

CORPORATE GOVERNANCE 2017 REPORT

Emirates Telecommunications Group Company PJSC (Etisalat Group)

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1 Introduction

As Emirates Telecommunications Group Company PJSC ("Etisalat Group") is keen to apply a next-to-none model of governance practices throughout its operations, it defined the rights and responsibilities of every stakeholder and reinforced the principles of transparency, accountability, responsibility and equity. This created an optimal governance environment for its operations and business.

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

This report tackles the charters, policies and mechanisms that govern the Company's work in the field of governance in line with the Resolution of Securities and Commodities Authority Chairman No. (7 /R.M.) of 2016 regarding the Standards of Corporate Discipline and Governance of Public Shareholding Companies ("SCA Resolution No. 7 of 2016"), the other related legislations and the best respective international governance practices conforming therewith. It also touches on Etisalat Board of Directors, the Board's Committees, the duties assumed by the Board and by its committees, the Board members' remunerations and their tradings in the Company's securities. Further, it makes mention of the executive management, the related party transactions, the internal control, the Investor Relations Department and the important events in the Company and its financial indicators during 2017.



2 Implementation of Governance Rules

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

The Company, in developing these policies and mechanisms, not only took into account the legislations in force in UAE, but was also inspired, in crystalising its integrated governance system, by the best-in-class models, practices and standards applicable worldwide. The Company also established grounds for cooperation with external auditors to produce reliable reports that are consistent with the International Financial Reporting Standards (IFRS). Based on the foregoing, Etisalat Group was able to create a workplace environment that ensures the integrity of its operations, maintains the interests of its shareholders and sets a platform for communication with those shareholders, other stakeholders and the public.

Below is a brief summary for some of the policies under which Etisalat Group operates. These policies are tailored in line with the international practices of governance and with the legislations applicable to UAE governance rules and corporate discipline standards:

2.1 Board Membership Policy

The Board of Directors is deemed one of the crucial elements for the Company's well established governance and defining the Company's path towards success and advancement. Therefore, necessity arose for introducing a full-fledged policy to govern Board membership in light of the provisions of the Articles of Association and the SCA's Decision No. 7 of 2016.

This policy provided a user-friendly and handy access to the provisions and controls which stipulate the criteria and procedures for such membership, thus easing implementation of the followed process for such membership. It also explained how the Board is formulated, its term and the provisions related to the Board's Chairman, Vice-Chairman and Managing Director as well as the category of the directorship, be it executive, non-executive, dependent or independent. The policy further set an election mechanism for Board membership and defined the cases of membership expiry/termination and filling the vacant seats of the Board of Directors.

2.2 External Auditor Policy

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

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

2.3 Etisalat Security Trading Policy

Etisalat has introduced this policy to set out the controls governing the trading in Etisalat securities by Insiders who are known to be the persons who gain access to material information belonging or relating to the Company. This policy also defined the nature of material information, the mechanism that governs the Insiders' trading and the periods during which Insiders' trading is prohibited, which means that they cannot buy or sell the Company's securities.

2.4 Policy of Holding Shareholders' General Assembly

The General Assembly is the supreme apparatus of the Company where the shareholders congregate to resolve the Company's most essential matters. Therefore, in consideration of respective essentialities, the Company has set a policy that defines the General Assembly's competencies, jurisdictions, the rules and procedures that govern the call for its convention and the controls that govern its valid functionality in terms quorum, mechanism of voting, mechanism of passing resolutions and any other matters that relate to the General Assembly and control its functionality in light of the provisions of the SCA's Resolution No. 7 of 2016 and the Company's Articles of Association. Under the aforesaid Policy, the Company could call for and convene its General Assemblies with utmost proficiency and transparency.

2.5 Dividend Policy

In Company's constant endeavour to create a transparent habitat for shareholders in line with SCA's Resolution No. 7 of 2016, the Company set a particular policy for the dividends that mirrors all its provisions and procedures.

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

2.6 Board Members' Conflict of Interest Policy

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

This Policy prescribes a framework explaining how to treat the deals and transactions where the Board member or the body which he represents in the Board has an interest in common with the company. This Policy also functions as a guide for the Board members on how to handle such deals and transactions and on the responsibility of the Board members for recognising and making disposals on such cases, if any, so as to be treated in a way that observes the best interest of the Company and its shareholders and fulfils the requirements of the SCA's Resolution No. 7 of 2016.

2.7 Policy of Transactions with Related Parties

The Company introduced this policy to define the provisions and procedures related to the transactions concluded with the Related Parties in light of, and for easing compliance with, the provisions of the SCA's Resolution No. 7 of 2016.

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

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

2.8 Board Information Disclosure Policy

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

3 Board of Directors



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

The Board of Directors comprises eleven members; some are appointed and others are elected directors. Thus, the Board currently consists of seven appointed members and four elected ones since the Government Shareholder (Emirates Investment Authority "EIA" or any other body constituted as government representative in the Company by virtue of a Cabinet Resolution) appoints a number of members in the Company's Board in proportion to its shareholding while the remaining Board seats are filled by members elected by the General Assembly.

It is worth mentioning here that Etisalat pays incessant attention to female engagement in all aspects of its business including the directorship. Hence, the Company opened the door equally for males and females to run the candidacy for Board membership; however, all candidates for Board membership were males only.

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

Name	Roles	Capacity
Eissa Mohamed Ghanem Al Suwaidi	Chairman Chairman of Investment and Finance Committee	Non-Executive & Independent Board Member
Sheikh Ahmed Mohd Sultan Bin Suroor Al Dhahiri	Vice-Chairman Member in Audit Committee	Non-Executive & Independent Board Member
Mohamed Sultan Abdulla Mohamed Al Hameli	Board Member Chairman of Nominations and Remunerations Committee	Non-Executive & Independent Board Member
Abdulla Salem Obaid Salem Al Dhaheri	Board Member Member in Nominations and Remunerations Committee	Non-Executive & Independent Board Member
Hesham Abdulla Qassim Al Qassim	Board Member Member in Nominations and Remunerations Committee	Non-Executive & Independent Board Member
Essa Abdulfattah Kazim Al Mulla	Board Member Chairman of Audit Committee	Non-Executive & Independent Board Member
Abdulfattah Sayed Mansoor Sharaf	Board Member Member in Investment and Finance Committee	Non-Executive & Independent Board Member
Mohamed Hadi Ahmed Abdulla Al Hussaini	Board Member Member in Investment and Finance Committee	Non-Executive & Independent Board Member
Abdelmonem Bin Eisa Bin Nasser Alserkal	Board Member Member in Nominations and Remunerations Committee	Non-Executive & Independent Board Member
Khalid Abdulwahid Hassan Alrustamani	Board Member Member in Audit Committee	Non-Executive & Independent Board Member
Otaiba Khalaf Ahmed Khalaf Al Otaiba	Board Member Member in Investment and Finance Committee	Non-Executive & Independent Board Member

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

Government-Appointed Board Members	
Name	Date of Accession to the Board
Eissa Mohamed Ghanem Al Suwaidi	Chairman since 2012
Mohamed Sultan Abdulla Mohamed Al Hameli	Board Member since 2015
Abdulla Salem Obaid Salem Al Dhaheri	Board Member since 2012
Hesham Abdulla Qassim Al Qassim	Board Member since 2015
Essa Abdulfattah Kazim Al Mulla	Board Member since 2012
Abdulfattah Sayed Mansoor Sharaf	Board Member since 2013
Mohamed Hadi Ahmed Abdulla Al Hussaini	Board Member since 2012

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

Elected Board Members	
Name	Date of Accession to the Board
Sheikh Ahmed Mohd Sultan Bin Suroor Al Dhahiri	Vice Chairman since 2015 Board Member since 2000
Abdelmonem Bin Eisa Bin Nasser Alserkal	Board Member since 2012
Khalid Abdulwahid Hassan Alrustamani	Board Member since 2015
Otaiba Khalaf Ahmed Khalaf Al Otaiba	Board Member since 2015

3.1 Board Members



Eissa Mohamed Ghanem Al Suwaidi
(Chairman)



Sheikh Ahmed Mohd Sultan Bin Suroor Al Dhahiri
(Vice-Chairman)



Abdulfattah Sayed Mansoor Sharaf
(Board Member)



Khalid Abdulwahid Hassan Alrustamani
(Board Member)



Abdulla Salem Obaid Salem Al Dhaheri
(Board Member)



Hesham Abdulla Qassim Al Qassim
(Board Member)



Mohamed Hadi Ahmed Abdulla Al Hussaini
(Board Member)



Otaiba Khalaf Ahmed Khalaf Al Otaiba
(Board Member)



Mohamed Sultan Abdulla Mohamed Al Hameli
(Board Member)



Essa Abdulfattah Kazim Al Mulla
(Board Member)



Abdelmonem Bin Eisa Bin Nasser Alserkal
(Board Member)



Hassan Mohamed Al Hosani
(Group Corporate Secretary and Board Rapporteur)

3.2 Profiles of Board Members

The Company's Board has a distinguished diversity of expertise, skills and qualifications not only in telecom field, but also in different other areas like banking, finance, real estate, investment, oil, aviation, insurance, hospitality and others. Below are the profiles of the Board members:

Eissa Mohamed Ghanem Al Suwaidi (Chairman)

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

- Managing Director - Abu Dhabi Investment Council (ADIC)
- Chairman - Abu Dhabi Commercial Bank (ADCB)
- Vice-Chairman - Maroc Telecom
- Board Member - International Petroleum Investment Company (IPEC)
- Board Member - Emirates Investment Authority (EIA)

Sheikh Ahmed Mohd Sultan Bin Suroor Al Dhahiri (Vice-Chairman)

Sheikh Ahmed Mohd Sultan Al Dhahiri graduated with Bachelor Degree in Civil Engineering Science from U.A.E. University – Al Ain in 1993. He is currently holding the following positions:

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

Mohamed Sultan Abdulla Mohamed Al Hameli (Board Member)

Mr. Mohammed Al Hameli holds a "Bachelor Degree in Finance" from Boston University, USA, and he is a Chartered Financial Analyst (CFA). Also, he successfully completed several executive programs at "Harvard Business School". Mr. Mohamed is currently holding the following positions:

- Director General - Department of Finance, Abu Dhabi
- Chairman of the Board of Directors - National Health Insurance Company (Daman)
- Vice-Chairman of the Board of Directors - Abu Dhabi Commercial Bank (ADCB)
- Board Member - Social Welfare & Minor Affairs Foundation
- Board Member – Federal Tax Authority

Abdulla Salem Obaid Salem Al Dhaheri (Board Member)

Mr. Abdulla Salem Al Dhaheri obtained a Bachelor's Degree in Business Administration from the United States of America in 1992, and currently holds the following positions:

- Director, Sales & Trading – ADNOC
- Chairman of the Board of Directors – NGSCO
- Chairman of the Board of Directors – ADNATCO
- Chairman of the Board of Directors – ESNAAD
- Chairman of the Board of Directors – IRSHAD
- Board Member – ADNOC-Distribution (ADNOC-DIST.)
- Board Member - TAKREER
- Board Member - CEPSA Company, Spain
- Board Member - Abu Dhabi Quality & Conformity Council
- Audit Committee Member – Abu Dhabi Quality & Conformity Council
- NCC Committee Member - CEPSA

Hesham Abdulla Qassim Al Qassim (Board Member)

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

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

Essa Abdulfattah Kazim Al Mulla (Board Member)

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

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

Abdulfattah Sayed Mansoor Sharaf (Board Member)

Mr. Abdulfattah Sharaf is a graduate of the University of Denver, USA, and holds the following positions:

- Group General Manager and Chief Executive Officer - HSBC Bank Middle East Limited, UAE
- Board Member - HSBC Bank Middle East Limited (HBME)
- Board Member - HSBC Bank S.A.O.G. Oman (HBON)
- Member of the Higher Board of Directors - Dubai International Financial Center (DIFC)
- Board Member - Noor Dubai Foundation
- Member - Mastercard MEA Advisory Board
- Member - Advisory Board Council of American University of Sharjah's School of Business and Management
- Board Member - Emirates Golf Federation

Mohamed Hadi Ahmed Abdulla Al Hussaini (Board Member)

Mr. Mohamed Al Hussaini holds a Master's Degree in International Business from Switzerland, and has extensive professional experience in finance, banking, real estate and investment sectors. He is currently holding the following positions:

- Board Member - Emirates National Bank of Dubai (Emirates NBD)
- Board Member - Emirates Islamic Bank
- Board Member - Dubai Refreshments Company
- Board Member - Dubai Real Estate Corporation
- Chairman - Emaar Malls Group

Abdelmonem Bin Eisa Bin Nasser Alserkal (Board Member)

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

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

Khalid Abdulwahid Hassan Alrustamani (Board Member)

Mr. Khalid Alrustamani holds a Bachelor's Degree in Finance from George Washington University, Washington D.C., U.S.A. He is currently holding the following positions:

- Vice-Chairman - A.W. Rostamani Group of Companies
- Deputy Chairman of the Board and Chairman of the Credit and Investment Committee – Commercial Bank of Dubai
- Board Member - Dubai Insurance Company

Otaiba Khalaf Ahmed Khalaf Al Otaiba (Board Member)

Mr. Otaiba obtained a Bachelor of Laws degree from the University of Damascus in 2001, and a license to practice law (before the First Instance Courts, Courts of Appeal, Supreme Court) from the Ministry of Justice in the United Arab Emirates in 2004.

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

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

3.3 Profile of Group Corporate Secretary

Hassan Mohamed Al Hosani has been taking up the role of "Group Corporate Secretary" since 2012. He holds a Bachelor's Degree in Sharia and Law from the UAE University and is a licensed lawyer listed in the Lawyers' Register at the Ministry of Justice and an arbitrator listed in Abu Dhabi Commercial Conciliation & Arbitration Center. He also has more than 18 years of experience in the legal field during which he assumed the following positions:

- General Counsel - Department of Municipal Affairs, Abu Dhabi
- Manager of Property Regulations Department - Department of Municipal Affairs, Abu Dhabi
- Property Laws Expert - Department of Municipal Affairs, Abu Dhabi
- Legal Advisor - National Petroleum Construction Company (NPCC)

3.4 Meetings of the Board of Directors

The Board of Directors held five meetings during 2017 as per the following dates:

Dates of the Board of Directors' Meetings				
8th March	25th April	26th July	25th October	12th December

The below table shows the Board members' attendance for the meetings of the Board of Directors in 2017:

Name	Personal Attendance	Attendance by Proxy	Proxy Granted to
Eissa Mohamed Ghanem Al Suwaidi (Chairman)	4	-	-
Sheikh Ahmed Mohd Sultan Bin Suroor Al Dhahiri (Vice-Chairman)	5	-	-
Mohamed Sultan Abdulla Mohamed Al Hameli	5	-	
Abdulla Salem Obaid Salem Al Dhaheri	5	-	-
Hesham Abdulla Qassim Al Qassim	5	-	-
Essa Abdulfattah Kazim Al Mulla	4	-	-
Abdulfattah Sayed Mansoor Sharaf	4	-	
Mohamed Hadi Ahmed Abdulla Al Hussaini	5	-	-
Abdelmonem Bin Eisa Bin Nasser Alserkal	5	-	-
Khalid Abdulwahid Hassan Alrustamani	4	1	Chairman
Otaiba Khalaf Ahmed Khalaf Al Otaiba	5	-	

4 Committees of the Board of Directors



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

4.1 Audit Committee ("AC")

To mould and attain the abovementioned flexible management system, an Audit Committee has been constituted to help the Board of Directors in various fields and to undertake its duties in accordance with its Charter which serves as an authorisation by the Board of Directors to the Audit Committee for undertaking the functions mentioned therein in compliance with the laws and regulations taking force in the country. Such Charter also sets out, in detail, its functions and powers, the mechanism of its constitution, the conditions governing the convention of its meetings and the quorum for the same, in addition to how it shall take its decisions.

The functions of the Audit Committee include, among other things, monitoring the soundness and integrity of the Company's financial statements, developing & implementing a policy for contracting with the external auditor and ensuring such auditor's independence as well as reviewing the systems of the financial control systems and risk management. In addition, the Committee reviews and implements internal control systems and policies and supervises the functions of the Internal Control and Audit Department to ensure the sound performance of its duties. The Committee consists of three non-executive and independent members of the Board of Directors in addition to one external member. All the Committee members are well-versed in financial and accounting matters. The Committee convenes quarterly and whenever necessary.

4.1.1 Meetings of the Audit Committee

The Committee held eight meetings in 2017 as per the following schedule:

Dates of AC Meetings							
23rd Januray	14th February	6th March	24th April	24th July	2nd October	22nd October	10th December

The attendance by the Committee's members in the Committee's meetings in 2017 was as follows:

Name	No. of Meetings
Essa Abdulfattah Kazim Al Mulla (Chairman)	8
Sheikh Ahmed Mohd Sultan Bin Suroor Al Dhahiri	8
Khalid Abdulwahid Hassan Alrustamani	4
Salim Sultan Al Dhaheri (External Member)	7

4.2 Nominations and Remunerations Committee ("NRC")

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

Whereas the Company's cadre is deemed fundamental for the Company's advancement and for achievement of its targeted goals, the Committee assumes setting the policies which define Etisalat requirements of talents at the levels of Executive Management and staff as well as setting the policies pertaining to the remunerations, incentives and salaries of the members of the Board of Directors, Executive Management and staff of the Company in a manner that ensures meeting the Company's objectives and that is commensurate with its performance. In performing its functions, the Committee takes into account preserving the competitive and fair nature of the compensations, which is to be in line with Etisalat strategy of attracting and retaining the talented staff in order to achieve the best results.

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

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

4.2.1 Meetings of the Nominations and Remunerations Committee

The Committee held four meetings in 2017 as per the following schedule:

Dates of NRC Meetings			
7th February	9th May	19th September	28th November

The attendance of the Committee members in the NRC meetings in 2017 was as follows:

Name	No. of Meetings
Mohamed Sultan Abdulla Mohamed Al Hameli (Chairman)	4
Abdulla Salem Obaid Salem Al Dhaheri	3
Hesham Abdulla Qassim Al Qassim	4
Abdelmonem Bin Eisa Bin Nasser Alserkal	3

4.3 Investment and Finance Committee ("IFC")

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

A charter for this Committee has been composed and has defined its functions and duties, the cases in which the Committee is entitled to make the decisions which it deems appropriate and the cases in which it is only empowered to make recommendations for the Board to pass the appropriate resolutions thereon. This Charter serves as an authorisation by the Board for the Committee to carry out the functions and responsibilities stipulated therein.

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

4.3.1 Meetings of the Investment and Finance Committee

The Committee held nine meetings in 2017 as per the following schedule:

Dates of IFC Meetings								
24th January	8th March	4th April	23rd May	4th July	26th July	3rd October	25th October	21st November

The attendance of the Committee's members in the IFC meetings in 2017 was as follows:

Name	No. of Meetings
Eissa Mohamed Ghanem Al Suwaidi (Chairman)	7
Abdulfattah Sayed Mansoor Sharaf	5
Mohamed Hadi Ahmed Abdulla Al Hussaini	9
Otaiba Khalaf Ahmed Khalaf Al Otaiba	9

5 Board Remunerations



The remunerations of the Board of Directors are linked to the net profit that the Company generates. As per Etisalat Group's Articles of Association which was promulgated by virtue of Cabinet Resolution No. 29 of 2015, the remuneration of Board members shall be lump sum amounts based on a recommendation by the Board and approval by the General Assembly provided that such remunerations shall not exceed 0.5% of the net profit of the last financial year after deducting the depreciations and reserves.

The total remunerations of the Board members for the year 2016 amounted to AED 17,143,000, while the Board remunerations for the year 2017 has amounted to AED16,308,000 including the attendance allowance of the Board Committees' meetings. Such remunerations constitute 0.21% of the net profit after deducting all the reserves and depreciations.

The table below shows the quantum of the said remunerations:

Investment and Finance Committee	
Name	**Attendance of Committee Meetings Allowance (AED)**
Eissa Mohamed Ghanem Al Suwaidi	49,000
Abdulfattah Sayed Mansoor Sharaf	35,000
Mohamed Hadi Ahmed Abdulla Al Hussaini	63,000
Otaiba Khalaf Ahmed Khalaf Al Otaiba	63,000
Audit Committee	
Name	**Attendance of Committee Meetings Allowance (AED)**
Essa Abdulfattah Kazim Al Mulla	56,000
Sheikh Ahmed Mohd Sultan Bin Suroor Al Dhahiri	56,000
Khalid Abdulwahid Hassan Alrustamani	28,000
Nominations and Remunerations Committee	
Name	**Attendance of Committee Meetings Allowance (AED)**
Mohamed Sultan Abdulla Mohamed Al Hameli	28,000
Abdulla Salem Obaid Salem Al Dhaheri	21,000
Hesham Abdulla Qassim Al Qassim	28,000
Abdelmonem Bin Eisa Bin Nasser Alserkal	21,000

6 Etisalat Securities Trading



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

Furthermore, the Securities Trading Policy explicitly stipulates the trading prohibition periods as mentioned in Article 14 of SCA's Resolution No. 2 of 2001 concerning the Regulations of Securities' Trading, Clearance, Adjustments, Ownership Transfer and Custody. During such periods, it is not permissible for the Chairman, Board Members and Insiders who have access to Material Information to directly or indirectly trade in Etisalat securities within the ten business days preceding the release of any material information which may affect the share price by way of a rise or a decline, and fifteen days prior to the end of the quarterly, semi-annual or annual financial period. This prohibition shall remain in effect until the disclosure of the financial statements is made.

This section of the report provides for the tradings in Etisalat shares effectuated by the Chairman and Members of the Board of Directors and their first of kin relatives since they are subject to the abovementioned policy given that they are deemed part of the Insiders' definition; namely, chairman, Board members, the top Management and any person who has access to Company's material information prior to publishing it.

The Material Information is defined by the abovementioned Policy as any information, positive or negative, that may impact the price of Etisalat securities, hence, affect investors' decisions towards buying or selling such securities. In general, the Material Information includes, but is not limited to the following:

- Undisclosed profits and financial results
- Profits estimates or other financial forecasts
- Changes in previously released profits estimates
- Merger or acquisition proposals or agreements
- Material changes in reserve estimates
- Changes in debt ratings
- Write-down of assets
- Dividend distribution
- Proposed issuance of bonds and securities
- Financial liquidity problems
- Significant changes in operations and important management updates

The below table shows the tradings in the Company's shares conducted by the Board Members, their spouses, sons and daughters in 2017:

Name	Title/ Relationship	Owned Shares as of 31/12/2017	Total Sold Shares in 2017	Total Purchased Shares in 2017
Eissa Mohamed Ghanem Al Suwaidi	Chairman	-	-	-
Sheikh Ahmed Mohd Sultan Bin Suroor Al Dhahiri	Vice-Chairman	14,519	-	-
Mohamed Sultan Abdulla Mohamed Al Hameli	Director	289,467	-	-
	Wife	10,366	-	-
Abdulla Salem Obaid Salem Al Dhaheri	Director	-	-	-
Hesham Abdulla Qassim Al Qassim	Director	330,000	-	-
Essa Abdulfattah Kazim Al Mulla	Director	-	-	-
	Wife	241,595	-	-
Abdulfattah Sayed Mansoor Sharaf	Director	-	-	-
Mohamed Hadi Ahmed Abdulla Al Hussaini	Director	-	-	-
Abdelmonem Bin Eisa Bin Nasser Alserkal	Director	2,688,561	-	-
Khalid Abdulwahid Hassan Alrustamani	Director	876,630	-	-
	Son	319,983	-	-
Otaiba Khalaf Ahmed Khalaf Al Otaiba	Director	11,000	10,000	10,000

7 Executive Management



The Executive Management carries out Etisalat's day-to-day activities and exercises the authorities delegated to it by the Board of Directors of the Company pursuant to the customary practice and the governance rules and regulations. The Executive Management, in undertaking its functions, abides by a performance mechanism and ambitious targets approved by the Board of Directors and grounded on linking remunerations and incentives with the level of performance. The Board of Directors delegated to its Chairman some of its powers by virtue of the power of attorney dated 27th July 2016 which is valid until 24 March 2018. The Chairman, in turn, sub-delegated part of his powers to the Executive Management to ease exercising its role and tasks under the power of attorney dated 31st July 2016 which is valid until 24th March 2018. The authorities granted to the Management under this power of attorney include, but are not limited to, executing documents, transactions, warranties, contracts and agreements as well as signing bank documents, appointing employees and setting their salaries, establishing companies and representing the company before official and quasi-official bodies. Moreover, the Company has set a clear policy with well-defined limits within which the Management may act in respect of the above.

7.1 Salaries and Remunerations of Executive Management

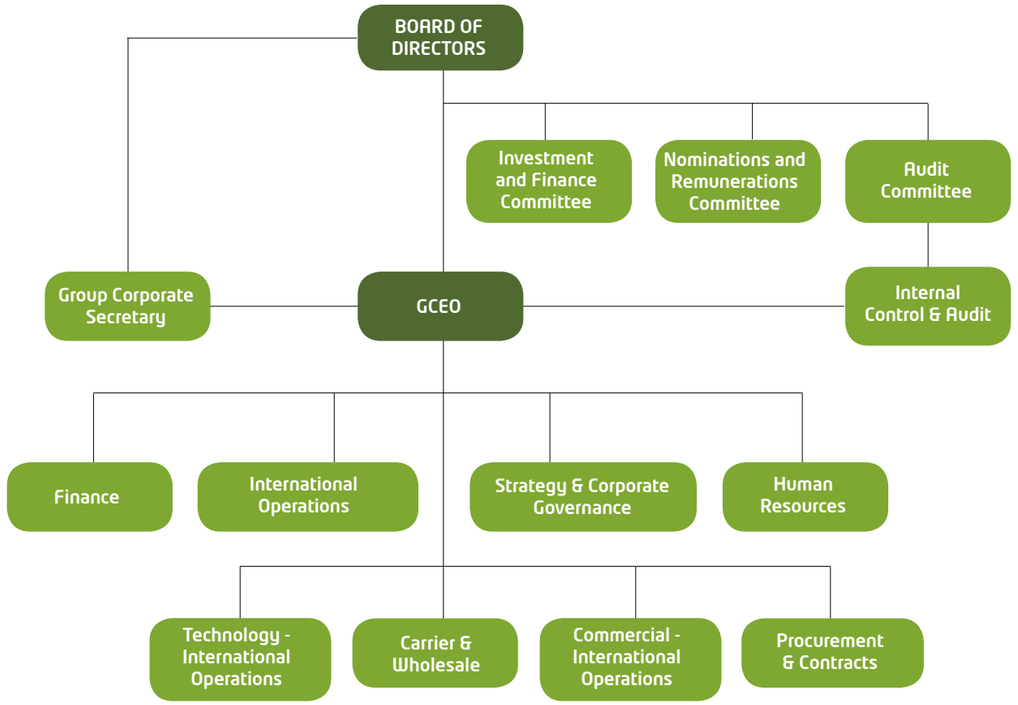
The details of Etisalat Group's key Executive Management members with the positions they hold, their joining dates and their gross salaries and remunerations for the year 2017 are set out below:

Position	Appointment date	2017 Gross Salaries and Remunerations	2017 Gross Bonuses*
Group Chief Executive Officer	01/11/1992	3,645,000	15,000,000
Group Chief Corporate Strategy and Governance Officer	19/06/1993	2,450,494	2,800,000
Chief Executive Officer / International	27/09/2015	2,368,500	3,573,000
Group Chief Financial Officer	01/01/2012	2,185,518	4,100,000
Group Chief Human Resource Officer	01/12/1991	2,093,554	2,850,000
Group Chief Carrier & Wholesale Officer	24/10/1981	2,114,230.80	2,525,000
Group Chief Procurement Officer	19/04/1999	1,887,842.01	2,800,000
Chief Technology Officer - International	01/09/2013	2,144,459.16	1,588,000
Chief Commercial Officer- International	04/10/2016	1,440,000.00	1,067,000

* There are no other entitlements paid for the year 2017.

7.2 Organization Chart of Etisalat Group

Below is the chart of Etisalat Group:



7.3 Nationalization Rate in Etisalat Group

The Committee places the issue of Emiratization on the top of its priorities; hence, emiratized posts constitute 47% posts of the total number of Etisalat's posts.

8 Related Party Transactions



Etisalat Group did not conduct any transactions with Related Parties in the year 2017 in accordance with the provisions that govern this kind of transactions under SCA Resolution No. 7 of 2016.

9 Internal Control and Audit



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

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

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

2. The Internal Control Function: (Second line of defence) - includes the enterprise risk management and compliance function that monitors adherence to general policies, mandates and compliance requirements.

3. The Internal Audit Function: (Third line of defence) -

The Internal Control and Internal Audit functions are run by a specialized department named Internal Control and Audit Department which is headed by Mr. Mohamed Dukandar who has a wide experience of over 21 years in the fields of governance, internal control and internal audit at reputable companies, especially Telecom companies. Mr. Dukandar is a Chartered Accountant (CA), Certified Internal Auditor (CIA) and Certified Control Self Assessor (CCSA). It is noteworthy that Mr. Dukandar assumes the role of the Compliance Officer.

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

9.1 Internal Control Function

The Internal Control Function engages with the first line of defence teams to establish and to maintain a Group-wide internal control framework that provides the Management and the Audit Committee with independent, timely and reliable assurances on the health of controls to:

- Meet the operational and financial objectives

- Ensure reliable reporting

- Comply with applicable laws and regulations.

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

- An Enterprise Risk Management (ERM) function to ensure key risks are appropriately identified and managed.

- A Compliance Function to:

  - Ensure significant financial, managerial and operational reporting is accurate, reliable and available on a timely basis.

  - Ensure policies and processes are in place to meet legal and regulatory obligations.

  - Verify adherence to policies and processes for legal and regulatory obligations.

- A culture of continuous improvement in relation to process efficiency and awareness of risk management

The Etisalat Risk Management framework is aligned to international best practices such as the ISO 31000 standards and the COSO Framework. Regular risk assessments are conducted on all the fields in which the Group and its OpCos operate in line with the approved risk tolerance and appetite levels. Reports on these risks are regularly submitted to the Management and the Audit Committee.

9.2 Internal Audit Function

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

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

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

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

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

9.3 Key Control/Audit Matters

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

- Ensuring establishment of remediation or action plans for all key risks and compliance breaches, if any. Such plans are to identify the responsible persons along with timelines for completion

- Monitoring progress in completing agreed actions with regular reporting on their status to Audit Committee

- Performing follow-up reviews, as needed

It is worth mentioning that the Company did not face any material problems in the fiscal year ending 31st December 2017.

10

The External Auditor



10.1 A Glance

Emirates Telecommunications Group Company PJSC (Etisalat Group") has entrusted the external audit services to Deloitte & Touche (M.E.) since 2005. Deloitte & Touche, with its 263,900 professionals, enjoys a globally connected network of member firms in more than 150 countries where it provides audit, consulting, financial advisory, enterprise risk and tax services. The Company has been making an outstanding presence in the Middle East since 1926, through Deloitte & Touche (M.E.) which is part of Deloitte Touche Tohmatsu Limited. It is worth mentioning that Deloitte & Touche (M.E.) is the first company providing professional services in the Middle East, and currently has more than 26 offices in 15 countries in the Middle East accommodating 3,000 staff, partners, management executives and Board members. Deloitte also ranks as a first-class company in the taxation consultancy sector in the Gulf region, since 2010 (as per the global rating of international taxation consultants), hence, Deloitte gained several awards over the past years such as the Best Consultant award and the excellence award in training and development in the Middle East.

In the UAE, Deloitte is a full service firm and has well developed practices serving leading enterprises and institutions in the fields of telecommunications, insurance, banking, construction, public sector activities, trading, manufacturing, energy and resources. Deloitte UAE has over 1,100 professionals based within five practice offices in Abu Dhabi, Dubai, Fujairah, Ras Al Khaimah and Sharjah. The UAE practice has 28 Partners, Principals and Directors, and more than 450 dedicated audit professionals.

10.2 External Audit Fees, Services & Costs:

Below are the details and breakdowns of the external audit costs paid during 2017:

- The external audit services' fees for 2017 amounted to AED 2,085,000. This amount was paid against:
  - Audit of the financial statements
  - Audit for Etisalat legal entity (UAE + Group standalone) including XBRL – SCA Review
- The fees paid/payable by Etisalat in 2017 to its External Auditor against services other than the audit tasks amounted to AED 529,140. These services were:
  - Advisory services for IFRS 15 and IFRS 9 implementation project
  - Royalty fees
- The fees paid/payable for services which were delivered by other external auditors to Etisalat in 2017 amounted to AED 5,386,442. These fees were all paid/payable against advisory services.

11 Violations



During the year 2017, Etisalat received twenty-two violation decisions from the Telecommunications Regulatory Authority (TRA) as follows:

1- Twenty violation decisions were in relation to mobile registration requirements.

2- One violation decision was in relation to guarding numbering resources for consumer requirements.

3- One violation decision was in relation to price approval requirements.

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

12 Corporate Social Responsibility



Etisalat remains committed to being a responsible corporate citizen. With technology as an enabler of progress, we have a role to play in supporting and empowering local communities, and are humbled by our contributions.

Etisalat's contributions targeted various segments of the society: children, youth, women and people with special needs. Further, the Company has always been at the forefront of the organizations that supported the Government-Launched Initiatives like Al Bayt Mitwahid "Home is United" Campaign, and the National Fund Initiative.

Believing in the importance of sport in augmenting various walks of youth's lives, youth were given the utmost care from Etisalat through its sponsorship of UAE Football Association and Professional League Committee.

As Etisalat has been known for its patronage of the heritage and preserving the cultural legacy, it had the privilege of supporting Sheikh Zayed Heritage Festival, as well as the International Quran Award 2017.

A summary of Etisalat CSR Activities of the year 2017 is as follows.

Social Development

1- The National Fund Initiative

2- Supporting Tawi Al Saman Road - Sharjah RTA

3- Ajman Seventh International Urban Planning Conference

4- FAHR for "IMTIYAZAT"

5- 60th Anniversary of Abu Dhabi Police formation

6- Zero Nine Charity Exhibition 2017

7- The Al Bayt Mitwahid Society

8- Think Science

9- Accessibilities' Expo

10- Freedom Plan for People of Determination

11- Al Ain 3rd Forum for the People of Determination

12- Hope Makers

13- Dirham Alham

14- Arab Deaf Week

15- Sharjah Orphans' Care Initiative

Total Amount: AED 22.05 million

Sports & Youth

16. The Professional League Committee (PLC)
17. Walk to Give
18. NEO Run Race
19. Um Al Quwain Football Championship
20. UAE Football Association
21. HH Sheikha Fatima Bint Mubarak Women's Intl Shooting Championship 2017

Total Amount: AED 14.9 million

Innovation, Education & Health

22. Etisalat Award for Children Book 2017
23. Ministry of Education- BETT 2017 Exhibition
24. Sharjah International Book Fair 2017 -Sharjah Book Authority
25. Ajman International Fair for Education & Training 2017
26. Knowledge Summit
27. #بالعربي
28. Internet Security for Children
29. Sharjah Children's Reading Festival 2017
30. Emirates Incubator Project
31. Gitex Technology for People of Determination
32. Happiness Initiative
33. Medical box
34. Ajman Ride
35. Blood Donation
36. Emirates Health Week

Total Amount: AED 5.13 million

Cultural, Environmental & Community Support

37. Zayed Heritage Festival (Abu Dhabi)
38. Emarat Al Youm-Zara Al Khair Initiative by Etisalat and Emartalyawm Newspaper
39. Dubai International Holy Quran Award 2017
40. Awafi - Ras Al Khaimah Tourism Development Authority
41. Journalist Association 2017
42. For Your Sake Somalia
43. Blue Collars' Employees Recognition
44. Iftar Ceremony for Al Jalila Cultural Centre for Children
45. Zoo & Aquarium Public Institution in Al Ain
46. The Showka Nature Reserve in Ras Al Khaimah

Total Amount: AED 2.7 million

13

Investor Relations



13.1 Communications with Shareholders and Investors

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

The Investor Relations Department is headed by Mr. Nazih Ramez El Hassanieh whose experience in the financial and respective sectors approximates to 20 years, of which 8 years were in investor relations field in Etisalat Group. Mr. Nazih holds a Master of Science in Management from Babson College in USA.

Investor Relations Contact:

Etisalat Investor Relations

Etisalat Head Office

P.O. Box 3838

Email: ir@etisalat.ae

Website: http://www.etisalat.com/en/ir/index.jsp

Shareholders Affairs Contact:

Ms. Engy Zaki

Phone: +971 2 618 2661

Email: shares@etisalat.ae

13.2 Insiders Trading Supervisory Committee

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

14 Special Resolutions



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

During the Company Annual General Meeting held on 9th April 2017, a Special Resolution was passed approving a budget of not more than 1% of the Company's average net profits of the two years preceding 2017 (i.e. 2015-2016) for voluntary contributions to the community (Corporate Social Responsibility), and authorizing the Board of Directors to effect payments for such contributions to beneficiaries to be determined at its own discretion.

15

General Information



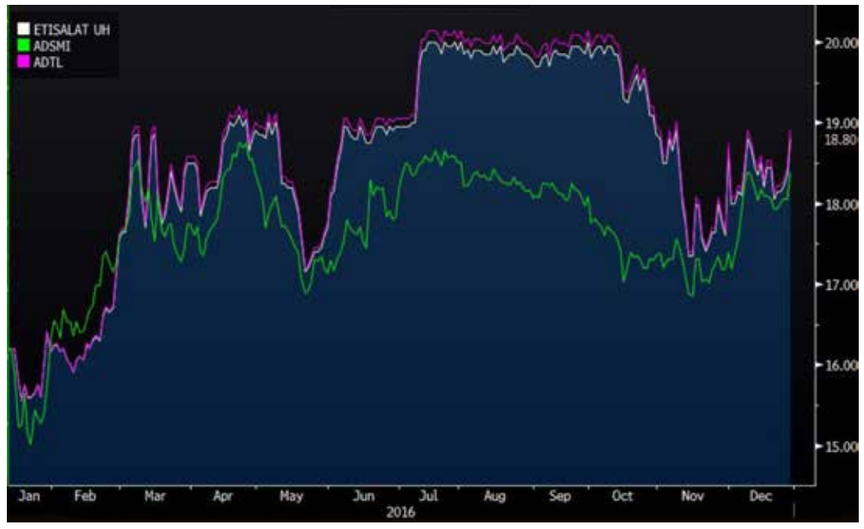
15.1 Price of Etisalat Shares During 2017

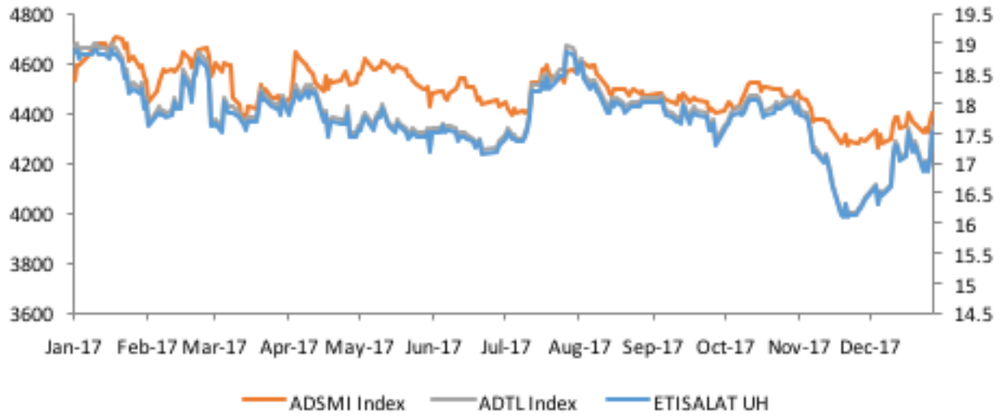
The below table shows the price of Etisalat shares during 2017

Date	Open	High	Low	Close
31-01-2017	18.20	18.25	17.90	17.90
28-02-2017	18.45	18.45	17.60	17.60
30-03-2017	17.80	18.05	17.75	18.05
30-04-2017	17.45	17.65	17.45	17.45
31-05-2017	17.60	17.60	17.20	17.20
29-06-2017	17.25	17.30	17.15	17.30
31-07-2017	18.80	18.80	18.60	18.75
30-08-2017	18.00	18.00	17.90	18.00
28-09-2017	17.70	17.75	17.30	17.30
31-10-2017	17.95	18.00	17.85	17.85
29-11-2017	16.25	16.90	16.25	16.40
28-12-2017	17.05	17.50	17.00	17.50

15.2 Etisalat Shares' Performance

The below table shows Etisalat share's performance compared to the General Index and Telecommunication Index in 2017.





15.3 Shareholding Structure at the end of 2017

The below table shows the percentage of the shares owned by different categories of shareholders as at the end of 2017

Shareholders	Percentage of the Owned Shares			
	Individuals	Corporate	Government	Total
UAE	31.114٪	3.457٪	61.338٪	95.909٪
GCC	0.009٪	0.065٪	0.009٪	0.083٪
Arab	0.022٪	0.000%	0.000٪	0.022٪
Foreign	0.004٪	3.953٪	0.029٪	3.986٪
Total	31.148%	7.475٪	61.377٪	100.000٪

15.4 Shareholding Volume Details

The below table shows the shareholding percentages to capital during 2017.

Shareholding	Number of Shareholders	Number of Shares	Shareholding Percentage Against the Share Capital
Less than 50,000 shares	8,998	87,974,406	1.01%
50,000 to less than 500,000 shares	2,762	457,302,943	5.26%
500,000 to less than 5,000,000 shares	811	1,163,016,598	13.37%
5,000,000 shares and above	100	6,988,460,053	80.36%
Total	12,671	8,696,754,000	100.00%

15.5 Shareholders who own 5% and above of Etisalat Shares

The table below shows the names of shareholders who own 5% or more of the Company's total shares and the percentages of their shareholdings.

Shareholder Name	No. of Shares	Owned %
Emirates Investment Authority	5,218,052,400	60%

16

Innovative Initiatives



Innovation is one of Etisalat's key strategic pillars and one of the vital areas that underpins the Company leadership and growth sustainability.

Etisalat's approach to innovation is simple; it focuses on nurturing and institutionalizing innovation within the organization's fabric, while elevating the innovation level in the surrounding ecosystem by adopting open innovation that hinges on successful partnerships and collaborations, be it with government, private sector or academia.

1. Internal innovation:

Etisalat has focused on piloting and trialling innovative platforms and next generation technologies, introducing out of the box improvements in the way it does business and interacts with customers, hence demonstrating innovation in the operations domain, while creating innovative products and services.

A. Creation of internal Innovation Platforms that support ideation and prototyping, for example:

1. Innovation Hub "eSpark": an internal innovation platform targeting innovation in various digital & emerging technologies as in AI (Machine/Deep Learning, VPA/Bots and RPA), Artificial Reality & Virtual Reality, Big Data & Analytics, Blockchain, etc.

2. Innovative workspace: Piloted the concept of Collaborative Rooms that provide unconventional & semi casual workspace with latest media & connectivity solutions, hence enhancing agility & collaboration.

B. Adoption of cutting edge technologies as in Robotics Process Automation to enhance operational efficiency and effectiveness, for example:

1- Cognitive Automation: is a self-learning chatbot that is used to deflect customer calls away from call centers and Account Managers, hence decreasing the waiting time and enhancing the overall response time on the frequently asked questions.

2- Credit Collection: adoption of Robots to reduce the end to end processing time of the collection cycle.

3- Compliance Robotics: The initiative aims at automating the verification of the ID Re-registration process hence enhancing accuracy.

C. Enhancing customer interactions with innovative initiatives that improve Customer Experience while reducing the time and effort to handle customer concerns:

1) Upgrading retail network to the "Smart Store" concept.

2) Introducing multiple Call Center innovative tools and processes to enable agents to resolve customer complaints directly without forwarding them to the back office.

3) Introducing Etisalat Wallet for electronic payment.

D. Launch of novel products and services that bring value to customers while bringing unique features to the local market, amongst which was SWYP – an innovative mobile product focusing on the youth segment, it can completely customize its offerings through mobile & online access based on customer needs, while having the SIM card delivered at their doorstep.

E. Innovating in the modus operandi by shifting from traditional business delivery models to digital and self-service models:

1. Enablement Frameworks: allowing the launch of business mobile and device offerings in faster Go-To-Market without IT involvement.

2. Agile Project Management, Etisalat has delivered the Dubai Parks and Resorts project; it entailed 40+ projects, in collaboration with 20+ partners, with over 400 dedicated Etisalat project team members resulting in Etisalat winning the prestigious "Innovation Idea in Program Management" Award.

2. External innovation

Over the years, Etisalat has continued to push the boundaries of innovation well beyond its walls, enabling the UAE community and businesses to explore possibilities and foster open innovation. Such initiatives include:

1- Dubai Future Accelerators: a collaboration that allows engaging with technology startups from all over the world to address internal challenges or challenges faced by the customers. This partnership covered the following two challenges in 2017:

a. Healthcare: Aiming to reduce patients emergency room (ER) visits in the UAE due to life threatening situations linked to chronic diseases by 30% over the next 10 years through predictive healthcare.

b. Security: Aiming to reduce digital risks in the UAE by 50% in the next 5 years by building and delivering cutting edge digital security solutions focusing on areas of Industrial Control Systems (ICS) Security, IoT Security or Incident Response.

2- Open Innovation Centre: Etisalat launched its Open Innovation Centre; it aims at guiding visitors through a unique experience that shows them how to incorporate Etisalat's innovative solutions into Governments and Businesses, hence enabling a smarter today.

3- FinTech Hive: Etisalat has collaborated with the region's first FinTech accelerator based in DIFC as a Digital Transformational Partner. The program aims at developing creative FinTech solutions for regional & international leading financial institutions.

4- Intelak: Etisalat has partnered with Emirates and GE to launch Intelak Travel technology entrepreneurship incubator, from which came the Idea Lab, an intensive boot camp program, aiming to support the UAE youth with the skills and resources to ideate, test and prototype business ideas.

5- EBTIC: Etisalat established EBTIC as a joint venture with BT and Khalifa University. EBTIC has successfully patented 45 inventions, and currently runs 15 projects with Etisalat/EDCH.

17 Key Events in 2017



February:

- Etisalat received Tier III Gold Certification for Operational Sustainability.
- The Ministry of Finance announced the Federal Royalty scheme to be applied on Etisalat Group for the period 2017 to 2021 with no changes to the royalty rates.
- Mobily awarded unified license from Communications & Information Technology Commission to provide all telecom services including fixed-line voice and fixed-line internet services.
- Etisalat Group and Mobily signed a Technical Services and Support Agreement to support Mobily's business growth potential, drive operational excellence and capture synergies.

March:

- UAE ranked as global leader in Fiber Optic Network by FTTH Council.
- Etisalat Group has been ranked as the most valuable telecom operator in the Middle East by Brand Finance.
- Etisalat became 'first telco in UAE' to achieve ISO 20000 certification.

April:

- E-Vision partnered with MBC GROUP in Exclusive IPTV/OTT Channel Distribution Rights deal in the UAE.
- Inauguration of Saudi Arabia's first smart city in Yanbu in collaboration between the Royal Commission of Yanbu and Bayanat Company, Mobily's subsidiary.

May:

- Credit Rating Agencies, Standards & Poor's and Moody's, affirmed Etisalat Group's high credit rating at AA-/Aa3 with a stable outlook.
- Etisalat and Ericsson successfully conducted a 5G trial with outdoor mobility. First 5G trial with outdoor mobility in the region that achieved aggregate site throughput of greater than 24 Gbps.
- Etisalat UAE launched 'Smiles' Customer Engagement Program.
- Maroc Telecom launched a "Datacenter Hosting" service aimed at its corporate customers.
- Maroc Telecom awarded Vigeo-Eiris ISO 26000 Corporate Social Responsibility certification with the highest performance.

June:

- Mobily acquired additional spectrum 2X5 MHZ block in the 1800 MHZ band.
- Etisalat Misr and Telecom Egypt signed commercial agreements for national roaming and international voice services.
- Etisalat Group exited Nigeria.

August:

- Mobily signed a 3-year framework agreements with Nokia, Huawei and Ericsson to modernize its mobile network.

September:

- Etisalat launched new mobile brand "Swyp" targeting the youth segment in the UAE.
- Etisalat launched the first IPX Exchange platform in the Middle East and Africa region to support IPX traffic exchange, an integral part of Smart Hub services.
- Etisalat won the 'Best Operator' Award at Telecoms World Middle East 2017 and was recognized for its 'Managed Unified Communication' services at the Global Telecoms Innovation Summit.
- Etisalat Misr launched 4G services in Egypt.

October:

- Etisalat successfully completed the fastest 5G live trial globally reaching 71 Gbps during GITEX.

November:

- Etisalat completes the first MENA IPTV service on 4G network.
- PTCL signed a data center hosting agreement with 1LINK Guarantee, a Pakistani national payment network for ATMs and POSs.

December:

- Maroc Telecom Group won the "Best African Operator" prize, in the "Telecom Review Excellence Awards 2017", in recognition of its achievements on the African continent.
- Maroc Telecom has been awarded the "Best Mobile Network in Morocco" Prize for 2017.
- Etisalat unveiled 'Open Innovation Center' to showcase Smart Solutions and Drive Digital Transformation Center to help drive digital transformation by enabling the use of latest technologies.
- Maroc Telecom wins the Vigeo-Eiris "Best EM Performers" award for in the category of companies achieving the best CSR performance among emerging countries
- Etisalat successfully deployed the first regional pre-commercial 5G
- Ministry of Education signed a MoU with Etisalat to develop digital education in UAE.



Eissa Mohamed Ghanem Al Suwaidi

Chairman of the Board of Directors – Etisalat Group