

CEO Forum

منتدى دو للقيادات التنظ





Our
approach



Our
people



Our
customers



Our
environment



Our
community



Our
achievements

1. Our approach

Who we are

We opened for business in 2006, and have helped enhance people's lives and businesses by doing what we do best - offering mobile and fixed telephony, broadband connectivity and IPTV services in the UAE. We also provide carrier services, a data hub, internet exchange facilities and satellite services for broadcasters.

We have nearly 2,000 people from over 60 countries working to develop our service offerings, mirroring the rich diversity of the country. A significant percentage of our senior management team and customer-facing staff are UAE nationals, and we remain committed to providing fulfilling opportunities for quality talent in one of the best companies to work for in the region.

To date, more than 7.7 million mobile customers, 674,000 fixed line subscribers, 180,000 home services subscribers and over 80,000 businesses have chosen to use our services.

To strengthen our commitment to responsible business practices, we are a signatory to the United Nations Global Compact (UNGC) principles, a steering committee member of the UNGC UAE Network, a partner of the Global Innovation Index and a member of Dubai Chamber's Centre for Responsible Business.

We operate exclusively in the UAE, with our headquarters in Al Salam Tower, Dubai Media City. This office is supported by four other offices in Dubai and Abu Dhabi, as well as a call centre in Fujairah and several warehouses. We have a countrywide network of over 61 shops. We also offer our customers the option to connect with us via our e-shop at **shop.du.ae**

Our vision

To enhance your life; anytime, anywhere.

Our mission

We want to delight our customers, be the employer of choice for the best talent, create best value for our shareholders through business excellence and innovation, and proudly contribute to the transformation of our community. We do this by using our talent, skills and energies to connect, inspire and reward all we touch, every day.

Our brand promise

Add life to life.

Our brand values



Sustainability values and business ethics

Our business is built on the strong value of honest engagement with everyone - this includes the customers that we serve, the environment we operate in, the people we work with and the larger community we live in.

To ensure that our operations positively impact all our stakeholders, we have a sustainability strategy that focuses on four pillars – education, environment, entrepreneurship and the UAE's heritage and society. Throughout this report, you will find mention of policies and projects that enhance our contribution towards these pillars. Each of our initiatives in the four areas helps us become a better business.

To maintain an ethical business environment, in addition to our Internal Control and Internal Communications teams raising awareness through engagement, this year we introduced a third-party consulting company (for our whistleblowing policy) that will have access to mail sent in by our staff members. This new enhancement will encourage and provide the whistleblower complete confidence to share any concerns regarding the company. We also have dedicated HR Business Partners to guide our staff with advice on ethical behavior.

The complete organisational code of conduct and ethics that we adhere to, along with the internal and external mechanisms for seeking advice on ethical behaviour, and for reporting concerns about unlawful behaviour can be found on our website. A number of our performance indicators have been externally assured. The assurance statements can be found on our website attached to the relevant report. Our technical functions have also been certified by relevant external bodies.



Our corporate sustainability pillars

- Responsible environmental behaviour
- Foster entrepreneurial spirit
- Cultivate a culture of learning
- Promote UAE's heritage, culture and society

Our stakeholders and priority topics

A telecom company is an enabler for people everywhere and all kinds of businesses. Our value chain as a result is rich and diverse, and we gain more value in honest engagement with our various stakeholders such as customers, investors, employees, vendors, regulatory bodies, local NGOs and other key stakeholders.

With regards to sustainability, we regularly receive input on multiple areas that we can influence to become a more innovative and responsible corporate citizen. These impact areas, or aspects, help us fine-tune our Materiality Matrix and eventually our sustainability reporting and action plan. The table on pages 9 and 10 reflect the input we received from some of our key stakeholders in 2014.

The Materiality Matrix feeds into our company-wide Risk Register which helps us form strategies to address major issues. There have been no changes in our material issues from the previous reporting period.

“ We do not see ourselves as merely a telecom provider. We consider ourselves as a corporate citizen and we take our economic, social and environmental responsibilities very seriously. We continuously strive to implement sustainability practices across all aspects of our business in the most innovative ways. ”



Osman Sultan
Chief Executive Officer

¹ G4-25A

² G4-19A

³ G4-18A

⁴ G4-23A

Stakeholder ⁵	Key issues raised ⁶	Our response ⁷
Customers (via face-to-face meetings during the year)		
Large enterprises and SMEs, individual customers, blue-collar workers	Quick, quality and informed customer service Better coverage and connectivity Online customer service and recharging Better and cheaper data, and reduced IDD call rates Service for transferring money through SMS Build brand value around sustainability using advertisement space, retail outlets, social media etc. Reduced paper use at retail shops	See sections on Our Customers (pg. 31) Our Environment (pg. 41)
Educational Institutions (via face-to-face meetings during the year)		
Zayed University, American University of Sharjah, International Horizon College	ICT tools and instruction expertise for teachers Increasing student awareness on sustainability issues Educate parents and children on internet safety and media literacy mEducation for higher education to improve learning outcomes and reduce costs Provide scholarships through earnings of mEducation to Emirati students Talk to the community about safety of radio masts Increase interest in the STEM areas, with a focus on telecom	See sections on Our Community (pg. 49)
NGOs (via face-to-face meetings during the year)		
UNICEF, EWS-WWF, Arabia CSR Network	Manage emissions for data centres and network infrastructure Set long-term targets for energy and water reduction Green ICT (mobile phone amplifiers using solar power) Hybrid/electric vehicle fleet and charging stations Conduct biodiversity assessment during site selection Community and school education on radio frequencies Encouraging manufacturers to tackle e-waste Eco-friendly offices and retail shops Consider health of people with special needs under the Every Step Counts program Assess business impact on children's rights and proactively address child safety, especially on the internet	See sections on Our Environment (pg. 41) Our Community (pg. 49)
Investor (via telephone meeting during the year)		
National Bank of Abu Dhabi	Product options for customers with different financial segments Link business to the community activity, e.g. providing training and access to technology especially for the low income segment Investing in scholarships and R&D in the telecom sector Engage stakeholders to discuss the effects of radio masts Responsible disposal of phones and IT equipment	See sections on Our Customers (pg. 31) Our Community (pg. 49)

⁵ G4-24A and G4-26A

⁶ G4-27A

⁷ G4-27A

Stakeholder ⁵	Key issues raised ⁶	Our response ⁷
Government (via face-to-face meetings during the year)		
Telecommunications Regulatory Authority and Dubai Chamber Centre for Responsible Business	Tackle e-waste Use telco for health and education Proper usage of internet and technology for children and teenagers Measure the carbon impact of the supply chain Provide suitable access to special needs customers at your retail outlets Utilising technology for personal identity protection Content standards and mobile spam	See sections on Our Customers (pg. 28) Our Environment (pg. 40) Our Community (pg. 50)
Business Partners and Suppliers (via face-to-face and telephone meetings during the year)		
Ericsson, Heliocentris and Gemalto	Encourage suppliers and build their capacity to be compliant with UNGC principles Reduce CO ₂ footprint from an operations and employee perspective Reduce impact of diesel generators for data centres and telecom sites Community initiatives related to core business, i.e. mHealth, mEducation, eCommerce Increase number of hybrid generators across the network Consider fuel cell technology and invest in technology to increase battery life Mobile take-back (with manufacturers and customers) Sustainable packaging	See sections on Our Environment (pg. 40) Our Customers (pg. 28)
Employees (via online survey during the year)		
Employees	Establish a family-friendly workplace Lateral and vertical opportunities for growth Increasing awareness on sustainability issues & practices amongst staff Building sustainability into business processes and KPI's Emiratisation Occupational health & safety training	See section on: Our People (pg. 16)
Media (via online survey and telephone meetings during the year)		
The National and CPI Industry	Energy-efficiency Consumption of materials and waste management Greenhouse gas emissions and climate change Supplier assessment (for their economic, social and environmental practices) Water-resources management Renewable energy Indoor environmental quality	See section on Our Environment (pg. 40)

⁵ G4-24A and G4-26A

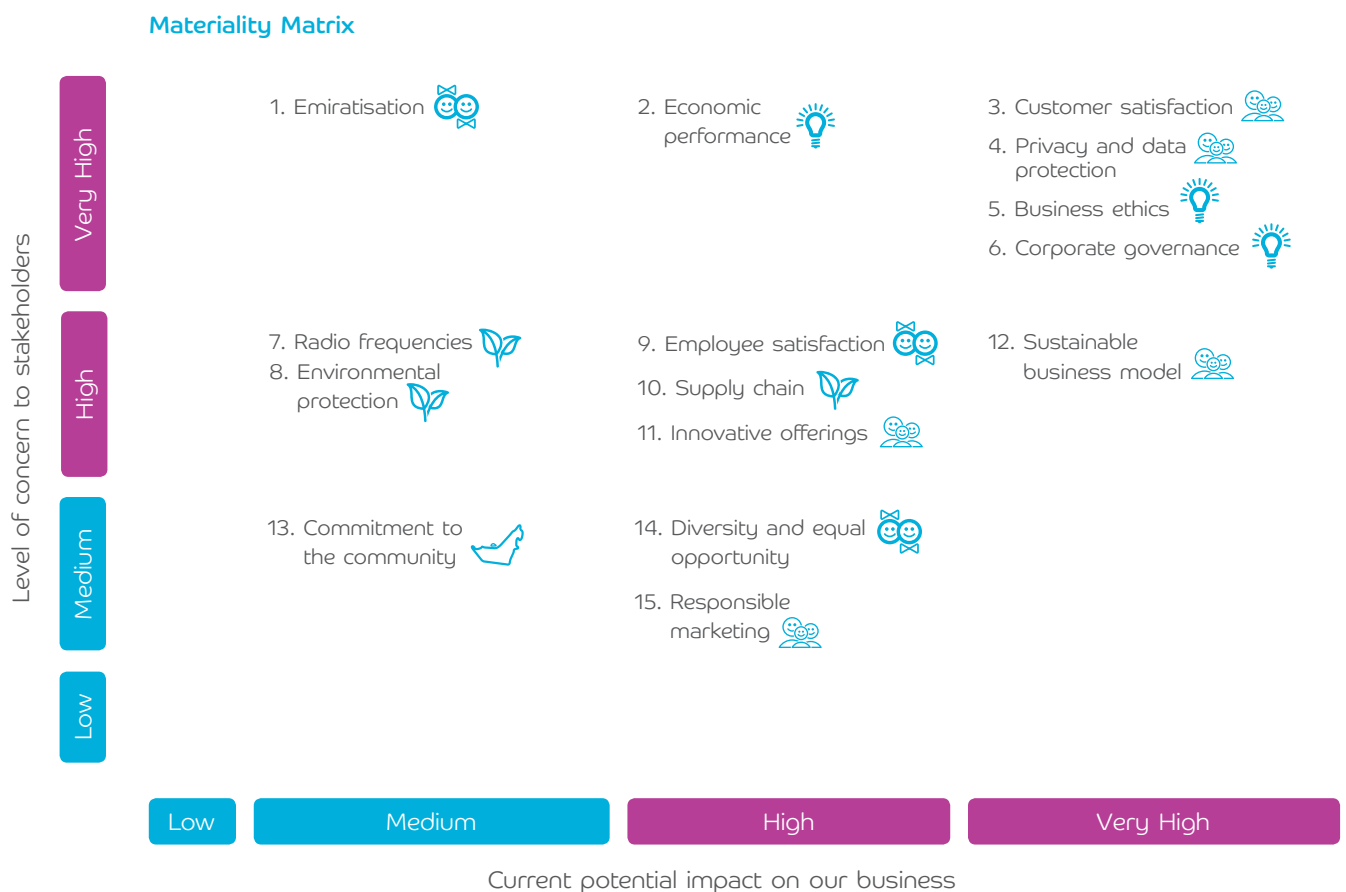
⁶ G4-27A

⁷ G4-27A

“ We closely follow our four pillars of sustainability, including supporting education, entrepreneurship, the UAE culture and heritage, and environment preservation. It is important that we take responsibility for our future as a company and create an environment that promotes green practices within the corporate community. We are supporting the UAE’s Vision 2021 of being a green leader and we consistently encourage others to do the same. ”



Hala Badri
Executive Vice President
Brand and Communications



The following symbols represent the chapters where you can find more information about:



Our Approach



Our People



Our Customers



Our Environment



Our Community

⁸ G4-19A
⁹ G4-18A
¹⁰ G4-23A

Material aspect (including key topics)	Aspect boundary (internal and external) ¹¹
1. Emiratization	du (as a whole), Suppliers, Community
2. Economic performance <ul style="list-style-type: none"> Financial performance Economic contribution 	du (as a whole), Suppliers, Shareholders
3. Customer satisfaction <ul style="list-style-type: none"> Quality of services Customer well-being Customer engagement and loyalty 	du (as a whole), Retailers, Customers
4. Privacy and security (data protection)	du (customer operations), Customers, Retailers
5. Business ethics	du (as a whole), Shareholders
6. Corporate governance	du (as a whole), Shareholders
7. Radio frequencies	du (technical sites), Community
8. Environmental impact <ul style="list-style-type: none"> Waste management Energy efficiency Conservation of natural resources Environmental impact of communication technology 	du (as a whole), Suppliers, Retailers, Community
9. Employee satisfaction <ul style="list-style-type: none"> Training and development Employee engagement Recruitment and retention Employee well-being (including Occupational Health & Safety) 	du (as a whole), Suppliers, Retailers
10. Supply chain <ul style="list-style-type: none"> Supply chain impact on the environment 	du (procurement), Suppliers
11. Innovative offerings <ul style="list-style-type: none"> Commercial propositions Technological innovations 	du (as a whole), Shareholders
12. Sustainable business model <ul style="list-style-type: none"> Business risk management Diversification of opportunities and areas of expansion 	du (as a whole), Shareholders
13. Commitment to the community <ul style="list-style-type: none"> Entrepreneurism Education Heritage and culture Developing our society 	du (as a whole), Suppliers, Retailers, Community
14. Diversity and equal opportunity	du (as a whole), Suppliers, Retailers, Community
15. Responsible marketing	du (commercial communication), Customers, Community

This report sheds light on our performance in addressing the issues listed in the table above wherever we have been able to monitor and collect meaningful data.

¹¹ G4-20A and G4-21A

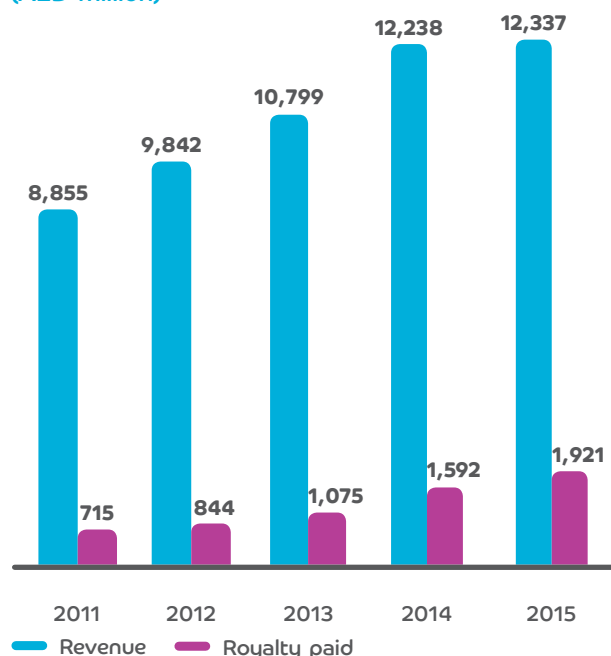


Our financial performance

In 2015 we achieved growth with like-for-like revenues of AED 12.34 billion, an increase of 0.8% from 2014. Due to our dedication to continuous improvement, we saw operational efficiency gain strength resulting in healthy levels of profitability with EBITDA reaching AED 5.42 billion. This represents annual growth of 7.7%. Our mobile data revenues increased and rose by 7.3%, from AED 2.76 billion in 2014 to AED 2.96 billion in 2015.

Since 2010, we have been paying royalties to the Government as per an official directive from the Ministry of Finance. The following chart shows a year-on-year comparative analysis of revenues earned and royalties paid to the Government.

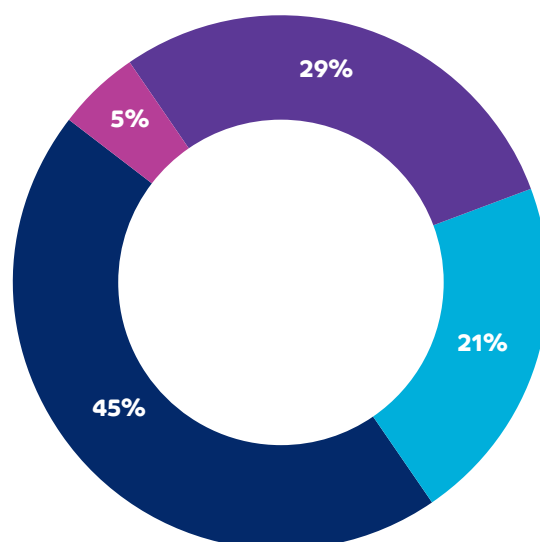
Comparative revenue and royalty paid
(AED million)



Economic contribution

All telecom operators operating within the UAE, as per a resolution issued by The Supreme Committee for the Supervision of the Telecommunications Sector, are obliged to pay 1% of its total revenue towards the Telecommunication Regulatory Authority's Information and Communication Technology (ICT) Fund. The ICT Fund uses these financial resources by funding a range of projects, individuals and organisations to develop the innovation and knowledge capital of the country's ICT sector in areas of research, education and entrepreneurship.

Percentage of economic value distributed
(AED 6.72 billion)



Employee wages Royalty paid
Payment to Government Operational expenses

2015 year in review

- Revenues grew to AED 12.3 billion, a 0.8% increase compared to 2014 (AED 12.2 billion)
- Mobile data revenues increased by 7.3% year on year, from AED 2.76 billion in 2014 to AED 2.96 billion, with data now representing 32.2% of mobile service revenues
- Fixed line revenue grew to AED 2.55 billion, 13.8% up over the course of 2014
- EBITDA increased 7.7% to AED 5.42 billion versus AED 5.03 billion in 2014
- Net profit before royalty grew 4.3% year on year to AED 3.86 billion versus 2014 (AED 3.70 billion)
- Net profit after royalty stood at AED 1.94 billion down from AED 2.11 billion in 2014 due to increase in royalty of 20.6% year on year
- Free cash flow reached AED 2.27 billion up from AED 2.19 billion in 2014
- Proposed final dividend payment of AED 0.20 bringing the total annual dividend payment to AED 0.43

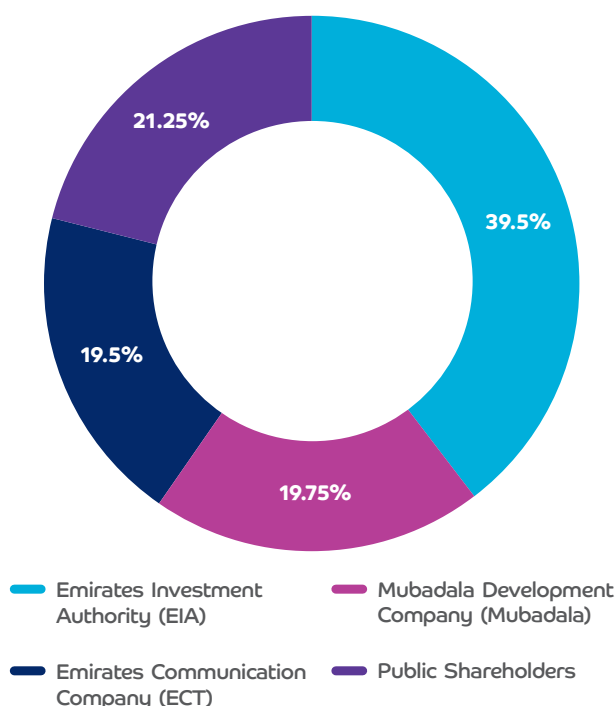
The consolidated financial statements of the Company for the year ended 31 December 2015 comprises the Company – Emirates Integrated Telecommunications Company PJSC and its wholly owned subsidiaries EITC Investment Holdings Limited and Telco Operations FZ-LLC. Our consolidated financial statements are audited by PwC and the published financial results are available on our website.

¹² G4-17A and G4-17B

Shareholder's structure

- The UAE Government, through its ownership of the Emirates Investment Authority (EIA), indirectly owns 39.5%
- The Abu Dhabi Government, through its ownership of Mubadala Development Company indirectly owns 19.75%
- Dubai Holding, through its ownership of Emirates Communications and Technology Company (ECT), indirectly owns 19.5%
- The remainder of the shares are held by Public Shareholders comprising individuals who are UAE and non-UAE nationals and companies established in the UAE

Shareholder's structure



Risk management and business continuity

2015 stood out as a year with geopolitical risks at the forefront. Falling oil prices also brought concerns to the economic vulnerabilities of net energy exporting countries like the UAE. Cyber risks continued to take centre stage as a key risk area, with online threats to privacy and security including several global telecom breaches. As a fast-growing telecommunications company, it is a responsibility towards all our stakeholders to be able to address key risks that affect our business.

We deploy a corporate-wide approach to the management of risks. The risk management framework is aligned to ISO 31000:2009, the global standard for risk management and the benchmark against which the effectiveness of our approach to risk is compared. Specifically, a comprehensive process is deployed to identify, analyse, evaluate and treat risks.

A systematic, structured and timely Corporate Risk Agenda is undertaken throughout the year with the Executive Management team to determine and evaluate the potential exposures that we face. This ensures that risk management is closely aligned with the Company's strategic themes and objectives, reported to the Audit Committee & Board of Directors, and ensures that action plans are in place to address the risks identified. The top Corporate Risks are reported to the Audit Committee and Board on a quarterly basis, with risks typically falling within the financial, operational, compliance, strategic or reputational areas.

In the case of any emergency, we rely on the Business Continuity, Technology Recovery and Emergency Response programme for ensuring business resiliency and to protect our customers, vendors, and partners as well as regulators and contractors. This programme is run by our Technical Security and Risk Management (TSRM) team.

To ensure business resilience and proper functioning of our telecommunication services during times of crises, we abide by security obligations set by Telecommunications Regulatory Authority (TRA), National Electronic Security Agency (NESA) and also work with the National Crisis and Emergency Management Authority (NCMEA) and Etisalat. During the last year, we successfully participated in the first national field exercise simulation organised by the TRA and NCMEA that showed the telecom sector resilience strength in case of a national disaster.

During the year, we also enhanced the coverage of the ISO27001:2013 Information Security Management to include Network & Design Organisation in addition to previous functions. For our ISO22301 Business Continuity Standard, we attained full status to ensure that we continue to have the ability to mitigate the effects of disruptive incidents with little effect to our critical business.



Corporate governance

To ensure the long-term sustainability of our business, preserve our shareholders' equity, and achieve the national vision to build a strong economy, we have ensured that we follow best practices for the organisation's governance. Our corporate governance practices are in line with the standards set by the UAE Securities and Commodities Authority. Where possible, our commitment to delivering best practice encourages us to go beyond the limits of standard compliance.

Our Board of Directors currently consists of 10 non-executive members. Each member of the Board is appointed for a term of three years; and meetings of the Board are held at least six times a year. In the fiscal year ending on 31 December 2015, nine Board meetings were held in total. The Board maintains three committees: i) Audit Committee ii) Investment Committee and iii) Nomination and Remuneration Committee.

For taking decisions and delegating authority to senior management for sustainability related topics, it is our CEO, Chairman and Board of Directors – with support from our Executive VP, Brand and Communication – that take full responsibility. It is the Audit Committee specifically that is responsible for reviewing the organisation's risk

and opportunity management processes as well as its financial and control systems and procedures. The Board, with a collective responsibility towards the Company's sustainability, evaluates our material topics and performance.

To ensure there is no conflict of interest, the Chairman and other board members are required to disclose to the SCA details of the shares they own in our company and the positions they have occupied since the start of the year. Board members are also required to disclose details such as acknowledging their independence, memberships on other boards, number of shares owned by family members and any other related details.

Under the Memorandum of Association, Emirates Investment Authority, Emirates International Communications Company LLC and Mubadala Development Company have the right to jointly appoint eight members of the Board, with two members to be elected by public shareholders through cumulative voting in the General Assembly every three years.

In 2015, for the remuneration of our Board members, we conducted a comparative study with Mercer Consultants on the structure and level of remuneration of Board of Directors standards.

Our Board members are compensated with an annual retainer as well as board meeting fees and board committee allowances. Directors' remuneration is based predominantly on the presence of the members of the Board of Directors and the members' retention methodology.

To ensure continuous improvement in the performance of the Board, all members are required to respond to questionnaires that assess their management, accountability, knowledge and skill base as well as the Board's performance during the year. For this we sought support from international best practice experts who were able to analyse the questionnaires and the resulting development paths that would provide our focus throughout the year to enhance the Board performance.

We also prepared and facilitated a number of workshops for our Board members, bringing them together with our executive management members to view and discuss recent developments in governance best practices. During the year we held a workshop on long-term strategy and another workshop in developments in corporate governance in collaboration with the Governance Institute and Harvard University.

We continually strive to evolve our corporate governance practices as we believe that these contribute to the organisation's long term success. For more information, please refer to our Corporate Governance Practices and our most updated Corporate Governance Report at du.ae/en/about/corporate-governance

Balanced Scorecard

To ensure improvement in our performance in a holistic and integrated way (rather than just focusing on a certain aspect such as financial performance) we have been using the Balanced Scorecard since inception.

In 2015, our focus was value and data-driven growth, segmented and simplified customer experience, improved digital engagement, state-of-the-art technology infrastructure and sustained employee engagement. The key strategic focus areas of our company in 2016 will be to protect our solid position in mobile business, enhance our capabilities for nationwide fixed business, build further efficiencies in the core business to cope with challenges, fuel new businesses and create value beyond the core.

2015 Strategy map and Balanced Scorecard

Vision

- To enhance your life – anytime, anywhere

KPIs

Financial > Continue to create shareholder value

- Focus on value and data driven growth
- Maximise cash flows

- Service revenue
- Mobile data % of mobile revenue
- Enterprise revenue YoY growth
- EBITDA
- Free cash flow

Customer > Innovate and provide seamless customer experience

- Offer innovative products and services and improved digital engagement
- Provide segmented and simplified customer experience

- Net Promoters' Score
- Brand Health Index

Operations/Processes > Simplified and cost-efficient operations

- End-to-end customer service delivery
- State-of-the-art and optimised technology infrastructure

- Customer Service Delivery Index
- Technology Quality Index

Growth & Learning > Create a high performing organisation

- Sustain employee engagement
- Focus on quality driven Emiratisation

- Employee engagement score
- Emiratisation index