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# CORPORATE GOVERNANCE

## 2020 REPORT

Emirates Telecommunications Group Company (Etisalat Group) PJSC



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# 01 INTRODUCTION

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

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

This report tackles the charters, policies and mechanisms that govern the Company's work in the field of governance. It also touches on Etisalat Board of Directors, the Board's Committees, the duties assumed by the Board and by its committees, the Board members' remunerations and their tradings in the Company's securities. Further, it makes mention of the executive management, the related party transactions, the internal control, external audit, the Investor Relations Department, the important events in the Company, its financial indicators and the innovative initiatives during 2020.



## 02 Implementation of Governance Rules

The corporate governance has witnessed an overwhelming interest and has become one of indispensable substantial requirements for the 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, took into account the legislations in force in the UAE, especially the Resolution of Securities and Commodities Authority Chairman No. (3 /Chairman) of 2020 regarding the Adoption of Public Joint Stock Companies Governance Guideline ("SCA Governance Guideline") in addition to best international governance practices that are compatible with the said SCA resolution.

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

## 2.1 Board Membership Policy

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

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

## 2.2 External Auditor Policy

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

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

## 2.3 Insiders Security Trading Policy

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

## 2.4 Policy of Holding Shareholders General Assembly

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

## 2.5 Dividend Policy

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

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

## 2.6 Board Members Conflict of Interest Policy

Viewing the soundness of the its operations, maintaining transparency and adoption of governance best practices as highly crucial, the Company introduced a policy that controls the cases where Board's members 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 conflict with the Company's interest. This policy also functions as a guide for the Board members on how to handle such deals and transactions and on the responsibility of the Board members for recognising and making disposals on such cases, if any, so as to be treated in a way that observes the best interest of the Company and its shareholders and fulfils the requirements of SCA Governance Guideline in this connection.

## 2.7 Board Confidential Information Disclosure Policy

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

## 2.8 Related Party Transactions Policy

The Company established a comprehensive policy that defines the provisions and procedures related to the transactions concluded with the Related Parties in light of the provisions of SCA Governance Guideline and the International Financial Reporting Standards (IFRS). The policy also provided for the measures that need to be taken in this kind of transactions.

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

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



## 03 Board of Directors

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

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

It is worth mentioning here that Etisalat pays incessant attention to female engagement in all aspects of its business including its Board, hence, a female director was appointed in the Company's Board of Directors bringing the feminine percentage in the Board to 9.1% of the total number of the Board members.

Further, the Company opened the door for both genders' nomination to Board directorship in the elections held in 2018; however, there were no female nominees among the candidates.

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

Name	Role	Capacities
H.E. Obaid Humaid Matar Al Tayer	Chairman of the Board Chairman of IFC	Non-Executive & Independent
Essa Abdulfattah Kazim Al Mulla	Vice-Chairman of the Board Chairman of AC	Non-Executive & Independent
Sheikh Ahmed Mohd Sultan Al Dhahiri	Board Member Member in AC	Non-Executive & Independent
Hesham Abdulla Qassim Al Qassim	Board Member Chairman of NRC	Non-Executive & Independent
Mariam Saeed Ahmed Ghobash	Board Member Member in IFC Member in NRC	Non-Executive & Independent
Saleh Abdulla Ahmad Lootah	Board Member Member in IFC	Non-Executive & Independent
Juan Villalonga	Board Member Member in IFC	Non-Executive & Independent
Samer Saleh Mah'd Halawa	Board Member Member in AC	Non-Executive & Independent
Abdelmonem Bin Eisa Alserkal	Board Member Member in NRC	Non-Executive & Independent
Khalid Abdulwahid Hassan Alrustamani	Board Member Member in AC	Non-Executive & Independent
Otaiba Khalaf Ahmed Al Otaiba	Board Member Member in IFC Member in NRC	Non-Executive & Independent

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

Name	Date of Accession to the Board
H.E. Obaid Humaid Matar Al Tayer	Nov 2019
Essa Abdulfattah Kazim Al Mulla	Jun 2012
Hesham Abdulla Qassim Al Qassim	Mar 2015
Mariam Saeed Ahmed Ghobash	Mar 2018
Saleh Abdulla Ahmad Lootah	Mar 2018
Juan Villalonga	Sep 2018
Samer Saleh Mah'd Halawa	Jan 2019

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

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

### 3.1 BOARD OF DIRECTORS



**H.E. Obaid Humaid  
Matar Al Tayer**  
(Chairman)



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



**Juan Villalonga**  
(Board Member)



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



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



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



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



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



**Samer Saleh  
Mah'd Halawa**  
(Board Member)



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



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



**Hasan Mohamed Al Hosani**  
(Group Corporate Secretary  
& Board Rapporteur)

### 3.2 Profiles of Board Members

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

#### H.E. Obaid Humaid Matar Al Tayer

H.E. Obaid Humaid Al Tayer has been holding the post of Minister of State for Financial Affairs of UAE since February 2008. He is the Chairman of Al Etihad Credit Bureau and also holds the position of Deputy Chairman at Federal Tax Authority, the position of Board member and Chairman of the Executive Committee at Emirates Investment Authority, the position of Deputy Chairman at General Pension and Social Security Authority and Deputy Chairman of Real Estate Authority. With His Excellency's exceptional experience, he qualified to accede to several posts in a number of international and regional organisations including OPEC Fund for International Development (OFID) Governor, International Fund for Agricultural Development (IFAD), the Arab Fund for Economic and Social Development and Arab Monetary Fund. In addition, he holds the posts of Governor at Banque Arabe pour le Développement Économique (BADEA), the Multi Investment Guarantee Authority (MIGA), the Arab Investment and Export Credit Guarantees Corporation and International Islamic Trade Finance Corporation (ITFC). His Excellency had also held the post of Deputy Governor and president of the Arab Group at the International Monetary and Financial Committee as well as the World Bank Group and the Islamic Development Bank Group (ISDBG).

His Excellency had further held the post of Chairman of Industrial Bank, Deputy Chairman of Real Estate Bank, Chairman of Dubai's Chamber of Industry and Commerce, Emirates Post Group Holding (EPG) and Federal Customs Authority (FCA), Emirates Development Bank and Emirates General Petroleum Corporation.

His Excellency had also been a member in the Federal National Council and a member in Dubai Municipal Council, Dubai Economic Council, Union National Bank and Emirates Telecommunications Group Company. His Excellency was further given several international awards including the award of "Best Minister in the Middle East and North Africa for 2012" from the Emerging Markets Magazine on the sideline of the annual meetings of the International Monetary Fund and the International Bank Group, which were held in Tokyo during October 2012. The expertise of His Excellency gained recognition at the international, regional and local level where His Excellency was given the award of "Ordine Della Stella Solidarity Italiana" from the President of the Republic of Italy in 2007. His Excellency was also given the award of "Lee Jordi National Merit" from the President of the French Republic in 2003. H.E. Obaid Al Tayer holds a bachelor's degree in Electrical Engineering from the University of Colorado, Boulder, United States of America.

#### Essa Abdulfattah Kazim Al Mulla

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

- Governor - Dubai International Financial Centre
- Chairman - Borse Dubai
- Chairman - Dubai Financial Market
- Member - Higher Board of Directors of Dubai International Financial Centre (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 - Rochester Institute of Technology
- Member of the Board of Governors - Hamdan Bin Mohammed E-University
- Member of the Council - United Arab Emirates University
- Board Member - NASDAQ Inc.
- Board Member & Secretary General - Dubai Islamic Economy Development Centre

#### Sheikh Ahmed Mohd Sultan Al Dhahiri

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

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

## Saleh Abdulla Ahmad Lootah

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

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

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

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

## Juan Villalonga

Juan is a partner in Lutetia Technology Partners and a strategic advisor of SparkBeyond. He is a member of the Advisory Board of Aiola.

Juan serves on the Board of Etisalat and is a member of the Advisory Board of Lutetia Capital.

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

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

Juan is a former partner at McKinsey and Company. He holds an MBA from IESE Barcelona and an LLB from University of Deusto.

## Hesham Abdulla Qassim Al Qassim

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

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

## Mariam Saeed Ahmed Ghobash

Ms. Mariam Ghobash is a Director in Global Special Solutions Department at Abu Dhabi Investment Council. Prior to joining the Council, she worked as an investment professional in HSBC Middle East whereby she was a member of the private equity team.

Ms. Ghobash is currently a Vice-Chairperson of Aldar Properties and Invest AD. She also serves as a member of the Board of Directors of Emirates Development Bank and Zayed University Council. Previously, she has served on the boards of National Bank of Abu Dhabi, Al Hilal Bank, National Takaful Co. " Watania".

Ms. Ghobash holds a Bachelor of Science in Economics degree from the Wharton School, University of Pennsylvania in the United States of America. She has also successfully completed the General Management Program at Harvard Business School.

## Samer Saleh Mah'd Halawa

Samer Halawa is the Chief Legal Officer of Mubadala Investment Company, a global investment company owned by the Government of Abu Dhabi, with a mandate to create sustainable financial returns. As Chief Legal Officer, Samer leads the Group's global legal, tax and regulatory affairs functions. He has been the driving force behind implementing and leading a world-class governance, ethics and compliance function at Mubadala.

In addition, he is Secretary to Mubadala Board and Board Executive Committee, and a member of Mubadala Investment Committee and Management Committee. These bodies are mandated by Mubadala Board to develop and monitor investment strategies, oversee financial and operational performance, and manage Group-wide corporate affairs.

Prior to joining Mubadala in 2005, Samer headed the Corporate and Commercial Law practice of Habib Al Mulla & Co. in Dubai, practising a wide variety of international and local corporate and commercial law, specialising in cross-border M&A transactions.

## Khalid Abdulwahid Hassan Alrustamani

Mr. Khalid Alrustamani holds a bachelor's degree in Finance from George Washington University, Washington D.C., USA. He currently holds the following positions:

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

## Abdelmonem Bin Eisa Alserkal

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

- Founder – Alserkal Avenue
- Managing Director – Nasser Bin Abdullatif Alserkal Est
- Board Member – Al Burj Real Estate Ltd
- Board Member – Alserkal Group
- 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
- Honourary Member – Thinkers & Doers Forum, Paris

## Otaiba Khalaf Ahmed Al Otaiba

Mr. Otaiba obtained a Bachelor of Laws from the University of Damascus in 2001, and a license to practice law (before the First Instance Courts, Courts of Appeal and 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 the UAE. He also was the Head of the Legal Suits Division of the Legal Department at National Bank of Abu Dhabi for two years.

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

### 3.3 Profile of Etisalat Group Corporate Secretary and Board Rapporteur

Mr. Hassan Al Hosani has a vast experience in the legal field spanning more than 20 years, during which he has held a number of positions in the public and private sectors. He began his career in the oil and gas sector where he worked for nine years during which he served as a legal advisor to the National Petroleum Construction Company (NPCC) known as one of the largest oil construction companies in the region and the Middle East. Mr. Hassan then moved to the public sector of the Emirate of Abu Dhabi where he assumed the position of General Counsel for the Department of Municipal Affairs as well as the Head of Regulations and Legislations Department.

Mr. Hassan Al Hosani holds a bachelor's degree in Law from the United Arab Emirates University and is a lawyer registered in the Registry of Lawyers at the Ministry of Justice. He is also a commercial arbitrator accredited by Abu Dhabi Commercial Conciliation and Arbitration Centre (ADCCAC) and Member of Arbitration/ADR Steering Committee of ICC UAE.

As Etisalat Group Corporate Secretary ("GCS") since 2012, he serves as an advisor to the Board in all legal and governance related matters. In doing so, the GCS ensures providing an independent legal opinion to the Board and adopting not only the applicable rules and regulations in the UAE but also the best-in-class governance practices. The GCS also observes the Regulator's legal requirements for Board & AGM meetings, elections and Board directorship. Besides, he serves as an interface between the Board and each of the Group's Executive Management, SCA/ADX, shareholders, public authorities and other stakeholders. The GCS, as the rapporteur of the Board, the "Investment and Finance Committee", the "Nominations and Remunerations Committee" and the "General Assembly", he ensures meeting the legal requirements for their meetings and he follows up the implementation of their resolutions in a manner that keeps up with the in place regulations as well as best practices.

### 3.4 Meetings of the Board of Directors

The Board of Directors held eight meetings during 2020. The below table shows the Board members' attendance in these meetings:

Name	18 Feb	24 Mar	21 Apr	19 May	21 Jul	29 Sep	21 Oct	15 Dec
H.E. Obaid Humaid Matar Al Tayer	✓	✓	✓	✓	✓	✓	✓	✓
Essa Abdulfattah Kazim Al Mulla	✓	✓	✓	✓	✓	✓	✓	✓
Sheikh Ahmed Mohd Sultan Al Dhahiri	✓	✓	✓	✓	✓	✓	✓	✓
Hesham Abdulla Qassim Al Qassim	✓	✓	✓	✓	✓	✓	✓	✓
Mariam Saeed Ahmed Ghobash	✓	✓	✓	✓	✓	✓	✓	✓
Saleh Abdulla Ahmad Lootah	✓	✓	✓	✓	✓	✓	✓	✓
Juan Villalonga	✓	✓	✓	✓	✓	✓	✓	✓
Samer Saleh Mah'd Halawa	✓	✓	✓	✓	✓	✓	✓	✓
Abdelmonem Bin Eisa Alserkal	✓	✓	✓	✓	✓	✓	✓	✓
Khalid Abdulwahid Hassan Alrustamani	Proxy to Chairman	✓	✓	✓	✓	✓	✓	✓
Otaiba Khalaf Ahmed Al Otaiba	✓	✓	✓	✓	x	✓	✓	✓



# 04 Committees of the Board of Directors

The Board of Directors of Etisalat Group has a flexible and streamlined management system that facilitates the undertaking of its duties. This system is based on sub-constituting three Board Committees namely: Audit Committee, Nominations & Remunerations Committee and Investment & Finance Committee. An essential role is being played by each Committee in assisting the Board 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/checks the implementation of internal control systems and policies and supervises the functions of the Internal Control and Audit Department to ensure the sound performance of its duties.

The Committee consists of five non-executive and independent members; four of them are Board members in addition to one external member who holds qualification in finance and vast experience in this area. Also, all the Committee members are well-versed in financial and accounting matters. The Committee convenes periodically and whenever necessary. Mr. Essa Abdulfattah Kazim Al Mulla, Chairman of the Committee, commits that he is responsible of the Committee work system, reviewing its functions mechanism and ensuring its efficiency.

### 4.1.1 Meetings of the Audit Committee

**The Committee held eleven meetings in 2020. The meetings' attendance by the Committee members was as follows:**

Name	19 Jan	12 Feb	16 Feb	23 Mar	19 Apr	26 Apr	19 Jul	29 Jul	12 Oct	18 Oct	6 Dec
Essa Abdulfattah Kazim Al Mulla (Committee Chairman)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Sheikh Ahmed Mohd Sultan Al Dhahiri	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Samer Saleh Mah'd Halawa	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Khalid Abdulwahid Hassan Alrustamani	✓	✓	✓	✓	✓	✓	✓	x	✓	✓	✓
Salim Sultan Al Dhaheri (External Member)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

## 4.2 Nominations and Remunerations Committee ("NRC")

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

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

The Committee consists of four non-executive and independent members from the Board of Directors and convenes periodically and whenever necessary. Mr. Hesham Abdullah Qassim Al Qassim, Chairman of the Committee, commits that he is responsible of the Committee work system, reviewing its functions mechanism and ensuring its efficiency.

### 4.2.1 Meetings of the Nominations and Remunerations Committee

**The Committee held ten meetings in 2020. The meetings attendance by the Committee members was as follows:**

Name	28 Jan	5 Feb	25 Feb	15 Apr	29 Apr	6 May	14 May	24 Sep	19 Oct	24 Nov
Hesham Abdulla Qassim Al Qassim (Committee Chairman)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mariam Saeed Ahmed Ghobash	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Abdelmonem Bin Eisa Al-Serkal	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Otaiba Khalaf Ahmed Al Otaiba	✓	✓	✓	x	✓	✓	✓	✓	✓	✓

### 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 the 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 five independent and non-executive members from within the Board of Directors and convenes periodically and whenever necessary. H.E. Obaid Humaid Matar Al Tayer, Chairman of the Committee, commits that he is responsible of the Committee work system, reviewing its functions mechanism and ensuring its efficiency.

#### 4.3.1 Meetings of the Investment and Finance Committee

**The Committee held eleven meetings in 2020. The meetings attendance by the Committee members was as follows:**

Name	14 Jan	17 Feb	24 Mar	2 Apr	12 May	23 Jun	16 Jul	15 Sep	15 Oct	18 Nov	8 Dec
H.E. Obaid Humaid Matar Al Tayer (Committee Chairman)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mariam Saeed Ahmed Ghobash	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Saleh Abdulla Ahmad Lootah	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Juan Villalonga	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Otaiba Khalaf Ahmed Al Otaiba	✓	✓	✓	✓	✓	x	x	✓	✓	✓	✓



# 05 Board Remunerations

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

The total remunerations of the Board members for the year 2019 amounted to AED (17,515,726), while the Board remunerations for the year 2020 amounted to AED (17,985,000) covering membership in the Board and its Committees along with the allowance for attendance of the Board Committees' meetings.

Such remunerations constitute 0.2048% of the net profit after deducting the amortisations and reserves.

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

Investment and Finance Committee	
Name	Attendance Fee (AED)
H.E. Obaid Humaid Matar Al Tayer (Committee Chairman)	77,000
Mariam Saeed Ahmed Ghobash	77,000
Saleh Abdulla Ahmad Lootah	77,000
Juan Villalonga	77,000
Otaiba Khalaf Ahmed Al Otaiba	63,000

Audit Committee	
Name	Attendance Fee (AED)
Essa Abdulfattah Kazim Al Mulla (Committee Chairman)	77,000
Sheikh Ahmed Mohd Sultan Al Dhahiri	77,000
Samer Saleh Mah'd Halawa	77,000
Khalid Abdulwahid Hassan Alrustamani	70,000

Nominations and Remunerations Committee	
Name	Attendance Fee (AED)
Hesham Abdulla Qassim Al Qassim (Committee Chairman)	70,000
Mariam Saeed Ahmed Ghobash	70,000
Abdelmonem Bin Eisa Alserkal	70,000
Otaiba Khalaf Ahmed Al Otaiba	63,000

# 06 Insiders Securities Trading

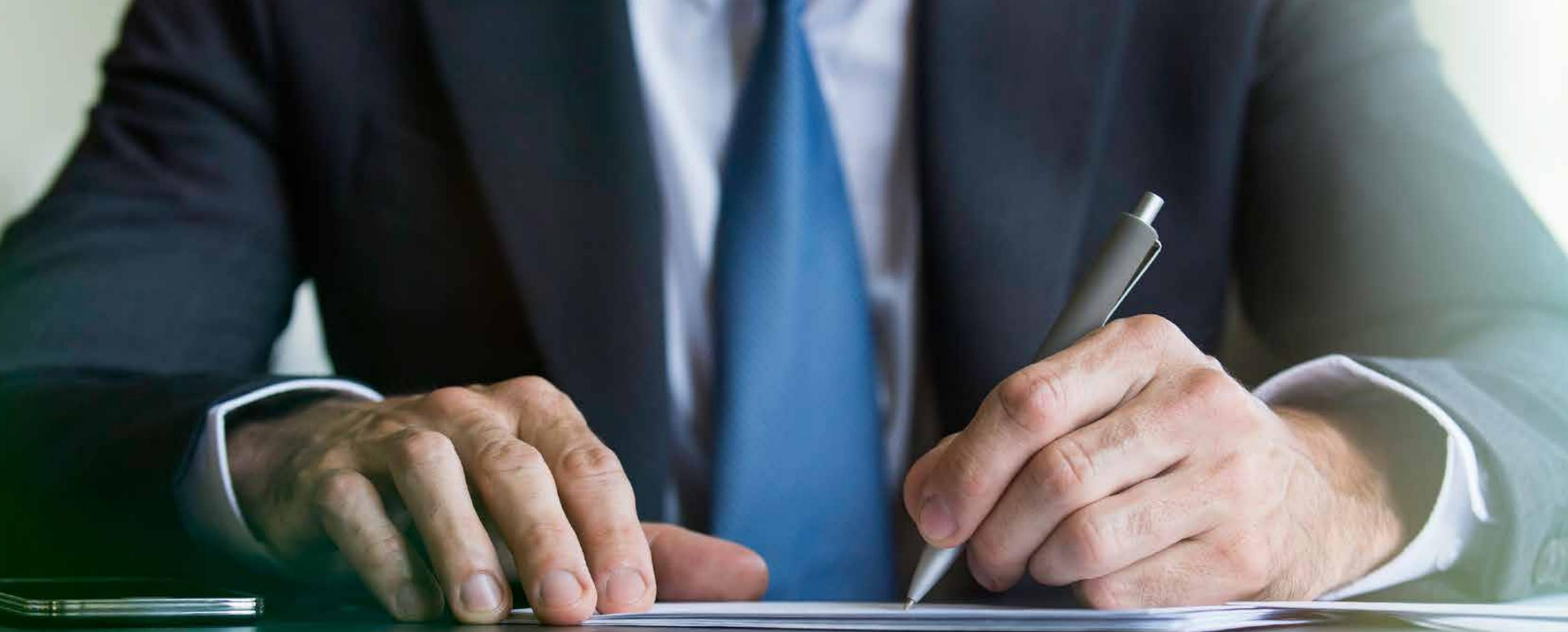
This report tackles Etisalat Securities Trading Policy in another context where it articulates the policies set to implement the governance rules and corporate disciplines. The aforesaid policy controls the Insiders' tradings in the Company's securities in compliance with the governance and disclosure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

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

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

**The below table shows the tradings in the Company's shares conducted by the Board members, their spouses, sons and daughters in 2020 in addition to the number of their owned shares as of the year end:**

Name	Position/ Kinship	Owned Shares	Total Sold Shares	Total Purchased Shares
H.E. Obaid Humaid Matar Al Tayer	Chairman	3,965,664	0	0
Essa Abdulfattah Kazim Al Mulla	Vice-Chairman	0	0	0
	His Wife	241,595	0	0
Sheikh Ahmed Mohd Sultan Al Dhahiri	Board Member	14,519	0	0
	Spouse	459,224	0	0
Hesham Abdulla Qassim Al Qassim	Spouse	110,000	0	0
	Son	3,850	0	0
	Son	4,950	0	0
	Daughter	4,950	0	0
	Daughter	5,500	0	0
	Daughter	3,850	0	0
Mariam Saeed Ahmed Ghobash	Board Member	0	0	0
Saleh Abdulla Ahmad Lootah	Board Member	20,411	0	0
Juan Villalonga	Board Member	0	0	0
Samer Saleh Mah'd Halawa	Board Member	0	0	0
Abdelmonem Bin Eisa Alserkal	Board Member	2,688,561	0	0
Khalid Abdulwahid Hassan Alrustamani	Board Member	319,983	0	0
Otaiba Khalaf Ahmed Al Otaiba	Board Member	12,291	0	0



# 07 Executive Management

The Executive Management carries out Etisalat's day-to-day activities and exercises the authorities delegated to it by the Board of Directors of the Company pursuant to the customary practice and the governance rules and regulations. The Executive Management, in undertaking its functions, abides by a performance mechanism and ambitious targets approved by the Board of Directors and grounded on linking remunerations and incentives with the level of performance. The Company set a clear policy, approved by the Board, with well-defined limits to ease the mission of the Executive Management in exercising its role and

tasks. The authorities granted to the Management under this power of attorney include, but are not limited to, executing documents, transactions, warranties, contracts and agreements as well as signing bank documents, appointing employees and setting their roles, establishing companies and representing the company before official and quasi-official bodies. In addition, the Company established clear rules that set the limits within which the Management may act in regard with the above. The current authorisation ends on 21st March 2021.

## 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 2020 are set out below:

Position	Appointment Date	Gross Salaries & Remunerations (AED)	Gross Bonuses*
Group Chief Executive Officer <sup>1</sup>	27/09/2015	2,402,700	6,000,000
Group Chief Corporate Strategy & Governance Officer	10/06/1993	2,534,681	2,300,000
A/Chief Executive Officer – International <sup>2</sup>	04/10/2016	1,584,240	1,300,000
Group Chief Financial Officer <sup>3</sup>	01/08/2013	1,197,898	1,500,000
Group Chief Carrier & Wholesale Officer	24/10/1981	2,209,716	2,300,000
Group Chief Procurement Officer	19/04/1999	2,150,047	1,800,000
Chief Consumer Officer	06/08/2012	2,580,192	3,700,000
Chief Technology Officer	01/05/2013	2,255,010	3,300,000
Group Chief Business Officer	03/11/2013	2,591,826	3,700,000
Chief Information Officer	15/05/1995	2,143,456	3,100,000
Group Chief Human Resources Officer <sup>4</sup>	25/11/2020	180,000	-

\*There are no other remunerations paid for year 2020.

1 – GCEO was appointed effective from 16/12/2020.

2 – A/GCEO-Intl was appointed effective from 19/10/2020.

3 – GCFO was appointed effective from 01/08/2020.

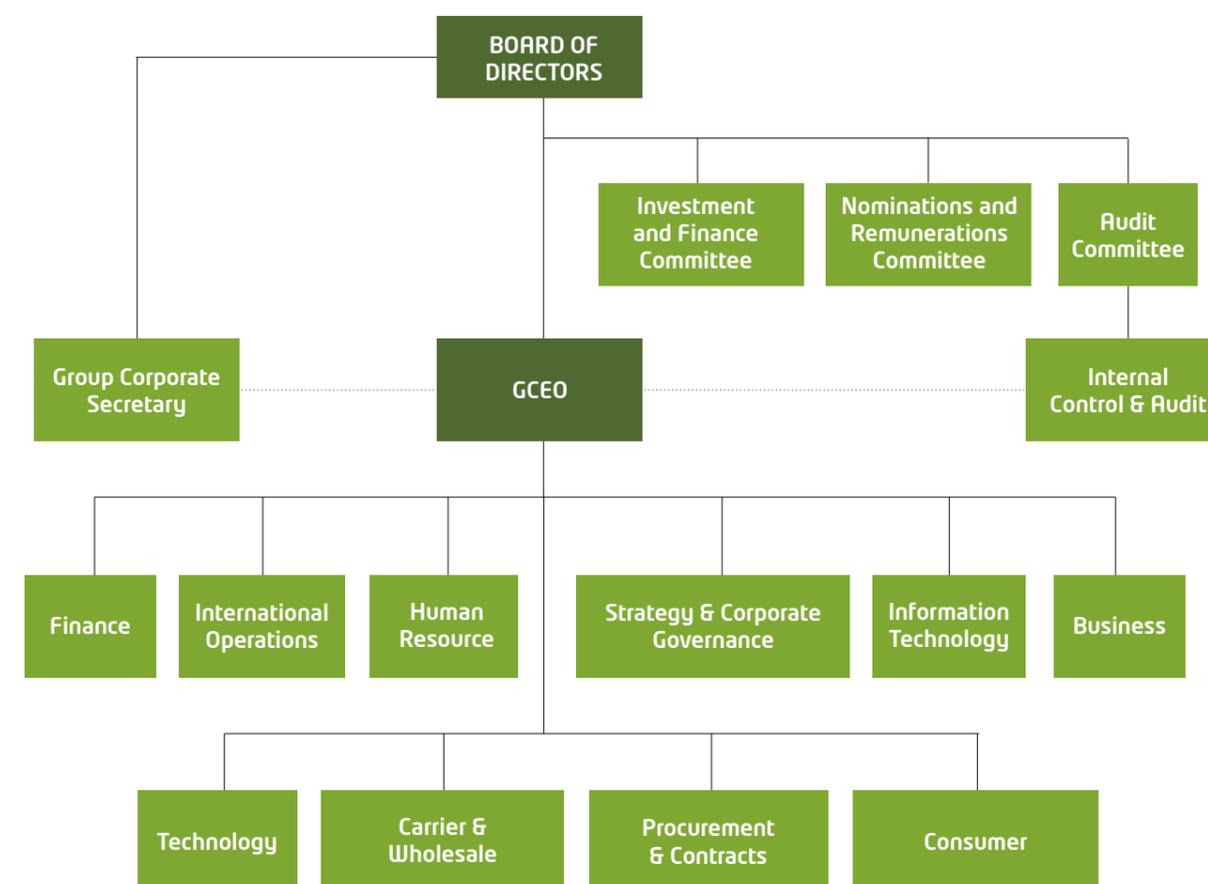
4 – GCHRO was appointed effective from 25/11/2020. so there is no bonus against the year 2020.

## 7.3 Nationalisation Rate in Etisalat Group

The Company has been keen to place Emiratisation on top of its priorities. Hence, the Emiratisation percentage has taken an upward trend during the past three years. The national staff in the company reached 47.6%, 47.8%, and 49.5% of the Company's total cadre during the years 2018, 2019 and 2020, respectively.

## 7.2 Organization Structure of Etisalat Group

Below is the chart of Etisalat Group:





# 08 Related Party Transactions

Etisalat Group did not conduct any transactions with Related Parties in the year 2020 in accordance with the provisions governing transactions and Related Parties stipulated under the Resolution of Securities and Commodities Authority Chairman No. (3 /R.M.) of 2020 regarding the Adoption of Public Joint Stock Companies Governance Guideline.

# 09

## Internal Control and Audit

The Board of Directors is responsible for the Company's internal control system, its annual review 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 optimal application for the internal control and audit requirements, Etisalat has adopted the internationally recognised "three lines of defence" model. Thus, the system of internal control and audit in Etisalat consists of the following three elements:

### 1- FRONTLINE BUSINESS FUNCTIONS

The first line of defence is 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

The Internal Control function, comprising Enterprise Risk Management (ERM) and Compliance, constitutes part of the second line of defence. The Internal Control function is responsible for the oversight and monitoring of enterprise-wide risks as well as the overall Corporate Compliance requirements.

### 3- THE INTERNAL AUDIT FUNCTION

Internal Audit, the third line of defence, provides objective assurance and insight on the effectiveness and efficiency of risk management, internal control and governance processes.

The Internal Control and Internal Audit functions are run by a specialised department named Internal Control and Audit Department, which is headed by Mr. Mohamed Dukandar who has a wide experience of over 24 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 as Group Chief Internal Control and Audit Officer as well as the Compliance Officer since joining the Company in 2016.

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

The Board of Directors has approved an Audit Committee Charter, which defines the functions and powers of the Audit Committee. The Audit Committee assists the Board of Directors in fulfilling its oversight responsibility to the shareholders over the Company's (i) financial reporting process, (ii) system of internal control, (iii) audit process, (iv) enterprise risk management process and (v) process for monitoring compliance with laws, regulations and the code of conduct.

The Audit Committee undertakes an annual self-assessment of its (and its individual members') performance, role and delegations to determine if key risks and strategic issues, which it handles, need to be reviewed or re-allocated by the Board. The Board also undertakes an annual review of the composition of the Committee to ensure its continued compliance with industry and regulatory best practices.

## 9.1 INTERNAL CONTROL FUNCTION

The Internal Control function engages with teams across the business to maintain risk management practices and compliance obligations in line with the Board-approved Group-wide Internal Control Charter, Policies, and frameworks. The Internal Control function provides Management and the Audit Committee with reasonable assurance that the significant risks affecting the organisation are identified, assessed and where appropriate mitigated to remediate the same. It also helps the Management and the Audit Committee to:

- Focus on key risks that could affect the delivery of operational, financial, compliance and strategic objectives;
- Minimise surprises through ongoing identification and management of existing and emerging risks;
- Deal more effectively with changing economic and competitive environments;
- Create greater risk and compliance awareness and enhance the organisation's ability to respond accordingly;
- Increase efficiency and effectiveness of operations;
- Make decisions in the pursuit of opportunities that could lead to reward;
- Meeting their legal, regulatory and social responsibilities, and
- Effectively coordinate regulatory and compliance matters

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

- An effective ERM and Compliance Framework;
- An appropriately resourced and skilled team to ensure key risks and compliance obligations are identified and managed;
- A Group Risk Profile that fairly represents the significant risks across the Etisalat Group and OpCos, in line with defined risk tolerance and appetite levels;
- A risk and compliance reporting framework that regularly provides updates to Management and the Audit Committee. These reports help to drive appropriate actions in order to mitigate unacceptable exposures;
- Appropriate compliance policies and processes to meet corporate legal and regulatory obligations;
- Mechanisms to verify adherence to policies and processes for legal and regulatory obligations, and
- A risk and compliance culture of continuous improvement in relation to process efficiency and the awareness of risk management.

## 9.2 Internal Audit Function

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

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

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

The function has had the privilege of being the first UAE-listed company to successfully pass an External Quality Assessment by the IIA Global with the highest rating of Generally Conforms in the three areas: Attributes Standards, Performance Standards and Code of Ethics. The function was recertified in 2019 by the IIA and achieved 100% conformance to all applicable Internal Auditing Standards.

Etisalat Internal Audit consistent leadership in Internal Audit continued in 2020 with award-winning presentations at the 2020 International IIA Conference and the 9th Regional Chief Audit Executive conference. The function has previously been awarded the '2019 Leading Practices in Internal Audit – Overall Winner' award in the Private Category at the IIA Annual Regional Conference, the overall 'Best Practice Award' at the 5th Chief Audit Executive Conference in 2015 and again in the Governance, Risk & Compliance (GRC) Private Sector category at the 7th Chief Audit Executive Conference in 2017. These awards are a reflection of the function's drive towards excellence and continuous improvement and a recognition of practices and standards implemented by the function.

## 9.3 Key Control/Audit Matters

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

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

The function provides the Audit Committee with an annual assessment on the efficiency and effectiveness of the internal control environment across Etisalat Group. In addition, the Internal Control and Audit Department report to the Management and the Audit Committee, at least quarterly, on the status of the internal control environment, including the reporting of any significant control issues and the status of actions to address deficiencies.

The Internal Control and Audit Department is not aware of any material problems faced by the Company that have not been disclosed in the 2020 Consolidated Financial Statements. The function updates its annual plan as required in line with its risk-based internal audit planning approach to re-reflect changes in the Company's risk profile.

# 10

## The External Auditor

### 10.1 A Glance

KPMG Lower Gulf Limited has been assuming the External Auditor's role in the Company since the beginning of 2018. Its partner is Mr. Avtar Singh Jalif. KPMG is a global network of professional firms providing Audit, Tax and Advisory services across a wide range of industries, Government and non-profit sectors.

KPMG operates in 146 countries and has more than 227,000 people working in member firms around the world. The KPMG network is coordinated by Swiss cooperative KPMG International (KPMGI).

KPMG has been established since 1973 as a leading professional services firm taking pride in its reputation for delivering cutting-edge solutions and exceptional client value. With over 100 partners and directors leading 1,650 professionals across offices in Dubai, Abu Dhabi and Muscat, KPMG works shoulder to shoulder with its clients, helping them solve their most complex business issues in support of their growth objectives.

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

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

### 10.2 External Audit Fees, Other Advisory Fees

**Below are the details and breakdowns of the external audit fees and other advisory services fees incurred during 2020:**

- The external audit services' fees for 2020 are amounting to AED 2,259,690. These fees are against audit of the consolidated financial statements and services related to SCA Review (XBRL)
- The fees paid/payable by Etisalat in 2020 to its External Auditor against services other than the audit tasks are amounting to AED 1,281,121. These fees cover the Regulatory audit and other assurance engagements
- The fees paid/payable for services which were delivered to the Company in 2020 by other audit firms – other than the Company's auditors – are amounting to AED 6,646,717. These fees were all paid/payable against advisory services. The firms which delivered these services were as follows:
  1. Ernst & Young Middle East
  2. Deloitte & Touche Middle East

### 10.3 External Audit Qualified Opinions on Interim & Annual Financial Statements of the Year 2020

**The external auditor did not state any qualified opinions on the interim and annual consolidated financial statements of the year 2020.**



# 11 Violations

**During the year 2020, Etisalat received 36 violation decisions from the Telecommunications Regulatory Authority (TRA) as follows:**

- 1- One violation decision was in relation to points of indirect sale.
- 2- Twenty-five violation decisions were in relation to mobile registration requirements.
- 3- Two violation decisions were in relation to consumer protection.
- 4- One violation decision was in relation to telephone portability.
- 5- Two violation decisions were in relation to price control request.
- 6- Two violation decisions were in relation to National Numbering Plan.

- 7- One violation decision was in relation to spam and mobile marketing electronic messages.
- 8- One violation decision was in relation to the instructions of preventing the thefts of mobile devices.
- 9- One violation decision was in relation to overseas fraudulent calls.

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



# 12 Corporate Social Responsibility

Etisalat continues to focus on enabling innovation and digital capabilities at a grassroots level to make a collective impact on the society in its ongoing commitment to corporate social responsibility in 2020.

Community development remained a major priority, and Etisalat is also committed to nurturing and maintaining the health and wellness of communities in which we operate. With the COVID-19 pandemic challenges continuing, this commitment is reflected in the many community programmes we conducted in 2020 to promote healthier, happier living.

Beyond financial support, our goal last year was to consolidate our involvement in community causes, therefore, in 2020 Etisalat participated in more than 42 programmes dedicated to the local community's needs, despite COVID-19 challenges. More than 1,000 employees volunteered in these programmes.

**A summary of Etisalat CSR activities of the year 2020 is as follows:**

### 12.1 Social & Community Development

- Al Madam 5th Shopping Festival
- Department of Family Development Center, Sharjah
- Hope makers event support
- 2nd Abu Dhabi Family Gathering event
- Shaikh Mohammed Bin Rashid Foundations' 10 million meals campaign
- Emirates Red Crescent Ataya Exhibition
- Ajman Media City, a conference presided by Crown Prince of Ajman with international media invited
- Fujairah Foundation for Region Development to promote family stability and social prosperity and leadership
- Addition of "Make A Wish Foundation" to Etisalat Smiles
- Elderly person's day – on appreciating elderly person's contribution in the country
- Zakhr Card partnership with Community Development Authority Dubai

**(Value: AED 1.1m)**

### 12.2 Cultural & Environment Support

- Quoz Arts Fest 2020
- Third Fujairah International Arts Festival and 9th Fujairah Intl Monodrama Festivals 2020
- Emirates Red Crescent Donation Partnership
- Noon Art Award 2019 – Sharjah Ladies Club
- Free e-Life entertainment for families to facilitate stay at home campaign
- Etisalat Adha Campaign supporting Emirates Red
- World Energy Day

**(Value: AED 625K)**

### 12.3 Innovation, Education & Health

- British Education Technology Exhibition (BETT) 2020
- American University of Sharjah Alumni
- MENA Telehealth Conference 2020
- Medical Box medicines donation campaign
- Braille Language Day Book Donation event
- Internet Safer Day – Aqdar campaign
- UAE Innovation Month Innovation Center visits program
- The Reading Month support
- Distance Learning for Work from Home campaign
- Free Data for Students for Remote Learning & Remote Learning Apps campaign
- Dubai Cares Distance Learning initiative
- Noor Dubai Foundation free treatment and preventive eye care programmes
- Various COVID-19 awareness and donation campaigns such as stay at home campaigns, UAE Government Volunteers, etc.
- Etisalat supported "Arabs to Mars" historic event through "ARABS2MARS"
- Smart Eye 24x7 online graduation ceremony
- Etisalat Award for Children Book 2020
- Sharjah Book Fair 2020
- 6th International Therapeutic Food Conference for awareness lectures on nutrition and autism

**(Value: AED 4.9m)**

### 12.4 Sports & Youth

- The Professional League Committee (PLC) 2019-2020
- Support of UAE Football Association
- 3rd Labour Sports Tournament
- Etisalat Marathon – Etisalat Volunteers event
- Motherhood & Childhood Children's campaign partnered with MOE
- Zayed Heritage Festival Camel Race Association 2020

**(Value: AED 15m)**

A close-up photograph of two people shaking hands. The person on the left is wearing a dark grey suit jacket over a white shirt. The person on the right is wearing a white long-sleeved shirt. The background is a blurred, warm-toned indoor setting.

# 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 established the Investor Relations department to serve as the main interface with its shareholders. This Department functions through various platforms such as the Company's website, the Investor Relations App, the Abu Dhabi Securities Exchange (ADX) website and newspapers, in which it publishes Company-related information such as its financial disclosures, corporate events and developments, Board of Directors' reports, governance reports, sustainability reports and shareholding structure. In doing so, the Company keeps abreast with the best international practices in this field and complies with the provisions of the Resolution of Securities and Commodities Authority Chairman No. (3 /Chairman) of 2020 regarding the Adoption of Public Joint Stock Companies Governance Guideline.

The Investor Relations department is headed by Mr. Nazih Ramez El Hassanieh whose experience in the financial and respective sectors exceeds twenty-two years, of which ten years were in the investor relations field at Etisalat Group. Mr. Nazih holds a Master of Science in Management from Babson College in the USA.

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

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

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

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

## 13.2 Insiders Trading Committee

In an endeavour to ensure the implementation of Etisalat's Insider Trading Policy, which governs the insiders' trading and compliance with the respective applicable rules and regulations in the country, Etisalat Group is in constant engagement with managing, following up and supervising insiders' trading and ownership through the Share Trading Compliance Committee.

The Policy provides guidelines to those who have access to inside information (material and non-public information that has an effect on the share price) from amongst all employees as well as members of the Board of Directors and Audit Committee and their relatives with respect to transactions in the Company's securities. It identifies the Company's procedures on all important matters relating to insider trading while in possession of inside information. The Policy aims at preserving the reputation and integrity of the Company as well as that of all persons affiliated with the Company.

The Policy prohibits trading in the Company security while in possession of inside information related to the Company, its subsidiaries, its sister companies or other companies with which the Company has contractual relationships or may be negotiating transactions.

Similarly, the Policy prohibits insiders from trading in security of any other company while in possession of material non-public information about that company that was obtained in the course of his or her involvement with the Company. In addition, insiders may not communicate such information to any other person, including relatives and friends.

Under this Policy, insiders are prohibited from trading in the Company's shares during the blackout periods as imposed by the SCA and the ADX and in specific events, such as negotiation of mergers, acquisitions or dispositions, litigation, regulatory decisions or other material events.

All insiders must obtain pre-approval from the Share Trading Compliance Committee prior to trading shares of the Company.

Insiders may trade in the securities of the Company when the trading window is open after obtaining written consent from the Share Trading Compliance Committee and subject to pre-authorization of the trade by ADX.

The members of Etisalat's Board of Directors are aware of their obligations for disclosure of their trading in the Company's shares and are fully committed to all requirements set by the SCA and the ADX.

The Share Trading Compliance Committee works on establishing procedures, monitoring adherence to the rules of insider trading, monitoring trades and implementing the Policy under the overall supervision of the Board of Directors of the Company. The committee consists of the Group Chief Financial Officer, the Group Chief Internal Control and Audit Officer, the Corporate Secretary and the Vice-President of Investor Relations.

**The committee plays an important role in overseeing and managing the insiders' matters within Etisalat. The principal responsibilities of the committee are as follows:**

- a. Develop and supervise the overall insider trading practice within the Company;
- b. Oversee the effectiveness of controls and assessments to validate insider trading best practices and policies;
- c. Conduct periodic reviews of insider trading practices;
- d. Endorse remediation actions to address unforeseen deficiencies;
- e. Ensure the development and maintenance of a special and comprehensive insiders' register that provides for their details, ownership and trading in Etisalat securities and the relevant disclosures and approvals;
- f. Monitor and oversee the trading;
- g. Communicate with the SCA and ADX on relevant matters;
- h. Support awareness campaigns to all staff, executives and board members regarding the importance of insider trading, procedures and best practices;
- i. Ensure compliance with applicable rules and regulations.
- j. Review violations of the policy and recommend disciplinary actions; and
- k. Carry out a review of the policy on a periodic basis.

During the year 2020, the committee developed and drafted the Charter governing its work. It published the Policy, raised awareness among employees, developed detailed procedures for identifying insiders, communicated with insiders about their obligations and informed them of the trading prohibition periods. The committee ensured that all insiders were registered with ADX through its e-services platform. In addition, the committee authorised the development of insider trading management system to automate most of the insider trading processes.



# 14 Special Resolutions

The special resolution, as defined in the Company's Articles of Association, is the resolution that requires approval of the Company's General Assembly by votes of a majority of three-fourths of the shares represented in the Company's General Assembly. Special Resolutions are passed for specific matters defined and specified in the Company's Articles of Association, which are also in conformity with the relevant laws and regulations taking effect in the UAE. The General Assembly held on 24th March 2020 passed one single Special Resolutions. It was about approving a budget of not more than 1% of the Company's average net profits of

the two years preceding 2020 (i.e. 2018-2019) for voluntary contributions to the community (Corporate Social Responsibility), and authorising the Board of Directors to effect payments for such contributions to beneficiaries to be determined at its own discretion.

# 15 General Information



## 15.1 Price of Etisalat Share in 2020

The below table shows Etisalat share price in 2020:

Date	Open	High	Low	Close
01-2020	16.24	16.34	16.24	16.28
02-2020	16.08	16.20	15.78	15.80
03-2020	14.34	14.34	13.76	14.02
04-2020	15.46	15.52	15.30	15.50
05-2020	15.34	15.72	15.34	15.72
06-2020	16.66	16.70	16.50	16.50
07-2020	16.76	16.78	16.64	16.64
08-2020	16.80	16.86	16.56	16.56
09-2020	16.56	16.66	16.54	16.66
10-2020	17.06	17.06	16.86	16.88
11-2020	17.28	17.32	17.08	17.32
12-2020	17.08	17.12	16.88	16.90

Note: Share price as at the end of each month

## 15.2 Shareholders Holding 5% and Above of Etisalat Shares

The below table shows the names of shareholders holding 5% and above of Etisalat total shares and the percentage of their shareholdings in 2020:

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

## 15.3 Etisalat Shares Performance

The below charts show Etisalat share's performance compared to the General Index and Telecommunication Index in 2020:



## 15.4 Shareholding Structure at the End of 2020

The below table shows the percentage of shareholding owned by different categories of shareholders as at the end of 2020:

Shareholders	Percentage of the Owned Shares			
	Individuals	Corporate	Government	Total
UAE	28.8%	4.2%	62.0%	95.0%
GCC	0.0%	0.2%	0.0%	0.2%
Arab	0.0%	0.0%	0.0%	0.0%
Foreign	0.0%	4.8%	0.0%	4.8%
Total	28.8%	9.2%	62.0%	100.0%

## 15.5 Shareholding Volume Details:

The below table shows the shareholding percentages to capital during 2020:

Shareholder	Number of Shareholders	Number of Shares	Shareholding percentage
Less than 50,000	9,274	89,644,944	1.03%
50,000 to less than 500,000 shares	2,751	446,284,085	5.13%
500,000 to less than 5,000,000 shares	793	1,142,332,198	13.14%
5,000,000 shares and above	97	7,018,492,773	80.70%
Total	12,915	8,696,754,000	100.00%



# 16 Innovative Initiatives

Innovation is a core pillar at Etisalat, and despite the unprecedented events last year, Etisalat continued its drive to improve operations at all levels and to explore new ideas to serve its community and customers.

The COVID-19 pandemic caused massive challenges in 2020; families, governments and businesses struggled to navigate the economic and social disruptions, but there was a silver lining, as the pandemic served as a wake-up call to the importance of being digitally ready, to find better ways of doing things, to innovate.

In 2020, Etisalat infrastructure and operations demonstrated commendable resilience. Thanks to years of innovation and preparation, such resilience helped reduce the pandemic's burden on our community and customers, and allowed us to continue our operations uninterrupted.

## 16.1 Internal Innovation

### 16.1.1 Process Innovation

Etisalat continuously aims to improve all aspects of its operations to create tangible benefits, cope with changing consumers' behaviour and to drive digital services uptake. In 2020, Etisalat revisited many of its processes and practices:

1. **Deployment of Artificial Intelligence (AI), Machine Learning (ML) and Robotic Process Automation (RPA) technologies:** Advanced technologies are a priority to unlock operational & cost efficiencies, and Etisalat continues to roll out these technologies to enhance its operations, and consequently enhance services offered to its customers:
  - i. Etisalat Business has fully automated its backend processes using RPA and ML, implementing more than 141 RPA robots deployed so far across 60 use cases.
  - ii. Etisalat expanded its AI-powered Virtual Assistant implementations and added more use cases:
    - For consumers, Etisalat's AI-powered Virtual Assistant supports now more than 110 use cases or intents, and is available to more customers.
    - For businesses, Etisalat Virtual Agent allows users to know their order status at their fingertips both English and Arabic, as well as perform several self-care activities. The virtual assistant is fully deployed, handling the entire SMB unmanaged segments in real-time.
  - iii. AI and ML for Mobile Network Planning and Optimisation, Etisalat-developed A3 platform provides remarkable improvements in user experience and improves the accuracy of network planning activities, while maintaining and enhancing performance measures well above global benchmarks.
  - iv. Smart zero-touch auto ticketing for engineering field units, powered by AI and ML, the solution generates support tickets for field teams responding to various network issues, with fully automated solution processing, achieving significant time and cost savings.
2. **eLife pre-readiness initiative:** All homes and business in the UAE are now preconfigured for eLife fixed services, expediting service delivery and fulfilment, and allowing automated remote service activation.

3. **Deployment of Enterprise Data Fabric technologies:** Deployed within Etisalat IT, Data Fabrics utilises advanced data virtualisation techniques, allowing for real-time weaving of internal data sources and external silos to create a network of information, availing such information as a single data fabric for various applications.

4. **HR Letters on Blockchain:** Another first for Etisalat, Blockchain technology was deployed to generate employee letters. By utilising the Blockchain technology, such letters are securely generated and digitally signed, and can be verified in real-time.

5. **Procurement processes enhancements:** Etisalat procurement deployed automation to streamline and accelerate various procurement processes, including automated contractual milestones certification, and the implementation of smart Re-Order Planning (ROP).

### 16.1.2 Network Innovation

1. **Etisalat established Network Function on-boarding Framework (VNF):** Etisalat launched Virtual Firewall service as a bundle for Business Edge customers. VNFs can increase network scalability and agility, enabling better use of infrastructure resources, and enhancing time-to-market for multi-vendor services.

2. **Dynamic energy saving for all Radio Access Network (RAN) technologies:** Etisalat deployed smart features that reduce energy usage by putting mobile site equipment to sleep when there is no traffic to serve. Energy savings are achieved from reduced consumption in both the network equipment and associated cooling. Etisalat first rolled out such features in its 5G network before extending them to cover 3G and 4G networks.

3. **Dynamic traffic balancing for international and IPTV:** A smart network feature that allows dynamic detection of congestion, and automatically applies smart traffic-rebalancing. Dynamic traffic rebalancing is deployed for international and IPTV traffic links; reducing congestion related complaints.

4. **Unified Intelligent Building Management:** Developed in-house by Etisalat, the solution provides remote monitoring of electrical, electromechanical and environmental conditions for Etisalat's Data Centre and Exchange facilities, reducing fault rectification time and providing other critical operational information.

### 16.1.3 Channels Innovation

1. **Etisalat Next Generation digital stores:** Etisalat launched its revamped stores with a big focus on providing an immersive and exciting digital retail experience, with a strong focus on self-service. The Next Generation stores empower visitors to explore and subscribe to Etisalat's wide range of products and services.
2. **Improvements in Etisalat digital channels:** The unparalleled uptake on digital channels during 2020 prompted a wide range of customer experience improvement initiatives. Digital channels notably received extra attention, increasing available payment methods and increasing the range of plans offered digitally to Etisalat customers.

### 16.1.4 Product Innovation

Etisalat continued to introduce exciting and value-adding products for its customers, bringing the best and latest technologies and affirming Etisalat's position as one of the most innovative and dynamic telecom providers globally:

1. **Switch TV:** Etisalat launched a brand new OTT streaming service, offering a significant line up of free and premium live TV channels, including sports, news and all entertainment genres. Switch TV is available to all UAE residents.
2. **Unlimited Freedom plans:** For the first time in the UAE, Etisalat introduced the highest value consumer packages to date, offering unlimited calls and unmatched lifestyle benefits with extended add-on value that enriches our customer experience.
3. **'Deals for You' and 'Make Your Own' fully personalised offers:** Another first was the introduction of fully personalised offers in the UAE for the first time, such offers utilise AI and ML to empower prepaid and postpaid customers to configure deals in real-time and enjoy them instantly.
4. **Etisalat eWallet:** Etisalat continues to expand its eWallet network. By the end of 2020, eWallet could be used in 400 brands with more than 6,200 outlets across the UAE. As the pandemic amplified the demand for safe and convenient digital payment options, eWallet introduced international money transfer services, with a seamless experience allowing users to transfer money from the safety of their homes.
5. **Smiles:** Etisalat's leading lifestyle platform continues to provide its users unmatched value. In 2020, Smiles received an even more useful feature: rewards exchange; Blockchain powered, rewards exchange allows Smiles users to keep track of their many loyalty currencies and exchange points between them.

6. **Etisalat-designed Customer Premises Equipment (CPE):** Etisalat ventured into the manufacturing of CPEs for both consumer and business segments, deploying the best in class features in a single-box design. Etisalat CPEs ensure all current and future services are available with an enhanced experience and with digital on-boarding and self-service functionalities.
7. **CloudTalk:** First launched in 2019, Etisalat's CloudTalk helped companies maintain their operations relatively uninterrupted during the midst of the pandemic, with safe, secure and multi-functional communication and collaboration features. In 2020, CloudTalk for Wholesale was introduced, enabling wholesale customers to offer cloud-based Unified Communication solutions, and helping replace legacy PBX systems with rich communications and collaborations tools.
8. **Etisalat Telemedicine platform:** A cloud-based solution utilising Unified Communications as a Service (UCaaS) technologies; the platform integrates functions essential for remote medicine, such as secure video, audio, and chat communications, patient registration, appointment booking, payment collection and remote medical consultation. American Hospital, one of the leading hospitals in the region, was the first reference to utilise the platform, hosting more than 2,000 teleconsultations with more than 100 doctors activated in 2020.
9. **Business Edge:** A scalable and customisable cloud-based communication and collaboration solution, Business Edge enables employees to talk, video conference and share documents in real-time, utilising Etisalat's state-of-the-art cloud-based Unified Communications service.
10. **Expansion of Etisalat SmartHub facilities:** Two new Tier-III datacentres were added to Etisalat SmartHub, pivoting Etisalat's wholesale position as the leading regional ICT provider. Etisalat's SmartHub, which serves a region of 2 billion people within thirty-millisecond latency, is now the preferred provider for various verticals such as financial services, gaming, video streaming and other cloud services.
11. **Communications Platform as a Service (CPaaS) cloud platform:** Etisalat finalised the commissioning of its CPaaS platform for internal and external customers, allowing them to effortlessly offer or integrate the latest immersive communication solutions into existing applications.
12. **Microsoft Azure cloud:** With Microsoft Azure, Etisalat has created an ecosystem that allows Etisalat to expand its UAE capabilities into other markets and position Etisalat as a leader compared to other OTT players.

13. **Smart 5G cameras for Dubai Police:** Etisalat & Dubai Police officially unveiled the first 5G-enabled Smart Patrols in the MENA region. The Smart Patrols are equipped with feature-rich cameras with embedded AI technologies, connected to Dubai's Police control and command room via Etisalat's superfast 5G network, providing reduced response time, remote facial recognition and high-resolution footage.
14. **Advanced 5G use cases:** As part of rolling out new innovative technologies, Etisalat has conducted several proofs of concepts powered by 5G in the fields of Oil & Gas, Security and Media coverage.

## 16.2 External Innovation

Etisalat continues to grow innovation in its community with fruitful collaborations with the public and private sectors. In 2020, Etisalat increased its cooperation with partners across the entire digital ecosystem through its Co-creation lab and FutureNow programs:

1. **Etisalat Co-creation Lab:** Etisalat Co-creation Lab almost doubled the collaborative design thinking workshops conducted with Government and Enterprise customers in 2020. The workshops are carefully designed to take customers through a creative process using design thinking to identify and develop solutions, addressing real-life client and market challenges.
2. **FutureNow Calls:** Etisalat's FutureNow Calls program is a strategic initiative intended to leverage disruptive scale-ups and IoT companies to drive digital transformation in the MENA. Twelve new challenges were launched in 2020, focusing on AI, Cloud, Fintech, Robotics, AR and digital payments. Many of the challenges are collaborations with some of the leading players in the region, such as Dubai Future Accelerators and Fintech Hive.

3. **FutureNow IoT partnership program:** A strategic program aiming to extend Etisalat IoT digital solutions portfolio and establish long-term partnerships with major IoT players regionally and globally. Following the program's launch in 2019, the FutureNow team continued the same drive in 2020, actively scouting and sourcing competitive technology companies across five IoT verticals: Industrial IoT, Smart City, Safe City, Retail and Mobility IoT. Five virtual FutureNow workshops were conducted remotely in 2020, inviting developers, students and entrepreneurs to explore the potential of IoT utilising Etisalat's platforms.
4. **FutureNow's Open Innovation Center:** Etisalat's Open Innovation Center's reputation as a vital asset for governmental and enterprise customers was evident in 2020, witnessing more than 830 virtual and physical visits. The centre showcases the latest technologies that organisations can adopt and implement to achieve competitive digital transformation levels needed for today's disruptive market



# 17 Key Events for the Year 2020

## January

- Etisalat named 'Most Valuable Consumer Brand' in MEA for the third consecutive year by Brand Finance
- Etisalat successfully launched the first Open Virtual Radio Access Network (Open VRAN) in the MENA region
- Etisalat partnered with Department of Health, the regulator of the healthcare sector in Abu Dhabi, to launch the innovative 'Digital Healthcare' Centre
- Etisalat Misr and Honeywell partnered to deliver city management services for citizens at Egypt's New Administrative Capital

## February:

- Etisalat Group completed the acquisition of cybersecurity specialist firm Help AG's businesses in the UAE and KSA
- Etisalat partnered with Microsoft to enhance its public cloud first strategy infused with automation and AI
- Etisalat unveiled the 5G-enabled Smart Patrol for Dubai Police, a first in the Middle East and North Africa region

## March

- Etisalat launched initiatives to support the government's 'Stay at Home' directive such as offering free mobile internet for families without home internet to facilitate distance learning and free applications to support work from home for businesses and government entities
- Etisalat expanded its CloudTalk Meeting service to support online meetings and discussions
- Etisalat launched 'Business Edge', a business platform in the UAE that includes a new suite of services and solutions to securely connect SMBs with their customers

## April

- Etisalat empowered 1 million UAE students to support e-learning
- Digital Financial Services, a joint venture between Etisalat and Noor Bank, partnered with MoneyGram to offer international remittance services in the UAE
- Etisalat Digital and FAB launched contactless digital invoicing solution for SMEs
- E-Vision and Etisalat Misr formed a strategic partnership to launch 'Etisalat TV' providing prepaid TV services in Egypt

## May

- Credit Rating Agencies Standards & Poor's and Moody's affirmed Etisalat Group's high credit rating at AA-/Aa3 with stable outlook
- Etisalat launched 'Easy Prepaid' enabling business customers to enjoy prepaid features on existing postpaid plans

## June

- Etisalat launched a state-of-the-art Tier III data centre facility at two new locations in the UAE, expanding its 'SmartHub' presence
- Maroc Telecom launched mobile payment system MT Cash

## July

- Etisalat partnered with Synamedia to launch Switch TV, a new cloud-based direct-to-consumer video streaming service
- Digital Financial Services partnered with MoneyGram to offer eWallet services in the UAE

## August

- Etisalat launched e-Store, a free website builder and part of the Business Edge portfolio for SMB customers to transform their businesses online
- Etisalat unveiled a dedicated microsite emiratiya.ae featuring women's notable achievements on an interactive virtual UAE map, in celebration of Emirati Women's Day

## September:

- Etisalat enabled access to 5G fixed services to its customers in the UAE
- Etisalat Digital partnered with seven global emerging companies in AREA 2071 to develop innovative solutions that adopt advanced technology
- Etisalat partnered with Smartworld to create 'Shahada', a tamper-proof digital certificate platform for all educational institutions in the region
- PTCL and Telenor Microfinance Bank signed an agreement to expedite the bank's digital transformation journey

## October

- Etisalat UAE recognised as the fastest mobile network operator globally by Ookla® Speedtest®. Etisalat was named 'Best Regional Wholesale Carrier' at the 2020 Telecoms World Middle East Awards
- Maroc Telecom's subsidiary Mauritel in Mauritania awarded 4G license

## November

- Etisalat partnered with Blue Planet forging a path to create one of the world's most adaptive and self-optimising networks
- Etisalat Misr awarded 20MHz of spectrum in the 2600MHz band

## December

- Etisalat became the first in the region to adopt Blockchain technology in HR empowering its employees and enhancing their digital experience
- Etisalat was appointed as BMW's ConnectedDrive partner in the UAE
- Etisalat Digital and FAB collaborated on Smart Building IoT project
- Etisalat Digital teamed up with Vectramind to offer a unified patient experience platform solution
- Etisalat achieved world's fastest 5G speed of 9.1Gbps

**Obaid Humaid Matar Al Tayer**  
Chairman of the Board of Directors