat seeks to not only equip the next generation with technological solutions, but also to provide them with insights into the future of technology and education.

Our events and platforms aim to bring young people together, connecting them with relevant stakeholders, to transform new thoughts and ideas into reality. These events and platforms provide Etisalat with insight into the next generation, and how as an operator, we can support them turn creative and innovative ideas into solutions that will bring value to our customers.

Youth x Hub is a platform to connect youth by enabling them to share thoughts and launch new ideas. It was initiated by Etisalat in the UAE as a national initiative. We organised workshops to help young people refine their skills, generate ideas, pioneer innovation and transform their thinking process during the UAE Innovation Month. At GITEX Technology Week, the largest technology event in the region, students and teachers from different schools across the UAE were able to see the latest education technology Etisalat has to offer.

Etisalat introduced the innovation programme Future Now at GITEX Future Stars 2018. Future Now is built around four key pillars: Scaleup Programme, a Co-creation Lab, an IoT Partner Ecosystem, and an Innovation Centre. The programme presents new ways of innovating and collaborating with startups, IoT developers, government entities, enterprises, and their end users.

As part of Etisalat's contributions to supporting the government initiatives on the Dubai Future Accelerators, we launched more than 15 challenges in the last two years. These challenges allowed us to work with 30% more startups and scaleups, which were all UAE-based or GCC-based companies. This has created great traction. We also discovered some incredible talent within our country.



increase in working with startups and scaleups which were all UAE-based or GCC-based companies

In 2018, we connected Expo 2020 Dubai to our 5G network – the first location in the MEASA region to experience 5G. The milestone reinforces the reputation of the UAE in innovation and infrastructure. Etisalat's 5G network will provide the most advanced digital and telecom services to Expo 2020 Dubai and its millions of visitors. As a key component of the Expo 2020 smart site, our network will deliver an enhanced experience for the millions of visitors and participants.

Etisalat recognises the importance of Small and Medium Businesses (SMBs) in the UAE and their role in driving innovation. Therefore, we launched several initiatives aimed at enriching the business ecosystem and creating a healthy environment for SMBs. In early 2018, we introduced the Hello Business Hub. The hub is a one-stop shop that supports SMBs and entrepreneurs by providing them with customised company setup, registration, insurance, banking, VAT consultation, and office equipment combined with latest telecom products from Etisalat.

In collaboration with the Ministry of Interior, Etisalat launched Hassantuk for Villas. This initiative provides end-to-end fire safety solutions to all villas in the UAE. Advanced Artificial Intelligence and smart technologies are used to monitor and report fire, optimising the UAE's key response to fire and emergency alerts.

HEALTH & WELLNESS / HAPPINESS

We are committed to nurturing and maintaining the health and wellness of communities in which we operate. This commitment is reflected in the many community programmes we initiated in 2018 to promote healthier living.

Within Etisalat and in locations across the UAE, we ran a number of sessions under our Wellness Programme. These sessions offered expert nutritional advice, free medical screening, educational seminars on healthy living and work-life-balance, and more.

As part of the Year of Zayed in the UAE, we hosted a national blood donation campaign at our offices and actively involved employees in the cause.

During the holy month of Ramadan, and as part of the UAE's National Programme for Happiness, Etisalat collected unused medicines for patients at Al Ihsan Medical Complex. This marked Etisalat's second Medical Box campaign and highlighted our concern for healthcare.

In addition, Etisalat promoted happiness by participating in the UAE Happiness Journey Carnival. We engaged citizens, residents and visitors. Etisalat's participation in this national initiative supported the UAE as a global happiness hub.



Appendix A

Report Scope and Boundaries

Completeness and Aspect Boundaries	Etisalat has attempted to make this report as complete as possible. This report covers major activities from Etisalat UAE departments, and includes activities in its branches in UAE.
Materiality	Etisalat believes this report covers the most material issues to Etisalat and its stakeholders. In alignment with the principles of the GRI Standards, Etisalat's materiality assessment consists of four steps: 1) identifying relevant topics; 2) prioritizing topics according to impact on Etisalat and its stakeholders; 3) validating the prioritized topics through reviews and evaluations; 4) review its materiality matrix on an annual basis.
Stakeholder Inclusiveness	Etisalat has identified and considered all key stakeholders and has outlined ways that the bank engages with them to identify their needs and priorities.
Sustainability Context	Etisalat has considered regional trends in sustainability that affect the Etisalat's activities.
Reporting Cycle	This report covers the calendar year for 2018.
Balance	This report seeks to demonstrate transparency, presenting our performance in economic, social, and environmental topics in a balanced way.
Comparability	Comparisons are made throughout the report against 2016 and 2017.
Accuracy and Reliability	To the best of Etisalat's ability, all the information presented in this report is accurate and represents the best data available to the bank and its stakeholders.
Clarity	This report targets a wide audience with varying degrees of understanding of finance and banking. Therefore, Etisalat strived to ensure this report is easily understandable to all anticipated readers.
Assurance	The report has not been externally audited or assured.



Appendix B

GRI Standards Content Index

This report has been prepared in accordance with the GRI Standards: Core option, and the table below provides a reference for GRI content in the report.

For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report.

GRI CONTENT INDEX

GRI Standard	Disclosure	Page number(s) and/or direct answers
GRI 101: Foundation 2016		
General Disclosures		
GRI 102: General Disclosures 2016	Organizational profile	
	102-1 Name of the organization	Etisalat
	102-2 Activities, brands, products, and services	8
	102-3 Location of headquarters	Abu Dhabi, UAE
	102-4 Location of operations	8
	102-5 Ownership and legal form	60% Government, 40% Free Float
	102-6 Markets served	8
	102-7 Scale of the organization	8, 46
	102-8 Information on employees and other workers	46
	102-9 Supply chain	40
	102-10 Significant changes to the organization and its supply chain	40
	102-11 Precautionary Principle or approach	37-39
	102-12 External initiatives	70
	102-13 Membership of associations	11
	Strategy	
	102-14 Statement from senior decision-maker	6,7
	102-15 Key impacts, risks, and opportunities	6, 7, 37-39
	Ethics and integrity	
	102-16 Values, principles, standards, and norms of behavior	10
	102-17 Mechanisms for advice and concerns about ethics	36
	Governance	
	102-18 Governance structure	33
	102-19 Delegating authority	33
	102-20 Executive-level responsibility for economic, environmental, and social topics	7, 33
	102-21 Consulting stakeholders on economic, environmental, and social topics	15, 33
	102-22 Composition of the highest governance body and its committees	33
	102-23 Chair of the highest governance body	33
	102-24 Nominating and selecting the highest governance body	33
	102-25 Conflicts of interest	33
	102-26 Role of highest governance body in setting purpose, values, and strategy	33
	102-30 Effectiveness of risk management processes	37-39
	102-35 Remuneration policies	34
	102-36 Process for determining remuneration	34



102-37 Stakeholders involvement in remuneration	34
102-38 Annual total compensation ratio	8
102-39 Percentage increase in annual total compensation ratio	8
Stakeholder engagement	
102-40 List of stakeholder groups	15
102-41 Collective bargaining agreements	Collective bargaining agreements are illegal in UAE
102-42 Identifying and selecting stakeholders	15
102-43 Approach to stakeholder engagement	15
102-44 Key topics and concerns raised	15-16
Reporting practice	
102-45 Entities included in the consolidated financial statements	8
102-46 Defining report content and topic Boundaries	73
102-47 List of material topics	16
102-48 Restatements of information	none
102-49 Changes in reporting	No Changes
102-50 Reporting period	January 1, 2018 to December 31,2018
102-51 Date of most recent report	N/A
102-52 Reporting cycle	Annual
102-53 Contact point for questions regarding the report	4
102-54 Claims of reporting in accordance with the GRI Standards	4
102-55 GRI content index	74-77
102-56 External assurance	Not assured

Material Topics		
GRI 200 Economic Standard Series		
Economic Performance		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	8
	103-2 The management approach and its components	8
	103-3 Evaluation of the management approach	8
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	8
	201-2 Financial implications and other risks and opportunities due to climate change	63
Procurement Practices		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	40
	103-2 The management approach and its components	40
	103-3 Evaluation of the management approach	40
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	40
Anti-corruption		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	36
	103-2 The management approach and its components	36
	103-3 Evaluation of the management approach	36
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	36
	205-2 Communication and training about anti-corruption policies and procedures	36
Anti-competitive Behavior		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	36
	103-2 The management approach and its components	36
	103-3 Evaluation of the management approach	36



GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	36
GRI 300 Environmental Standards Series		
Materials		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	65
	103-2 The management approach and its components	65
	103-3 Evaluation of the management approach	65
GRI 301: Materials 2016	301-1 Materials used by weight or volume	65
	301-2 Recycled input materials used	65
Energy		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	63
	103-2 The management approach and its components	63
	103-3 Evaluation of the management approach	63
GRI 302: Energy 2016	302-1 Energy consumption within the organization	64
	302-4 Reduction of energy consumption	64
	302-5 Reductions in energy requirements of products and services	64
Water		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	66
	103-2 The management approach and its components	66
	103-3 Evaluation of the management approach	66
GRI 303: Water 2016	303-3 Water recycled and reused	66
Effluents and Waste		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	65-66
	103-2 The management approach and its components	65-66
	103-3 Evaluation of the management approach	65-66
GRI 306: Effluents and Waste 2016	306-1 Water discharge by quality and destination	66
	306-2 Waste by type and disposal method	65
GRI 400 Social Standards Series		
Employment		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	44-46
	103-2 The management approach and its components	44-46
	103-3 Evaluation of the management approach	44-46
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	61
Occupational Health and Safety		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	49-54
	103-2 The management approach and its components	49-54
	103-3 Evaluation of the management approach	49-54
GRI 403: Occupational Health and Safety 2016	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	54
	403-3 Workers with high incidence or high risk of diseases related to their occupation	54
Training and Education		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	55
	103-2 The management approach and its components	55



	103-3 Evaluation of the management approach	55
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	55
	404-2 Programs for upgrading employee skills and transition assistance programs	56-57
Diversity and Equal Opportunity		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	47
	103-2 The management approach and its components	47
	103-3 Evaluation of the management approach	47
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	33,47
Non-discrimination		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	47
	103-2 The management approach and its components	47
	103-3 Evaluation of the management approach	47
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	47
Human Rights Assessment		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	43
	103-2 The management approach and its components	43
	103-3 Evaluation of the management approach	43
GRI 412: Human Rights Assessment 2016	412-1 Operations that have been subject to human rights reviews or impact assessments	43
Local Communities		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	70
	103-2 The management approach and its components	70
	103-3 Evaluation of the management approach	70
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	70-71
Customer Health and Safety		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	31
	103-2 The management approach and its components	31
	103-3 Evaluation of the management approach	31
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	30
Marketing and Labeling		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	42
	103-2 The management approach and its components	42
	103-3 Evaluation of the management approach	42
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	42
Customer Privacy		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	25
	103-2 The management approach and its components	25
	103-3 Evaluation of the management approach	25
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	26-27

