

# Corporate Governance 2018

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# Corporate Governance Overview

## 1

### Statement of actions taken to complete the corporate governance in the year 2018

#### Introduction:

Emirates Integrated Telecommunications Company, PJSC (EITC) continued to provide high standards of transparency and accountability through its corporate governance framework during 2018. This affirms EITC's commitment to comply with the Chairman of the Securities and Commodities' Authority Board of Directors' Resolution No. (7 RM) for the Year 2016 concerning the Standards of Institutional Discipline and Governance of Public Shareholding Companies.

EITC is committed to comply with corporate governance standards seeking to position itself at the forefront amongst adopters of esteemed corporate governance practices. This was accomplished through continuous and effective monitoring, amendment of policies to support business models in general, providing the required flexibility to elevate EITC and keep up with the latest technological and digital solutions in the telecommunications sector.

#### Formation of the Board

During 2018 the general assembly reshuffled EITC's Board of Directors the ('Board') by appointing and electing new members, who have contributed towards enriching the Board's decisions and developing EITC's strategy with a refreshed outlook aspiring to create better shareholder value, enhance stakeholders' confidence and maintain sustainability in EITC's business.

Accordingly, the Board committees have been reorganized with roles and responsibilities established and authority delegated. The Board's oversight mechanism on the committees has been established in accordance with the standards for institutional discipline and governance of public shareholding companies. The Board has restated the monitoring requirements of each committee to allow review of key areas for EITC, submitting periodic reports and recommendations to the Board to facilitate the decision-making process.

#### Revision of Corporate Governance Framework

The Board and its Committees have reviewed the required procedures to ensure compliance with applicable laws, regulations, decisions and the requirements of regulatory authorities as well as internal policies, regulations and procedures established by the Board to confirm their validity.

The Board has set the strategic directions and key objectives of EITC. The Board also validated the adequacy of the Internal Control unit and ensured the implementation of appropriate controls monitoring systems to manage and mitigate risk in EITC. In addition, EITC's dividend distribution policy was revisited to ensure it meets EITC and its shareholders' best interest.

“ During the year 2018, the Board extended dedicated efforts to develop numerous policies and procedures that focus on improving EITC's operations in accordance with EITC's Corporate Governance framework”

#### Internal Control

EITC established an additional line of defense in which the risk management function and regulatory compliance are independent from the first line of defense i.e. business functions. A Head of Risk Management and Compliance has been appointed with responsibility to submit relevant reports to the Chief Executive Officer the "CEO". Additionally a Risk Management and Compliance

Committee has also been formed, comprising members from the Executive Management. This Committee submits periodic reports to the Audit Committee. During the year 2018, the Board extended dedicated efforts to develop numerous policies and procedures that focus on improving EITC's operations in accordance with EITC's Corporate

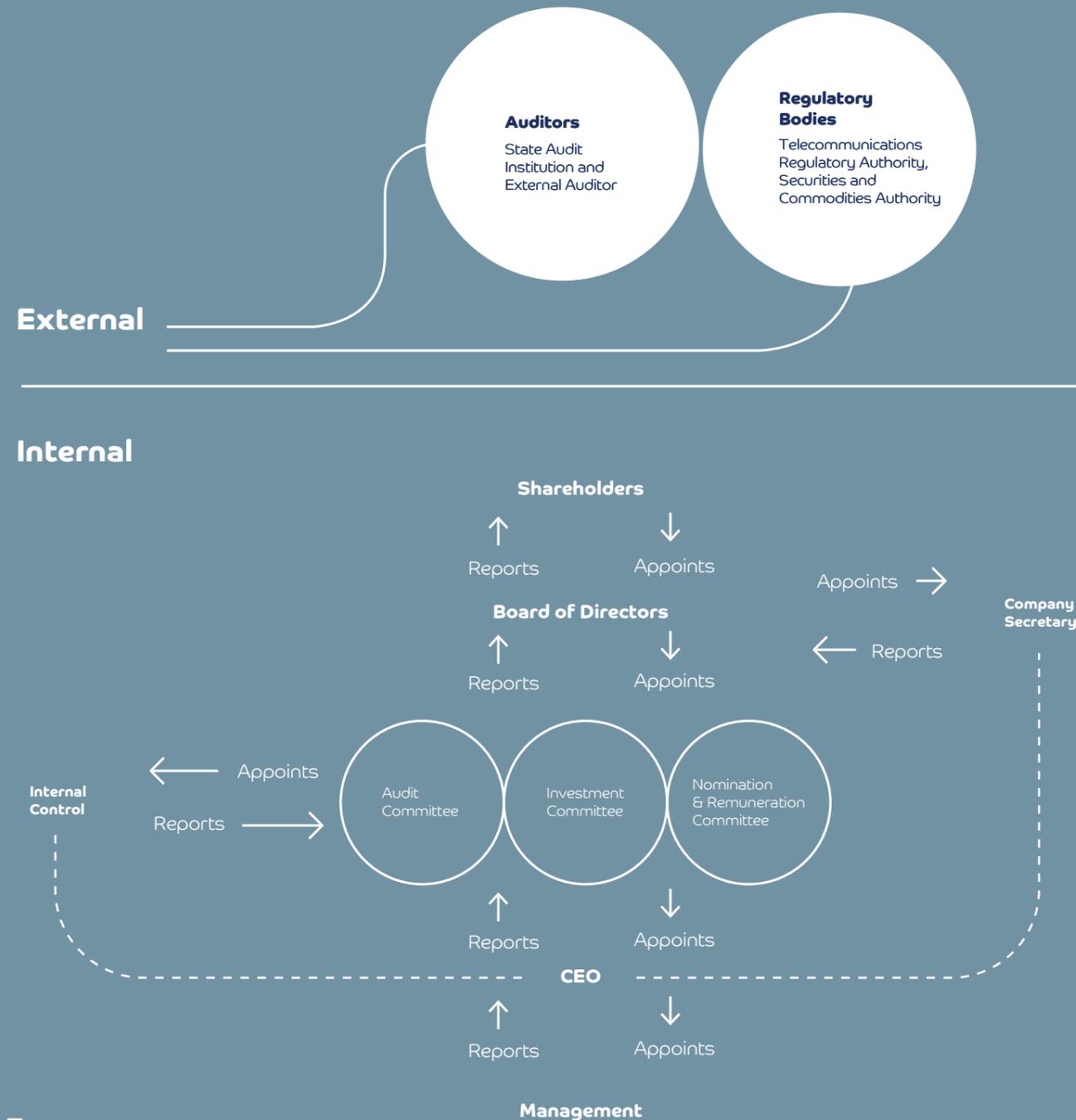
Governance framework. This included fair and ethical conduct across EITC departments. The framework provided tangible benefits to our operations in 2018, such as streamlining processes, internal flexibility and supporting an environment adaptable to any future fluctuations in EITC.



## Governance Model

In the year 2018, EITC continued to provide a corporate governance model aligned with governance standards and international best practices, maintaining a prominent position in regulatory compliance and engagement of shareholders and stakeholders, in addition to maintaining a balance between achieving short-term vision swiftly while prioritizing accomplishment of long-term vision.

The effectiveness of EITC's governance lies in dividing the roles and responsibilities among the shareholders, Board, Committees and Management as well as confirming accountability in accordance with the Reserved Matters approved by the Board as specified in the following model.



# 2

## Statement of Share dealings of Board members', their spouses and children in EITC shares during 2018

Share dealing policy applies to all individuals working for EITC and its subsidiaries at all levels and grades, including Board members, Executive Management, senior managers and other employees. The Policy also extends to all third parties who have access to price sensitive information

due to contractual relationship with EITC or its subsidiaries, or a personal relationship with an employee. The policy framework has been outlined and adherence to this required in all share dealings of the company in addition to the consequence of non-compliance with the policy.

## Statement of share dealings of Board members in the Company's shares during 2018:

Title / Relationship	Shareholding as at 31/12/2018	Total Sales	Total Purchase
Ahmad Julfar (Board Member)	467,839	--	467,839

# 3 Formation of the Board of Directors

## 3.1 Statement of the Current Board of Directors

Members of the Board contributed effectively and dynamically using their expertise to form a coherent and highly competent board of directors to meet the challenges of the changing economic environment.

The Board continued to elevate the level of corporate governance in the company out of belief in its role in maintaining operational sustainability and performance enhancement at all levels. The views of Board members

were reviewed and encouraged to bring innovative ideas to keep abreast of developments in the telecommunications sector at the international level. The company's efforts to create value addition to the company and achieve positive returns contributed to the growth and achievement of returns to the shareholders, enabling the company to contribute to community social responsibility and create a positive imprint within the UAE community.

In accordance with the Articles of Association of the Company, Emirates Investment Authority, Emirates International Telecommunications Company and Mubadala Investment Company are jointly entitled to appoint eight members of the Board of Directors. Two members are elected by the General Meeting of shareholders by a cumulative vote at the General Assembly every three years. The Board is composed of independent and non-executive members, as follows:



### Mohamed Hadi Al Hussaini

Chairman  
Independent Non-Executive

**First Appointment**  
28/02/2018

**Representing**  
Emirates International  
Telecommunications LLC

Mohamed Al Hussaini was appointed Chairman of the Board of Directors of Emirates Integrated Telecommunications Company PJSC on 28 February 2018.

He has a vast professional experience across the banking & finance, real estate, investments, telecommunications and retail sectors. He has contributed to numerous strategic as well as economic initiatives and plans in the United Arab Emirates.

He currently holds the following positions in several other leading entities in the UAE:

Publicly listed entities:

- Chairman of Emaar Malls Group
- Board Member of Emirates NBD
- Board Member of Emirates Islamic Bank
- Board Member of Dubai Refreshments Company

Other entities:

- Board Member of Emirates Investment Authority
- Board Member of Dubai Real Estate Corporation

He has a Master's degree in International Business from Webster University in Geneva, Switzerland.



### Khaled Mohamed Balama

Vice Chairman  
Independent Non-Executive

**First Appointment**  
17/03/2015

**Representing**  
Emirates Investment Authority

Khaled Mohamed Balama has held various executive roles in prestigious companies and organizations during the past 29 years.

He is currently the Executive Director of Real Assets Department at Abu Dhabi Investment Council and he is also a member of the Boards of Directors of the following leading companies in the UAE:

- Board Member of Central Bank of the UAE
- Board Member of the General Pension and Social Security Authority
- Board Member of Emirates Driving Company

He holds a Bachelor's of Science in Finance from Indiana University (USA), as well as being a Chartered Financial Analyst (CFA).



### Malek Sultan Al Malek

Board Member  
Independent Non-Executive

**First Appointment**  
21/03/2018

**Representing**  
Emirates International  
Telecommunications LLC

Malek Al Malek is one of the leading business figures in the UAE; he has reputable experiences in various arenas, including technology, information and education.

He is currently the Chief Executive Officer of TECOM Group, one of Dubai's leading holding companies, strategic partner and contributor to achieving the ambitious visions of Dubai economy.

He is also a member of the Boards of Directors of the following leading companies in the UAE:

- Chairman – Dubai Institute of Design and Innovation (DIDI)
- Board Member – National Media Council
- Board Member – DXB Entertainments
- Board Member – Mohammed Bin Rashid Library
- Member of the Board of Trustees – Higher Colleges of Technology (HCT)

He holds a Bachelor's degree in Business Management from the Higher Colleges of Technology (HCT) in the UAE.



### Ziad Abdulla Galadari

Board Member  
Independent Non-Executive

**First Appointment**  
14/3/2007

**Representing**  
Public Shareholders

Ziad Galadari is the Founder of Galadari Advocates and Legal Consultants, and he has vast experience in the field of Law and Legal consultancy. In addition to his legal and investment expertise, he has made remarkable contributions enabling Dubai for hosting international events and global conferences.

Currently, he is the Chairman of Galadari Advocates and Legal Consultants, as well as the Chairman of the Galadari Investment Group in the United Arab Emirates.

He is also a member of the Boards of Directors of the following leading companies in the UAE:

- Board Member - Dubai World Trade Centre
- Board Member - Dana Gas PSJC

He has a Bachelor's degree in Law (LLB) from the United Arab Emirates University (UAEU).



### Ahmad Abdulkarim Julfar

Board Member  
Independent Non-Executive

**First Appointment**  
21/03/2018

**Representing**  
Public Shareholders

Ahmad Julfar has a vast experience in diverse sectors including telecommunications, economy, banking and community development taking charge of several prominent leadership positions in the UAE.

He holds the position of Director General at the Community Development Authority, which is dedicated to creating a leading social sector in the UAE to reinforce sustainable developments.

He is also a member of the Boards of Directors of the following leading companies in the UAE:

- Chairman - Knowledge Fund, Government of Dubai
- Vice Chairman - Commercial Bank of Dubai
- Board member - Smart Stream Technologies
- Board member - Al Jalila Children's Specialty Hospital

He holds a Bachelor's degree in Civil Engineering and Computer Science from Gonzaga University in Washington, USA, and took part in the Leaders Program of Sheikh Mohammed Bin Rashid Al Maktoum.



### Mohamed Hamad Al Shehi

Board Member  
Independent Non-Executive

**First Appointment**  
21/03/2018

**Representing**  
Emirates Investment Authority

Mohamed Al Shehi has broad experience in various sectors including finance, banking, real estate and insurance, leading several executive positions within the Government of Dubai as well as the private sector.

He holds the positions of The Deputy Director General at the Department of Finance, Government of Dubai, the Acting Executive Director at the Dubai Financial Support Fund-Government of Dubai, and the Secretary to the Supreme Fiscal Committee (SFC).

He is also a member of the Boards of Directors of the following leading companies in the UAE:

- Chairman - Emirates NBD Capital P.S.C.
- Board Member - Emirates NBD Bank PJSC
- Board Member - Dubai Real Estate Corporation
- Board Member - Neuron LLC

He has a Master's degree in Business Administration from Zayed University, and a Bachelor's degree in Accounting from the United Arab Emirates University (UAEU).



### Mohamed Saif Al Suwaidi

Board Member  
Independent Non-Executive

**First Appointment**  
27/08/2012

**Representing**  
Emirates Investment Authority

Mohammed Al Suwaidi has a wealth of experience in asset management and a history in investment of varied asset portfolios within the economic sector locally, regionally and globally to achieve sustainable financial returns.

He holds the position of Executive Director of Asset Management at Emirates Investment Authority.

- Currently, he is a Board Member of Arab Insurance Group 'ARIG'.

He has a Bachelor's degree in Accounting from the United Arab Emirates University (UAEU).



**Masood M. Sharif Mahmood**

Board Member  
Independent Non-Executive

**First Appointment**  
18/12/2013

**Representing**  
Mubadala Investment Company

Masood Mahmood brings along a wealth of experience in establishing and leading diverse workforces in IT and telecommunications companies. He has extensive experience in management and mergers & acquisitions in numerous fields including the finance and industry sectors, in addition to satellite communications.

He is currently the Chief Executive Officer of Al Yah Satellite Communications Company – Yahsat,

managing its full operational capabilities, on both the commercial and governmental levels.

He is also a member of the Boards of Directors of the following leading companies in the UAE:

- Board Member of UAE Space Agency
- Board Member of Abu Dhabi Financial Group
- Board Member of Yahlive

He has a Bachelor’s degree in Computer Engineering from Boston University in the USA, and an MBA in Finance from McGill University in Canada.



**Khaled Abdulla Al Qubaisi**

Board Member  
Independent Non-Executive

**First Appointment**  
19/04/2018

**Representing**  
Mubadala Investment Company

Khaled Al Qubaisi has extensive leadership experience in various fields including investment policy development, the aerospace and defence industries, ICT and telecommunications as well as the renewable energy industry.

He holds the position of Chief Executive Officer Chief Executive Officer, Aerospace, renewables & ICT at Mubadala Investment Company PJSC. Khaled is also a member of the Mubadala Investment Committee.

He is also a member of the Boards of Directors of the following leading companies in the UAE:

- Chairman of Tabreed, National Central Cooling Company PJSC
- Chairman of Injazat Data Systems LLC

- Chairman of EDIC, Emirates Defense Industries Company PJSC
- Vice Chairman of Abu Dhabi Motor Sports Management – ADMM LLC
- Board Member of Abu Dhabi Future Energy Company PJSC - Masdar
- Board Member of Emirates Global Aluminium
- Vice Chairman of Global Foundries Inc
- Vice Chairman of Finance House PJSC
- Board Member of Insurance House PJSC
- Board Member of Mubadala Petroleum LLC

He holds a Master’s degree in Project Management (MSPM) from George Washington University, and a Bachelor’s degree in Finance and Operations Management from Boston University.



### **Kaj-Erik Relander**

Board Member  
Independent Non-Executive

#### **First Appointment**

21/03/2018

#### **Representing**

Emirates Investment Authority

Kaj-Erik Relander has a vast experience in the finance and the information and communications technology (ICT), where he has held many executive roles throughout his professional career and served as a board member of several internationally recognized organizations.

He is a partner and founder of SEQ Capital Partners in Zurich, Switzerland, which focuses on global liquid investments in shares and private bonds within the fields of telecommunications, mobile and internet services, as well as media and technology. He also works as an advisor at Mubadala Investment Company.

He is currently a member of the Board of Directors for the following leading companies:

- Board member - Starzplay
- Board member - Quikap Systeme AG
- Board member - SEQ Capital Partners
- Board member - Bookit.oy
- Board member - SES SESG
- Board member - Refugees United Foundation

He has a Master's degree in Science from the University of Alto in Helsinki, an MBA, and a PhD studies in Technology Strategy from Alto University and Wharton School.

### **3.2 Female Representation**

We believe that gender equality and diversity of expertise contribute to a balanced and effective functioning of the boardroom as well as adding varied and constructive perspectives in the decision making process of the Board.

### **3.3 Statement for non-appointment of any females to membership on the Board of Directors**

In 2018, three female nominations with solid background were received however none secured sufficient votes from the shareholders present at the General Assembly.

### 3.4 Statement of the following:

#### 1. Total remuneration paid to the Board of Directors for 2017

In 2018, the General Assembly approved the remuneration of the Board of Directors' for the aggregate amount of AED 8,729,303 million. This sum was distributed to all members of the Board of Directors as remuneration for services rendered in the year 2017.

#### 2. Proposed total remuneration to the Board of Directors for 2018

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 at the General Assembly.

At the General Assembly in 2019, the Board will propose an amount of AED 9,403,322 to be distributed to all members of the Board of Directors as remuneration for 2018

#### 3. Detailed statement of attendance fees by the members of the Board Committees:

Name	Attendance Fees for the members of the Board Committees meetings		
	Committee Name	Attendance Fee (AED)	Number of meetings
Mohamed AL Hussaini	• Investment Committee (Chairman) (from 21 March to present)	147,000	7
Khaled Balama	• Nomination & Remuneration Committee (Chairman) (from 1st Jan to present)	168,000	8
Masood Mahmood	• Investment Committee (Chairman) (from 1 January to 20 March) • Audit Committee (from 21 March to present)	147,000	7
Mohamed AlSuwaidi	• Investment Committee (from 21 March to present) • Nomination & Remuneration Committee (from 1 January to 20 March)	252,000	12
Ziad Galadari	• Audit Committee (Chairman)(from 1 January to present) • Nomination and Remuneration (from 1 January to 20 March)	189,000	9
Khaled Al Qubaisi	• Investment Committee (from 25 April to present)	105,000	5
Ahmad Julfar	• Investment Committee (from 21 March to present) • Audit Committee (from 21 March to present)	147,000	7
Mohamed Al Shehi	• Investment Committee (from 21 March to 25 April) • Nomination & Remuneration Committee (from 25 April to present)	189,000	9
Malek A Malek	• Investment Committee (from 21 March to 25 April) • Nomination & Remuneration Committee (from 25 April to present)	84,000	4
Kaj Erik Relander	• Audit Committee (from 21 March to present) • Nomination & Remuneration Committee (from 21 March to present)	252,000	12
Abdulla Al Shamsi	• Investment Committee (from 1 January to 20 March)	42,000	2
Saeed Al Yateem	• Audit Committee (from 1 January to 20 March)	42,000	2
Fadel Al Ali	• Audit Committee (from 1 January to 20 March) • Nomination & Remuneration Committee (from 1 January to 20 March)	84,000	4
Homaid Al Shimmari	• Investment Committee (from 1 January to 20 March) • Nomination & Remuneration Committee (from 21 March to 18 April)	42,000	2

\* The Board Committees have been reconstituted on 21 March 2018 and 25 April 2018

### 3.5 Number of Board meetings held in 2018

The Board of Directors meetings are held in the presence of the majority of its members. In the fiscal year ended on 31/12/2018, a total of ten Board meetings were held.

The invitation and the agenda are sent to the members at least a week ahead

of schedule, and details of issues and decisions made during the meeting are recorded as minutes, taking into account any member's opinions or dissenting 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, thus ensuring that the respective member connected to that resolution abstains from voting.

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

Meeting Number	Date	Absence
Board meeting 1	18/1/2018	Saeed Al Yateem
Board meeting 2	14/2/2018	None
Board meeting 3	21/3/2018	None
Board meeting 4	11/4/2018	Masood Mahmood, Homaid Al Shimmari
Board meeting 5	25/4/2018	None
Board meeting 6	30/5/2018	None
Board meeting 7	18/7/2018	None
Board meeting 8	20/9/2018	Mohamed Al Shehi
Board meeting 9	31/10/2018	None
Board meeting 10	12/12/2018	None

\*Board members elected on 21 March 2018 at the Annual General Meeting

\*Khaled Al Qubaisi appointed as a Board member on 19/04/2018



### 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 2018, the Board did not delegate any of its reserved matters to the Executive Management.

### 3.7 Transactions with related parties

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 asset value of the company. However, for any related party transactions that exceed 5% of the asset value 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 2018	AED' Thousands
Tecom Investments FZ LLC ("Tecom") Office rent and services	39,697
Infrastructure cost	1,000
Axiom Telecom LLC ("Axiom")- Authorized distributor- Net Sales	1,527,311
Injazat Data Systems LLC – Data centre rent and services	569
Khaznah Data Center – Rent and telecom services	116,746
Khaznah Data Center- Additional funding	34,044
Dubai Smart City Accelerator FZCO- Additional funding	1,835

### 3.8 Our Organizational 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

The following table lists the joining dates of the members of EITC's Executive Management, the positions they hold, and their remuneration for 2018.

Position	Date of Joining	Total Salaries and Allowances paid in 2018 (AED)	Any Other Cash/in-kind benefits for 2018 (AED)	LTI (2016-2018)	Total Bonus paid for 2018 (AED)
Chief Executive Officer	1/1/2006	4,752,312	411,012	8,246,000	2,631,346
Deputy CEO- Telco Services	23/4/2006	2,564,256	468,893	2,356,000	2,346,292
Deputy CEO - Enterprise Solutions	1/1/2006	2,432,424	390,228	2,356,000	1,737,143
Chief Human Resources Officer	13/5/2018	1,169,342	18,968	NA	823,764
Chief Financial Officer	8/12/2013	2,069,640	187,166	2,356,000	1,398,544
Chief Wholesale and Corporate Affairs Officer	1/1/2006	1,969,512	13,571	2,356,000	1,418,588
Chief Infrastructure Officer	7/9/2008	1,843,200	246,279	706,800	1,341,960
Chief Strategy Officer	7/5/2017	1,976,400	116,032	NA	1,311,520
Chief Digital Transformation and Innovation Officer	4/3/2018	1,649,877	1,147,096	NA	672,933
Managing Director – Virgin Mobile UAE	1/8/2016	1,459,200	156,253	NA	536,940
Executive Vice President Brand & Corporate Communications	16/4/2017	1,492,800	333,797	NA	869,722
Head of Risk & Compliance	14/1/2018	1,089,739	188,413	NA	522,958

## 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 2018. It is one of the largest legal auditing firms, with operations across 154 countries. It has been present in the Middle East for nearly 45 years and in the UAE for over 29 years. It specializes in the field of legal auditing, business consulting and taxation.

### 4.3 A statement of the qualified opinions made by the company's external auditor in the interim and annual financial statements for 2018.

There are no qualified opinions made by EITC's External Auditor in the interim or annual financial statements for the year 2018.

### 4.2 Statement of fees, costs and services provided by all external auditor firms in 2018:

Audit/Consulting Firm	Details of service	Amount (AED)
Deloitte & Touche (M.E)	Consultancy- Corporate Control Framework	639,054
	Due Diligence Services	85,458
Ernst & Young (EGY)	Managed Services for Third Party	14,326,650
	Penetration Testing	2,069,189
	Training	37,460
	Accounting Support	57,139
	Risk & Controls Support	149,487
	IT Transformation	3,860,643
	Consultancy- Taxation	122,450
KPMG	IFRS 16 Project Support	1,329,789
	Whistle-blow channel of hotline, web services and secure email.	67,500
	Internal Control Support	648,832
	TRA Billing Audit	220,054
Price Waterhouse Coopers (Dubai Branch)	Statutory Audit	1,482,000
	Regulatory Support	998,636
	Due Diligence Services	249,743
	VAT Project Support	30,613
	Training	28,900
Price Waterhouse Coopers (Singapore Branch)	Taxation Services	6,346

# 5 Audit Committee

## 5.1 The names of the Members of the Audit Committee and its responsibilities

The Board of Directors has formed an Audit Committee from among its members. The members have sufficient knowledge and understanding of financial and accounting matters as well as sufficient experience in the field of accounting, financial matters, legal affairs, compliance and regulatory matters.

The members of the Committee are: Ziad Galadari (Chairman), Mohamed Al Shehi, Masood Mahmood and Kaj Relander. Paragraph 3.1 details the financial experiences of the members of the Committee.

Key roles and responsibilities of the Audit Committee include:

### 1. Oversee the External Auditors:

- Ensure the integrity of financial and non-financial operations in line with financial and accounting policies and procedures as well as monitor the integrity of the financial statements of our company and the annually and interim reports.
- Ensuring compliance with the rules of the SCA rules on disclosure and listing and such other legal requirements as may be relevant to the preparation of financial reports.
- Make recommendations to the Board of Directors regarding the External Auditor.
- Follow the procedure for selecting and appointing the External Auditor

- Follow up and continuously monitor the independence of the External Auditor.
- Discuss with the External Auditor the nature, scope and efficiency of the audit in accordance with the approved audit standards.

The Audit Committee reviews the terms of engagement, including the mission and action plan, of the external Auditors and the scope of the external audit plan, including material findings raised by the external Auditor to the management in respect of the scope of the engagement whilst ensuring timely reply on the explanations and matters contained in the external auditor's letters/reports..

### 2. Oversee Internal Control:

- Review and assess the internal control and risk management systems of the Company.
- Consider the results of the primary investigations in internal control issues as assigned to the Committee by the Board or as initiated by the Committee with the Board's approval.
- Ensure co-ordination between the Internal Auditor and External Auditor.
- Ensure the availability of resources required for the Internal Control Department.
- Review all internal control reports and follow up on implementation of corrective measures identified in such reports.
- Follow up on the changes made since the last review on the nature and extent of the key risks and EITC's ability to adapt to the changes in its operations and external environment.

### 3. Oversee the corporate governance and compliance:

- Set the Company's arrangements for its employees to raise concerns, in confidence, about any potential violations in the financial reports, internal control systems, or other issues and implement procedures that are sufficient for conducting independent and fair investigations concerning such violations/issues including the review of EITC's Whistle Blowing Policy.
- Monitor the extent of EITC's compliance with the professional Code of Conduct.
- Review related party transactions with the Company, ensuring that no conflicts of interest exist, and submit recommendations on such transaction to the Board before concluding the relevant contracts.
- Ensure the Company's compliance with all applicable laws and regulations.

The Audit Committee further reviews the State Audit Institution's reports and submit its recommendations to the Board.

In addition to submitting reports and recommendations to the Board of Directors on the issues mentioned above, the Board has further assigned the Audit Committee the duty of reviewing EITC's overall Corporate Governance arrangements.

## 5.2 Statement of date and number of meetings held in 2018:

Meeting Number	Date	Absentees	Main Purpose of the Meeting
Audit Committee No.1	14/2/2018	None	Review of FY Financials 2017, Audit, internal control and governance related matters
Audit Committee No.2	12/3/2018	None	Review Audit, internal control and governance related matters
Audit Committee No.3	25/4/2018	None	Review Q1 Financials and governance matters
Audit Committee No.4	08/5/2018	None	Review Audit, internal control and governance related matters
Audit Committee No.5	18/7/2018	None	Review Q2 Financials, Audit, internal control and governance related matters
Audit Committee No.6	20/9/2018	Mohamed Al Shehi	Review Audit, internal control and governance related matters
Audit Committee No.7	31/10/2018	None	Review Q3, Financials Audit, internal control and governance related matters
Audit Committee No.8	11/12/2018	None	Review Audit, internal control and governance related matters



# 6 Nominations and Remunerations Committee

## 6.1 Names of the Members of the Nominations and Remunerations Committee, their roles and responsibilities:

The Board of Directors established the Nomination and Remuneration Committee from among its members. The Committee sets and reviews the policy in relation to Board nominations and the Leadership Management appointments in accordance with the applicable law and regulations. 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 are Khaled Balama (Chairman), Mohamed Al Shehi, Malek Al Malek and Kaj Relander.

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

- Constantly verify the independence of the independent members throughout their term.
- Annual review 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 with the performance of the company.
- Regularly review the structure, size and composition (including the skills, knowledge and experience) required of the Board compared to its current position and make recommendation to the Board with regards to any changes
- Review the structure of the Board of Directors and report the Committee's recommendation.
- Identify the Company's needs for the Executive Team, as well as other leadership staff of the Company, and determine their selection criteria;
- Develop and review annually the Company's human resources and training policies, and monitor the implementation of such policies.

The Board has also assigned the Nomination & Remuneration Committee to look into the succession planning and Emiratization matters.

## 6.2 Statement of date and number of meetings held in 2018:

Meeting Number	Date	Absentees
Nomination and Remuneration Committee No.1	14/2/2018	None
Nomination and Remuneration Committee No.2	12/3/2018	Ziad Galadari
Nomination and Remuneration Committee No.3	11/4/2018	Homaid Al Shemmari
Nomination and Remuneration Committee No.4	18/4/2018	Homaid Al Shemmari
Nomination and Remuneration Committee No.5	22/4/2018	None
Nomination and Remuneration Committee No.6	04/7/2018	None
Nomination and Remuneration Committee No.7	30/10/2018	None
Nomination and Remuneration Committee No.8	11/12/2018	Malek Al Malek

# 7 Investment Committee

## 7.1 Names of the Members of the Investment Committee, their roles and responsibilities

The Board of Directors constituted the Investment Committee from among its members to assess and approve EITC's investment projects and operational expenditures in accordance with the approved Financial Authority Matrix.

The Committee also reviews EITC's short and long-term strategies and provides recommendations to the

Board relating to the company's annual budget. The Investment Committee further reviews the subsidiaries of the Company.

The Members of the Committee are Mohamed Al Hussaini (Chairman), Khaled Al Qubaisi, Ahmad Julfar and Mohamed Al Suwaidi.

## Key roles and responsibilities of the Investment Committee include:

- Large scale capital investments and operational expenditure.
- EITC's business plan and budget.
- Treasury and dividend policies.
- Strategic plans and transactions including mergers and acquisitions of companies.
- the company's capital structure of EITC.

## 7.2 Statement of date and number of meetings held in 2018:

Meeting Number	Date	Absentees
Investment Committee No.1	8/1/2018	None
Investment Committee No.2	7/2/2018	Masood Mahmood
Investment Committee No.3	28/3/2018	None
Investment Committee No.4	18/4/2018	None
Investment Committee No.5	24/5/2018	None
Investment Committee No.6	18/7/2018	None
Investment Committee No.7	18/9/2018	None
Investment Committee No.8	22/11/2018	None
Investment Committee No.9	12/12/2018	None

# 8 Insiders Committee

## 8.1 Names of the Members of the Insiders Committee, their roles and responsibilities

The Insiders Committee was constituted by the Board of Directors in 2017 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.

### The current members of the Committee are:

- Hanan Ahmad, SVP Corporate Governance and Company Secretary, Chair
- Ali Al Mansoori, VP EITC HR Business Partners and Employee Performance Management, Member
- Mia Buckthought, Director Legal Counsel, Member
- Mohammad AlMehrezi, Manager Financial Reporting and Compliance, Member

## The key functions and duties of the Committee are:

- Managing implementation of policies and procedures that relate to: the trading in Company securities; and the possession of internal data/ information of the Company and its subsidiaries by Directors and employees
- Maintaining a register of Insiders, both permanent and temporary Insiders
- Submitting periodic statements and reports to the DFM
- Managing share dealing requests and disclosures
- Keeping records of all share dealing consent forms, share dealing completion forms and Insider declarations
- Initiating disciplinary action against non-compliant employees, with support from HR
- Reporting to the Audit Committee and the Board on a quarterly basis on the work done by the Committee

## The key activities undertaken by the Committee in 2018 are:

- Raising awareness of the role of the Committee across the Company
- Developing an automated system for share dealing consent forms and share dealing completion forms
- Conducting benchmarking sessions with local and international companies, such as Vodafone Group.
- Successfully maintaining the Insiders Register (both permanent and temporary insiders) and submitting the register to the DFM on a period basis.
- Preparing and submitting a monthly dashboard to Senior Management showing the top 10 share buyers/ sellers and the number of shares and value traded monthly by dates.

## 8.2 Statement of the dates of the meetings held in 2018:

Number of Meeting	Date
Meeting No.1	19/2/2018
Meeting No.2	28/5/2018
Meeting No.3	8/10/2018
Meeting No.4	24/12/2018

# 9 Internal Control

## 9.1 The role of the Board of Directors in Internal control

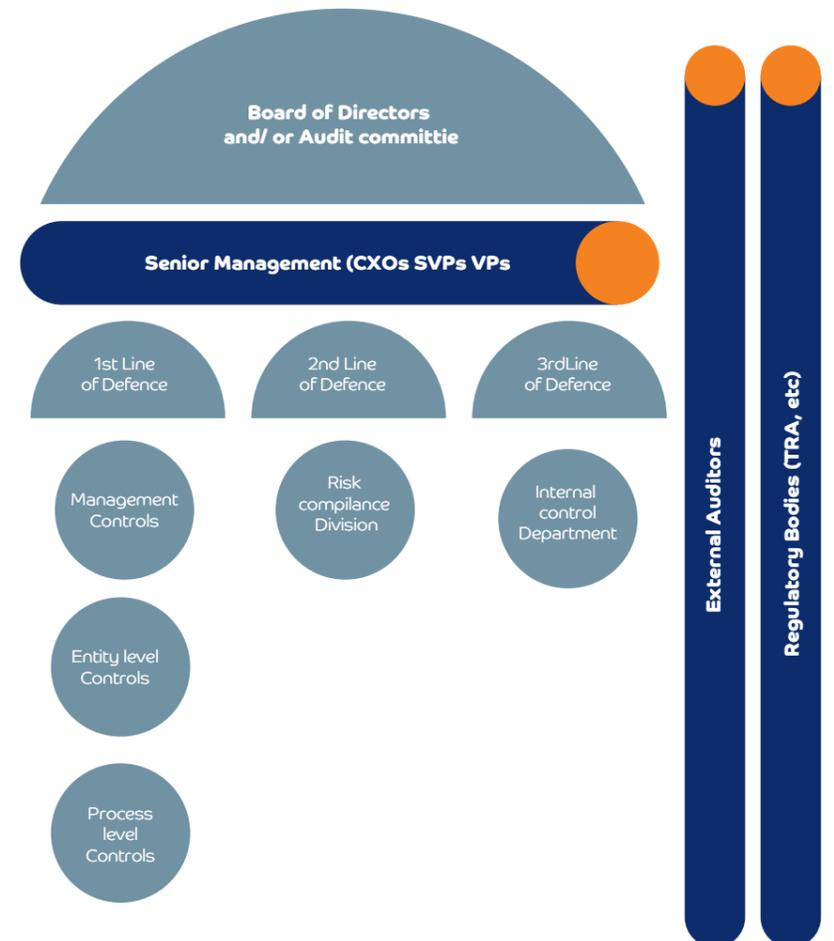
- The Board of Directors has overall responsibility for ensuring effectiveness of the Internal Control system. This allows effective and efficient operations, accurate financial reporting, and compliance with laws and regulations.

### 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 EITC's 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 shareholders, Board and Executive Management.
- **Compliance with applicable laws and regulations:** oversight over Regulatory Compliance with applicable laws and regulation. This element covers laws and regulations which EITC is subject to in order to avoid any damage to reputation or fines/penalties.

Internal control within EITC is established via the implementation of "3 Lines of Defense" (see Diagram 1 below).



• **The First Line of Defense:**

Includes business and process owners whose activities create and / or manage risks. The first line owns the risks, and the design & execution of the company wide controls to respond to those risks.

• **The Second Line of Defense:**

Includes the functions which supports the management by bringing expertise, process excellence for monitoring of risks and associated controls. The second line of defense functions are separate from the first line of defense but are still under the control & direction of senior management.

• **The Third Line of Defense:**

Includes Internal Control / Internal Audit function of the company which is an independent function and does not perform management functions. The third line of defense provides assurance to senior management & the Board for the activities performed by the first & second line of defense.

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.

- EITC's control management process ensures that the procedures are appropriately designed and effectively applied in accordance with the company's annual strategic plan. This process is reviewed by the Audit Committee and approved by the Board of Directors.
- The Internal Control Department (3rd Line of Defense) 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 system.
- The department is not responsible for the development or maintenance of internal control systems, which are owned by the 1st and 2nd Lines of Defense.
- With regards to ensuring consistency with UAE law and all other internal and external regulations, oversight is provided by the 2nd Line of Defense – Compliance Department (see section 9.6).

**9.2 Name and qualifications of the Internal Control Department Head**

Internal Control Department 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 19 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.

The Head of Internal Control Department is responsible for managing and monitoring Internal Audit. He is responsible for the completion of the annual audit plan to provide assurance on overall control governance of the company.

**9.3 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
- QA & GRC

The Internal Control Department performs several audits, ad-hoc assignments and carries out investigations on serious issues through these five divisions and accordingly provides Executive Management with effective recommendations and reporting on the follow up and resolution for each identified issues to Audit Committee. However, there are no significant issues noted during the year to be disclosed in the annual financial statements.

**9.4 Recent developments:**

In 2018, Internal Control Department, has had the following developments:

- Approval on Forensic and Whistle blowing policies
- Establishment of QA & GRC function to implement Quality Assurance Improvement Program (QAIP) as required by Institute of Internal Auditors
- Development of Internal Audit Plan for 2019 based on Risk based audit methodology
- Hiring of resources for Financial and Technical tracks

### 9.5 EITC Risk Management Framework

The EITC Risk Management framework is aligned with global standards and industry best practices and enables us to identify, measure, manage, monitor and report EITC's key risk exposures. Development & continuous monitoring of the consolidated EITC risk profile allows senior management and the Board to exercise transparent and effective oversight of the key risks & supports informed decision making. EITC risk profile is dynamically updated in line with changes in the business and the wider, rapidly changing operating environment. Strong collaboration amongst business, support and control layers (our "3 Lines of Defense") ensures the risks are managed effectively through the implementation of a strong internal control environment.

### 9.6 Name and Qualifications of the Head of Risk & Compliance

The EITC Risk & Compliance function is led by Dr Anthony Hatton. He has worked in senior risk & compliance roles across Europe, Australia and the Middle East. Anthony holds a 1st Class Honors degree and a Doctorate in Biomechanical Engineering, from the University of Leeds, UK.

### 9.7 Risk Governance

In line with the Board's commitment to ensure a strong & effective system of corporate governance, we have established management level risk governance committee. Working synergistically, these governance committees ensure we have the correct focus, accountability, and prioritization of treatment strategies for our key risks.

### 9.8 Enhancements in 2018

In 2018, we continued to enhance and strengthen our risk management and compliance capabilities, by:

- Establishing a dedicated Risk & Compliance function, reporting directly to the CEO, to drive traction on risk & compliance deliverables across the business.
- Streamlining our risk management and regulatory compliance methodologies – focusing on value-add by supporting EITC strategic business objectives.
- Implementing a regular Risk & Compliance Committee – a management level governance forum to enhance operational and strategic oversight of our risks.
- Embedding risk management into major EITC change initiatives – ensuring strong risk governance over our major projects.
- Implementing a robust risk engagement model, supporting the seamless integration of risk management within our business processes and establishing clear roles & responsibilities.
- Developed a suite of Key Risk Indicators to support the proactive monitoring of our key risks.

### 9.9 Name and Qualifications of the Compliance Officer

The EITC Head of Risk & Compliance also acts in the capacity of the EITC Compliance Officer and ensures EITC has a robust compliance framework in place. In 2018, the EITC Compliance framework was completely redesigned and enhanced – providing more effective oversight and monitoring of our key compliance requirements.

Compliance governance is provided by the management Risk & Compliance Committee and the (Board) Audit Committee.

# 10 Violations

During the year 2018, EITC received 63 violations from Telecommunications Regulatory Authority (TRA) in the UAE as follows:

- 55 violations were related to regulatory policy requirements "Registration requirements of mobile subscribers". EITC has put in place a Governance Framework, with a set of policies and processes, as well as control mechanisms, with empowered employees responsible for the execution of the control mechanisms, to ensure the implementation and adherence to the RRMC Regulatory Policy.
- 1 violation related to "Consumer Protection Regulation" policy. The company has incorporated periodic back end checks and validations,

in addition to regular checks as preventive action to address this issue. The Compliance team, worked with various business units and identified similar issues pertaining to non-compliance to EMI (Extended Mandatory Instructions) guidelines, in regards of which certain preventive checks were suggested and implemented.

- 6 violations related to regulatory policy of 'Registration of Mobile SIM card Point of Sales'. EITC is working towards strictly adhering to POS mandate provided by TRA. EITC is in the process of revamping the indirect sales channels, as a mechanism to build controls to prevent such instances from happening in future. EITC has also submitted certain improvement roadmap in this respect

to TRA. The compliance team worked with various business units and identified certain issues pertaining to POS regulation and suggested certain preventive checks to be implemented.

- 1 violation related to Mobile Number Portability service where company took all necessary measures to confirm compliance with TRA's Mobile Number Portability framework. The company has provided a list of known causes of different issues relating to open ports to TRA and solutions implemented for the same. The Compliance team, worked with various business units and identified issues pertaining to open ports, in regards of which certain system issues were identified, which subsequently have been fixed.

# 11

## Statement of contribution made by the company during the year 2018 in the development of the community and the preservation of the environment

EITC continues its efforts to drive sustainability through the implementation of projects and the adoption of innovative operations. EITC's focus in 2018 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, EITC contributed, AED 14,430,063, supporting many initiatives and social campaigns.

For more information on the company's sustainability achievements, please visit the website for the full 2018 sustainability report:

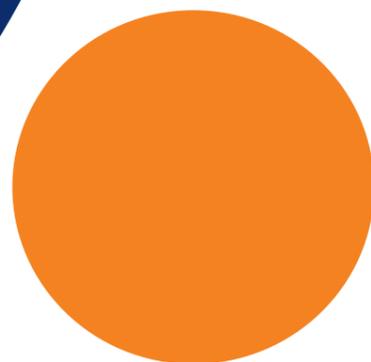
[du.ae/about-us/sustainability](https://du.ae/about-us/sustainability)

EITC contributed

# AED 14,430,063

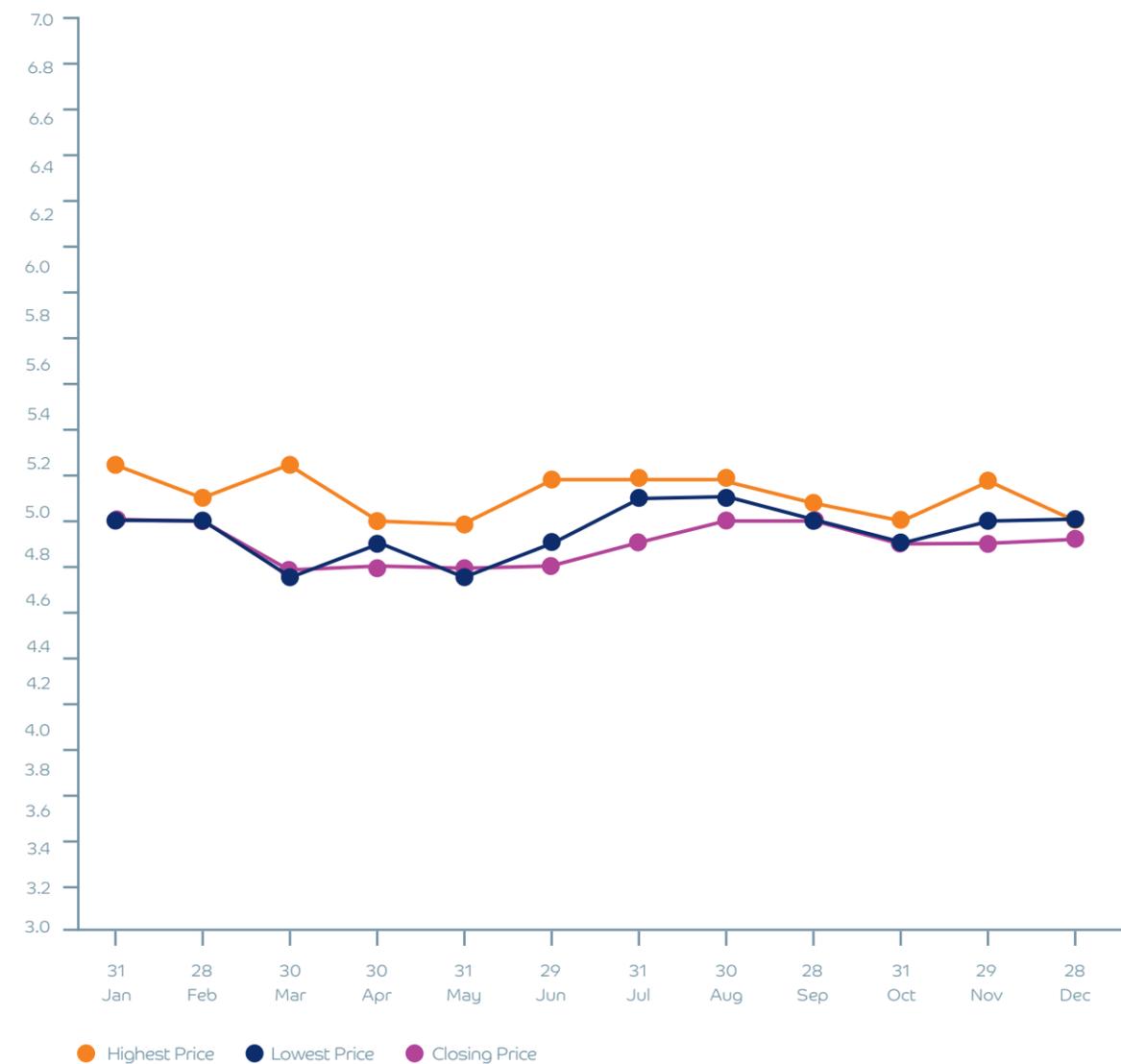
supporting many initiatives and social campaigns.

# 12 General Information



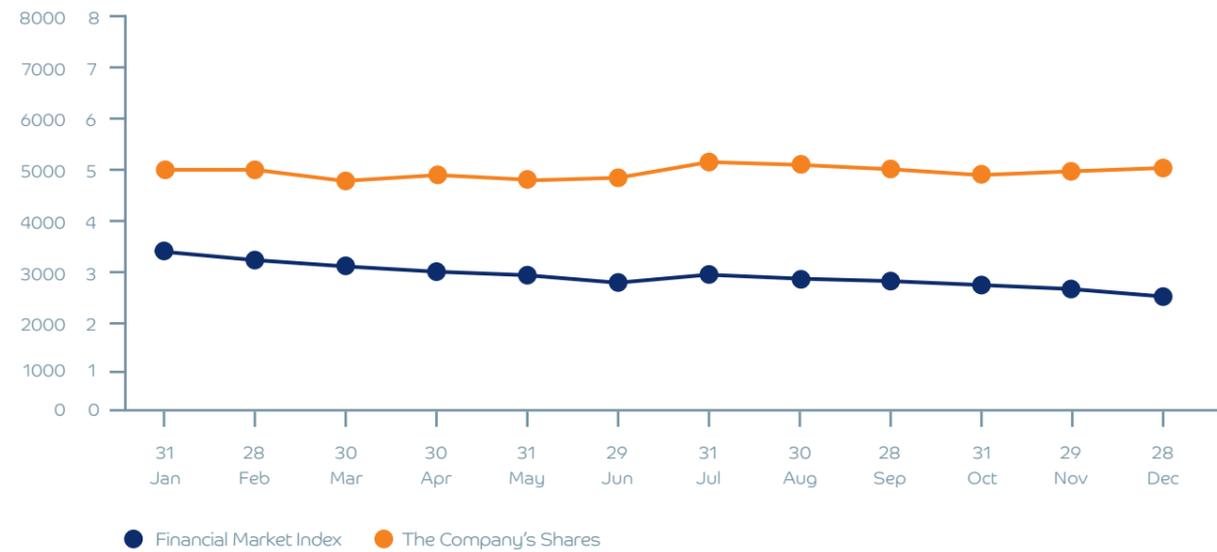
## 12.1 Performance of the company's shares in the market in 2018

Date	Highest Price	Lowest Price	Closing Price
January	5.240	5.010	5.09
February	5.150	4.990	5
March	5.240	4.730	4.76
April	5.000	4.780	4.9
May	4.940	4.770	4.79
June	4.960	4.800	4.87
July	5.180	4.880	5.13
August	5.190	5.050	5.11
September	5.190	5.010	5.03
October	5.050	4.880	4.9
November	5.170	4.880	4.97
December	5.050	4.910	5.03



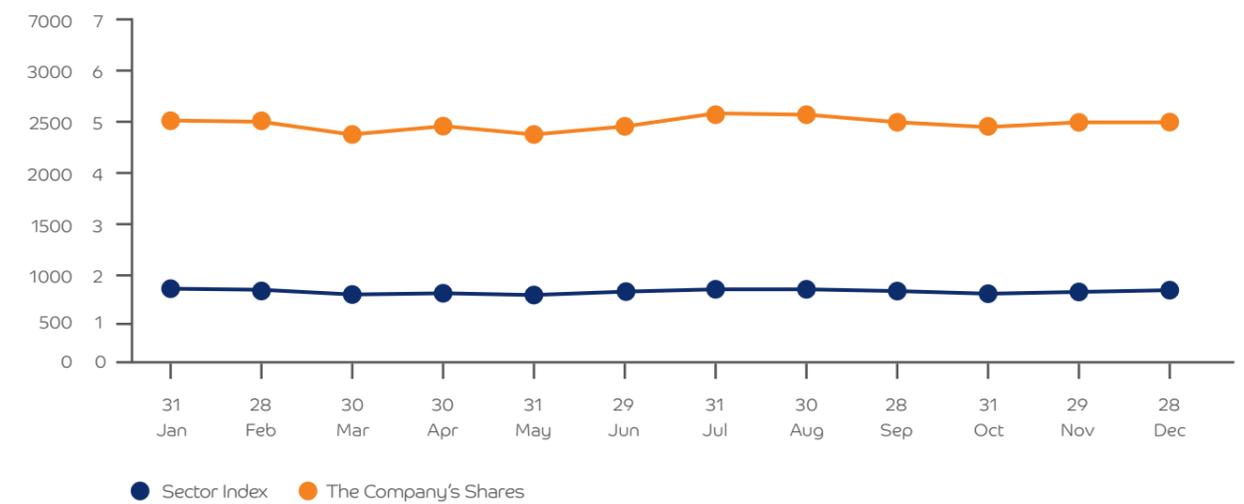
**12.2 Performance of the company's shares, compared with the general market index in UAE for 2018:**

Date	Financial Market Index	The Company's Shares
January	3394.36	5.09
February	3244.12	5
March	3108.53	4.76
April	3065.96	4.9
May	2964.13	4.79
June	2821	4.87
July	2955.95	5.13
August	2840.16	5.11
September	2834.95	5.03
October	2784.6	4.9
November	2668.66	4.97
December	2529.75	5.03



**Performance of the company's shares, compared with the telecom sector's index in UAE for 2018:**

Date	Telecom Sector Index	The Company's share
January	85915	5.09
February	843.96	5
March	803.45	4.76
April	827.08	4.9
May	808.52	4.79
June	822.02	4.87
July	865.91	5.13
August	862.53	5.11
September	849.03	5.03
October	827.08	4.9
November	838.9	4.97
December	849.03	5.03



**12.3 Breakdown of ownership of public shareholders as of 31/12/2018**

Investor/ Shareholder	Type of Customer	Number of Investors	Percentage
UAE	Government	3	0.3885%
	Banks	9	0.3289%
	Companies	120	86.3555%
	Individuals	95,167	12.1186%
	Sole Proprietors	3	0.0133%
GCC Countries	Companies	-	-
	Individuals	171	0.3187%
	Governments	-	-
Arabs	Companies	-	-
	Individuals	484	0.3297%
	Government	-	-
Other nationalities	Company	4	0.0026%
	Individuals	474	0.1442%

**12.4 Statement of shareholders who own 5% or more of the company's capital as of 31/12/2018:**

Name	The Number of owned shares	Percentage of stock capital
Emirates Investment Authority	1,808,465,899	39.8964%
Mubadala Investment Company PJSC	902,857,142	19.9178%
Emirates International Telecommunications Company LLC	891,428,572	19.6656%

**12.5 Statement of distribution of shareholders according to the size of the equity as of 31/12/2018:**

Owner of shares	Number of shareholders	The number of owned shares	Percentage
Less than 50,000	95,380	116,879,865	2.58%
From 50,000 to less 500,000	814	125,593,183	2.77%
From 500,000 to less than 5,000,000	212	295,295,959	6.51%
More than 5,000,000	29	3,995,136,982	88.14%

**12.6 Statement of actions taken pertaining to the standards of investor relations as follows**

EITC established a new mechanism relating to the way investor relations is being handled by forming a dedicated team headed by the Chief Financial Officer specific to investor relations matters which clarifies the financial position and performance of EITC as well as another dedicated team, headed by the Company Secretary specific to shareholder relations to respond to EITC's shareholders queries relating to dividends, board proposals and shareholder resolutions.

Throughout the year, our company organized press and call conferences with local, regional, and international media to update our shareholders on relevant developments. As such, our Chief Executive Officer, Mr. Osman Sultan, 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 the 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.

EITC assigned the task of shareholder relations to the Company Secretary to enable the shareholders to fully exercise their rights as well as to specify their rights to attend, vote and discuss the topics contained in EITC's General Assembly agenda, as well as their entitlement to receive annual and interim dividends and respond to their queries.

EITC developed a website specifically for investor relations, which is periodically and regularly updated and contains the following:

- Annual and periodic financial statements as well as the Board of Directors' annual reports.
- A number of mechanisms for stakeholders to submit their queries, comments and opinions.
- All reports related to financial results and presentations with their dates.
- General Assembly meeting minutes.
- Information about our Company's share price along with quarterly and annual dividends.
- Corporate governance reports.
- Ownership structure and ratios.
- Formation of EITC Board of Directors, Committees and company's structure.
- Details of the approved dividends.

EITC developed a smart/electronic app (EITC IR) that enables shareholders to track the performance of EITC's shares, distribution of dividends and all disclosures relating to financial and non-financial statements.

To view the investor relations website, please visit the following link: [du.ae/about-us/investor-relations](http://du.ae/about-us/investor-relations)

For investor inquiries or information about du's stock, financial reports or a related item, please email us on: [Investor.Relations@du.ae](mailto:Investor.Relations@du.ae)

For all queries relating to shareholders' matters such as dividends, board proposals, shareholder resolutions, please email us on: [shareholder.relations@du.ae](mailto:shareholder.relations@du.ae)

or contact us directly on : **+971 4 4372100**

**12.7 Decisions made by the General Assembly in the year 2018**

EITC's General Assembly did not pass any special resolutions in the year 2018.

**12.8 Name of the Board Secretary and the Date of Appointment**

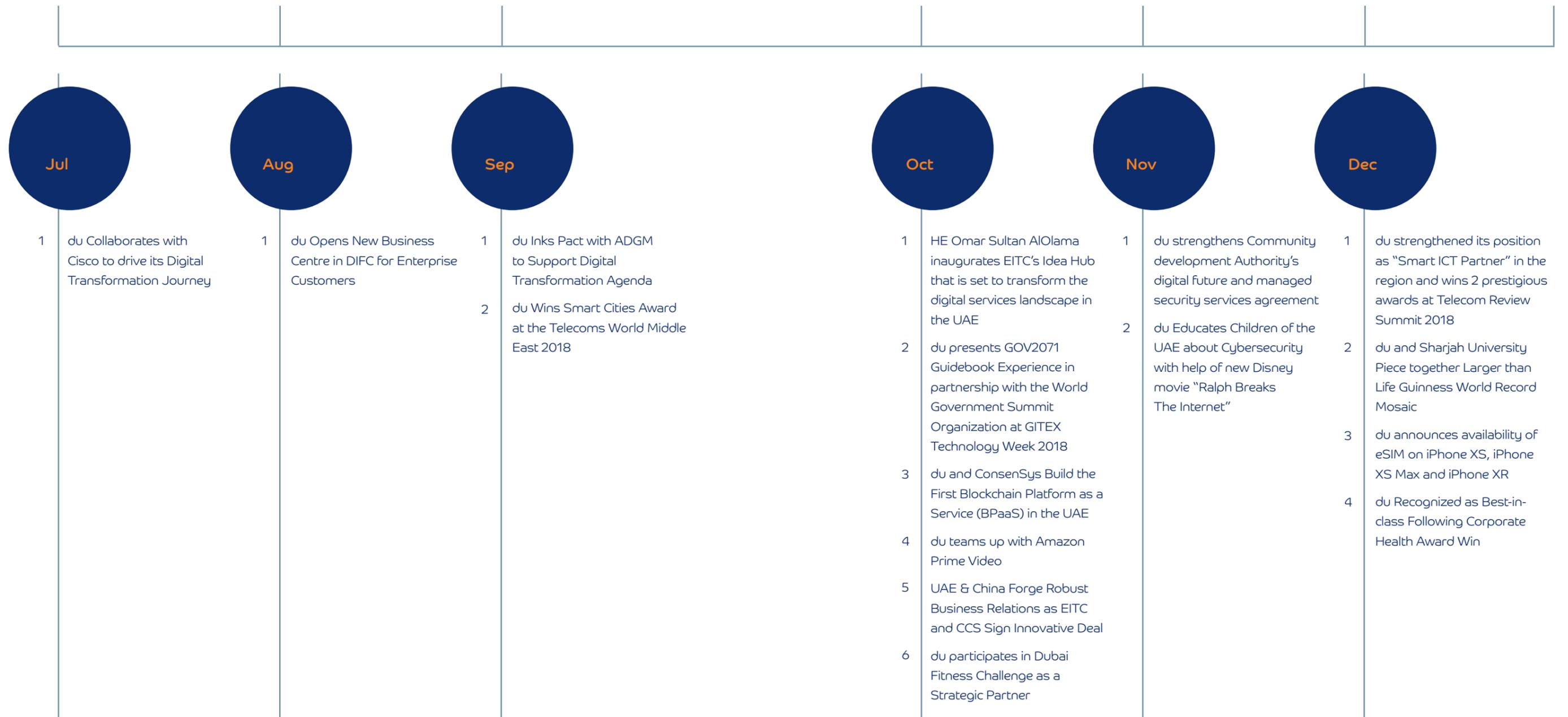
Hanan Ahmad has taken the role of the Board Secretary since 2012.



12.9 Statement of the significant events that took place in the Company in 2018.



12.9 Statement of the significant events that took place in the Company in 2018.



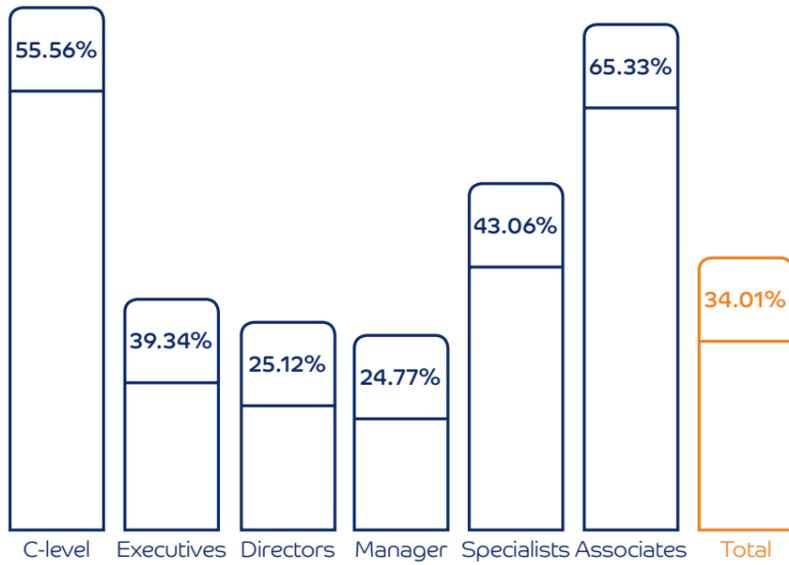
**12.10 Statement the Emiratization percentage of the company by the end of 2018:**

**Emiratization and Talent Acquisition:**

The Board sought to acquire young and motivated Emirati talents and this has contributed to achieving the Emiratization targets in the National Agenda for the UAE Vision 2021. This is achieved taking into consideration modern sciences in the field of innovation and communication technology which the young national cadre is equipped with, ensuring adequate training and a suitable climate is in place to build future leaders.

In this regard, EITC received several Emiratization awards, of which the most esteemed was The Ministry of Human Resources and Emiratization Award in the technology and communication industry) for the Year 2018.

The following table shows the details of the percentage of Emiratization in the company by the end of 2018 according to categories and grades:



Job title	Emiratization Percentage
C-level	55.56%
Executives	39.34%
Directors	25.12%
Manager	24.77%
Specialists	43.06%
Associates	65.33%
<b>Total:</b>	<b>34.01%</b>



**12.11 A statement of the innovative projects and initiatives implemented by the company or which were under development during 2018**

**• Innovative offerings**

Presenting the GOV2071 Guidebook Experience

Making eSIM a reality in the UAE

Strengthening SME payment solutions

The EITC Idea Hub

Infra-Idol

Providing affordable 4G smartphone devices

**• Network infrastructure**

Fast making 5G a reality

Global recognition for our network infrastructure

Digital Transformation

Dubai Pulse - the digital backbone of Dubai

National Customer Relationship Management (NCRM) Platform

Dubai Silicon Park - the first truly Smart District in UAE

Blockchain Platform as a Service (BPaaS)

**• WiFi UAE**

For more information on corporate governance and policies, as well as annual reports and sustainability reports please visit the following link:

<http://www.du.ae/about-us/investor-relations>



**Mohamed AL Hussaini**

Chairman