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Corporate Governance report 2017



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1. Corporate Governance Overview

Our governance

By continuously monitoring and amending our governance policies to support our overall business model, we strive to ensure that we are always at the forefront of best practice while providing the kind of agility required to be a world-class, forward-thinking telecommunications operator.

Delivery of transformation plans

Our leadership’s nature is to strive for better achievements by fulfilling the fundamental foundation of good governance to deliver long-term benefits. Our commitment to best practices means that we also aim to exceed the regulatory limits for compliance. We believe that by this action we are protecting our shareholders’ value and maintaining trust with our stakeholders.

Throughout 2017, EITC continued to work hard in the delivery of transparent, accountable governance that goes beyond the industry standard. We have maintained a strong position in terms of regulatory compliance and shareholder communications, recognizing that this underpins each and every achievement, while delivering tangible, long-term benefits. For our Board of Directors, its committees, and all employees, the company has implemented best-practice principles and regulations of corporate governance to sustain our business, in line with the UAE vision to build a strong and integrated economy.

Development of the company’s strategy and business objectives

We recognise that our success is ultimately determined by the way in which we deliver real-time value. To do this we have explored and implemented new methodologies whereby we can address and support EITCs strategic repositioning and streamline operations to maximise efficiencies, while keeping our shareholders regularly informed.

EITC not only continues to play its part in the pursuit of the UAE national agenda, but has taken a leadership role in developing the UAE as a strong, innovative, and technology-driven economy. But innovation is also something we also pursue internally.

Review of recommendations arising out of the Board’s performance evaluation

The company continues to monitor developments in good governance to make sure that we are always at the forefront of best practice. In 2017, EITC underwent a comprehensive and detailed governance maturity assessment, performed over a five-month period by Deloitte. The outcome of this report was overwhelmingly positive, confirming that EITC is at a mature stage of governance development.

Strengthening the company’s control

Recommendations were made by Deloitte following the consultants’ study that we began to implement in Q4 of 2017. This included close examination of our control framework and risk management. We are now in the process of creating a second line of defence where the risk management function and compliance function is independent from the first line (the business line). In the coming year, we will be appointing a department head for this function, reporting to management on risk and compliance.

The Internal Control (IC) department in 2017 conducted a comprehensive revamp of its structure, processes, and approach. In 2018, IC will operate a more incisive SME-based (subject matter expert) department with an increased focus on financial audit and automation of audit processes, with further adoption of continuous auditing and robotics process automation.

Throughout 2016, our Board of Directors worked hard to develop a number of frameworks which were focused on the continuous improvement of our operations and the reinforcement of our corporate culture, comprising solid business ethics across our departments and employees. Those frameworks provided tangible benefits to the business in 2017, streamlining operations and creating internal resilience in preparation for the future. Furthermore, our Board has made a decision to form an Insiders

Committee that monitors insider trading and ensures implementation of the Company’s policies and procedures with respect to the trading of Board members and employees in the securities issued by the company.

Engaging with shareholders

Engaging with shareholders and being fully aware of their views is one key aspect of good corporate governance. During the year, we have undertaken a number of activities in this regard and have continually developed methods of communication with our stakeholders to ensure that all those related to our business are kept up to date in timely and efficient manner. Following the creation and implementation of new communication channels, which include a specially designed Investor Relations app, we have created an environment where our shareholders and the Board are able to communicate freely and promptly, and that all our stakeholders are kept up-to-date.

Commitment of our Board members’ is also seen by most of them attending all four of our general meetings held in 2017. Normally we hold only two general meetings per year, but special circumstances, including the amendment of our Articles of Association to comply with the new Commercial Companies Law and undertaking a capital reduction to cancel an employee stock ownership plan, required us to inform our shareholders and obtain their approval.

Further review of succession planning and talent management for senior management

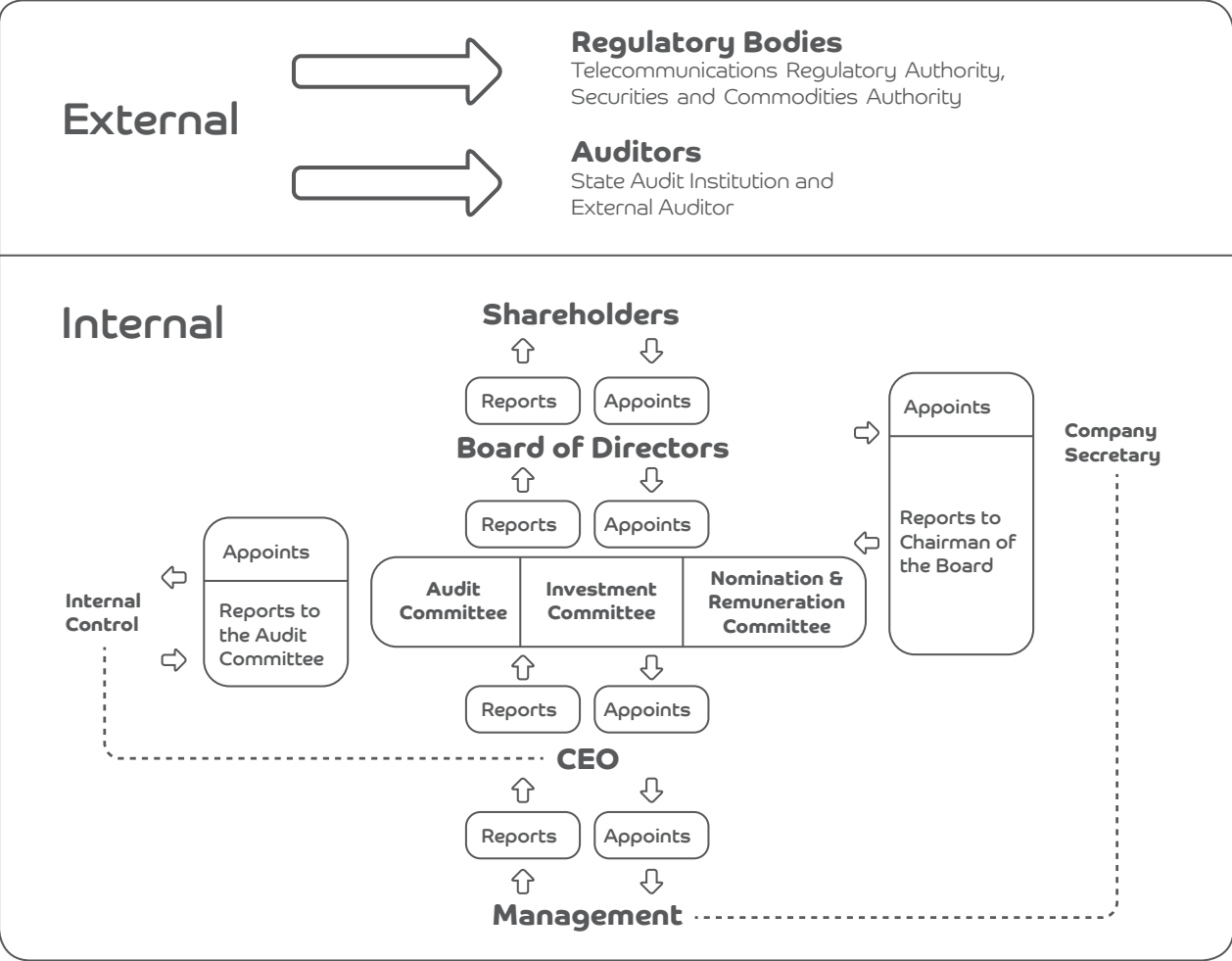
EITC understands the importance of human capital, and identifying talent for the future within our organisation. With our strategic restructuring in 2017 has come the opportunity to solidify our succession plan, as evident in is evidenced through the announcement of the restructuring and appointment of two deputy CEOs.

We have also continued to ensure our compliance with the decision of the Securities and Commodities Authority (SCA) Board of Directors No (7/R.M) 2016, regularly reviewing and maintaining our high standards regarding institutional standards of discipline and the governance of public joint stock companies. We also continue to monitor, study, and implement best practice methodologies that

complement the governance of our business and overall business culture. We also worked with the Hawkamah Institute for Corporate Governance to provide Board training on the latest corporate governance practices. This is now planned to be a regular undertaking.

EITC also continues to be mindful of regulatory developments in the global market that may impact our shareholders and governance processes, while preserving and protecting our shareholder’s equity by continuing to evolve our corporate governance practices, including but not limited to the proper and full disclosure of company finances through quarterly statements to shareholders, investors, and the public.

“ A strategic focus in a fast changing world is mandatory and the Board plays a vital role. Our Board members have held several strategic planning sessions, with the value of strategic thinking ranking in importance with our emphasis on sound governance. ”



2. Share Dealing

Share dealing policy applies to all individuals working for us or any of our subsidiaries, at all levels and grades, including members of the Board of Directors, Executive Management, senior managers, and other employees. The policy also extends to all third parties who have access to price sensitive due to contractual relationship with us or subsidiaries, or a personal relationship with an employee.

The Board as recommended by the Audit Committee had formed an Insiders Committee to monitor issues relating to Insiders in order to regulate their dealings in our shares and ensures that the insiders are familiar with

the legal and administrative requirements regarding their holdings and dealings in our company's shares.

There were no trading by Board members or their spouse or children during 2017.

3. Formation of the Company's Board of Directors

3.1. Statement of the Current Board of Directors

The members of the Company's Board of Directors have actively and dynamically contributed to the formation of a consistent and flexible Board of Directors, using their experience. The members used their full competence to face the challenges of the changing economic structure that the Company went through in 2017.

The Board of Directors worked hard to increase the level of corporate governance in the Company. We believe that having such corporate governance in the Company will play a role in sustaining our work and improving our performance at all levels. We have presented the views of the members of the Company Board of Directors. We have encouraged them to suggest innovative ideas to keep up with the developments witnessed by the telecommunications sector internationally. The telecommunications sector is considered to be an essential element of the UAE's economy.

The Board of Directors jointly worked together to add value for the shareholders and stakeholders. We have managed to achieve more returns for the shareholders through the Company's growth and the distribution of cash dividends annually and Semi-annually. We have also made in cash and in kind contributions with the aim of leaving a positive impression in the UAE and its people.

In accordance with the Articles of Association, the Founder shareholders - Emirates Investment Authority, Emirates International Communications Company LLC and Mubadala Investment Company - have the right to jointly appoint eight members of the Board. The remaining two members are elected by public shareholders through cumulative voting in the General Assembly every three years. All members of our Board are non-executives. The Board consists of eight independent non-executive members and two non-executive members.





Ahmad Bin Byat
Chairman
(Non-Executive)

First Appointment
21/12/2005

Representing
Emirates International
Telecommunications
LLC

Education and experience:

Ahmad Bin Byat is one of UAE’s most successful corporate leaders in the UAE. He plays an important role in leading the country towards the creation of an innovation knowledge-based economy.

Other current appointments:

- Member of the Board of Emirates Investment Authority
- Member of the Board of Trustees for Mohammed bin Rashid School of Government
- Member of the Board of Trustees for Zayed University



Khaled Balama
Vice Chairman
(Independent Non-Executive)

First Appointment
17/3/2015

Representing
Emirates Investment
Authority

Education and experience:

Khaled Balama has held various executive roles in prestigious organizations over 25 years. He holds a Bachelor of science in Finance from Indiana University (USA), as well as being a Chartered Financial Analyst (CFA) since 1995.

Other current appointments:

- Board Member of the Central Bank of the UAE
- Board Member of the General Pension and Social Security Authority
- Board member of Emirates Driving Company
- Executive Director of the Real Estate Department at Abu Dhabi Investment Council



Fadel Al Ali
Board Member
(Non-Executive)

First Appointment
10/3/2009

Representing
Emirates International
Telecommunications
LLC

Education and experience:

Fadel Al Ali is recognized throughout the UAE for his expertise in corporate governance and strategic commercial roles.

He graduated from the University of Southern California (USA) with a Bachelor of Science in Industrial and System Engineering. He also holds a Certificate of Finance from the American University of Sharjah.

Other current appointments:

- Chief Customer Experience and Digital Officer at First Abu Dhabi Bank
- Board Member of the Dubai Financial Services Authority (DFSA)
- Board Member of EMAAR Egypt
- Board Member of NBAD Private Bank (Suisse) SA, Switzerland
- Board Member of Abu Dhabi Capital Group



Ziad Galadari
Board Member
(Independent Non-Executive)

First Appointment
14/3/2007

Representing
Public Shareholders

Education and experience:

Ziad Abdulla Galadari is the Founder and Chairman of Galadari Advocates and Legal Consultants and has been practicing as Advocate, Legal Advisor and Arbitrator since 1983. He obtained a law degree from the UAE University.

Other current appointments:

- Founder and Chairman, Galadari Advocates and Legal Consultants, UAE
- Chairman, Galadari Investments Group, UAE
- Chairman, Dubai International Arabian horse Championship
- Chairman of Jebel Ali Racecourse Council
- Board Member, Dubai World Trade Centre
- Board Member, Dana Gas PJSC



First Appointment
14/3/2007

Representing
Public Shareholders

Abdullah Al Shamsi
Board Member
(Independent Non-Executive)

Education and experience:
Abdullah Al Shamsi is a prominent Emirati businessman with a wealth of experience in various industries. He holds a Bachelor’s Degree in Finance and Economics from New York University (USA).

Other current appointments:

- Board Member of Dubai Islamic Bank



First Appointment
21/12/2005

Representing
Emirates Investment Authority

Saeed Al Yateem
Board Member
(Independent Non-Executive)

Education and experience:
Saeed Al Yateem is a high ranking UAE government official with over 20 years of experience in public service. He holds a Bachelor’s degree in Political Science from the College of Economic and Administrative Sciences at United Arab Emirates University.

Other current appointments:

- Assistant Undersecretary of Budget and Revenues Affairs at the Ministry of Finance
- Board Member of the Arab Fund for Economic and Social Development
- Board Member of Etihad Rail
- Board Member of Federal Tax Authority



First Appointment
27/8/2012

Representing
Emirates Investment Authority

Mohamed Al Suwaidi
Board Member
(Independent Non-Executive)

Education and experience:
Mohamed Al Suwaidi has significant experience serving as a Board Member for several organizations in the UAE. He holds a Bachelor’s Degree in accounting from the United Arab Emirates University.

Other current appointments:

- Board Member of Arab Insurance Group ‘ARIG’
- Executive Director of Asset Management at Emirates Investment Authority



First Appointment
18/12/2013

Representing
Mubadala Investment Company

Masood Mahmood
Board Member
(Independent Non-Executive)

Education and experience:
Masood Mahmood brings with him a wealth of experience having served on the boards of several companies. He holds a Bachelor of Science degree in Computer Systems Engineering from Boston University (USA), and an MBA in Finance from McGill University (Canada).

Other current appointments:

- Board Member of Yahlive, a joint venture of Yahsat and SES
- Board Member of UAE Space Agency
- Chief Executive Officer of Yah Satellite Communications Company ‘Yahsat’



First Appointment
23/12/2015

Representing
Mubadala Investment Company

Homaïd Al Shimmari
Board Member
(Independent Non-Executive)

Education and experience:

Homaïd Al Shimmari is one of the leading figures in the country. He is driving forward the strategic vision and plans for developing technologically advanced industries within Abu Dhabi and the UAE. He graduated with a Bachelor of Science in Aeronautical Engineering from Embry Riddle Aeronautical University (USA), and hold a black belt in Six Sigma from General Electric.

Other current appointments:

- Deputy CEO and Chief of Human Capital and Corporate Services in Mubadala
- Chairman of Maximus Air Cargo

- Chairman of Abu Dhabi Autonomous Systems Investment (ADASI)
- Board Member of Abu Dhabi Aviation
- Board Member of Royal Jet
- Board Member of AerCap Holdings
- Board Member of Abu Dhabi Marine Operations and Services
- Board of Trustees of UAE University
- Board of Trustees of Khalifa University of Science, Technology and Research
- Member of the Scholarship Committee at the Department of Education and Knowledge (ADEC)



First Appointment
25/5/2013

Representing
Emirates Investment Authority

Hana Al Rostamani
Board Member
(Independent Non-Executive)

Education and experience:

Hana Al Rostamani has more than 15 years of experience in the field of banking and financial services. She has a Master’s Degree in Information Management from the George Washington University (USA), and has also completed a Certificate in Bank Card Management from Visa International Association and the U.K. Chartered Institute of Bankers.

Hana Al Rostamani is currently the Head of Consumer Banking at First Abudhabi Bank, a leading financial institution in the UAE.

Other current appointments:

- Group Head of Personal Banking at First Abu Dhabi Bank
- Advisory Board Member at Master Card and Member of IMD Foundation Board

3.2. Female Representation

We believe that gender diversity contributes to a balanced composition of the boardroom. Also the inclusion and participation of women throughout business operations contributes to the quality and effectiveness of our Board’s decisions. The female representation composes of 10% of the Board of Directors of our company since 2013 until Ms. Hana Al Rostamani resigned from her position on 18 June 2017.

3.3. Statement for not nominating any females to the membership of the Board of Directors

In 2018, the nomination for the Board of Directors will be opened, in the hope that female candidates will apply for nomination to the Board.

3.4. Statement of the following:

1. Total remuneration paid to the Board of Directors for 2016

In 2017, the General Assembly agreed that the Board of Directors’ remuneration for 2016

should amount to a total of AED 8,561 million. This sum was distributed to all members of the Board of Directors according to the agreed policy outlined in 2016.

2. Proposed total remuneration to the Board of Directors for 2017

The Nomination and Remuneration Committee reviews attendance and performance of Directors and Committee members in applicable meetings, and submits its recommendations to the Board. Upon approval by the Board, the final recommendation for aggregate Board remuneration is submitted for approval by the shareholders’ vote at the General Assembly.

At the General Assembly in 2018, the Board will propose an amount of AED 8,729,303 to be distributed to all members of the Board of Directors as remuneration for 2017.

3. Detailed statement of meeting attendance fees for the Board Committees in 2017:

Name	Detailed statement of meeting attendance fees for the Board Committees:		
	Committee name	Attendance fees	Number of meetings
Khaled Balama	Nomination and Remuneration Committee (Chairman)	147,000	7
Masood Mahmood	Investment Committee (Chairman)	252,000	12
Ziad Galadari	Audit Committee (Chairman) and Nomination and Remuneration	210,000	10
Mohamed Al Suwaidi	Investment Committee and Nomination and Remuneration Committee	420,000	20
Abdulla Al Shamsi	Investment Committee	273,000	13
Saeed Al Yateem	Audit Committee	147,000	7
Fadel Al Ali	Audit Committee and Nomination and Remuneration	294,000	14
Homaïd Al Shimmari	Investment Committee	21,000	1

*Hana Al Rostamani has resigned from her position on 18 June 2017.

*Homaïd Al Shimmari was appointed to the Investment Committee on 25 September 2017.

3.5 Number of Board meetings held in 2017

The Board of Directors meetings are held in the presence of the majority of its members. In the fiscal year ending on 31/12/2017, a total of nine Board meetings were held. Board meetings are held following written invitation. The invitation and the agenda are sent to the members by the chairman at least a week ahead of schedule, and details of the issues and the decisions made during the meeting are recorded as

minutes, taking into account any member’s opinions or objecting views that are expressed during the meeting. Any related party transactions or conflicts of interest are declared at the beginning of each meeting, recorded in the minutes of the meeting and approved by the members present, while ensuring that the member relevant to that resolution is abstained from voting.

Board meetings date and attendance of the members of the board:

Meeting Number	Date	Absence
Board Meeting 1	11/1/2017	Hana AlRostamani/Proxy given to Khaled Balama, Homaid Al Shimmari/Proxy given to Masood Mahmood
Board Meeting 2	15/2/2017	Hana Al Rostamani/Proxy given to Khaled Balama, Ahmad Bin Byat
Board Meeting 3	24/4/2017	Hana Al Rostamani
Board Meeting 4	30/5/2017	Hana Al Rostamani
Board Meeting 5	24/7/2017	Masood Mahmood/Proxy given to Mohamed Al Suwaidi, Homaid Al Shimmari and Ahmad Bin Byat
Board Meeting 6	25/9/2017	None
Board Meeting 7	12/10/2017	None
Board Meeting 8	30/10/2017	None
Board Meeting 9	13/12/2017	Khaled Balama, Masood Mahmood/Proxy given to Homaid Al Shimmari

*Hana Al Rostamani has resigned from her position on 18 June 2017.

3.6 Details of matter reserved to the board of directors and delegated to the executive management

In line with the Chairman of Authority’s Board of Directors’ Resolution No. (7/R.M) of 2016 Concerning the Standards of Institutional Discipline and Governance of Public Shareholding Companies, our Board is responsible for carrying out these duties but may delegate them to the relevant Committee or to Executive Management, in writing. In the case of delegation, they have

clear instructions on how the delegation can be authorized and the relevant limitations. The Board has agreed matters reserved for the Board and its Committees within the Board Charter. During 2017, the Board did not delegate any of its reserved matters to the Executive Management.

3.7 Transactions with related parties

Related party transactions include those involving any persons who have authority or influence over our operational and financial decision making, either directly or indirectly. They can present potential or actual conflicts of interest for our company and may create the appearance that business decisions are based on considerations other than the best interests of our company and its shareholders.

There are specific cases where transactions conducted with a related party can be considered in the best interest of the company and its shareholders, and hence we adopted our related party transactions policy to provide a sound framework for the review and approval of these transactions. We allow specific consideration for related party transactions that do not reach 5% of the share capital of the company.

However, for any related party transactions that exceed 5% of the share capital of the company, it is important that the related party is not provided with voting rights pertaining to decisions of both the Board (if s/he is a member) and the General Assembly (if s/he is a shareholder).

When a transaction with related parties concludes, the Chairman of the Board will notify the Securities and Commodities Authority with the content of the data and information related to the transaction. This sets the conditions for the transaction to ensure it is fair, reasonable and in favor of our shareholders.

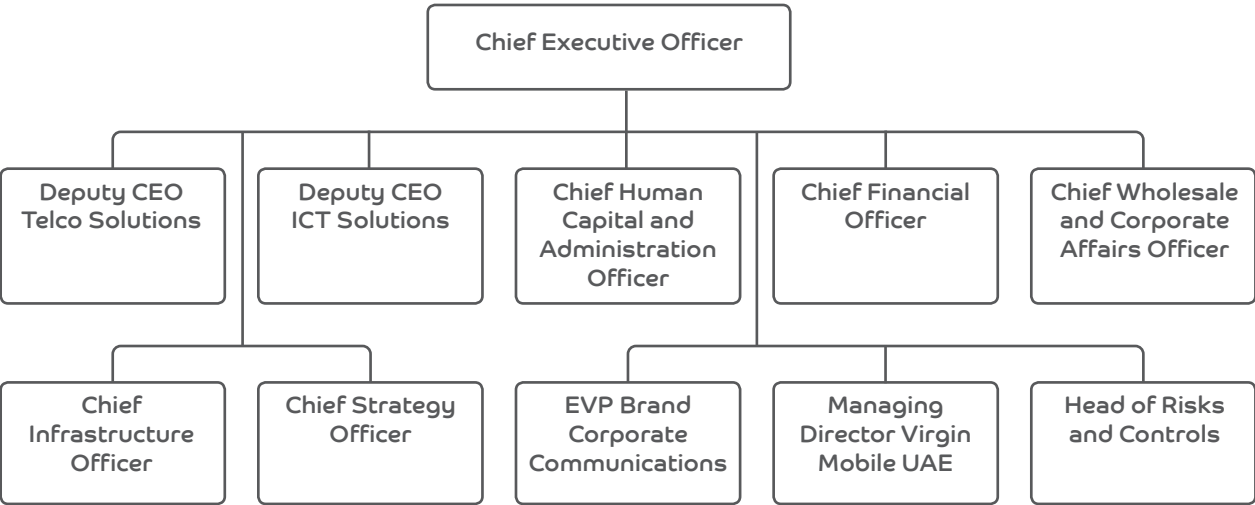
The total value of transactions with related parties as per the IFRS standards:

Related Party Transactions net for the year 2017	AED Thousands
TECOM Investments Free Zone (LLC) - Office Rent and services	34,576
TECOM Investments Free Zone (LLC) - Infrastructure cost	1,202
Axiom Telecom (LLC) - Authorized distributor – Net sales	1,968,032
Injazat Data Systems LLC –Data center rent and services	2,351
Khazna Data Center Limited - Rent and telecom services	93,017
Khazna Data Center Limited - Additional funding	16,831
Dubai Smart City Accelerator FZCO- acquisition of shares	1,835

3.8 Our organisational structure

Our Executive Management is responsible for the day-to-day activities of our business. The CEO, along with the rest of our Executive

Management team, reports to the Board of Directors to follow up recommendations and implement strategies, ambitious targets, policies and frameworks as approved by the Board.



3.9 Statement of the Executive Management Remuneration

Position	Date of Joining	Total Salaries and Allowances paid in 2017 (AED)	Other cash bonuses paid in 2017 (AED)	Total Bonuses paid for 2017 (AED)
Chief Executive Officer	1/1/2006	4,752,312	N/A	3,000,000
Deputy CEO - Telco Solutions	23/4/2006	2,128,716	N/A	981,560
Deputy CEO ICT Solutions	1/1/2006	2,142,216	N/A	792,054
Chief Human Capital and Administration Officer	26/5/2013	1,945,200	N/A	831,270
Chief Financial Officer	8/12/2013	2,069,640	N/A	755,464
Chief Wholesale and Corporate Affairs Officer	1/1/2006	1,969,512	N/A	916,478
Chief Infrastructure Officer	7/9/2008	1,648,600	N/A	638,555
Chief Strategy Officer	7/5/2017	1,285,723	N/A	533,477
Executive Vice President Brand and Corporate Communications	16/4/2017	1,057,400	N/A	426,769
Managing Director Virgin Mobile UAE	1/8/2016	1,459,200	N/A	701,460

*The Head of Risks and Controls was vacant in 2017.



4. External Auditor

4.1 Overview of external auditor

PricewaterhouseCoopers (Dubai Branch) (PwC) was appointed as the company's external auditor for the fiscal year 2017. It is one of the largest legal auditing firms, with

operations across 154 countries. It has been present in the Middle East for nearly 44 years and in the UAE for over 28 years. It specializes in the field of legal auditing, business consulting and taxation.

4.2 Statement of fees, costs and services provided by all external auditor firms in 2017:

Audit/Consulting Firm	Details of service	Amount (AED)
Deloitte &Touche (M.E)	Consultancy-Corporate Control Framework	2,185,349
	Due Diligence Services	1,932,261
	Total	4,117,610
KPMG	Consultancy- Assets Transformation Project	743,553
	Whistle Blowing Reporting	90,000
	Agreed Upon Procedure	99,185
	Consultancy-Internal Control Support	700,904
	Consultancy- Revenue Assurance Data Analysis	1,285,725
	Total	2,919,366
PwC (Dubai)	Agreed Upon Procedures	132,592
	Consultancy – VAT Implementation Project	2,136,140
	Due Diligence Services	2,730,915
	Regulatory Support	1,153,319
	Total	6,152,966
PwC (Singapore Branch)	Audit Services	46,687
	Taxation services	5,836
	Other services	14,590
	Total	67,113

Statement of annual fees paid to external auditor of the company for statutory audit:

External Auditor	Year	Fees (AED)
PwC	2014	1,050,000
PwC	2015	1,120,000
PwC	2016	1,120,000
PwC	2017	1,350,000



5. The Audit Committee

5.1 The names of the members of the Audit Committee and its responsibilities

The Board of Directors established the Audit Committee from among its members. The members of the Committee have sufficient knowledge and know-how in financial and accounting matters. Two of the members have prior experience in the field of accounting and financial matters. One of the members has

experience in legal and regulatory matters. The members of the Committee include Ziad Galadari (Chairman), Fadel Al Ali and Saeed Al Yateem. Paragraph 3.1 explains in detail the financial experience of the members of the Committee.



Ziad Galadari



Fadel Al Ali



Saeed Al Yateem

Key roles and responsibilities of the Audit Committee include:

- Consider and make recommendations to the Board, to be put to shareholders for approval at the Annual General Meeting, in relation to the appointment of our company’s external auditors; follow up and continuously monitor the performance, independence and objectivity of the external auditor.
- Monitor and review the integrity of the financial statements of our company and the annually, half-annually and quarterly reports.
- Review or company’s financial and internal control, risk management and internal control procedures.
- Review our company’s Share Dealing Policy.
- Review and brief the Board of Directors of the effectiveness of our company’s Internal Control, review and approve the annual internal audit plan.
- Review Related Party Transactions Policy.

5.2 Statement of date and number of meetings held in 2017:

Meeting Number	Date	Absentees	The Objective
Audit Committee No.1	15/2/2017	Hana Al Rostamani	Financial Statements and Review of Internal Control
Audit Committee No.2	24/4/2017	Hana Al Rostamani	Financial Statements and Review of Internal Control
Audit Committee No.3	24/7/2017	Ziad Galadari	Financial Statements and Review of Internal Control
Audit Committee No.4	25/9/2017	None	Review of Internal Control
Audit Committee No.5	30/10/2017	None	Financial Statements
Audit Committee No.6	8/11/2017	None	Review of Internal Control
Audit Committee No.7	12/12/2017	None	Corporate Governance matters

*Hana Al Rostamani has resigned from her position on 18 June 2017.

*Appointment of Ziad Galadari as a member of the Committee on 13 May 2017

6. The Nomination and Remuneration Committee

6.1 The names of the members of the Nomination and Remuneration Committee and its responsibilities

The Board of Directors established the Nomination and Remunerations Committee from among its members. The Committee sets and reviews the policy in relation to Board nominations and the Executive Management appointments. In establishing the Board, the

Committee aims to take into consideration the gender diversity and aims to encourage women through incentives and motivational programs and training. The members of the Committee include Khaled Balama (Chairman), Ziad Galadari, Mohammed AlSuwaidi and Fadel Al Ali.



Khaled
Balama



Ziad
Galadari



Mohamed
Al Suwaidi



Fadel
Al Ali

Key roles and responsibilities of the Nomination and Remuneration Committee include:

- Ensure the independence of the independent members. If the committee discovers that the condition of independence is not fulfilled by any Director who claims to be independent, it shall refer the matter to the Board of Directors, who in turn shall notify the affected Director by a letter to be sent by registered mail to the Director’s registered address recorded in our company’s files. This letter will detail the apparent reasons for his/her lack of independence.
- Annual review a set of policies for the remuneration, benefits and salaries of the Board of Directors. Ensure all remunerations and benefits offered to the executive management are reasonable and aligned the performance of the company. The same applies to the remuneration and benefits of the Executive Management.
- Review the Board structure and report the Committee’s recommendations. Advice on the company’s level of competencies required at the executive management level.
- Oversee the development of human resources policies and training programs, and monitor their implementation.
- The Board of Directors has authorized the Nomination and Remuneration Committee to look into the succession planning.

6.2 Statement of date and number of meetings held in 2017:

Meeting Number	Date	Absentees
Nomination and Remuneration Committee No.1	15/2/2017	None
Nomination and Remuneration Committee No.2	11/4/2017	None
Nomination and Remuneration Committee No.3	30/5/2017	None
Nomination and Remuneration Committee No.4	24/7/2017	Ziad Galadari
Nomination and Remuneration Committee No.5	18/9/2017	None
Nomination and Remuneration Committee No.6	12/10/2017	None
Nomination and Remuneration Committee No.7	12/12/2017	None

7. The Investment Committee

7.1 The names of the members of the Investment Committee and its responsibilities

The Board of Directors have formed an Investment Committee from among its members. The Investment Committee administers the Board of EITC Investments Holding, the investment arm of EITC. The committee also reviews all affiliate and associate companies’ operations as well as makes recommendations and investment trends in the telecommunications sector to the Board of Directors. The members of the Committee are Masood Mahmood (Chairman), Mohammed Al Suwaidi, Abdulla Al Shamsi, Homaïd Al Shimmari, and Hana Al Rostamani.



Masood Mahmood



Mohamed Al Suwaidi



Abdullah Al Shamsi



Homaïd Al Shimmari

Key roles and responsibilities of the Investment Committee include:

- Review and approve our company’s investment strategy, whether relating to core or non-core business, in accordance with the approved financial authority matrix.
- This Committee also reviews our short-term and long-term strategies and provides recommendations to the Board relating to the company’s annual budget. In addition, it reviews all of our investments to ensure value for our shareholders.

7.2 Statement of date and number of meetings held in 2017:

Meeting Number	Date	Absentees
Investment Committee No.1	9/1/2017	Hana Al Rostamani
Investment Committee No.2	7/2/2017	Hana Al Rostamani
Investment Committee No.3	23/3/2017	Hana Al Rostamani
Investment Committee No.4	18/4/2017	Hana Al Rostamani
Investment Committee No.5	24/4/2017	Hana Al Rostamani
Investment Committee No.6	24/5/2017	Hana Al Rostamani
Investment Committee No.7	4/7/2017	Masood Mahmood
Investment Committee No.8	19/7/2017	None
Investment Committee No.9	18/9/2017	None
Investment Committee No.10	24/9/2017	None
Investment Committee No.11	3/10/2017	None
Investment Committee No.12	7/12/2017	Homaïd Al Shimmari
Investment Committee No.13	13/12/2017	Homaïd Al Shimmari

*Hana Al Rostamani has resigned from her position on 18 June 2017.
*Homaïd Al Shimmari was appointed to the Investment Committee on 25 September 2017.

EITC Investments Holding

In 2009, the Board of Directors formed EITC Investments Holding, the investment arm of EITC PJSC to explore investment opportunities that may enable the Company to develop a segment of customers through innovative and quality services.

In the last two years, the governance of EITC Investments Holding has been implemented through the appointment of independent and executive members of EITC Investments Holding Board of Directors as well as set regulatory frameworks, policies and approved financial authority by EITC PJSC’s Board of Directors.

EITC Investments Holding’s Board of Directors was formed, chaired by Osman Sultan. Its executive members included Fahad Al Hassawi, Amer Kazim and Ananda Bose. Frank Dangeard and Zouhair Khaleq were appointed as expert independent members.

- The following investments fall under EITC IH:**
- 26% ownership in Khaznah Data Centre
 - Wholly owned Smart City Platform Project Company
 - 23% ownership in Dubai Smart City Accelerators
 - Wholly owned Edara
 - 4.8% ownerhip in Anghami

Statement of the dates of meetings held in 2017:

Meeting Number	Date
Meeting No.1	6/2/2017
Meeting No.2	17/7/2017
Meeting No.3	4/12/2017

8. Insiders Committee

In accordance with Article 12-C of Resolution No. (7/R.M) of 2016 of SCA concerning the Standards of Institutional Discipline and Governance of Public Shareholding Companies, based on the recommendation of the Audit Committee

- The Insiders Committee was constituted by the Board of Directors in 2017 comprising of the following:**
- Hanan Ahmad, VP Corporate Governance and Company Secretary, Chair
 - Ali Al Mansoori, VP EITC HR Business Partners and Employee Performance Management, Member
 - Pradeep Varma, Senior Director Financial Reporting, Member
 - Mia Buckthought, Director Legal Counsel, Member

The Charter governing the Insiders Committee was also approved by the Audit Committee and Board in 2017. Key responsibilities assigned to the Insiders committee are as follows:

- Manage implementation of policies and procedures that relate to the trading in the

- Company’s securities and the possession of internal data/information of EITC and any of its subsidiaries by Directors and employees
- Maintain a register of insiders both permanent and temporary
 - Submit periodic statements and reports to the DFM
 - Manage share dealing requests and disclosures
 - Keep record of all share dealing consent forms, share dealing completion forms and insider declarations
 - Initiate disciplinary action against non-compliant employees with support from HR
 - Report to the Audit Committee and Board on a quarterly basis on the work done by the Committee

Key achievements of the Committee included:
Obtaining the confidentiality undertaking from all employees to ensure that confidentiality of internal information is being (and will remain) protected and successfully complying with the requirement for submitting the Insiders Registers of both permanent and temporary Insiders to the DFM.

Statement of the dates of meetings held in 2017:

Meeting Number	Date
Meeting No.1	27/9/2017
Meeting No.2	26/11/2017



9. Internal Control

9.1 The role of the Board of Directors in Internal control

- The Board of Directors has overall responsibility for ensuring effectiveness of the Internal Control system. The Board of Directors is responsible for ensuring that executive management decisions are implemented to guarantee an effective Internal Control system. This allows effective and efficient operations, accurate financial reporting, and compliance with laws and regulations.
- The Audit Committee has delegated authority and responsibility from the Board of Directors to oversee the following:
- Annual review of our internal controls and systems to minimize risk that may impact our business objectives. The review process includes assessment of financial statements controls, operations and risk management.
- Review procedures followed by our management in determining, evaluating and managing significant risks.
- Drive our financial goals through the application and implementation of appropriate and effective controls.
- Review and report the annual financial statements, accounting policy and practices to the Board.
- Update changes that have occurred since the last revision pertaining to the nature and extent of the major risks of our ability to cope with external environment changes.
- Review the nature of the regulatory activities that are being implemented on the risks and internal control systems, as well as the external audit processes.
- Assess control system defects and prepare for potential emergency situations that may significantly affect our financial performance. Outline and implement procedures that address the core control issues.
- Review our compliance with applicable laws and regulations. Review of our whistleblowing policy.

Internal control system process

Internal Control is broadly defined as a process designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- **Effectiveness and efficiency of operations:** Addresses our basic business objectives, including adherence to performance standards and the safeguarding of resources.
- **Reliability of financial reports:** Ensures that reliable financial statements and other financial information are presented to the Board, shareholders and Executive Management.
- **Compliance with applicable laws and regulations:** Audit oversight over Regulatory Compliance with applicable laws and regulation, this element covers laws and regulations which our company is subject to in order to avoid any damage to reputation or fines/penalties.

The internal control system aims to establish, document, maintain and act consistently with the principles of the internal auditing policy. The system applies across all departments and all activities related to corporate governance and risk management.

- Our control management process ensures that our procedures are appropriately designed and effectively applied in accordance with our company's annual strategic plan. This process is reviewed by the Audit Committee and approved by the Board of Directors.
- The Internal Control Department produces reports related to efficiency of the applicable internal control systems that are submitted to Executive Management and the Audit Committee. The reports include relevant suggestions and recommendations for improving the control systems.



- The department is not responsible for the development or maintenance of internal control systems, which fall under the responsibility of the authorized relevant department.
- Appointment of a compliance officer with clear and independent responsibilities to monitor compliance with laws, legislations and internal procedures.
- The Internal Control department supervises our activities and ensures its consistency with UAE law and all other internal and external regulations. It may also modify and update the procedures included in the compliance control system in order to ensure that we continue to meet the highest applicable standards.

9.2 Name and qualifications of the Internal Control Department Head

Internal Control Management is headed by Rashid Al Sheikh, who was appointed by the board on 14 December 2016. A UAE National who is a member of the Audit Committee at the Dubai Foundation for the Aviation Industry. Rashid has over 18 years of experience in the area of financial operations including accounting, internal audit, finance and banking. He holds a master’s degree in accounting from the University of Miami in the United States.

9.3 Name and qualifications of the Compliance Officer

The head of internal control department is responsible for monitoring compliance functions in the company. He is responsible for the completion of the annual work plan to monitor compliance.

9.4 How internal control management addresses a serious issue

- Internal control management achieves their tasks through the following five divisions:
- Technology
 - Finance and Wholesale

- Commercial and Support
- Forensic and Whistle Blowing
- Compliance

The Control department investigates serious issues through these five divisions depending on the nature of the issue and accordingly provide Executive Management and Audit Committee with effective recommendations and reporting on the follow up and resolution for each identified issue.

Recent developments

In 2017, the Internal Control Department (ICD) conducted a comprehensive revamp of the Internal Control department, structure, processes and approach.

KPMG was appointed to spearhead the revamp project inclusive of the following milestones which were approved by the Audit Committee and the Board:

- Enhancement of the ICD Charter with Improved Internal Audit(IIA) Framework
- Revision of the Internal Audit Manual
- Enhancement and alignment of the Organizational Structure of ICD based on du’s organizational structure
- Establishment of the Quality Assurance function
- Development of Internal Audit Plan for 2018 based on IIA standards, business participation, and organizational risk based planning
- Introduction of cross-functional audits for holistic and in depth scope and coverage

In 2018, IC will operate a more incisive SME (Subject Matter Expert) based department with an increases focus on Financial Audit and Automation of audit processes, with further adoption of continuous auditing and robotic proves automation initiatives.

Furthermore, the team is being trained by industry experts throughout the year based on

specific requirements of the Audit Plan for 2018 and new risk trends in Internal Audit.

9.5 Corporate Risk Management

We are committed to adopting, embedding and sustaining risk management as a core competency throughout the organization. In doing so, we aim to enhance the performance of key activities, in an effort to protect its assets and enrich the organization’s ability to manage uncertainty, in achieving its key corporate objectives and goals. We have developed our own holistic risk management framework, based on the global methodologies.

These include the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and the International Organization for Standardization (ISO). These frameworks are consistent with due diligence, with commitment and with public policies adopted by the company. We deploy a corporate-wide approach to the management of risks.

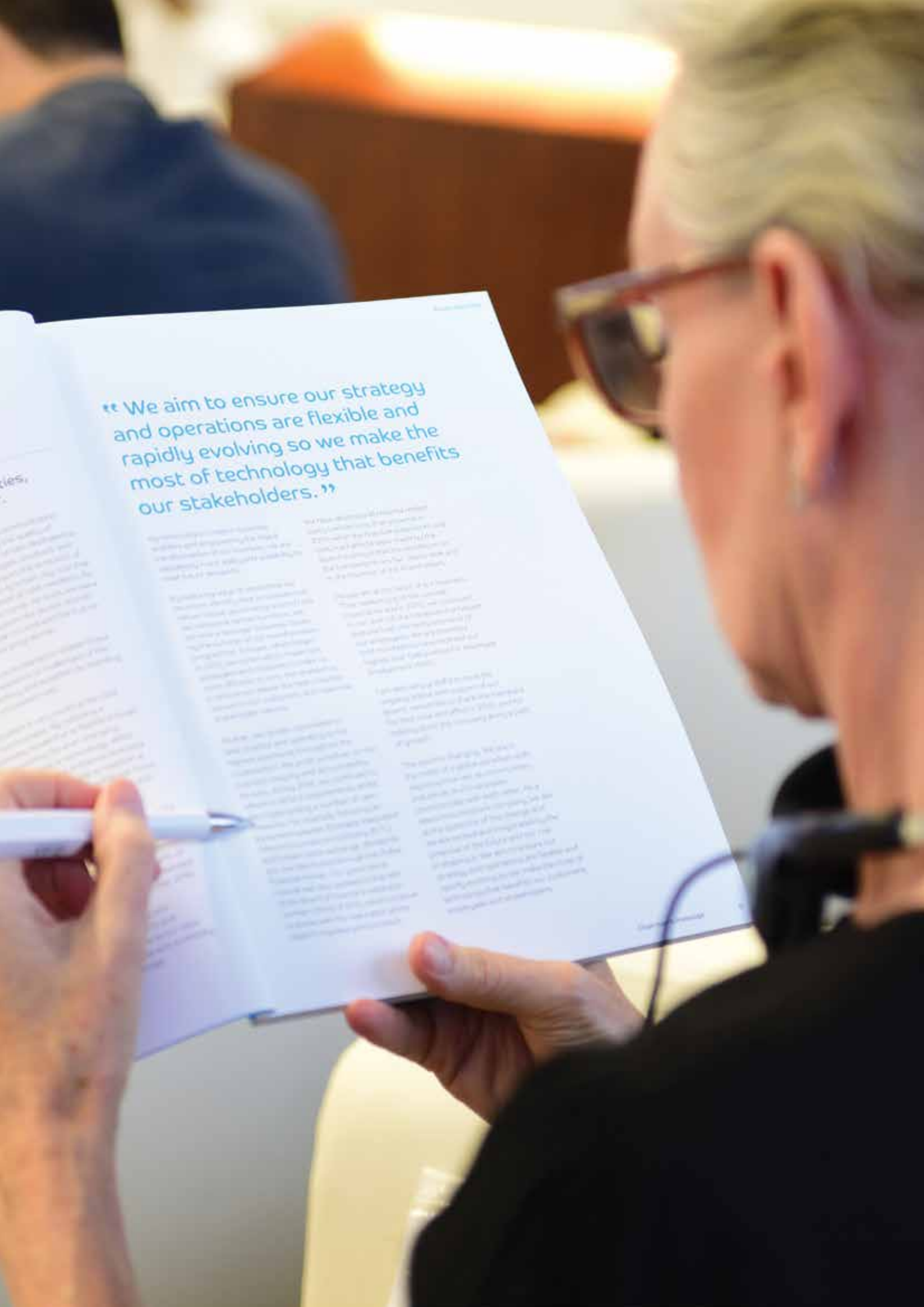
Specifically, a comprehensive process is deployed to identify, analyze, evaluate and treat risks. A systematic, structured and timely Corporate Risk Agenda is undertaken throughout the year for the Executive Management team to determine and evaluate the potential exposures facing our company.

This ensures that risk management is closely aligned with the company’s strategic themes and objectives, reported to the Audit Committee and Board of Directors, and that action plans are in place to address the risks identified. The Corporate Risk Management function is accountable to the Audit Committee and the Board of Directors for developing, maintaining and implementing the Corporate Risk Management framework and communicating the key risks and recommendations for improvement on a quarterly basis.

10. Violations

During the year 2017, our company received 29 violations from the Telecommunications Regulatory Authority (TRA) in the UAE as follows:

- 25 violations were related to regulatory policy requirements 'Registration Requirements for Mobile Subscribers'. The company has allocated the necessary resources to improve the processes and procedures for registration of subscribers. The majority of the improvement points have been completed and work is continuing in co-operation with the TRA.
- 1 Violation related to 'Consumer Protection Policy'. The company has addressed the violation to prevent it from reoccurring.
- 2 Violations related to the regulatory policy of 'Registering Mobile Sim card Point of Sales'. The company stopped dealing with any point of sales that have not been registered with the TRA and the company assisted our partners to register with the TRA.
- 1 Violation related to the Mobile Number Portability service, where the company took all necessary measures to ensure the validity of the transfer of any number from and to its network in the UAE.



11. Contribution to Sustainability and Community Engagement

We continue our efforts to drive sustainability through the implementation of projects and the adoption of innovative operations. Our focus in 2017 is on creating a happy society by developing the concept of sustainability, taking actions to reduce environmental impact, and make positive differences in the lives of our employees as well as the community around us. During the year, we contributed, AED 19,785,000 to support many initiatives and social campaigns.

For more information on the company's sustainability achievements, please visit the website for the full 2017 sustainability report: du.ae/about-us/sustainability

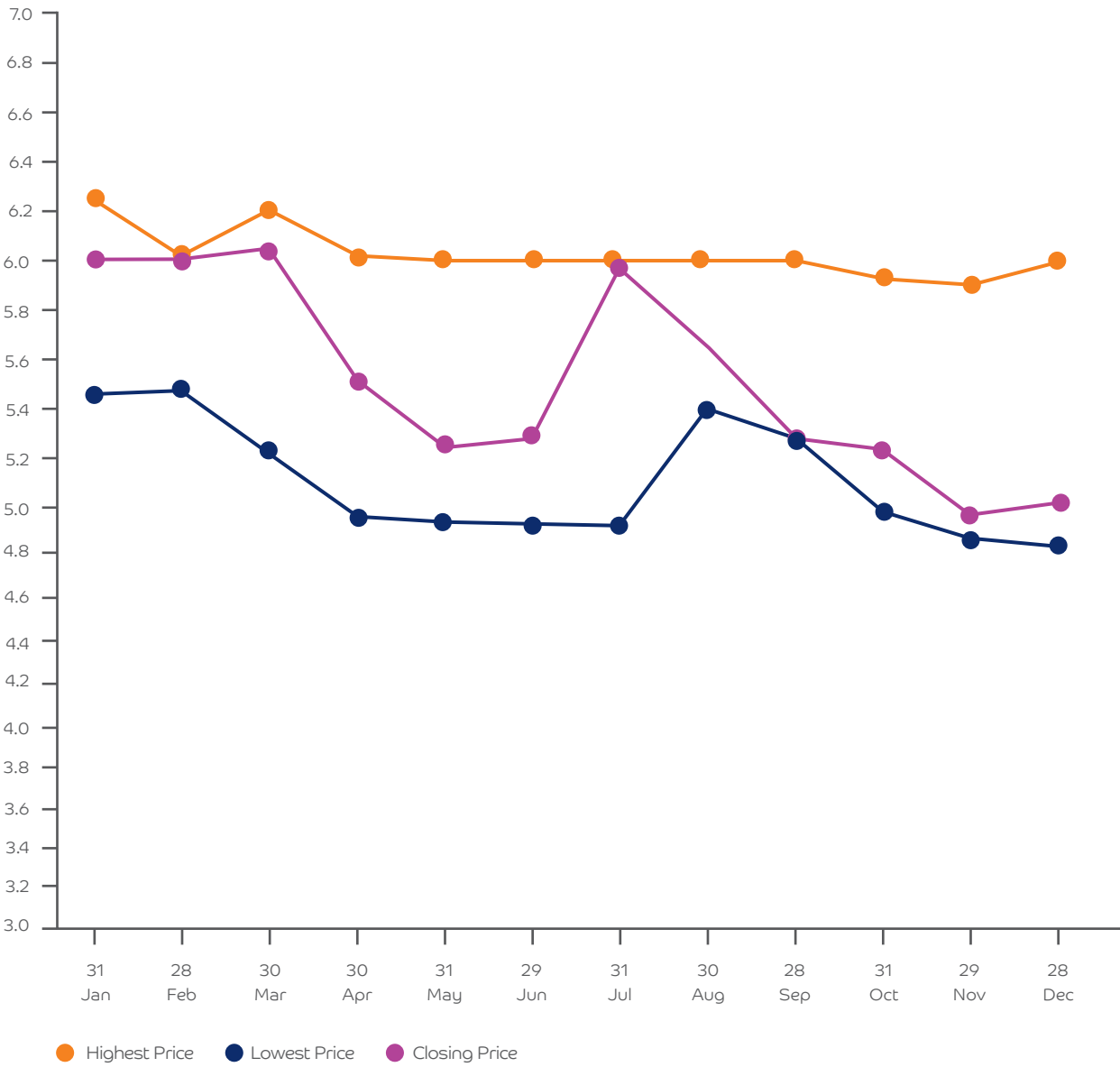
“ We do not see ourselves as merely a telecom service provider, we consider ourselves a corporate citizen and we take our economic, social and environmental responsibilities very seriously. ”



12. General Information

12.1 Performance of the company’s shares in the market in 2017:

Date	Highest Price	Lowest Price	Closing Price
31/1/2017	6.27	5.47	6
28/2/2017	6.07	5.5	6
30/3/2017	6.2	5.39	6.08
30/4/2017	6.19	4.99	5.57
31/5/2017	6	4.98	5.37
29/6/2017	6	4.97	5.35
31/7/2017	6	4.97	5.89
30/8/2017	6	5.4	5.62
28/9/2017	6	5.35	5.35
31/10/2017	5.98	4.9	5.39
29/11/2017	5.97	4.85	4.99
28/12/2017	6	4.93	5.1

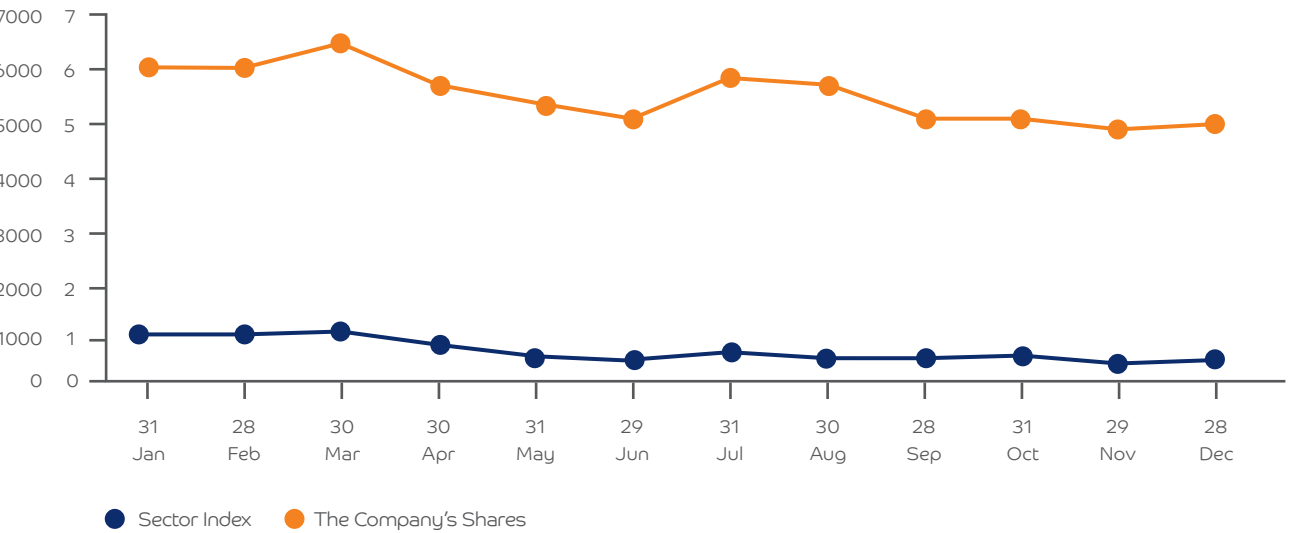
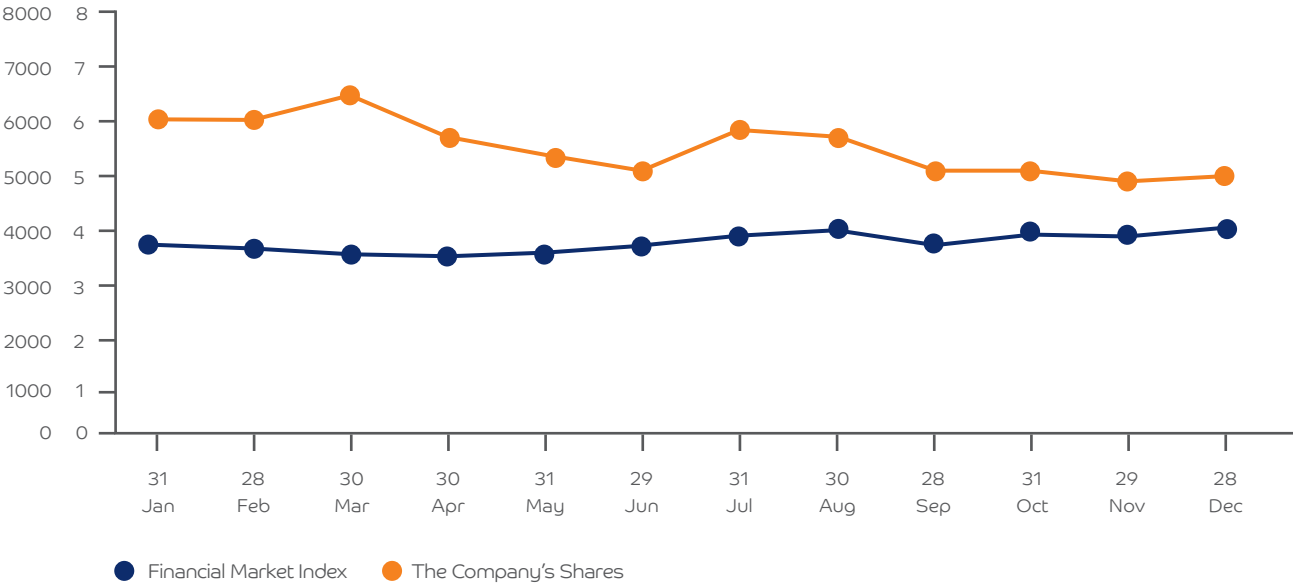


12.2 Performance of the company’s shares, compared with the general market index in UAE for 2017:

Date	Financial Market Index	The Company’s Shares
January	3642.85	6
February	3630.34	6
March	3480.43	6.08
April	3414.93	5.57
May	3339.37	5.37
June	3392	5.35
July	3633.18	5.89
August	3637.55	5.62
September	3563.99	5.35
October	3635.87	5.39
November	3420.17	4.99
December	3370.07	5.1

Performance of the company’s shares, compared with the telecom sector’s index in UAE for 2017:

Date	Sector Index	The Company’s Shares
January	1012.75	6
February	1012.75	6
March	1026.26	6.08
April	940.17	5.57
May	906.42	5.37
June	903.04	5.35
July	994.19	5.89
August	948.61	5.62
September	903.04	5.35
October	909.79	5.39
November	842.27	4.99
December	860.84	5.1



12.3 Breakdown of ownership of public shareholders as of 31/12/2017:

Investor/Shareholder	Type of Customer	Number of Investors	Percentage
UAE	Government	3	0.3894
	Banks	7	0.2911
	Companies	115	86.0899
	Individuals	95,898	12.3034
	Sole Property	3	0.0197
GCC Countries	Government	-	-
	Commercial	-	-
	Individuals	169	0.3169
Arabs	Government	-	-
	Commercial	-	-
	Individuals	511	0.4461
Other nationalities	Company	6	0.0098
	Individuals	488	0.1338

12.4 Statement of shareholders who own 5% or more of the company’s capital as of 31/12/2017:

Name	The Number of owned shared	Percentage of stock capital
Emirates Investment Authority	1,808,465,899	39.56
Mubadala Investment Company PJSC	902,857,142	19.75
Emirates International Telecommunications Company LLC	891,428,572	19.5

12.5 Statement of distribution of shareholders according to the size of the property as of 31/12/2017:

Owner of shares	Number of shareholders	The number of owned shares	Percentage of Stock capital
Less than 50,000	96,137	118,223,887	2.58
From 50,000 to less than 500,000	829	127,278,309	2.78
From 500,000 to less than 5,000,000	198	259,534,411	5.67
More than 5,000,000	36	4,066,391,964	88.95

12.6 Statement of actions that have been taken to regulate shareholder relations

Throughout the year, our company organized press and call conferences with local, regional and international media to update them on relevant developments. As such, Osman Sultan, our Chief Executive Officer, is in frequent, and direct contact with journalists and analysts to provide input and context regarding the company’s financial position.

Every quarter, we hold media calls and, where relevant, press conferences to communicate our quarterly and annual results, after disclosing them to DFM. During these meetings, our CEO provides a clear overview of our financial performance through presentations, and a Q&A session. We also hold analyst calls and meetings to discuss, in detail, the financial and strategic position of the company. The presentations are then uploaded on the company’s website immediately after the conferences concludes.

The company has assigned the roles of the Investor Relations to the Company Secretary of the Board of Directors, Hanan Ahmad.

The investor relations website is regularly updated in line with best practice.

It includes the following key information:

- Quarterly and annual financial statements
- A number of mechanisms for stakeholders to contact our IR department
- All reports related to financial results and presentations with their dates
- Notes of General Assembly Meetings
- Information about our company’s share price along with quarterly and annual profits
- Corporate Governance Reports
- Ownership structure and ratios
- Formation of the Board of Directors, committees and company’s structure
- Ways of communicating with our BOD to provide input, feedback and to post enquires
- Details of approved dividends

To view the investor relations website, please visit the following link:
du.ae/about-us/investor-relations

The company has developed a **smart (EITC IR) application** that allows shareholders to track the performance of the company’s shares, cash dividends and all disclosures relating to financial and non-financial statements.

12.7 Special Resolutions Adopted by the General Assembly:

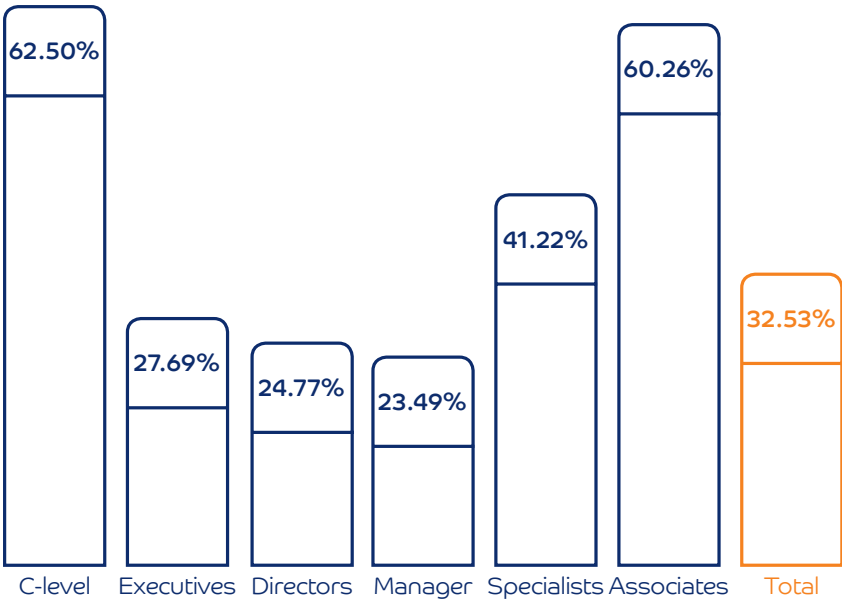
- Decrease in the share capital by canceling 38,522,582 shares which lead to a reduction from AED 4,571,428,571 to AED 4,532,905,989
- Amendment to the provisions of the Federal Law No. 2 of 2016 concerning Commercial Companies

12.8 Statements of significant events that occurred during 2017:

- Resignation of Hana Al Rostamani as a Board Member
- Changes of the organizational structure
- Launch of the second brand ‘EITC Virgin’ Mobile
- Contribution to government accelerator

12.9 Statement the Emiratization percentage of the company by the end of 2017: The following table shows the details of the percentage of Emiratization in the company by the end of 2017 according to categories and grades:

Job title	Emiratization Percentage
C-level	62.50
Executives	27.69
Directors	24.77
Manager	23.49
Specialists	41.22
Associates	60.26
Total	32.53



12.10 Statements of innovative projects and initiatives taken by the company or under development in 2017:

- Launch of 'EITC Virgin' Mobile
- Establishing 'Dubai Smart City Platform' to support the Dubai Smart City project

For more information on corporate governance and policies, as well as annual reports and sustainability reports please visit the following link: du.ae/about-us/investor-relations



Ahmad Bin Byat
Chairman

