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2012

Sustainable Development Report

Sustainable Development Report 2012

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Contents

Ahmad Bin Byat
Chairman

Let us be transformative

"Consume less; share better." Four words from author and journalist Hervé Kempf that sum up our attitude and approach towards sustainability and an apt way, I feel, to open our second Sustainable Development Report.

Our journey towards sustainability has been through a series of transformative initiatives, in keeping with the environment of constant change that we find ourselves in. We are consuming less by employing energy-saving technologies that reduce the amount of fuel and electricity used, thereby cutting back on emissions. We are sharing better by providing easier access to health care, fairer pricing and by working innovatively and with more transparency.

As a relatively young company, we had the opportunity to incorporate sustainability into the very core of our operations from the very beginning. As such, sustainable practices are an intrinsic part of everything we do, driven by the dedication of everyone from the Board of Directors down. We all share a common goal: to be a responsible, successful and sustainable company while exceeding the expectations of our stakeholders.

Given the dynamism of the industry that we work within, and the constant change of technologies, business models, customer behaviour, knowledge and lifestyles, it is essential that we remain fluid in our approach. We must retain

our accountability and make good on our responsibility to society, while continuing to deliver a good service.

Our Board of Directors guides the company's direction and strategy, using strong corporate governance policies to satisfy the triple bottom line of people, planet and profit. We have established very clear goals in each of these categories, with sustainability well embedded into our business operations.

Adhering to corporate governance standards is an especially pertinent matter, as it is becoming an increasingly important factor in the success of companies globally. A look at the World's Most Reputable Companies, as compiled by the Reputation Institute, shows that delivering in the governance dimension is key to earning stakeholder trust; it is a vital component in shaping any brand's image, and we aim for it to be a defining element of what we stand for.

The members of our Board of Directors are well aware of the responsibility they have to improve customer experience while refining operational efficiency and empowering our employees, to drive sustainable growth and productivity. To empower our employees, we will continue to offer them fulfilling careers with the opportunity for constant development, learning and engagement, allowing them to achieve their utmost potential.
And, in an effort to achieve further transparency, we will continue to

be open in all that we do, allowing all of our stakeholders access to our organisational processes and figures.

As we forge forward into the future, we will continue to empower Emiratis, in support of the UAE leadership's vision and mission, and the Absher Initiative, as launched by His Highness Sheikh Khalifa bin Zayed Al Nahyan, President of the UAE. We will do this by continuing to providing them with postgraduate education possibilities, essential work skills training, and, of course, by creating worthwhile career opportunities within our company, in which they can hone and enhance their skills to reach their full potential. Our sights are set on becoming the telecoms employer of choice for UAE nationals, and our goal is to increase our Emiratisation level by 3% year on year.

To quote United Nations Secretary-General Ban Ki-moon at the World Business Council for Sustainable Development in 2012, "business as usual no longer works." We must continue to adapt to deliver on the bottom line, playing our part in fostering sustainability within our business, and for the UAE. We understand that it is our responsibility to contribute to the changes that will define our sustainable future, and we are poised, as a company and individuals, to seize the opportunities that will help us to make the difference that our world needs.

CEO's Statement

Osman Sultan
CEO

Value. Efficiency. Satisfaction.

Environmental activist and author Derrick Jensen said, "We cannot hope to create a sustainable culture with any but sustainable souls." As an organisation and individuals, we are dedicated to achieving sustainability. It is a top priority for us to inspire a desire in our employees and all aspects of our multifaceted, multicultural community to join us on our journey to a more sustainable future.

Achieving sustainability is crucial to the future of our company, our community, and beyond, and there are myriad ways in which we are working towards this goal. To choose what I believe is our most powerful example of this, we support the local entrepreneur ecosystem not only through tailored telecommunications solutions, but by creating initiatives such as 'The Entrepreneur', the reality television show we launched in 2012. Entrepreneurs contribute significantly to the UAE's GDP and generate a considerable number of jobs, and in cultivating their potential we are helping to empower the spirit of entrepreneurship while developing a stronger economy.

We are also proud of our achievements on the environmental front. By installing hybrid power and smart energy management solutions in our base transceiver sites, we have cut our diesel fuel consumption and, as a result, reduced our CO_2 emissions - proving that environmental sustainability is an achievable possibility for a telecommunications company.

Given the fast pace at which our industry is changing around us, from technological advancements to evolving customer habits and requirements, sustainability – in terms of our network, our products, and our contributions to society – is how we will ensure longevity for our business.

We live in a digital era in which connectivity has become a basic human right, and innovation is the key to not only staying relevant, but to delivering upon our promise to our customers and community. In our role as a telecommunications operator, it is our responsibility to deliver solutions that correspond with the increasingly mobile, increasingly data-hungry demands of our customers, and so we implement innovative solutions that have a sustainable impact on the UAE's society.

Take, for example, our Emirati Plan – the first mobile plan to be tailored specifically to the needs of UAE nationals, with 5% of the monthly tariff automatically set aside into a social fund. And then there's Alo, our unique prepaid mobile plan specifically designed for the UAE's expatriate labourers, allowing them to keep in touch with loved ones at home at prices that are affordable for them. Our mHealth suite, too, improves sustainability by providing our customers with round the clock access to licensed, experienced medical professionals with just a phone call through 'Physician Helpline', one of just many services within the growing bouquet.

By continuing to provide our customers with the services that add life to their lives in the most meaningful ways – such as innovative data solutions and superior segmented offerings – we will improve customer experience, while attracting and retaining high value customers.

Our operational efficiency will continue to improve as we further refine our systems, by transforming our end-to-end customer service capabilities, and enhancing the performance of both our network and IT services and systems.

Responsible companies must set a precedent that can be aspired to and emulated. As a corporate governance pioneer, we ranked first in MENA's Standard & Poor/Hawkamah Environmental, Social and Corporate Governance Index in 2011. The efforts that went into our first green shop, located in Fujairah City Centre shopping mall, earned it a five star LEED Platinum certification, the highest possible. Our shop was the first retail outlet in the UAE to receive such a ranking. We're also proud holders of the Dubai Chamber CSR Label.

Additionally, our pioneering approach to business, carving a niche for ourselves in a saturated marketplace and achieving almost 50% market share in just six years of operation, is proof that we are on the right track to add life to life across the UAE.

Naturally, this phenomenal growth and success is in line with our responsibility to our stakeholders and our shareholders alike. For our stakeholders, including our employees, customers, investors, the Telecommunications Regulatory Authority (TRA), our Chairman and Board of Directors, we will continue to deliver products and services that deliver to customers' expectations.

For our shareholders, we aim to propagate sustainable business growth.

Throughout our Sustainable Development Report, you will see examples of the ways in which we strive to achieve our goals, in line with the principles of the United Nations Global Compact, to which we have been a signatory since 2008. Our report follows version G3.1 of the Global Reporting Initiative Sustainability Reporting Guidelines accompanied by an external assurance. We have been completely transparent in showing those areas in which we have excelled, and those that we are still working on improving. Your feedback and suggestions are, of course, warmly welcomed.

The road to sustainability is by no means an easy one, nor is it an overnight effort – but we will persist in seeking new ways to implement sustainable practices throughout our organisation, while streamlining and optimising our existing processes. Through innovation and imagination, we will not only achieve sustainability for ourselves, but we will inspire our community to follow in our footsteps.

To close, I would like to quote Mostafa Tolba, Chairman of the Commission on Sustainable Development: "Achieving sustainable development is perhaps one of the most difficult and one of the most pressing goals we face. It requires on the part of all of us commitment, action, partnerships and, sometimes, sacrifices of our traditional life patterns and personal interests."
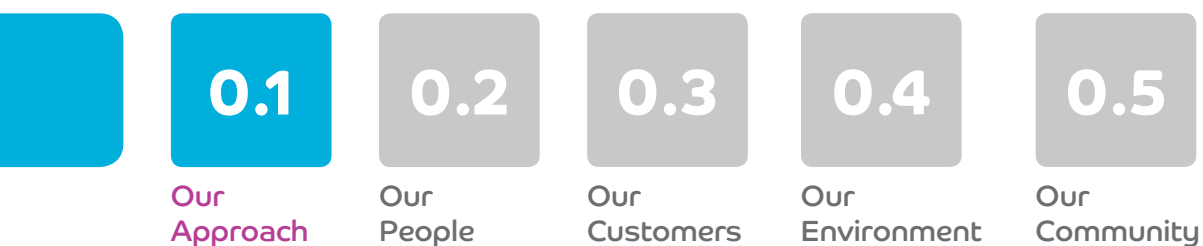
0.1 **Our Approach**

Who we are

We launched our brand identity in 2006. We offer mobile and fixed telephony, broadband connectivity and IPTV services to individuals, homes and businesses. We also provide carrier services for businesses and satellite up/downlink services for TV broadcasters.

As a rapidly-growing enterprise, we have about 1,910 employees working to enhance and expand our bouquet of service offerings. Our people come from over 60 countries - we mirror the rich cultural diversity of our nation, while being able to serve our customers in a variety of languages. Over 40% of our senior management team are UAE nationals, and we remain committed to providing fulfilling opportunities for quality talent in a cosmopolitan working environment.

By the end of Q4 2012, more than 50,000 businesses had chosen to use our services. In a survey conducted by ARC Chart, we were named the Best Mobile Broadband Network 2012 in the Middle East and Africa region. We also ranked first in MENA's Standard & Poor's/Hawkamah Environmental, Social and Corporate Governance Index in 2011.

Our Approach

Our vision

To enhance your life; anytime, anywhere.

Our mission

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

Our brand promise

Add life to life.

Our brand values

**Confident:** We take responsibility and have the courage to trust our judgement.

Friendly: We relate to everyone in a human way, by being approachable, respectful and compassionate.

Honest: The basis of any successful relationship is trust, and that starts with the simple and straightforward truth.

Surprising: We find new, different and better ways of doing things, no matter how small.

Where we are

We are proud to be a 'UAE company', operating in the UAE with our headquarters at Al Salam Tower in Dubai and several other offices and storage warehouses across the country. Our customer interactions are facilitated through a network of 48 franchised and owned retail shops. Our Fujairah Contact Centre, staffed with 100% UAE nationals, was also inaugurated in late 2011, providing 24-hour customer support.
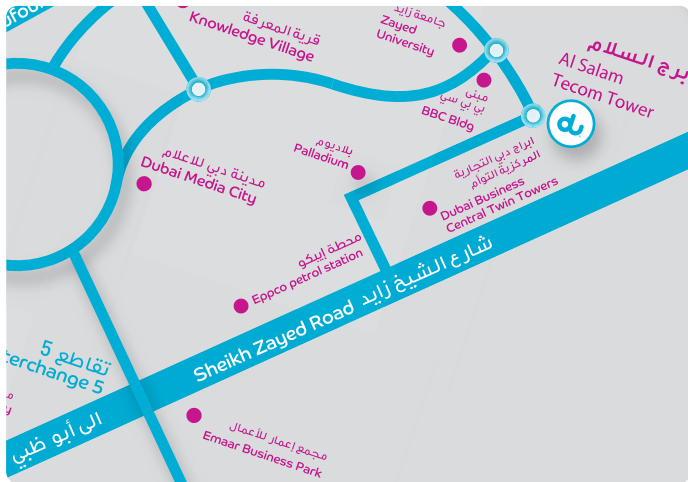
our headquarters in Dubai.

Our offices
- Al Salam Tower, Dubai
- Academic City, Dubai
- Lotus Plaza, Dubai
- Dubai Outsource Zone
- Hamdan Street, Abu Dhabi
- Fujairah Call Centre/Back office

Our financial performance

We have benefited from the stability and economic momentum of the UAE which, combined with the capabilities we've built in offering innovative and attractive customer propositions, have resulted in an even greater number of customers placing their trust in us. This has led to increased traffic on our world-class infrastructure, which has in turn led to a very strong financial performance, aided by increased operational efficiency. Emirates Integrated Telecommunications Company PJSC ('du') financial results for the year 2012 showed a sixth year of strong performance across all areas of the business. With more than six million subscribers, we are now focusing on improving the average minutes of use and average revenue per user (ARPU), which was AED 119 in 2012, down slightly from AED 124 in 2011.

Growth in data revenue is steady, representing 24% of mobile revenues in 2012. This is attributed to the continued penetration of smartphones and tablets. Our financial strategy progressed well in 2012: we secured financing totaling $700 million to meet short and medium term capital expenditure requirements; we invested in infrastructure, cemented managed services agreements and outsourced non-core IT and network activities.

2012 year in review

Revenue: 14.7% growth to AED 10.16 billion.

EBITDA: 37.1% increase to AED 3.99 billion.

Mobile revenues remain key driver of growth (29% increase year on year) **Net profit: growth before royalty of 55.8%** from AED 1.8 billion in 2011 **to AED 2.8 billion in 2012**; our net profit **after royalty was AED 1.98 billion.** The royalty charge for 2012 is levied at 17.5% of net profit and 5% of revenue.

Mobile market share: Further increase to 48.7% (6.5 million active mobile customers).

Postpaid segment growth: 56.73% of the growth in mobile revenues attributed to this part of customer base.
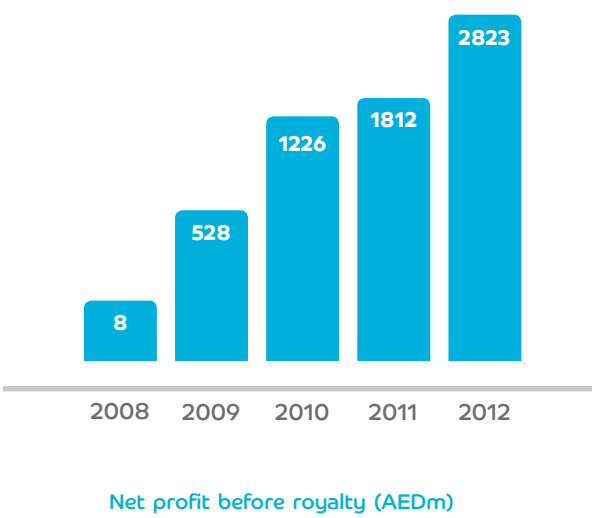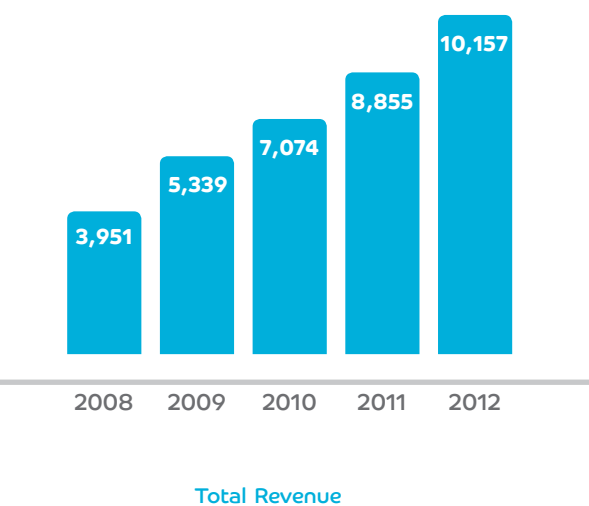
Growing data usage: Data usage increased to 23.8% of total mobile revenue (end Dec 2012).

Free Cash Flow: AED 1.75 billion up from AED 1.4 billion in 2011.

Proposed second dividend payment: AED 0.30 per share, up from AED 0.15 per share in 2011.

For this report, information has been collected from our operations across the UAE, specifically :
22 leased retail outlets and office operations (Al Salam tower, Lotus Plaza, DOZ, DIAC, Abu Dhabi Business Center), UAE call centers (DOZ, Fujairah), technology operations (all base stations, Mindscape, IMPZ, Business Bay, Dubaitech, Falcon cable landing, Fujairah Cable landing, Sharjah Data Center, Samacom, Musaffah, Dubai Knowledge village, and other technical premises), a data centre and warehousing (Dubai Investment Park, Al Qusais warehouse). Safety data has been collected from all sites except Fujairah call centre, Al Qusais warehouse, technology and technical operations. Energy data has been collected from technology operations (including a small number of other technical premises). Waste data has been collected from all sites except the Fujairah call centre, Abu Dhabi Business Center, Al Qusais warehouse and technology and technical operations.

Our financial performance

				10,157
3,951	5,339	7,074	8,855	
2008	2009	2010	2011	2012

Total Revenue

		1226	1812	2823
8	528			
2008	2009	2010	2011	2012

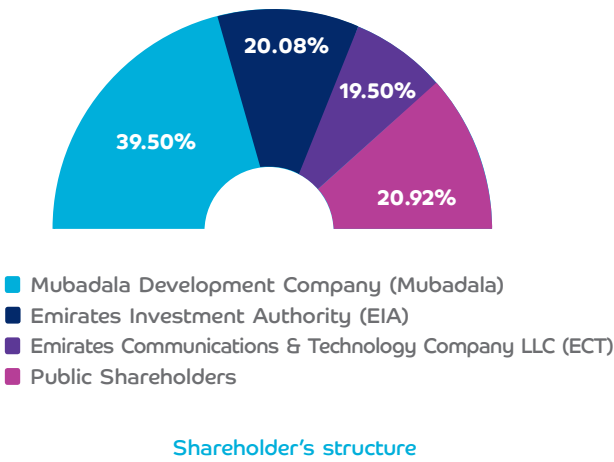**Net profit before royalty (AEDm)**

How we work

We believe that best practice and good corporate governance are at the core of a sustainable business. Our goal is to create shareholder value by combining responsible business practices with the highest standards of business integrity and accountability.

Shareholder's structure

- The UAE Government, through its ownership of the EIA, indirectly owns 39.5%.
- The Abu Dhabi Government, through its ownership of Mubadala, indirectly owns 20.081%.

- Dubai Holding, through its ownership of ECT, indirectly owns 19.5%.
- The remainder of the shares are held by Public Shareholders comprising individuals who are UAE and non-UAE nationals and companies established in the UAE.

39.50% 20.08% 19.50% 20.92%

- ■ Mubadala Development Company (Mubadala)
- ■ Emirates Investment Authority (EIA)
- ■ Emirates Communications & Technology Company LLC (ECT)
- ■ Public Shareholders

Shareholder's structure

Our governance

In 2011, we were placed first in Standard & Poor's Hawkamah (the Institute for Corporate Governance for the MENA region) Pan Arab Environmental and Social Governance Index. The ranking comes as a result of our sustained efforts to enhancing corporate governance standards within the company and community. The purpose of the ESG Index is to raise the profile of those companies that perform well along the three parameters of environmental, social and corporate governance practices when compared to their market peers.

Information disclosure has been a key focal point for us in the past year. In addition to the publication of our first Sustainable Development Report last year, we also upgraded our website to better disclose our sustainability information. We revamped our sustainability policy, produced a new sustainable procurement policy, and improved the corporate governance and investor relations web pages. To wide acclaim, we published our customer service reports – complete transparency strengthens trust! Recognition for all this came in the form of the Dubai Chamber CSR Label in December 2011, establishing us as one of the most progressively sustainable companies in the region. We are also a member of Dubai Chamber Sustainability Network and led two of five task groups, volunteerism and corporate wellness, in 2012.

We have been involved in several corporate governance initiatives in the UAE, promoting best practice through a number of workshops, sponsorships and more. We also sponsor the Hawkamah-OECD 6th annual regional corporate governance conference.

" Our improved ranking is a reflection of the level of corporate governance and compliance excellence that our colleagues have striven towards in the past year. We are extremely proud that our efforts have improved our ranking in the S&P/ Hawkamah Environmental, Social and Corporate Governance Index, and we have reached the very top. We founded our company with a strong desire to make a difference. Through our extensive work with the government, community and environment of the UAE, we have created a positive impact on the community that we serve. "

Ahmad Bin Byat
Chairman

Various policies have boosted the efficiency and performance of our company's board. These include Directors' Access to Independent Professional Advice policy and Board of Directors Evaluation and Communications with Shareholders and Disclosure policy. We also have policies on Share Dealing, Related Party Transactions, Whistle-Blowing, and Anti-Harassment and Bullying. Further efforts to improve corporate governance include training and development, such as participation in a workshop by KPMG and another one titled 'Key Trends in CG' organised by Capital Advantage. Our Corporate Governance Manual – available to all employees – also provides more information and guidance on this aspect.
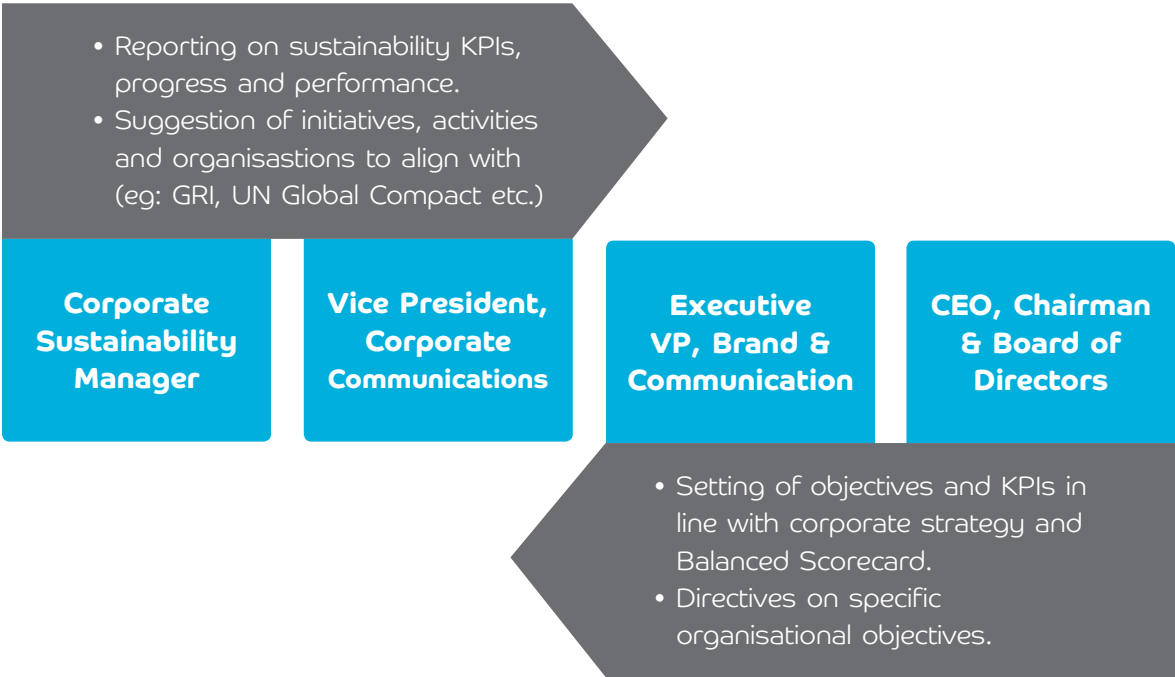
We are committed to a best practice approach to corporate governance, as we continuously endeavour to exceed the recommendations by ESCA/DFM (Emirates Securities and Commodities Authority), and meet the expectations of international stakeholders. Our approach is based on three of our brand values: friendly, honest and confident. The system of corporate governance that we aim for is one that is nurturing, with responsible business practices and the highest standards of business integrity and accountability, to enable us to build a sustainable business. As we grow and develop as a company, we know that our processes and arrangements for corporate governance must also evolve. That is why we have in place an

" We hope that in the future, our company will become synonymous with best practice in corporate governance, as a leading example that sets the benchmark for the region. Good corporate governance is essential for good corporate performance, and we have proved that our organisation is able to create sustainable value while achieving our goals through effective and efficient management. The dedication, countless efforts and the degree of passion that has been exerted towards the roll out and implementation of corporate governance across our company has been phenomenal, and we look forward to further investing in corporate governance best practices. "

Osman Sultan
CEO

autonomous, committed and engaged Board of Directors who enforce a strict code of business ethics and compliance standards. The Board maintains three committees to assist it in discharging its oversight responsibilities: an audit committee, an investment committee and a nomination and remuneration committee; each committee is chaired by independent directors. According to our Corporate Governance Manual, all members of our Board are non-executive, a provision that is consistent with Ministerial Decision No. 518/2009 on the Principles of Governance and Criteria of Corporate Discipline. The Board consists of eight non-executive and independent members and two non-executive members. Along with the Executive Management team, the Board defines our business objectives, which in turn align with the nation's growth strategy.

We want our level of transparency and disclosure to the market to be the best in the region. The Board is chaired by our Chairman, Ahmad Bin Byat, and meets once every two months in line with ESCA requirements. In 2012, the Board of Directors met nine times during the year exceeding the minimum ESCA requirement. In line with best practice, the roles of Chairman and CEO are separate, with a clear division of responsibilities. The Board, holding overall responsibility for our sustainable development performance, receives a formal update on this each year. Of note, the sustainability department has an independent budget allocated by senior leadership with a two-way flow of information.

- Reporting on sustainability KPIs, progress and performance.
- Suggestion of initiatives, activities and organisastions to align with (eg: GRI, UN Global Compact etc.)

| Corporate Sustainability Manager | Vice President, Corporate Communications | Executive VP, Brand & Communication | CEO, Chairman & Board of Directors |

- Setting of objectives and KPIs in line with corporate strategy and Balanced Scorecard.
- Directives on specific organisational objectives.

Our annual Corporate Governance report includes information on Directors' interests in the share capital of the Company as well as senior management remuneration. The 2012 report is publicly accessible on our website.

Ethics at work

Our governance section describes our approach to business integrity, privacy and security. The Code of Ethics and Statement of General Principles is a public document which fully commits us to the highest standards of ethical conduct in running our business and in the personal business behaviour of employees, members of the Senior Management Group and members of the Board of Directors. It guides us all on how to deal with conflicts of interest, for example, confidentiality, regulatory compliance, competition, and personal conduct.

We communicate with our Board and Shareholders via a corporate governance email address (askboard@du.ae). In 2012 all emails sent to this address related to quality of service.

Risk factors

We consider risk management as a core competency throughout the organisation. We are committed to maintaining risk management systems and enhancing the organisation's ability to manage uncertainty by protecting our assets and safeguarding shareholders' interests whilst ensuring compliance with applicable laws and regulations.

Our Risk Management function is accountable to the Board and Audit Committee for developing, maintaining and implementing the Risk Management framework, strategy and high level policy, in addition to communicating the key risk management issues and recommendations for improvement to the Audit Committee and the Executive Management. Our Risk Management framework is based on the Enterprise Risk Management Framework (ERM) of the Committee of Sponsoring Organisations of the Treadway Commission.

The Board is ultimately the 'Executive Sponsor' of Risk Management and offers advice to the Executive Team. Annually, the CEO and Executive Management team evaluate the potential risk exposures facing the organisation.

A number of corporate risks relate to sustainable development, such as business continuity, compliance with international standards, anti-corruption, security or operational risk. Our internal HSE, audit and Risk Management teams compile and maintain a risk register

for the specific identification, analysis, recording and monitoring of:

• Harmful effects that our activities may have on the environment;
• Health and safety hazards and risks and the associated impact it has on its staff and visitors.

We use a risk rating matrix, depicted below, to determine the level of risk with any activity, which is calculated as a score of the frequency (probability) and severity level.

Our identified risks and risk register are kept confidential due to their sensitive nature.

During 2013, we plan to provide additional training on business ethics for our Board, as part of our ongoing actions to mitigate these risks. Risk is therefore closely aligned with the company's strategic objectives; it is reported to the Audit Committee and action plans are in place to address the risks identified.

		Severity				
		1	2	3	4	5
Probability	1	1	2	3	4	5
	2	2	4	6	8	10
	3	3	6	9	12	15
	4	4	8	12	16	20
	5	5	10	15	20	25

🟩	≥ 1 but ≤ 3	low risk level	NOT SIGNIFICANT
🟨	≥ 4 but ≤ 8	average risk level	SIGNIFICANT RISK
🟥	≥ 9 but ≤ 25	high risk level	
🟦	≤ 1	ALARP	as low as reasonable practicable

Risk rating matrix

Executing our strategy: the Balanced Scorecard

Our corporate strategy is executed through our Balanced Scorecard (BSC) which outlines our key themes and the corresponding strategic objectives and actions.

Our strategic priorities are shown as 14 Strategic Objectives over four layers of a Balanced Scorecard (BSC). The Objectives are grouped into three themes. The CEO communicates a review of progress on the BSC to all staff annually. We are reviewing how to embed sustainable development priorities such as energy management into the overall corporate scorecard.

The themes that we focused on in 2012 are:

1. Enrich Customer Experience
2. Improve Profitability and Productivity
3. Create a High Performing Organisation

We defined 14 strategic objectives across the four layers of the BSC (Financial, Customer, Operations/Processes, and Learning and Growth). These are then tracked through Key Performance Indicators (KPIs) and associated targets. These are cascaded through the organisation, with a monthly review. We have cascaded the BSC through the company and performance is reviewed on a monthly basis. Further, the Performance Appraisal System used to assess staff performance is directly linked to the Balanced Scorecard and the achievement of the 14 Strategic Objectives of the company.

Privacy and security (data protection)

The basis for any successful relationship is trust. Hence customers' privacy and security is paramount to us – we win awards for the way we protect our customers! When we launch a new product, we test it to ensure it provides a secure experience for our customers, and that data is well protected and traceable.

In regards to data protection:

- Our Customer Protection Centre team monitors and helps prevent any attacks or malicious activity affecting customer data.
- Our Security Monitoring Centre helps prevent fraud.
- Our Security Incident Response team is responsible for technical security on our network, reacting quickly to any instances of revenue fraud, abuse or spam.

Business continuity

Thanks to our Business Continuity, Technology Recovery and Emergency Response programme we can provide all our stakeholders assurance of the resilience of our business. Run by our Technical Security, Facilities and Risk & Fraud Management (TSFRM) division, this programme assesses exposure to business risks, such as cyber security, disaster recovery and national crisis. Our programme also covers onsite vendors, regulators, offshore partners and contractors to minimise customer disruption.

We have certain national security obligations to the government and the Telecommunications Regulatory Authority (TRA). These relate to international standards such as BS25999 Business Continuity Management (to which we are accredited), and ISO27001 Information Security Management. We work with the National Crisis and Emergency Management Authority (NCEMA) via the TRA; for example we carry out regular practice drills on security.

The NCEMA also requires that all telecom companies here ensure service levels are maintained in the event of a national crisis. We have a responsibility to provide resilient and rapid support to certain
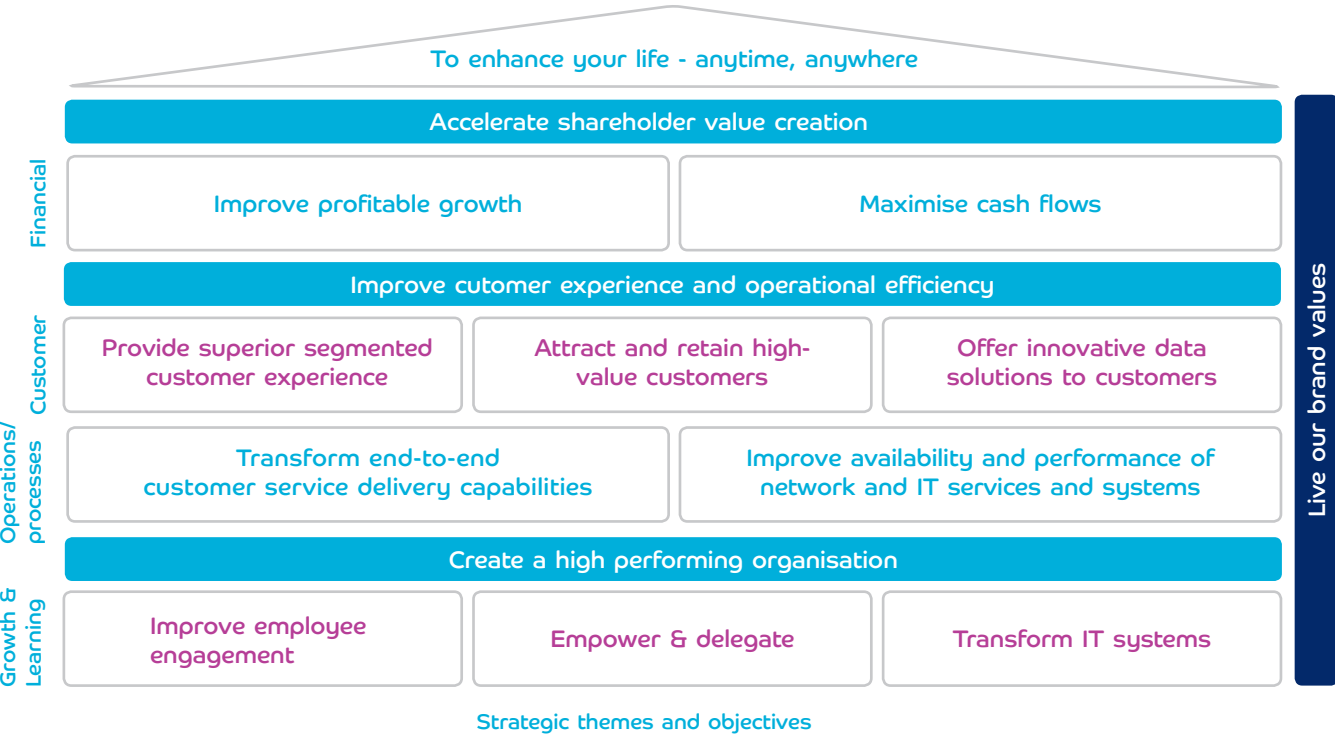
> " With the National Emergency Plan for the Telecommunications Sector in place we have all the necessary measures to ensure the telecommunications and information technology services across the UAE. Some of our finest talent manage our dedicated Disaster Recovery and Business Process Continuity unit, the nerve centre responsible for compliance with the Plan. Telecommunications service continuity is vital to community safety and we will work closely with the TRA and other operators in the UAE to achieve the best results for the country, its people, and businesses. "

Ananda Bose
Chief Corporate Affairs Officer

civil services, and are fully compliant with NCEMA and TRA National Emergency plan for the sector.

We have also signed a Memorandum of Understanding (MOU) with Emirates Telecommunications Corporation (Etisalat) to work together in the event of a national emergency. This ensures that in any adverse event both companies co-ordinate to share resources and services to ensure essential telecommunication services can continue.

To enhance your life - anytime, anywhere

Financial	Accelerate shareholder value creation		
	Improve profitable growth	Maximise cash flows	
Customer	Improve cutomer experience and operational efficiency		
	Provide superior segmented customer experience	Attract and retain high-value customers	Offer innovative data solutions to customers
Operations/ processes	Transform end-to-end customer service delivery capabilities	Improve availability and performance of network and IT services and systems	
Growth & Learning	Create a high performing organisation		
	Improve employee engagement	Empower & delegate	Transform IT systems

Live our brand values

Strategic themes and objectives

Awards and accolades:

Business excellence awards

- Best Corporate Governance Award from the World Finance Magazine UK; we are the only regional company to receive this award in 2012.
- Placed first in Standard & Poor's Hawkamah (the Institute for Corporate Governance for the MENA region) Pan Arab Environmental and Social Governance Index.
- Broadband Operator of the Year at the TMT Finance Middle East 2012 Awards.
- Excellence in GIS Implementation Award at GISWORX 2012.
- Named Best Mobile Broadband Network in the Middle East and Africa 2012 by ARC Chart, an independent research and consulting firm.
- Best Enterprise Service Award for the Executive Plan at The Telecoms World Awards.
- Telco Broadcast Project of the Year award at Broadcast Pro ME Awards for datamena, our carrier-neutral transit and content hub.
- Palladium Balanced Scorecard Hall of Fame Award for Executing Strategy; we are the first telecom company in the Middle East to be honoured with this prestigious award.
- Top Middle East Operator award by CommsMEA Magazine.
- Named Best Local Content Provider of 2011 by SAMENA.
- Employer of the Year in the semi-government organisations category.

- Osman Sultan named CEO of the Year – Telecommunications at the 4th CEO Middle East Awards 2011.
- First UAE company to release results on the XBRL e-filing platform
- Best Security Deployment award by Network World Middle East.

Sustainability accomplishments

- "The M+Health Award" for the Best Health Care Initiative by a Telecom Provider at 2012 Hospital Build and Infrastructure Awards.

member of Sustainability
2012 Dubai Chamber network

- Fujairah City Centre shop awarded LEED® Green Building Certification.
- Received the CSR Label from Dubai Chamber in recognition of CSR efforts and community involvement.

Certification

- ISO 14001 and OHSAS 18001 certification as a sign of excellence in health, safety and environmentally friendly practices
- BS-25999 Certification for Business Continuity Management
- TL9000 certification for Network Development Department; du is the first Middle East telecom provider to be awarded

Dubai Cares honours us for our contribution

Recognition

- Honoured by HH Sheikh Hamdan bin Mohammed bin Rashid Al Maktoum, Crown Prince of Dubai for our support for the Dubai Award for Sustainable Transport (DAST).
- Supporter of the Arts trophy from HH Sheikh Maktoum bin Mohammed bin Rashid Al Maktoum, Deputy Ruler of Dubai.

- Honoured by HH Sheikh Nahyan bin Mubarak Al Nahyan, UAE Minister of Higher Education and Scientific Research for our support for the Annual Regional Audit Conference for the third consecutive year.
- Honoured by HH Sheikh Majid bin Mohammed bin Rashid Al Maktoum, Chairman of Dubai Culture and Arts Authority, for the Stars of the Future at the Majid bin Mohammed Youth Media Awards.

About this report

This is our second annual Sustainable Development report, covering activities between October 2011 and December 2012. Sustainable growth is core to our efforts to create shareholder value from commercial achievement and demonstrate responsible business practices such as business integrity and accountability. We are committed to measuring progress and impact, in building a workforce that is happy, rewarded and empowered and in delivering a superior, segmented customer experience.

Our stakeholders

- Employees
- Investors
- Chairman & BOD
- Customers
- TRA

- Other regulators/control bodies: SCA, DFM
- Government
- Main business partners
- Media

- Community
- International ICT organisations

We have identified three prioritised tiers of stakeholder groups, shown above, through an advisory process started in 2011. We assess stakeholder views using direct sources such as interviews and customer feedback, as well as indirect means such as surveys, employee feedback, Customer Advisory Board (CAB) events, industry projects, regulator meetings, policy development processes, technology reviews, and risk assessment work. We also consider the 'voiceless stakeholders' - such as ecosystems and future generations - in an implicit manner.

"" du is highly responsive to the needs of the TRA and immediately acts on our requests. ""

Saif Bin Ghelaita
Director Technology Development Affairs, TRA

Our priority topics for this report

From our last report (2011), we have continued to evolve our process to identify and prioritise the material issues covered in the report. Topics are represented in order of significance on a materiality matrix, ensuring that the emphasis placed on different topics is in accordance with the significance level attached to them. Of note, topics that are not sufficiently material for inclusion in the report are still managed accordingly.

Our Board of Directors takes ownership of the materiality process; they validate and assess the wider context as well as the completeness of the assessment. Their aim is to ensure that the report provides a reasonable and balanced picture of our sustainability performance. This is done during a minuted Board meeting, facilitated by external consultants (DNV Two Tomorrows facilitated this in 2012). At the same time the Board also agrees on the scope of the different parts of the company to be represented in the report.

The content for this report has been guided by GRI reporting principles, including 'materiality' and 'stakeholder inclusiveness', based on stakeholder feedback.

Stakeholder engagement

We engage with stakeholders on the materiality session on an annual basis. Stakeholders are selected based on expertise, capacity to engage and influence, vested interests, objectivity and availability. Taking these and other criteria into account, a balanced judgment, including external advice, was made on who to invite to our engagement process.

The interviews with stakeholders are designed so that we listen to their views in a structured way. We ask them about their key sustainability issues, our approach to managing such issues, where we manage issues well, and also about challenges over the coming years. We ask them how easy it is to engage with us and how responsive they feel we are on key issues.

In September 2012, we engaged in an interactive face-to-face discussion with a number of stakeholders from the identified groups specifically on material topics for the report. The various topics of interest to the various groups are depicted overleaf.
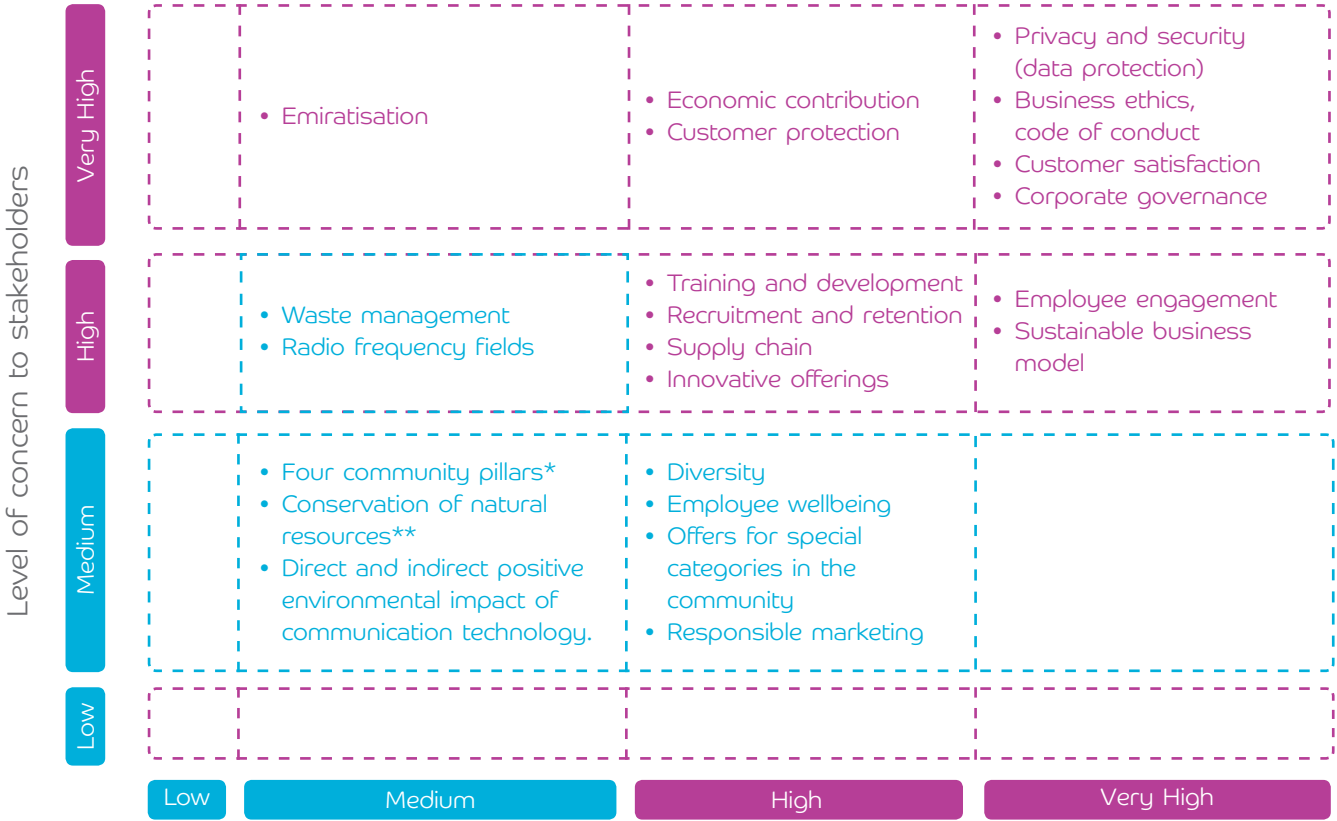
stakeholder group	stakeholder topics of focus	
Regulator (TRA)	• Technology for personal identity protection • Content standards • Mobile spam • 'Green' ICT	• Sponsorship • Pricing • Electro-magnetic radiation • emissions
Chairman & Board of Directors	• Economic sustainability • Customer satisfaction • Business integrity	• Employee wellbeing • Identity protection
Investor (NBAD)	• Aligning sustainability and commercial strategies • Innovation in ICT for sustainability	• Skills shortages in UAE • Long term value
Enterprise customer	• Customer satisfaction (e.g. feedback mechanism • Online service quality (e.g. billing, connection speed)	• Privacy and security
Business partner (supplier) (DEWA)	• Innovation and R&D • Leadership • Transformative engagement in infrastructure development	• Customer care • Connect to UAE vision 2020/2030 • Alternatice energy sources • Privacy and security
Business partner (supplier) (NSN)	• Process efficiency • Future proofing network capacity • Competitiveness • Customer experience • Growth of customer base	• 'Green' ICT • People management • Business integrity • Health & safety • Compliance
Employees	• Recruitment & retention • Employee satisfaction & empowerment • Health, safety & wellbeing • Preserving traditional family customs • Executive accountability • Privacy and security	• Customer satisfaction • Community e.g. youth enterprise, mHealth • Progressive, value-adding CSR • Energy efficiency • Values & business integrity • Communication and visibility of CSR efforts
Media	• Transparency, openness	• Customer service reports
NGO (EEG)	• Health and telephony	• Radio frequency fields • UAE National Development

We then applied our judgement on what is important and relevant to our business through sources such as senior management, strategies, future financial predictions, policies, programmes, procedures, corporate governance processes and our risk register.

Combining these two sources, we were able to arrive on our 'materiality matrix' which provides an overview of the key issues and attached significance level, which was then translated into report content

Upon compilation of the report, it was reviewed by senior management and commented on by a third party assurance provider before formal approval. Finally, this was sent for registration and approval for the B+ level by the GRI. See page 76 for further details.

Level of concern to stakeholders

Very High	• Emiratisation	• Economic contribution • Customer protection	• Privacy and security (data protection) • Business ethics, code of conduct • Customer satisfaction • Corporate governance
High	• Waste management • Radio frequency fields	• Training and development • Recruitment and retention • Supply chain • Innovative offerings	• Employee engagement • Sustainable business model
Medium	• Four community pillars* • Conservation of natural resources** • Direct and indirect positive environmental impact of communication technology.	• Diversity • Employee wellbeing • Offers for special categories in the community • Responsible marketing	
Low			

Low	Medium	High	Very High

Current potential impact on our business

*Four community pillars:
• Entrepreneurship
• Social development
• Education
• Heritage and culture

**Conservation of natural resources:
• Energy
• Water
• Consumables
• Impact on climate change

Modern industry, modern issues

The world spins, lives are lived, we pray for good and resist the bad. As various important issues heighten in their intensity, we have to keep track of what's hot and what's not with our colleagues and other stakeholders out there. We must avoid losing sight of the context in which we operate, so **here we explore three issue areas**.

Seed of business, juice of industry: Supporting entrepreneurship in the UAE

Have you ever wondered where in the world is the best place to start a business? From as long ago as AD 810 and the invention of 'zero' – a simple number which has since become the cornerstone of mathematics, counting, trade and development – since centuries, the Arabic world has nurtured some astonishing inventors, academics and entrepreneurs. 21st Century UAE is no different: the region is a key growth market and it has positioned itself at the vanguard of a global entrepreneurship movement. The government is thinking long-term and is committed to providing a fertile terrain for the growth of small and medium-sized enterprises (SMEs) by investing heavily in initiatives to encourage young people to innovate, take risks and launch their own businesses.

These efforts are paying off: in the UAE around 75% of young respondents consider their communities to be good places to live for entrepreneurs

forming new businesses. This statistic is comparable to the results of a similar survey in the US (73%) and the UK (71%). What's more, the number of female Emirati entrepreneurs is increasing; approximately 13,000 women own approximately 20,000 companies, largely operating in the retail and service sectors. Higher education has a strong role to play in business success too; 57% of female entrepreneurs have degrees, whereas just 3% succeed in business without a university education .

To do our bit to promote budding entrepreneurs at grass roots levels we have been busy promoting SME development. Take for example our encouragement of entrepreneurs through the annual Young Entrepreneur competition since 2010. In 2012, we went further and created UAE's first reality television show, The Entrepreneur! (see page 66). Alternatively, take a look at our partnership with Shelter, a unique, non-profit business incubation project (page 66). We also provide technical support to Emirati entrepreneurs by advising Dubai SMEs on procurement and contracting procedures (page 65).

> **It is an honour to have had our extensive efforts recognised by LEED. We applied leading techniques and technologies to reduce the environmental impact of this shop. The true reward, however, is in demonstrating that it is possible to open, and run, a successful, environmentally-conscious retail outlet in the UAE.**

Abdulhadi Alalyak
Vice President - Asset Management and Corporate Administration

An applet a day... grows mHealth

The use of ICT and mobile technologies to improve health and wellbeing is becoming increasingly prominent all over the world, and the UAE is no exception. Based on the premise that prevention is better than cure, mobile health (mHealth) aims to overcome obstacles on the road to health by sharing knowledge, tools and experience, and by making health and medical care accessible to people of all ages and geographical locations via ICT, such as mobile phones and tablet computers. Smart technology could mean better communications between healthcare professionals and their patients, therefore helping to reduce the cost and enhance the quality of medical care.

The UAE faces an increasing problem with chronic diseases, and there is very low awareness among its general population of the adverse health effects of current lifestyles. For example, UAE is currently ranked tenth in the world for diabetes but will rise to third by 2030 if no action is taken. We recognise the role of ICT and telco's in particular and is committed to helping the health of

the nation. Our mission is to create forward-looking mHealth solutions that promote health and wellness, help customers have better access to quality healthcare and assist in the management of chronic diseases.

In response to the need for action, and recognising the role we can play, we have developed our Smart Health initiative to bring together all of our mobile communication technologies delivering healthcare services. These services enable a range of great content and disease management opportunities for our customers.

A quick overview of the Smart Health portfolio:

- Health text: SMS – based lifestyle and health content, approved by the Ministry of Health.
- Health call: in partnership with Mobile Doctors 24/7, a 24/7 Physician Help Line service with over fifteen thousand customers and 20 corporate partners.
- Health link: real time vital signs monitoring technology and services using wireless M2M devices.
- Health App: for personal health records, thus building the mobile hub for wellness and personal health information access.

Green retail shoots

In line with our efforts to improve the sustainability of our business, our retail outlet in Fujairah city centre became UAE's first Leader in Energy and Environmental Design (LEED) Platinum Certified retail outlet. It's the highest LEED ranking possible. Whilst shoppers won't notice it, such change is a quiet revolution in buildings. It touches sustainable design and construction methods, such as energy management, ventilation, lighting and indoor air quality.

LEED certification recognises outstanding projects that achieve the highest environmental ratings for water and energy efficiency, materials and resources efficiency and indoor air quality. Amongst the sustainable features of our project:

- 100% lights controlled by motion sensors
- 100% Energy Star Rated equipment
- 100% of wood used in the project is FSC certified
- 92% of construction waste was diverted from landfill
- 42% furniture and furnishings are up-cycled

- Lighting power is reduced by 41%
- 24.5% recycled materials used in the project
- 28.5% regional materials used in the project
- Space is 30% more ventilated for improved air quality
- High quality indoor environment for occupants is produced by using low-emitting adhesives, paints, flooring and wood
- HVAC equipment are highly efficient with appropriate zoning and controls
- Renewable Energy Certificates (RECs) are provided for green power
- Estimated reduction of 48 tonnes in carbon dioxide emissions (compared to our standard stores)

As you can see, our team of experts has been busy! Our asset management project team worked hard to achieve LEED certification. Engineers from the department are either certified or now in the process of gaining LEED qualifications so that future certifications can be able to be led internally. This success has led to plans for all new retail outlets as well as refits of existing retail outlets and even development of offices and warehouses to follow the LEED design criteria and, where possible, to be LEED certified.

0.2 **Our people**

We seek to retain the best staff to deliver the highest levels of customer service. Over the last six years, the benefits of looking after our people is self-evident!

Our long term aims are to:

- Be the employer of choice for the most talented UAE Nationals;
- Promote safety and wellness as a routine practice for everyone

As an 'employer of choice' we seek ways to provide our people with internal stakeholder engagement tools, stress management support, volunteering for social causes, empowering call centre agents to arbitrate small-scale billing disputes, personalised training, confidential in-house medical services and facilitating an appropriate work-life balance.

0.1 Our Approach

0.2 Our People

0.3 Our Customers

0.4 Our Environment

0.5 Our Community

Our people

Facts and figures

Headcount 1,910 full time equivalent permanent employees (Dec 2012).

28% of our staff is female, 31% is Emirati.

The top five nationalities after Emiratis continue to be Indian, Pakistani, Jordanian, Filipino and Egyptian (share of total workforce) .

No fatalities occurred at any operations under our control, 2006-2012.

We foster a workplace with opportunities for all and free from harassment while championing the values of respect, trust, support and accountability. Security and discretion is core in this super-competitive business, but we also provide for the health, safety and wellbeing of our employees. We want our employees to aspire and flourish, and, achieve their professional goals through our performance management process.
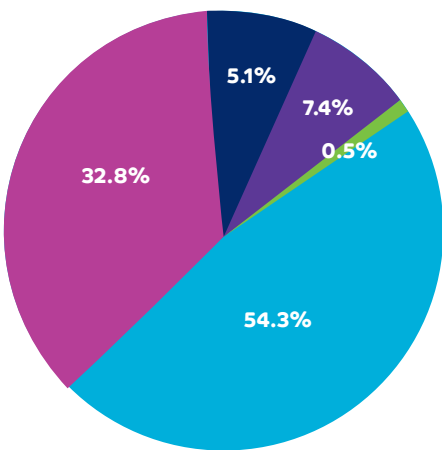
We are also improving employment opportunities for physically disadvantaged UAE Nationals in association with Dubai Community Development Authority. For the second consecutive year, we won the 'Employer of Choice' award by Dubai Women's College. In 2012, we attended four career fairs, delivered 19 guest speaker events and increased the participation in our work skills training programme to 233, up from 68 in 2011.

At a quick glance, we had a total of 1910 employees as of December 2012. Of these, 28% were female. Of note, 6% of women held senior management roles

(at Grade 18 or above). We are also a young workforce, with most of us between 25 and 35 years.

31%	
17%	
8%	
6%	
6%	
5%	

- Emirati
- Indian
- Pakistani
- Jordanian
- Filipino
- Egyptian
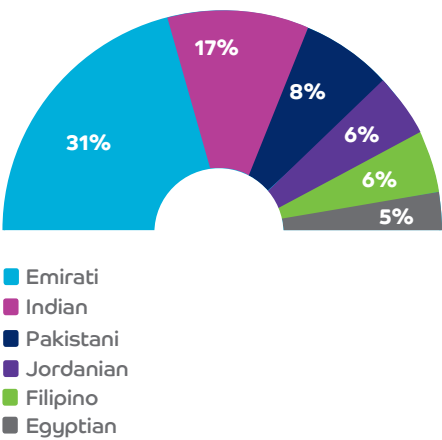
Top nationalities

- 5.1%
- 7.4%
- 0.5%
- 32.8%
- 54.3%

- Below 25
- 25-35
- 35-45
- 45-55
- Above 55

Workforce age

Key issues
- Emiratisation
- Diversity
- Training & development
- Safety and wellbeing
- Employee engagement
- Recruitment & retention

At a glance targets & progress

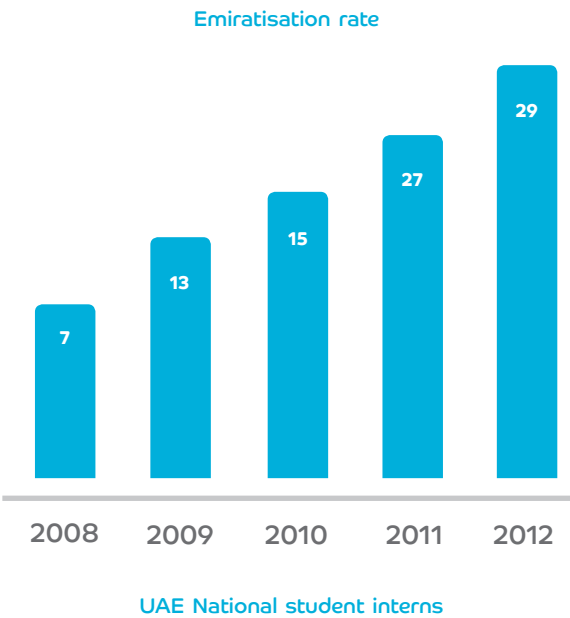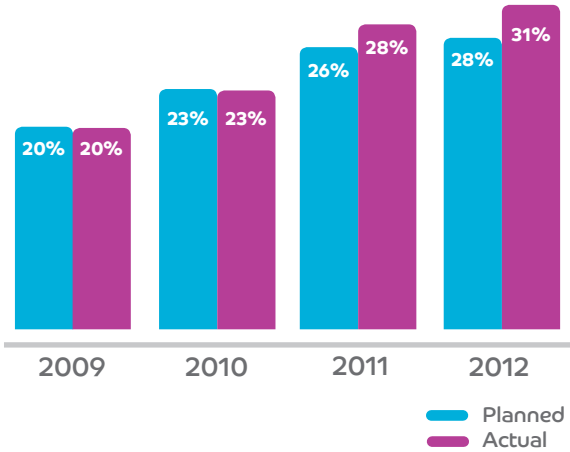| We said we would...	How we did...	What next?
Emiratisation		
Achieve 28% Emirati workforce by 2012.	● 31% achieved	38% Emiratisation by 2015.
Training, learning, growing		
Personal Development Plans for all employees by end 2011, extended to 2012.	● Estimated 400 estimated in 2012	Continue to work towards automating data collection.
Introduce 'collaborative learning' to build an organisational culture of learning.	●	Implement collaborative courses for all competencies and functions.
Maharaat training for all competency levels and functions.	●	Improve accessibility to training.
Staff volunteering 2012: targeted 700 hours in total.	● Achieved 1,036 hours	1,100 hours in 2013.
Employee engagement.	● 3.39 Gallup score	Expect to achieve a score in the Global Top Quartile in engagement.
Safety and wellbeing		
Launch e-learning courses October 2012.	●	Report outcomes in 2013 report.
Identify H&S training needs and complete risk assessments at 50% of sites by end of 2012.	●	Complete risk assessments at 100% of sites by end of 2013.
Health risk matrix in place by end of 2011.	● in progress	Delayed. Matrix to be completed in 2013.
Ensure safe food and safe drinking water.	● Achieved	Testing completed periodically to maintain safety levels.
Security risk assessment in all retail and offices by end of 2011.	●	New assessment in 2013.
Incident response completed for least 20% of incidents reported, by end of 2011.	●	New assessment in 2013.
Monitor Emirati nationals turnover (grades 11-15) 2011 figures: 12.23%.	● In progress 2012 figures 18.07%	Review reasons for increase in Emirati turnover for these grades.
Increase the number of students in the Work Skills Training Programme. 68 students in 2011.	● 260 students	150 students.

3

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1. Emiratisation

Our Masar programme helps us build careers, share knowledge and prepare future talent. In 2012, 146 Emiratis graduated from this programme and our Fujairah customer care centre has doubled in size to 120 Emirati specialists.

As a UAE company, our responsibility is to benefit our host community. In line with national policy and our Balanced Scorecard, the Emiratisation of the company continues to grow as planned. 31% of all our employees are Emirati (28% in 2011), as is 41% of our executive management team.

Our Emiratisation covers recruitment, career progression, graduate training, talent management, moving Emirati talent throughout the organisation and maintaining the strength of our brand.

Our five year Emiratisation programme was rolled out in 2010. This has been proactively implemented through internal training courses on recruitment strategies and partnerships with universities and Higher Colleges of Technology. The universities include Sheikh Zayed University, Khalifa University and the Mohamed Bin Rashid School for Communications at the American University of Dubai. We are pleased to operate this work in a context of improving UAE National performance ratings.

Our talent management system is also designed to accelerate the entry of UAE Nationals and push their succession to supervisory grades. At junior grades, we provide a clear development process with strong performance and a focus on our Fujairah call centre.

Emiratisation rate

Planned / Actual

2009	2010	2011	2012
20% / 20%	23% / 23%	26% / 28%	28% / 31%

UAE National student interns

2008	2009	2010	2011	2012
7	13	15	27	29

2. Diversity

The way we manage diversity is driven by our National Development programmes. As a UAE-born company, our responsibility is to give back to our host community. Our training programme known as Masar prepares Emirati employees as part of our multi-cultural team. At the day-to-day level we have policies in place to guide the management of various people on related issues such as equal opportunity, whistleblowing and freedom from harassment. All the policies are listed on our intranet.

We are also a diverse workforce. We are interested in your brain and your heart more than your colour, gender, marital status, age, religion, political belief, physical disability or status. The distribution of nationalities in our workforce continues to reflect that of the UAE in general. We employ a good range of nationalities and since 2011 the proportion of nationalities from India, Pakistan, Philippines, Jordan and Egypt has remained largely stable. (see p. 30) At the executive level, the distribution of nationalities has remained unchanged since 2011.

We comply with UAE law on equality and we are pleased to report zero discrimination cases in 2011 and 2012 on grounds of race, ethnicity, disability, or sexuality.

The imaginary glass ceiling

"Opportunity for all" is an important part of the way we do business and thus, we believe in advancing women's economic opportunity. Our 28% female employment figure is a reflection of this commitment. This year we note the following achievements by women in our organisation:

- Hala Badri, Executive VP, Brand and Communications: nominated onto the Board of Directors of Dubai Media Inc. and named as Marketer of the Year in the recent GEMAS awards.

- Anneliese Reinhold, General Counsel and SVP Legal & Regulatory Affairs won two titles: Middle East In House Lawyer of the Year and Most Influential Female Lawyer of the Year in the 'The Brief Middle East Legal Awards 2012'. The Brief Magazine is the leading legal magazine in the region.

In the UAE, HH Sheikh Mohammad Bin Rashid Al Maktoum honours the efforts of working mothers. We organised distribution of certificates signed by His Highness to acknowledge the contribution of 190 working mothers at du.

Further, as part of our Mawaed Al Rahman initiative for Ramadan 2012, we employed local Emirati women in Al Ain to prepare the iftaar meals. Not only did this help them financially, but they received certified training from the Food & Health Safety Authorities, thus, adding to their skill set for future employment opportunities.

Women's economic empowerment - our Fujairah customer care centre

Opened in 2011, our Fujairah call centre is **managed and operated entirely by Emiratis** - the first of its kind in the UAE. It is part of our drive to create 220 jobs in the Emirate of Fujairah and surrounding Emirates.

As well as regional economic development in this historic maritime Emirate, the call-centre offers a good degree of economic independence to female employees, who make up 90% of its staff. Of course, running a call centre is not without its challenges! In such a historic Emirate, family values are strong, and whilst this may help explain the deep-rooted hospitality of Emirati people, it also presents some staff scheduling challenges in the face of different expectations of work-life balance. As we work through these we are monitoring employee well-being and customer satisfaction and our open door managerial approach.

"**du has set a leading example for other businesses in the private sector as it empowers the local youth, demonstrating the true spirit of Emiratisation.**" H.E. Mohammed Al Zeyoudi, Director General, Fujairah Human Resources Department

3. Staff engagement and volunteering

We work in a competitive sector! So we want our people to be happy and productive at work. We commission Gallup research studies on levels of staff engagement, the results of which show that our engagement index has improved from 3.32 in 2008 to 3.39 in 2012. The overall average index score improved by 3.7% since 2010. By the end of 2013, we expect to achieve a score in the Global Top Quartile in engagement.

We will continue to improve on staff engagement, where empowering our staff is a first priority. For instance, we have now made a provision for our call-centre staff to waive disputed bills, within agreed guidelines.

We also want our employees to be inspired by our community and take an active part in our community.

Our employees and senior management both participate in our volunteering initiatives, which are led either by the employees or the community partner.

Our Senior Management Executives volunteer their time to lecturing college and university students. In 2012, 19 managers delivered lectures, donating 38 hours of their time, down from 28 managers and 56 hours in 2011.

During the reporting period, our employees contributed 1036 hours to community volunteering across various initiatives including:

Ramadan
Our Mawaed Al Rahman (Iftar distribution centre) initiative was a great hit with employees providing 163,000 meals, up from 150,000 in 2011. 70 volunteers devoted 278 hours, helping mosques cater for those performing the evening Maghrib prayer.

We invited 20 orphaned children aged 4 - 15 to our staff Iftar in Dubai. Our graduates planned and organised the entire event, instilling the importance of volunteering amongst our youngest employees. The kids participated in story-telling, creative workshops and balloon sculpting!

Give and Gain Day
Quizzes and competitions, poetry and lunch, are all part of the fun of 'Give and Gain Day' celebrations that we provided to 30 elderly Emiratis from the 'Elderly Rehabilitation Centre'. Thirty of our employees, including senior leadership and graduates, volunteered 90 hours of their time to help honour those who worked to make the UAE what it is today.

Hag Al Leilah celebrations
Hag Al Leilah is a festival of love, family and community bonding. In association with Human Appeal International we welcomed 15 orphaned children to join our CEO, Osman Sultan, and executive management team for lunch. The children dressed up in traditional clothing, received gifts, and collected nuts and sweets from employees.

Drop of Life
256 employees donated their blood in September 2012 as part of our annual Drop of Life campaign- an increase of almost 13% since 2008! The event was organised in association with the Blood Donation Centre and ran at 3 of our office locations: Dubai International Academic City, Dubai Outsource Zone and our headquarters at Al Salam Tower, Dubai Media City.

Internet security educational session for children
We think it's of utmost importance to ensure the safety of children on the internet. As part of the Dubai Police Safety Week, we held workshops to educate 1,500 children between the ages of 6 to 12 on the dangers of the internet.

4. Training, learning, growing

Ours is a competitive market, and our people must be equipped with the right knowledge and the latest skills to serve our ultimate aim: to be responsive to market change. We have grown quickly in a dynamic environment and such growth brings mobility which, in turn, needs to be underpinned by training. Since 2010, 800 of our employees have moved up at least one grade (figure excludes graduate trainees).

Our employees are empowered to take charge of their development and have the option to learn anytime, anywhere. We offer the quiet of a physical library to study, an interactive classroom approach as well as e-learning. In 2012, we delivered 54,019 hours of developmental and operational training to 3,525 employees and contractors via 80 courses and 1,395 courses. Programmes included the online Summer Learning Festival, the Managers Toolkit and other accredited technical courses. Around 5% (5,622 hours) of the learning was conducted online; around a third of employees completed at least one online module.

Knowledgeable employees are the backbone of a great customer experience. Our customer satisfaction scores increased to 95% in 2012, helped by a 'Product and Knowledge Certification' programme for all call centre and sales staff. Monthly knowledge tests show a call centre average of 87% and a retail sales team average of 95%. 92% of all customer care agents and 97% of retail sales executives are now 'du Knowledge Certified'. Our brand and culture programmes aim to keep the focus on customer experience and include the 'We are du' programme across five call centre sites and the introduction of quality programmes to ensure the effective release of over 176 marketing initiatives in 2012. Lifelong learning opportunities (including
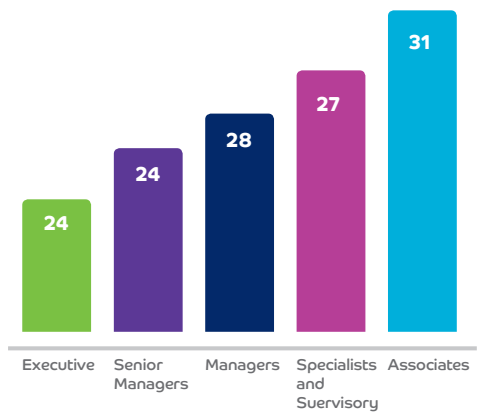
Average hours training

Note: 1,921 employees, overall average is 28 hours, (13 hours for men, 10 for women) excluding 3 hrs of e-learning training per year[4]

career endings) are shown in the Maharaat training calendar and online courses and videos offer more than 400 learning opportunities for competency and management development across all levels from associate to executive. Job specific training is offered through internal, online, or external channels as required. Examples include the popular Seven Habits programme, Great Manager launched in 2011, and the new Manager's Toolkit about HR policies and effective team management. These programmes are part of every manager's learning path.

Upwards and sideways career movement is supported through "Development for All", a career planning framework which develops technical, development, management and leadership training for all employees. Leadership capability is specifically picked up via our talent management programmes Qiyada, Nukhbah and Mustaqbal. At the end of September 2012, there were 97 employees in the talent pipeline. Personal leadership and competency development for all employees are supported through a variety of resources including classroom, online, informal learning and external partnerships.

Masar and our graduate training for Emiratis

Through our Masar programme, we offer a unique experience for talented UAE Nationals to grow and develop a career. The programme is focused on hiring, developing and retaining National talent - it targets young, degree educated UAE Nationals who have the potential to be future community leaders, and within our organisation. It comprises six modules relating to technical, management and marketing skills. Its success is supported by partnerships with all accredited colleges and universities across the UAE.

Our 18 month Graduate Trainee programme is central to Masar and has again created a positive impact. Training and coaching are complemented well by wider interpersonal skills to help graduates compete in today's challenging telecom environment. We increased our intake year-on-year and our monitoring shows that trainees stay at it – the programme remains attractive. Masar, including the GT programme, will stretch candidates, but its appeal is lasting.

In great company – training with INSEAD and Hult Business School

University agreements exist with INSEAD, Hult Business School, Manchester Business School and The University of Liverpool for discounted academic studies. The American University in Dubai (AUD) scholarship programme for our employees has been increased by 50% to 25 employee placements and 15 corporate social responsibility scholarships for UAE Nationals.

In 2011 we, along with Dubai Holding, DUBAL and First Gulf Bank formed a consortium of UAE companies and launched an Executive Leadership Programme (ELP) in collaboration with INSEAD, the renowned business school. The aim of the ELP is to provide executives, from this consortium, the opportunity to hone their leadership, coaching and training skills through academic modules, jury panels and case studies. The initiative successfully completed its first year in 2012.

In collaboration with the Hult Business School (Dubai Campus) we run executive coaching, action planning, peer mentoring and development programs. A reward scheme on community outreach helps to build capacity at the senior and mid-level management levels. We and Hult also share common aims to nurture social entrepreneurship and the Business School created the world's largest student movement for social good.

4 The headcount here is the figure at the end of our 'training calendar';a small variance therefore exists when compared the end-of-year figure

5. Safety and wellbeing

Ours is a competitive market, and our people carry out their professional duties with health and safety top of mind. We have in place the necessary management arrangements to ensure that everybody goes home safe every day. Examples of this include our HSE policy, training, surveys on stress and our wellbeing helpline.

Health and safety are paramount to a productive and happy workplace, and we continue to monitor and provide training on these aspects. Facilitated through online and classroom sessions, these focus on hygiene, proper ventilation, healthy work environment, manual handling, travel safety, causes of stress and general office safety risk. We have a helpline for health and safety advice and also provide information on our intranet. In each retail outlet, at least one employee is trained in first aid, for the benefit of staff as well as customers. We note that none of our workforce is represented in any formal joint management-worker health and safety committees.

Our fire safety procedures dictate that we track fire alarms activations (including false alarms). We also encourage our staff to recognise and report personal security incidents such as lost property, theft and access card violations. Finally in the interests of security, our facilities team tracks incidents that did not lead to injury or medical treatment, such as water leaks or other spillages.

We collect data on accidents for our 1,910 permanent employees, but, whilst our policies cover our 206 contractor-employees, we do not collect safety and wellbeing data relating to them. The frequency of accidents under our control is negligible: in 2012, our lost time incident rate was 1.18 (2.75 for women; 0.75 for men), up from in 0.92 in 2011. Typically, the severity of accidents is low, such as minor scratches, cuts or bumps to the head. In 2012, fifteen incidents (seven male, eight female) required first aid; seven required attention at hospital (two male, five female). Only one incident involved a male having to stay overnight in hospital.

Whilst we are not legally obliged to keep data on contractor safety, we plan to revise our incident categorisation, injury and occupational disease data collection systems for employees, employee-contractors and outsourced associates (in call centres, for example) by 2015. We encourage outsourced operations to adopt good practices in safety and wellbeing and require all partners to be compliant with our HSE policies. We also plan to raise further awareness about incident reporting procedure for 2013.

Keeping our employees with us and keeping them healthy

The workplace of today must contribute to the wellbeing and happiness of employees. We are known for being the only telecom sector company with an in-house clinic and gym. Our clinical team also runs a variety of initiatives such as a health helpline, training and seminars on topics such as the heart, nutrition, smoking, travel health, mental health, vision, breast cancer, diabetes, back health and a special wellbeing campaign during Ramadan. Also, the team provides influenza shots and other vaccinations; in 2011 we vaccinated 250 employees and their family members against influenza which rose to 400 in

The health campaign at the Dubai Outsource Zone

The Doctor was in the house in July 2012 at the DOZ Contact Centre. The two-day health campaign involved health check-ups with a focus on blood pressure and body mass index, vision tests, cholesterol and blood sugar tests. A stress questionnaire was also circulated to all staff.

Also, Dr Abdulla Al-Redha, a highly respected ear, nose and throat (ENT)specialist, gave a short seminar about health issues related to the use of headsets. Health campaigns will be seen in other parts of du shortly in 2013.

2012. Finally, our resident doctor chairs the Wellness task group at the Dubai Chamber of Commerce, which compares wellness best practice amongst its 18 members.

From time to time work life can be stressful. Many people thrive on the buzz of a busy schedule, but for others it can take its toll. Colleagues tell us that work-life balance is important, so we are focused on finding a way of working that accommodates our colleagues' needs including policies on flexi-time and annual leave. In 2013, we will complete projects that assess conditions and promote wellbeing.

Our clinicians are exploring how to manage stress at work. Our first survey of call centre staff at the Dubai Outsourcing Zone revealed that 17% of respondents experienced stress at work. To ensure accuracy, we assured our employees that these surveys would not reflect in their performance appraisal. We are now looking to analyse stressful situations and alleviate them. We are likely to focus on work-life balance, nutrition, hydration, mentoring, health check-ups and structured breaks.

We are also working to improve the tracking of absences from work. Whilst we do not formally track absenteeism, we have noted an increase in average sick days taken per employee of 50% since 2011. We are reviewing what, if any, occupational factors have contributed to this. The ultimate aim is, of course, to retain our people.

> " Patient confidentiality runs right to the core of a medical professional. At du, the basis of any successful relationship is trust. You come to see us in the clinic: you can be assured that all personal information relating to the consultation and treatment is securely held here. That is our oath. "

Dr. Mansoor Anwar
Director - Medical & Occupational Health Services

When it comes to taking parental leave, we want our colleagues to feel that their employment security, remuneration and career path are not at stake if they want to start a family. All of our employees are entitled to take parental leave. In 2012, 157 parents took parental leave, only 27 of whom were women. Our records do not currently track the number or rate of those who returned to work after parental leave ended.

In 2012, we recorded a 16% employee turnover rate, up from 11% in 2011. Between October 2011 and December 2012, we recorded a total of 361 leavers and 326 new hires. The charts below depict the split by gender and age band. We attribute the increased attrition due to the challenging global economic environment. However, we are also working with our clinicians to identify any occupational reasons.

Total hires - by age
■ Female
■ Male

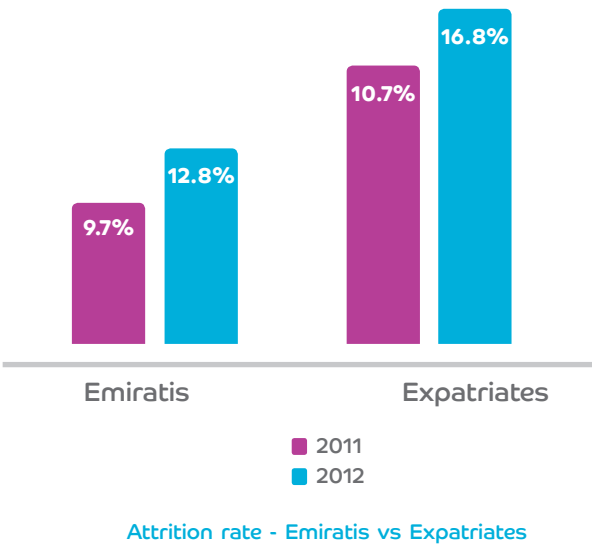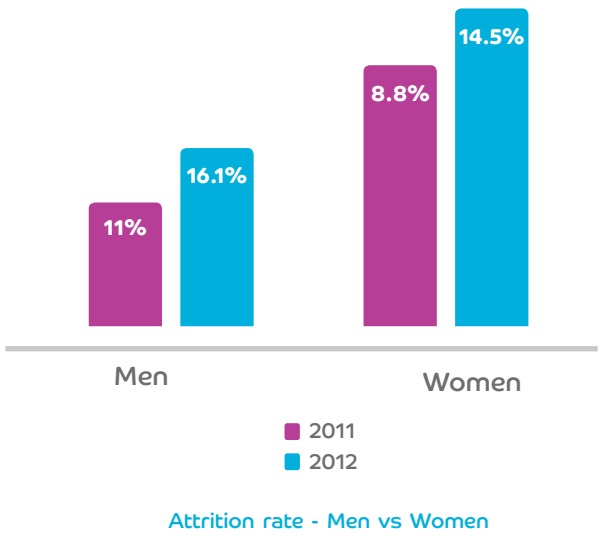Total leavers - by age
■ Female
■ Male
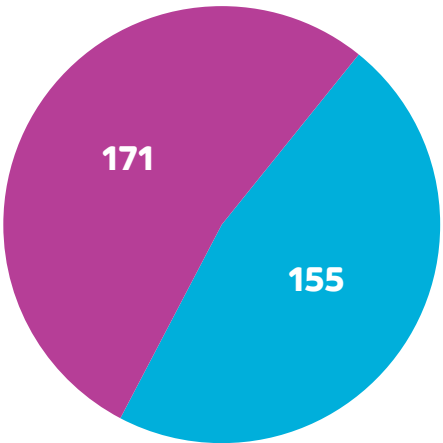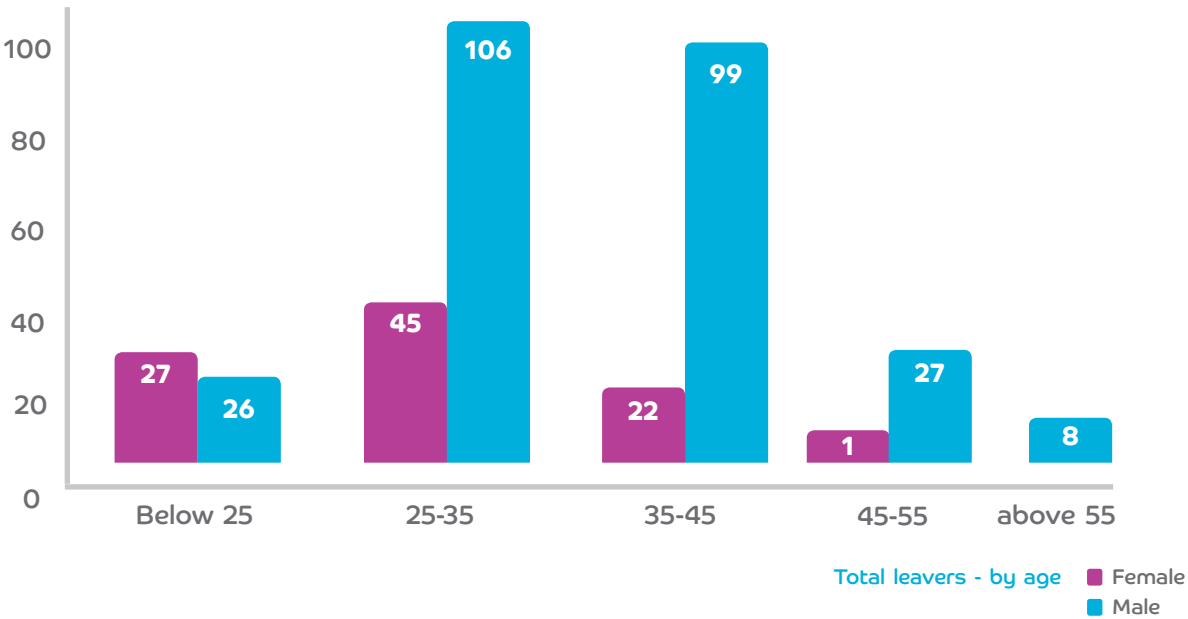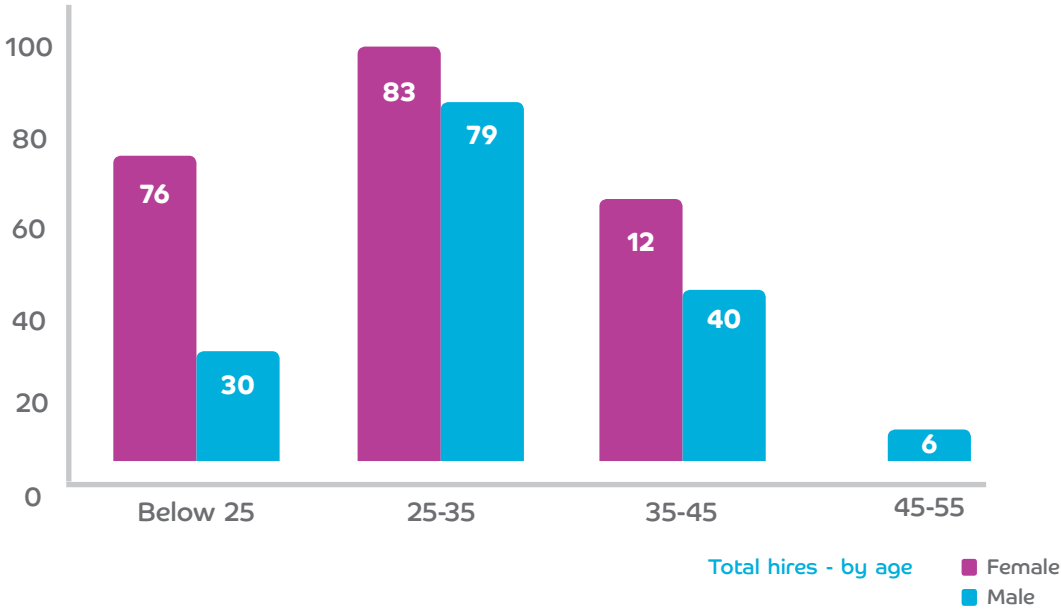
■ Female
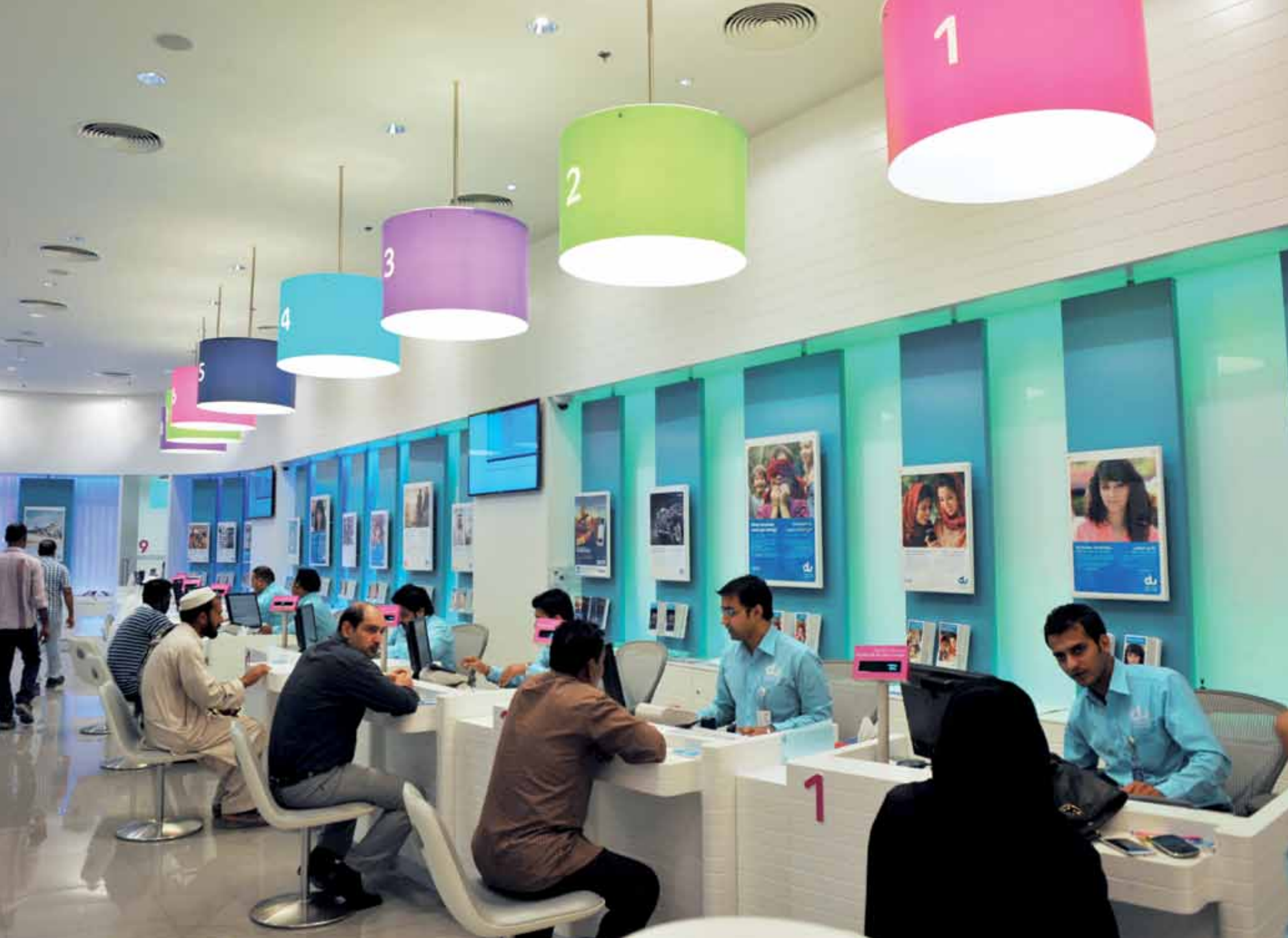■ Male

**Total hires
(Oct 2011 - Dec 2012)**
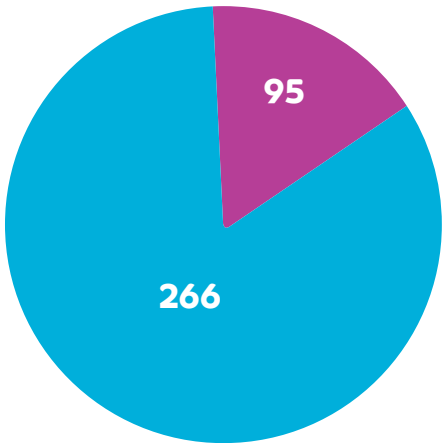
■ Female
■ Male

**Total leavers
(Oct 2011 - Dec 2012)**

The graphs below represent the comparison between different employee groups – Emirati / Expatriate and Men / Women.

■ 2011
■ 2012

Attrition rate - Men vs Women

■ 2011
■ 2012

Attrition rate - Emiratis vs Expatriates

0.3 **Our customers**

We want our current and future customers to feel safe, confident, included, informed and satisfied. The key to attracting and keeping customers are innovative and dynamic offers and a superior customer experience.

Our long term aims are:

- 100% customer satisfaction.
- Zero breaches of customer privacy and security standards.
- Zero breaches of content or cyber-bullying standards.
- Acknowledged as the key provider of responsible and innovative telecom services in the UAE.

In 2012, we had over 6.5 million mobile customers. Mobile and fixed line subscriptions were up 78.6% and 5.6% respectively since 2011; our current share of the mobile market is 48.7%. We also publish customer service reports – a first in the sector. An independent survey by ARC Chart cited us as the 'Best Mobile Broadband Network in the Middle East and Africa' in 2012, based on an assessment of upload and downloads speeds, coverage and lag. Recent independent research in the wireless communications sector ranked us ahead of 72 other operators in a region serving almost a 1.5 bn people.

Key issues

- Customer satisfaction
- Privacy and security
- Customer protection
- Innovative offerings
- Offers for special categories in the community
- Responsible marketing

0.1	0.2	0.3	0.4	0.5
Our Approach	Our People	Our Customers	Our Environment	Our Community

Our customers

Customer Satisfaction	How we did...	
	2011	2012
Customer satisfaction contact centre (mystery caller)	91%	95%
Customer satisfaction retail shops (mystery caller)	84%	86%
Contact centre average wait time	20 sec	13 sec
First call resolution	72.66%	70.79%

1. In touch with quality to promote customer satisfaction

Improving customer experience and operational efficiency is one of the strategic priorities within our Balanced Scorecard. As our customer base grows so does our engagement with them: from installing new call centres and fresh retail outlets to publishing service reports. Our engagement with staff and customers has become a lot more personalised in 2012.

Customer satisfaction reports
We manage our engagement with customers through various channels including our call centres, our retail outlets, web based feedback, social media, the online shop service lines and even offer the option to SMS our senior management directly. In a move to increase transparency we began sharing customer satisfaction figures in 2011 and committed to reporting these quarterly.

The reports include information such as:

- The efficiency and effectiveness at which problems are addressed by customer service staff.
- Contact centres' helpfulness and answering time.
- The number of inquiries handled via social media channels.
- Customer satisfaction and mystery shopper ratings.

" Whilst our customer-service department is outperforming industry standards there's always room for improvement in customer service. Going forward, and with the quarterly release of a "Customer Service Report", we are introducing an entirely new way of customer-business relationship for a more transparent and sustainable approach. After all, we believe that it only takes one idea to spark real change. "

Farid Faraidooni
Chief Commercial Officer

SMS direct to the CCO

In May 2012 we **introduced an escalation channel called 'Direct to the CCO'**. This provides customers with the chance to escalate their complaints to the Chief Commercial Officer, if they are not given a satisfactory resolution by our customer service team within promised timelines. This is enabled through a special SMS short code (1515) and email communication. This escalation channel is currently available to our home services customers, and will be expanded to the rest of our customer base.

Through our customer call centres in the UAE, India and Egypt, we strive to cater to our diverse customers' needs. We're particularly proud of our new customer contact centre in Fujairah, which is 100% managed and staffed by UAE Nationals and provides differentiated services to our UAE Nationals, Premium and VIP customers. These multi-language centres reflect the diversity of cultures in the UAE and with our passionate skilled staff, we truly aim to embody the essence of customer satisfaction. For full details please see page 33.

Fujairah City Centre

2. Ensuring customers' peace of mind, privacy and security

Customer protection and privacy are our top priorities. We aim to protect our customers, the wider internet community and our business! Eliminating irresponsible use and illegal activities makes the customer experience better, safer and more secure. This is achieved through customer engagement, compliant resolution, and the Acceptable Use of Service Policy (AUSP).

Content, spam, hacking and cracking
Our work to combat inappropriate content across our networks and services continues. We continue to offer every consumer and enterprise mobile customer automatic and manual spam blocking free of charge. This follows the launch of our anti-spam filter (including mobile spam) in 2011 as per TRA requirements.

Through our message of 'Be Aware, Be Safe', we are promoting anti-fraud and security awareness amongst our customers. Our experts have developed a web page providing useful advice to all employees and customers and further advice can be sought via a new email - besafe@du.ae.

We enforce the AUSP by mitigating Network Services Security issues (such as spam emails, malware/infections, hacking) in order to protect our customers, us, and the internet community in general from irresponsible use and illegal network activities. Relevant security incidents, complaints and violations of the AUSP can be reported by emailing abuse@du.ae. Our team investigates these and responds to the complainants in a timely manner.

National content filtering project
The TRA internet access management policy in the UAE outlines 13 categories of content that must be filtered by internet providers. They include content involving sex, gambling, defamation of religion, offence to public order, and national security; politics and social criticism are not included.

Since 2009, we have been compliant with the TRA's Internet Content Filtering (ICF) policy. In doing so, we have also found investment savings through the use of more efficient configurations of specialist server equipment. The cost and environmental savings, equivalent to AED 4.6m, are an additional bonus and the solution won many awards including the 'Green IT' award from the Ontario Centre for Excellence, the Network World 'Middle East Award for Best Security Deployment' and the SAMENA award for 'Best Local Content Provider of 2011'.

Anti-cyber crime
When a hacker tries to disrupt our services, we're ready for them! Distributed Denial of Service (DDoS) attacks are now more frequent than ever, making protection against them essential. A DDoS attack attempts to make a device or network unavailable to its intended users by interrupting or suspending the services of a host connected to the internet. In 2012, we launched DDoS protection for business customers, a system supported by a team of technical experts available 24 hours a day. This service is intended to help other companies manage their own business continuity risks.

We use 'honey pot' servers that attract hackers to try and compromise them. We work with our suppliers to do this as it improves system integrity. Cyber-crime is a threat that is increasing and we constantly monitor risks of phishing, spam, and other 'cyber-bots' compromising our operations. Our Technical Security, Facilities and Risk & Fraud Management (TSFRM) team seeks environmental savings as well as cost efficiencies.

A safety net for young and vulnerable customers
Threats evolve quickly online! As part of customer protection, we constantly review the safety aspects in our services. We educate parents on safe social networking, illegal content, cyber-bullying, and the risk of personal identity fraud. We provide parental lock options in our TV broadcast services and movies on our video-on-demand platform are censored in accordance to UAE guidelines.

We regularly meet with the National Media Council to keep abreast of their advice; receive approval on all new content and agree all censoring with the TRA; all competitions and promotions are approved in line with Dubai Economic Department guidelines and Islamic content is checked with the Islamic Affairs and Charitable Activities Department.

As part of the Dubai Police Safety Week in 2012 we held workshops to educate 1500 children aged 6 to 12 on the dangers of the internet. Sixteen employees donated 97 hours of their time to this initiative.

3. Product innovation

We have made significant investments in our LTE network; in 2012, we launched the LTE services commercially, taking fast, efficient and reliable connectivity to the next level. Furthermore, we are proud to have led the way in the launch of the latest generation of 4G LTE networks, making UAE one of the first countries to deploy this technology in the region.

Our research teams work flat out on cyber-security technology, working with the government, hackers, the police and software vendors to ensure zero disruption to customer and corporate systems. We also operate a small fleet of rapid deployment transmitting cars to service our network assets in case of man-made or natural interruptions.

Similar to our 'Smart Health' technology, we apply innovation to provide other social services. For instance, we offer an up-link, free of charge, of the Dubai International Holy Qur'an Awards each year via the Arabsat Badr 4 satellite.

4. Responsible marketing

We adhere to the regulations and code of conduct specified by the Telecoms Regulatory Authority (TRA), and is detailed in our Privacy and Acceptable Use of Service policies. In line with the TRA's policy on Unsolicited Electronics Communications, our customers have the choice to opt in or opt out from receiving text messages on our offers and plans. We treat customers' personal information as confidential, and this can only be disclosed in accordance with UAE laws on privacy rights, or if it is required for compliance with UAE law enforcement agencies.

Mobile health is evolving

Telecoms companies around the world understand that high quality healthcare services should be served by cost-efficient, reliable and interconnected delivery systems. Already 5% of all Google searches are health-related, and the impact of the internet and other technologies will continue to increase

Mobile or online collaboration between healthcare professionals and patients is likely to improve and smartphones, with their apps and real time synchronisation capabilities, will be central to this. Mobile health technologies (mHealth) deliver this through pervasive connectedness and offering information choices that encourage personal responsibility and help in the long term improvement of lifestyles and health. In the UAE, there are worrying levels of obesity and heart disease as a result of poor nutrition and inactive lifestyles - the UAE is ranked 10th on the International Diabetes Federation (IDF) list of nations at risk from diabetes prevalence.

Fact

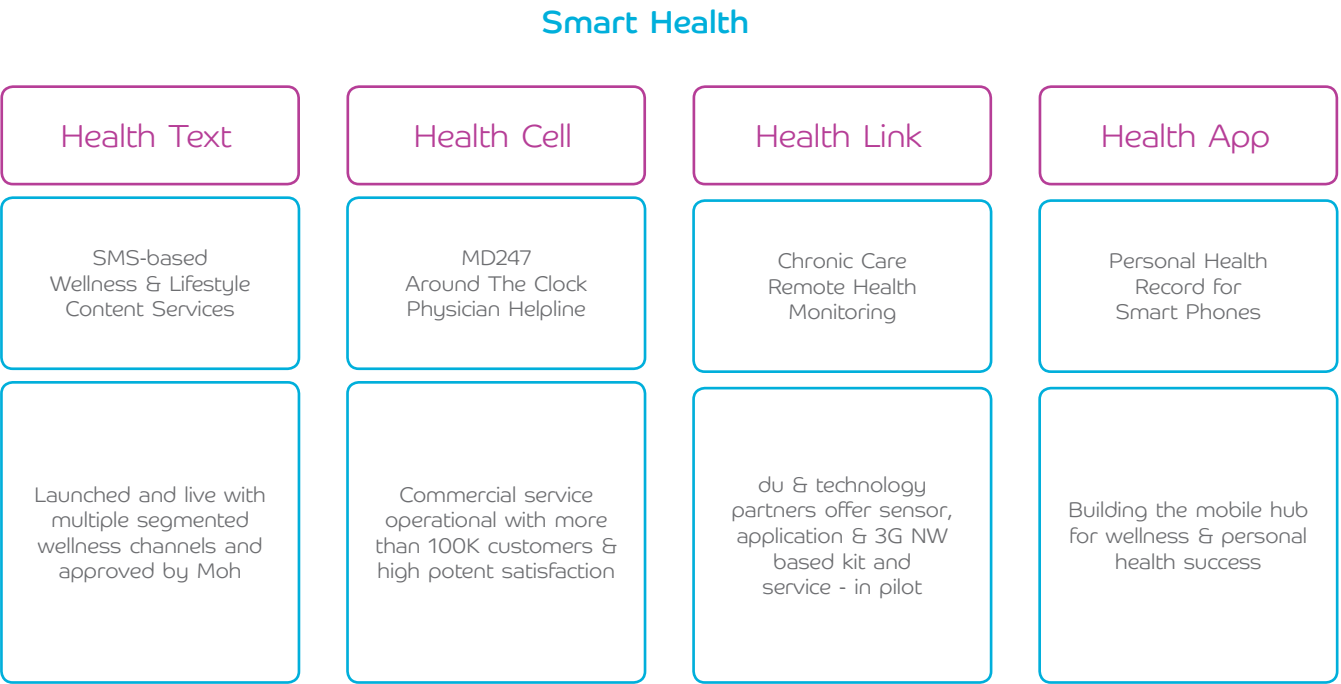### More than 71% of the Emirati adult population is obese.

Not only are we providing life-saving information over the fastest network in the region but we have also invested in a healthcare contact centre, costing AED 5.6 million (USD1.5m). The aim is to support access to quality healthcare anytime, anyplace.

We facilitate communities in owning a stake in their wellness and prosperity as building blocks of a modern Arabia. We are connecting the dots in a complex healthcare system by using traditional telecom assets, investing smartly,

integrating business models and creating partnerships. We have grown our key mobile health services since 2011; critical to their success are good content, relevant services, suitable technology and strong connectivity.

Our credibility is secure: we are delighted to have won The Mobies for the 'Best Mhealth App' at the The Mobile World Show 2012. We were also awarded the M+Health award for the 'Best Healthcare Initiative by a Telecom Provider' at the

Hospital Build & Infrastructure Congress 2011. We also hosted the 1st Health 2.0 Regional Meetup supporting the GSMA mHealth & Diabetes initiatives for Connected Life.

Smart Health

Health Text	Health Cell	Health Link	Health App
SMS-based Wellness & Lifestyle Content Services	MD247 Around The Clock Physician Helpline	Chronic Care Remote Health Monitoring	Personal Health Record for Smart Phones
Launched and live with multiple segmented wellness channels and approved by Moh	Commercial service operational with more than 100K customers & high potent satisfaction	du & technology partners offer sensor, application & 3G NW based kit and service - in pilot	Building the mobile hub for wellness & personal health success

Smart Health is the utilisation of mobile communication technologies to deliver healthcare services. It is our portfolio of all mobile health and eHealth services. These services will enable a range of value added content and disease management opportunities for our customers.

The alo card and International Labour Day

Imagine- it's been a hard day's work on-site, you pull out your phone and call home. No fuss, your family is on the line.

For many expatriate labourers living in the UAE this has been a luxury, but no longer. Through our partnership with the Permanent Committee of Labour Affairs, we now offer the 'alo' prepaid service. With no joining fees or renewal costs, the SIM is designed with a labourer's pay in mind. We also sell the SIM card right on their doorstep!

We ran a week-long celebration in May 2012 providing special international calling rates on the Alo calling card which works on regular mobiles through any UAE service provider. We gave away gifts such as water bottle cooler bags and set-up booths at labour sites to sell alo cards.

We also offer specially adapted offers for expatriate labourers and others from India, Pakistan, Bangladesh, Sri Lanka and Nepal. Known as WoW More International, those missing loved ones at home can call them for around one fils per second.

The UAE Ministry of Labour runs various sporting and cultural events each year with us as a sponsors. The aim is to improve the working live of labourers, especially those working away from home, by making it easier and cheaper to contact families.

Identity protection in action

In line with the UAE Telecommunications Regulatory Authority's 'My Number, My Identity' campaign, all mobile users are required to register their mobile number with an Emirates ID or passport with a valid UAE Visa. To help facilitate the registration, we inform our customers by SMS when they need to register, and then guide them to our 250 conveniently located stores or through our authorised dealers including Axiom, Jumbo, Eros, Jacky's, E-max, Plug-ins to update their details. We have endeavoured to make the process as speedy as possible.

With our continuous efforts to protect UAE mobile users from the pitfalls of using handsets with unauthorised IMEI numbers and in line with our customer protection measures, we offer an automated IMEI check. Beginning in May 2012, we announced our second IMEI and started alerting customers using handsets with duplicate (illegal) numbers; any duplicates were subsequently blocked.
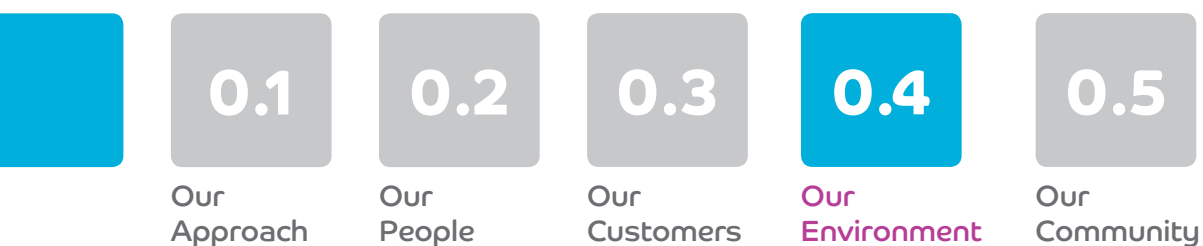
Our alo customers are from

- Philippines
- Nepal
- India
- Bangladesh
- Pakistan
- Others

31%
3%
4%
15%
19%
28%
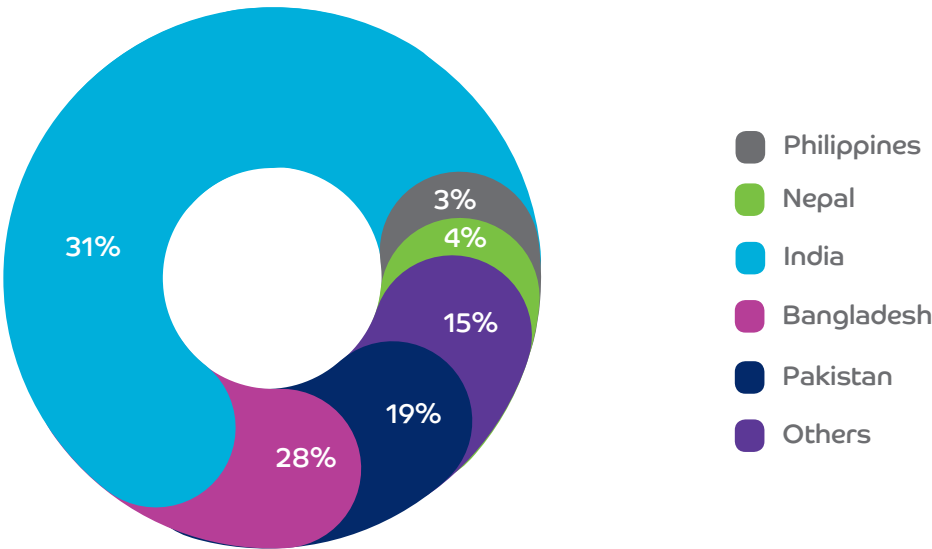
0.4 **Our environment**

Building on some great results in 2011 we have a stronger understanding of our operational energy efficiency and carbon emissions.

Our aims are to:

- Pursue strong management approaches, improve energy efficiency, reduce greenhouse gas emissions and minimise waste in the long term.
- Focus on consolidation of data collection systems in energy and waste in the short term.

We have come a long way on our journey to establish robust environmental management practices. Environmental improvement comes not just from policies, programmes, audits and accolades, but it is the people in the organisation that make it happen. From the simple, 'doing-your-bit' gestures of printing less to the inspirational hard work in setting up a comprehensive performance improvement system; it is the changes in how we do things that count. We are reviewing our day-to-day projects to inspire change, as well as formal management approaches that allow for compliance and overall improvement. We are certified to the international environmental, health and safety standards ISO 14001 and OHSAS 18001.

We said we would...	How we did...	What next?
Natural resources		
Hybrid power and smart energy management controllers in at least 100 of our base transceiver stations.	● achieved	60 more sites in 2013.
Install solar power systems in four remote off-grid mobile sites.	● achieved	Continue installing solar systems in sites where possible.
Reduce our fleet energy use and carbon dioxide emissions by switching vehicle types hired.	● in progress	Continue the reduction and report outputs of vehicle tracking monitoring.
To obtain a baseline level of energy consumption for office facilities.	● in progress	A specialist will be appointed in Q1 2013 to collect data and provide a report.
Waste management/recycling		
To recycle at least 50% of old printer cartridges.	● in progress	We have been able to reduce the number of print cartridges consumed by 43% from 2011 and are now working to instill more robust recycling and reporting procedures.
To implement recycling programme for wastes (paper/plastics, cans, bottles etc.).	● achieved	We are working with a business vendor to implement this aspect with significant success.
To attain at least a 50% recycling of paper waste for office facilities and warehouse.	● in progress	Our efforts in recycling our paper wastes have increased by 36% from 2011 which constitutes all forms of paper consumption. We are now working to improve our reporting mechanisms.
Supply chain/procurement		
To identify and establish a mechanism to handle e-wastes/hazardous wastes generated, by recycling or safe disposal methods.	● in progress	Achieve responsible waste management practices by 2015. Assess suppliers' compliance with our environmental procurement requirements. We will monitor progress made and report performance.
HSE compliance for all vendors.	● in progress	All vendors must confirm their compliance with our HSE regulations and submit any relevant documentation.
E-tender system.	● achieved	All vendors must now register on our online portal to submit tenders, invoices etc.

Key issues

- Supply chain.
- Waste management/recycling.
- Conservation of natural resources.
- Environmental benefits of communication technology.

Initiatives in 2012 included the following:

- **The retail environment.** Recycled and FSC certified paper was used in our carrier bags and information leaflets.

- **Desert Clean-Up.** Along with school children and other volunteers, we participated in a 'Desert Clean-Up' initiative organised by the Dubai Municipality in February 2012. The Director-General of the Municipality opened the event in the desert area of Al Warqa, which included cultural and entertainment programmes and exhibitions as well. Importantly, we spread the word on waste to customers via four million text messages, and through social networking sites.

- **Go Green.** Through a 12 day awareness campaign, we collected 209 'Green Ideas' from our employees in 2012. Of these, 32 were accepted for implementation by business units! Examples included replacing paper application forms with digital alternatives; using QR codes for brochures rather than paper copies; SIM packs made from recycled materials; and eco-fonts for improved printer efficiency.

- **Printer Efficiency.** We use our manufacturer's 'managed printer services' where we lease our printers and pay on the basis of printed pages. They also take care of the maintenance and cartridge return, thus helping to reduce our footprint. Our printers are also set to automatic double-sided and grayscale printing.

1. Buying into responsible procurement

We purchase goods and services from over 700 active business partners, and have sourced over AED 13m (US$3.5m) from them since 2011. As part of this continuing commitment, we have targeted to source AED 12m from SMEs in 2013.

We continued our pursuit of excellence and thought leadership with the release of our new Environmental Procurement Policy in April 2012.

Through this policy, we aim to direct the purchase and use of environmentally sustainable products. It is also a management tool to promote more efficient use of natural resources, which has been identified as one of our material issues. The purpose is to make purchasing decisions based on economic as well as environmental factors, evaluating the entire product life cycle; from raw materials, manufacturing, packaging, distribution, operation, maintenance and disposal or recycling.

Most importantly, the policy assures a preference for environmentally responsible products when performance and price are comparable to conventional products. Of note, the financial cost is reviewed across the entire life cycle, including initial price, maintenance costs, operating costs, replacement and disposal cost.

This policy applies to relevant teams in our wholly owned and operated business units and premises, not to our teams in our outsourced call centres or warehouse operations. The aim is to collect records of quantities of recycled products purchased, and the existence of environmental options in vendor quotes, and publish the results. Finally, the policy encourages waste minimisation practices.

On this basis, the following considerations guide our procurement decisions:

• Raw material sourcing is environmentally responsible.
• Reduction of substances harmful to human health and environment (eg: CFCs, mercury, lead, phthalates).
• Recycled content and recyclability or biodegradability.
• Shipped with minimal packaging made of recycled/recyclable materials.
• Eco-efficient production, operation, and disposal.
• Locally or regionally sourced, where possible.
• Use of alternative (less polluting) fuel sources where possible.

The policy states a preference for certified products, such as Forest Stewardship Council (FSC) certified and recycled paper. The policy directs a minimum of 30% recycled fibre (pre- or post-consumer waste) in products such as stationery and marketing materials. Elemental Chlorine-Free paper is required by the policy at a minimum.

We are pleased to say that both editions of our Sustainable Development Report have been printed responsibly.

In 2012, we started phasing out our old retail carrier bags by replacing these with those made from FSC certified paper. Also evaluated were various size options to ensure that the bags were produced with minimal waste. We are proud that all of the bags in circulation are made from FSC certified paper. double-sided and grayscale printing.

Furthermore, all suppliers are now invited to submit registration and tender documents through an online portal. As we operate in the telecoms sector, this has ensured a sizeable reduction in the quantity of printed paper, for us and our suppliers. Additionally, it has made the procurement process more efficient and transparent. Unfortunately, as we have no record of the paper quantities received earlier, we cannot estimate the paper and ink savings. However, we are working to secure some anecdotal data in order to estimate this.

Making suppliers HSE compliant
We revised our 'Health, Safety and Environmental Requirements for Vendors' procedure in January 2012. Ultimately its goals are to protect our people and the environment during service delivery, ensure compliance with the law and, where possible, international HSE best practice.

As a result of this, suppliers now need to agree to our HSE policies and submit proof of their own policies when they register with us. In this way, we are advocating best practice and helping these companies comply with UAE regulations on HSE.

The next phase of this roll-out will include performance measurement through regular checks, audits and inspections with reporting on conformity and performance.

> " Our new environmental procurement policy and our revised HSE vendor procedures strengthen the work with suppliers on waste management considerations at the end of a product's life. "
>
> Rashid
> El Sheikh
> EVP, Corporate Services

2. Waste management – consolidating our approach

We are currently focusing on measuring waste quantities and recycling proactively, with the long term aim of reducing the waste produced by our business and our customers. As part of the latter, we would also like to positively influence the behaviour of our customers and employees and make them part of our journey.

Our recycling rates over 2011 and 2012 are depicted below and we are pleased to say that our efforts have been successful and we will continue to improve on this.
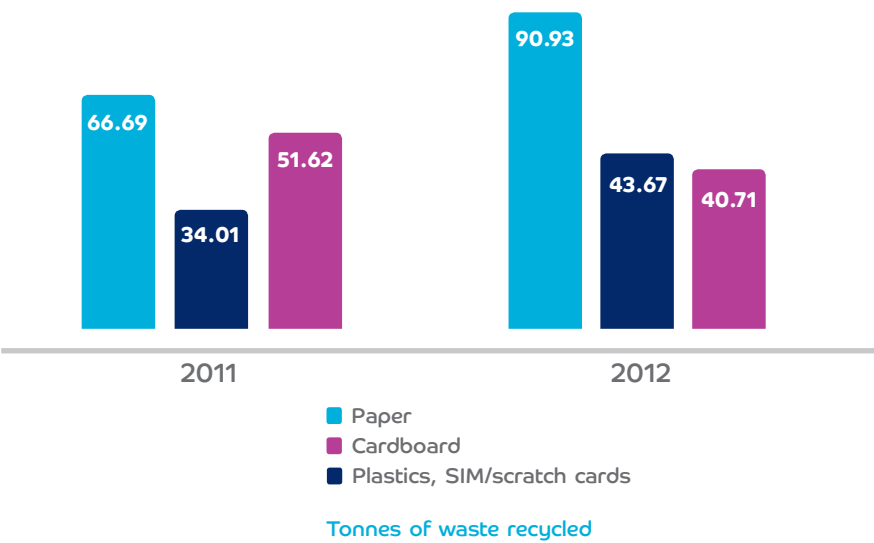
A new hazardous waste policy

Hazardous waste takes many forms; it's not all chemical slurry!

Some common hazardous waste include fluorescent lighting tubes, lead acid batteries, fire retardants, diesel, PVC cable insulation and scrap electronic equipment. Some types of cleaning agents, switchgear, toner cartridges and paints are also hazardous.

Our response to the challenge of this waste stream comes in the form of our new Hazardous Waste Management policy that was published in 2012. This underpins our commitment to safely and responsibly manage our electronic and hazardous waste and report the data by 2015. Our new policy commits us to procedures relating to compliance, handling, testing, and recycling options, contractor selection, and destruction of sensitive data in electronic devices. It is compliant with the UAE Federal Law No. 24 (1999) for the Protection and Development of the Environment and is influenced by the European Directives on Waste Electrical and Electronic Equipment Directive (WEEE) and Restriction of Hazardous Substances directive (RoHS).

All electronic waste is first assessed for reuse, or resale value. All staff involved in handling hazardous waste are made aware of the special handling requirements involved, such as wearing protective clothing or labelling bagged waste.

Tonnes of waste recycled

- Paper
- Cardboard
- Plastics, SIM/scratch cards

2011: 66.69 (Paper), 34.01 (Plastics), 51.62 (Cardboard)
2012: 90.93 (Paper), 43.67 (Plastics), 40.71 (Cardboard)

3. Conservation of natural resources

Energy – good progress to report

We constantly search for ways to reduce our energy consumption. Our 'Green du' initiative includes our efforts to improve energy efficiency and the use of renewable energy at our mobile transceiver stations. Our data centres are not currently included in our energy data collection process, however, we expect to include these in our energy data collection procedures by 2015.
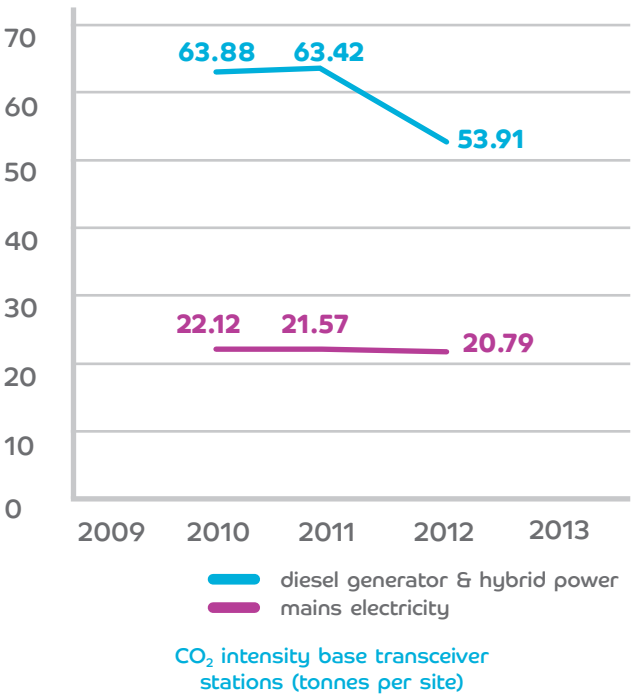
We endorse the purpose of the World Energy Forum to move towards cleaner, safer and more sustainable energy and thus, we sponsored and attended the forum in Dubai in 2012. In our role as a telecommunications provider, we recognise the need to develop innovative and viable sustainable practices to conserve energy, and encourage efforts to further explore the possibilities that will promote energy efficiencies.

Smart energy base stations

In line with the UAE Government's strategy on sustainable energy, and with the objective to reduce our diesel consumption and CO_2 emissions, we have started to convert our diesel sites to smart-energy hybrid systems.

From 1780 base transceiver station (BTS) sites in 2010, we have increased this to 3,050 in 2012. 7.5% of these are powered by diesel or hybrid diesel/battery systems. In 2011, we committed to using hybrid power and smart energy management controllers at 137 of BTS sites, which we have now achieved. The hybrid power system via the Smart Energy Manager reduces the generators run time from 24 hours a day to only 10 hours, while the power supply to the cell station is maintained through batteries.

This has reduced our average annual diesel fuel consumption and equivalent CO_2 emissions by 11%, saving around one million litres of diesel and removing 2,500 tonnes of CO_2 emissions! Our sites running on mains electricity are 6% more efficient than 2011 (3.6% since 2010). By the end of 2014, we intend to increase the number of sites using these solutions to 250 across the UAE, with an anticipated saving of 6.8 million litres of diesel and consequent reduction of carbon emissions by 17,000 tonnes.

diesel generator & hybrid power: 63.88 (2010), 63.42 (2011), 53.91 (2012)
mains electricity: 22.12 (2010), 21.57 (2011), 20.79 (2012)

CO_2 intensity base transceiver stations (tonnes per site)

In addition to the achieved benefits in Fuel and CO_2 reduction, the reduced generator runtime by 60% leads to less generator maintenance requirements, as well as less noise pollution.

Following the success of our very first solar power project at Sir Bu Nair Island in 2011, providing mobile coverage to the entire island with zero emissions, we have replicated this at other four sites in the UAE.

Also - and as a result of an employee suggestion – new insulation was installed to improve thermal insulation at mobile stations, towers and commercial buildings.

Vehicle efficiency

We work with an accredited business partner to ensure that our fleet of vehicles has the minimum environmental impact. We have started to use vehicles with a lower engine capacity and lower resultant environment emissions. We receive mileage, fuel consumption and carbon emissions related data from our partner on a regular basis. This, combined with the installation of vehicle tracking devices will help us monitor our fleet usage and consumption to better manage our impact.

Since 2010, there has been a slight increase in tonnes of CO_2 relating to petrol and diesel use. Over the next few years, we hope to record a general decrease in these emissions through the above measures.

Water management

The usage of water is minimal throughout the organisation and is used in bathrooms at our office locations. Currently, we do not have any mechanism to measure or report on the amount of water used or discharged. However, we have started implementing 'smart' fittings, such as low flow taps, to minimise usage and waste. We have also run internal campaigns to educate our staff on water conservation.

4. Environmental benefits of communication technology

Can energy-hungry ICT devices and infrastructure really help promote eco-efficiency? Leaving aside the

My eBill

Did you know that 45% of all print-outs and photo copies are thrown away before the end of the day?

Our online billing service offers customers easy access to their bills as PDF files. This helps customers manage their bill online and save time. They are accurate and accessible and of course, the environmental benefits are substantial. No paper bill: no waste!

The online billing initiative, which was launched in 2009, is currently used by 65% of our customers, and we recorded a 40% reduction in printed page volume in 2012. In total, we recorded 1.76 million consumer printables in 2012 versus 4.21 million in 2011.

astonishing benefits of awareness raising through modern communications, the devices themselves can help create the change we all wish to see. The biggest gains are in smarter power supply, buildings and transportation. Examples

take the form of low-carbon substitution such as video-conferencing in place of face-to-face meetings. ICT can help improve energy distribution and energy use patterns through 'smart' transmission grids or intelligent electricity meters or even 'smart homes'. Other examples include more efficient transport logistics coupled with software to improve transport networks design.

Closer to home, we are developing our own improvements, led by our experts in our Technical Security, Facilities and Risk & Fraud Management (TSFRM) division.

Retail consolidation

We operate 22 stores in the UAE, the final-stage connectivity for which previously involved our competitor's IT infrastructure, including firewalls. The final-stage is typically the bottleneck in telecommunications where the bandwidth limits the data that can be delivered to the customer. Overheads for the technologies required have been high

so we invested in our own infrastructure. The benefits include a more secure and robust system, ownership of its management as well as cost savings of AED 2.1million and energy efficiencies.

Virtualisation at work

Our technology and security experts monitor data centre infrastructure at du for opportunities to save cost and improve process efficiency. A normal by-product is energy efficiency.

Our Security Monitoring Centre (SMC) 'virtualisation' programme aims to make existing systems more compact, by literally removing kit and replacing it with virtual technologies. This is a bit like using the 'cloud' to store your photos rather than a hard drive. Data centres can be smaller, cabling requirements are lower, and power savings are clear. The system also allows a greater agility to respond to business needs by simply adding new virtual machines on the spot.

du multimedia lab

0.5 **Our community**

Along with our policies, programmes, technologies and services we would be nothing without our healthy programme of community and social development projects.

Our long term aims are:

- Acknowledgement as a successful focal point for nurturing youth entrepreneurship.
- Maintaining the position of a key contributor of education development.
- On-going positive contribution to social programmes.
- Contribution to the preservation of traditions and traditional values.
- Maintaining our positive contribution to UAE economic development.
- Compliance with UAE regulations and international best practice for base station electromagnetic fields.

Our community

Our community programmes are focused on root causes of community issues. We like to ensure our support is focused and effective to consistently improve our projects and encouraging our partners to innovate.

At a glance

Key issues

Community: four pillars
- Entrepreneurship
- Developing our society
- Education
- Heritage and culture

Economic contribution

Radio frequency fields

Flagship projects	What we did...		Level of investment (% of budget)
	2011	2012	
Mawaed Al Rahman (Iftar distribution)	90,000 meals served.	161,630 meals served.	19%
Kalimat	published 26 stories, AED 1.5m in sales	published 36 stories, AED 2.5m in sales	9%
Shelter	1.000 benefeciaries, 3,500 emirati registered users	3,800 beneficiaries, 4,532 emirati registered users	9%
Maraya	840 attendees	4,487 attendees	20%
Feekom Al Khair wa Al Barakah (Housing renovation projects)		10.3, AED (target 10m)	

Four pillars, many initiatives

It is with passion and commitment that we push forward projects and partnerships in the four principal areas of our community work. Highlights for this year are the stronger partnership with Shelter, high-speed internet and multimedia programmes for universities, increased guest speaker slots, and ongoing success with initiatives such as Kalimat, Pink Ribbon campaign, Iftar distribution and Red Crescent.

Education	Entrepreneurship
Developing our society	**Heritage and Culture**

Our four pillars

Awarded as the best supporting partner for SMEs 2012

Entrepreneurship

According to the UAE Ministry of Economy, small and medium enterprises (SMEs) contribute 60% to the nation's gross domestic product and generate two thirds of employment . This makes them an important part of the country's economic fabric, and supporting them is vital to the future growth and economic stability of the UAE and its people.

We support SMEs and entrepreneurs in a number of different ways. Along with the creation of engagement initiatives, we have also provided 'tailor made' mobile solutions, such as the 'Her Business Super Plan' and 'The Entrepreneur Plan', for these specific groups. Following the success of our first franchise-licensed store in Dubai set up in 2010 through the Mohammed Bin Rashid Establishment for Young Business Leaders (MBRE), we signed an agreement in 2011 to give MBRE members priority with an agreed percentage of selected purchases sourced from them. Having sourced more than AED 2 million from them to date, we have been recognised by the Department of Economic Development as one of the fastest growing supporters of this programme.

" We are proud of this partnership and to be able to contribute as a national company in nurturing the SME sector especially with regard to Emirati entrepreneurs. "

Fahad Al Hassawi Chief HR Officer

2012 was the third consecutive year that we supported the 'Majid bin Mohammed Youth Media Awards'. By supporting this intiative, we are proud to give the UAE's future journalists and media professionals a head start!

We also continue to support initiatives such as the 'Young Entrepreneur Competition' and we were a Lead Partner at the 'Global Entrepreneurship Summit - Entrepreneurial Ventures of Arabia (GES-EVA)' held in December. We are also a sponsor of the 'Grow Your Business – Regional SME Competition and Awards,' which offers regional SMEs the opportunity to showcase their competencies, gain international exposure and win cash prizes to support their business growth.

> **We are an Emirati company to the core, and we take pride in being able to give the next generation of UAE leaders the support that they need to succeed.**

Hala Badri
Executive Vice President Brand and Communications

The Entrepreneur TV show
In 2012, we launched 'The Entrepreneur', an exciting TV reality show encouraging a new genre of entrepreneurs in the UAE with innovative ideas and exceptional drive. This programme welcomed business plans and existing ventures in need of recapitalisation.

The Entrepreneur

Prizes included a cash investment of AED 1m towards the winning business, the largest prize ever offered on a UAE reality TV show, along with professional services and support worth more than AED 50,000 e.g. office space, telecommunications services, advertising/PR exposure, management and business planning, etc.

The inaugural season of the show was won by Ms. Loulou Khazen Baz, for her venture 'Nabbesh' – an online skills marketplace looking to create jobs in the MENA region.

As of December 2012, the website had 5,000 registered users, with 90% marketing their skills and the rest hiring. Almost 70% of the users are based in the UAE, followed by Lebanon and Egypt.

Shelter Dubai – the entrepreneur's hub
Since our inception, we have been a keen supporter of up-and-coming businesses in the UAE. In May 2012, we renewed our partnership with Shelter, continuing to support hundreds of UAE's entrepreneurs, small businesses and creative professionals.

Shelter is a unique, non-profit business incubation project, and one of the UAE's most active community education platforms, offering aspiring businessmen and women a place to turn their enterprising ideas into successful reality.

Since its launch, Shelter has received significant media coverage in The New York Times, The National and on the BBC. From the eco-design of the building itself to the event topics, the organisation is committed to operating in a sustainable way. Users come from diverse sectors such as design, architecture, consultancy, fashion, technology, web services, pressure groups or social enterprise.

As part of our partnership, we issue co-branded communications and provide high-speed telecom and internet services to the centre to support their activities. An estimated 4532 Emirati individuals used Shelter's premises between June and December 2012, with a total economic value addition of AED 760,752!

One of the most prominent success stories to come from Shelter is Momentum Dubai, which has grown to become the region's premier retailer of vintage watches. Specialising in the trade and preservation of watches, Momentum is now based in Dubai International Financial Centre (DIFC), after beginning life as a start-up at Shelter.

We are also proud of an up-and-coming venture, Barzh, that will highlight the unique aspects of the UAE's cuisine. Founded by three Emirati entrepreneurs, this start-up is about to launch an exciting portal providing information about Emirati food and connect the general public with Emirati cooks.

Bokra
Legendary music producer Quincy Jones and Emirati social entrepreneur Badr Jafar jointly produced the Arabic charity single 'Tomorrow/Bokra'. Since its launch in November 2011, it received over 2.2 million YouTube hits! The song was also made exclusively available on MyWorld, with five remixes also available as caller tunes. All funds raised went to the Arab Fund for Arts and Culture to finance educational programs in music, arts and culture for children from across the Arab world.

Developing our Society

We work with well-known partners to deliver a variety of social programmes, with gratifying levels of public interest. Whilst we run planned initiatives, we also respond as required, including providing assistance for the humanitarian crisis at Syria's borders with Jordan and Lebanon.

41st National Day project
As part of the 2012 National Day celebrations, we launched two exciting initiatives – our 'Social Media Awards' and the 'Written by the People' competition. Entries into the latter were turned into an Arabic-language song dedicated to the UAE by the people of the UAE. Together, these initiatives provided an unprecedented opportunity for people in the UAE to be an advocate for community spirit and capture the spirit of the nation through their words and deeds.

The celebrations concluded with a ceremony 28 November at Zayed University Campus, in Abu Dhabi, including a performance of the 'Written by the People' song, a forum on social media and the presentation of the Social Media Awards. The ceremony was attended by Sheikh Abdullah Bin Zayed Al Nahyan, the UAE Minister of Foreign Affairs and the Minister of Higher Education and Scientific Research.

House renovation campaign that keeps on giving
In July 2012 we launched the 'Feekom Al Khair wa Al Barakah' fundraising campaign with a goal to enhance the living conditions for Emiratis. This was done through the renovation of their homes to high professional standards to make their lives more secure and be a foundation for their own financial stability. The Ministry of Public Works carried out the renovations. Our partner, the Khalifa bin Zayed Al Nahyan Foundation, committed to manage the renovation of 30 homes for Emirati orphans. The campaign received great interest, and as a result, was extended in August as a result! It attracted more than AED 10 m in donations from our customers and the general public. We donated AED 700,000 with the support of our Emirati Plan customers (five per cent of every Emirati Plan subscription is retained as a donation to be used towards charitable causes in the UAE), and an additional AED 500,000 for further renovations.

Education

We care about the development of young people, which is why in 2012 we provided 28 students with a spot into our internship programme, up from 27 students in 2011.

Our community sponsorships aim to nurture tomorrow's creative talent and leaders, thereby helping the UAE flourish and continue to innovate. In 2012 we added to the list of academic ventures to assist. A key focus is the provision of high-speed broadband connections for students to allow for better online research and learning.

- **du Media Lab:** To support practical and vocational learning, we developed a state-of-the-art multimedia lab at Zayed University, Dubai. Along with the provision of technical infrastructure and software, we also created an exclusive channel for the University, so that students could start broadcasting programmes and interviews.

- **Internet services:** At the American University in Dubai's (AUD) Sheikh

Mohammed bin Rashid School for Communications, we provide superfast 100MB broadband to support new multimedia courses.

- **Microsoft Imagine Cup tie-up:** This is a very popular competition, attracting over 300,000 people worldwide where students develop technology solutions for work and business start-ups. Aside from the prestigious trophy, winners can get a head start in the technology market, start a business or simply land their dream job!

As part of our alignment with the competition, our focus is to help students in Gulf universities and colleges create new mobile applications and encourage entrepreneurs in the UAE.

- **Management as guest speakers:** Our people know their stuff, and we like to have them pass on their knowledge to aspiring future employees. This is done through lectures at various universities around the country, where our senior staff members speak to students about their role and the industry.

- **Arabic language campaign:** As part of an ongoing effort to promote the Arabic language throughout the UAE, we undertook a campaign to correct commonly used words which have been misapplied in recent times. This ran throughout print media and on the radio to capture the widest audience possible, promoting the proper usage of our national language.

- **Growing up fast at KidZania®**
KidZania® is an award-winning, for-profit 'edutainment' centre co-sponsored by du. At KidZania®, children experience what it would be like to be grown-up citizens in the real world. Interactive pavilions allow them to experience different professions, such as a pilot or a nurse. The aim is to stimulate the desire to learn at an early age. At the most basic level they learn about language, currency, political independence and money management. We have also invested in a pretend call centre to help children learn social, communication and intellectual skills while our installation centre helps them learn about telecommunication

technologies and develop their own cognitive and evaluation skills. In 2012, both of these were used by more than 107,000 children, who came away with an impression of the thrilling, fast-paced telecommunications industry through exciting, immersive and interactive experiences.

> " Our KidZania® presence encourages children to become more independent and hones their skills in a fun-filled environment, giving them the opportunity to experience the world of work in an invigorating way. "

Hala Badri
Executive Vice President Brand and Communications

Heritage and culture

Let's take a short tour through the busy year of heritage and culture projects organised by our sustainability team.

Mawaed Al Rahman

We distributed over 161,000 meals in 2012! The beneficiaries were mosques in Abu Dhabi, Dubai, Sharjah, Ras Al Khaimah and Al Ain. Some 70 volunteers devoted 288 hours to help each mosque cater for those performing the evening Maghrib prayer. In Al Ain, the free meals were supplied by local Emirati women from less fortunate families. By participating in the scheme, they received certified training from the food and health safety authorities, enabling them further support themselves financially after the Ramadan celebrations. As part of Ramadan Iftar for orphans we invited 20 orphans aged 4-15 to our Dubai staff Iftar. This year our graduates planned and organised the entire event, showing the importance of volunteering by our teams. We were blessed this year to have Shama Hamdan, the Childhood Ambassador for the Foundation of his Highness Prince Jamal Bin Abdul Rohman Al Noaimi as our guest of honour. This year's orphans got on with games with du employees and their own children, got busy making things in creative workshops and then wound down with traditional story-telling.

Hag Al Leilah

This festival of love, family and community bonding marks the arrival of the Holy Month of Ramadan and is an opportunity for orphaned children to be comforted. This year in association with Human Appeal International we welcomed 15 orphans to join our CEO, Osman Sultan and executive management team for lunch. Our guests dressed up in traditional clothing and had fun collecting treats from employees; everyone received a gift to mark the celebration.

Partnership with Kalimat

In 2012, we renewed our association with Kalimat, the well-known children's book publisher. Through this partnership we aim to use the joy of books to promote Arabic heritage and culture among children. Kalimat has been successful in raising general awareness about the pleasure and importance of reading, particularly to those children belonging in the 3 - 6 and the 6 - 9 years age group.

Maraya

Diverse and passionate - two words which sum up our partnership with Maraya in 2012.

Based in Sharjah, Maraya is an art centre we have supported since 2008 to promote cultural, artistic, educational and enterprise events for young and old. The events and initiatives also support humanitarian causes and celebrate Arabic culture. For instance, in Spring 2012, Maraya hosted a workshop on illustration techniques for children's books, in collaboration with the UAE Board on Books for Young People.

Maraya's events cover a lot of ground. Key issue areas targeted are socio-economic development, environment, education and young Emiratis. Just over a quarter (29%) of the 21 events run in Jan-Nov

Mawaed Al Rahman, our iftar distribution centre in Abu Dhabi

2012 covered specific environmental themes, just under a half (48%) covered educational themes. The key themes covered were social development (in 91% of events) and youth Emirati programmes (in 67% of events).

Another busy year saw 7,877 visitors through Maraya's doors, 4,484 of whom viewed specific exhibitions. In October, Maraya and the eminent Emirati contemporary artist Noor Al Suwaidi, collaborated to introduce thirteen young, talented Emiratis to local and international audiences through their interpretations and exploration of the word 'Present' in geographical and cultural terms.

Maraya also hosts 'The Barjeel Art Foundation' with the vision of creating a space where artwork from across the Arab world can come together.

Economic contribution

We contribute to the Telecom Regulatory Authority's (TRA) ICT fund which stimulates growth in the ICT industry in the UAE. It pays for research and development projects, scholarships and technology incubation centres, working with partners such as Emirates National Schools, Abu Dhabi Education Council and Khalifa University of Science Technology and Research.

Recent achieved results relate to the following areas:

- **Oil and gas sector efficiencies:** ICT based technologies to create process efficiencies in the oil and gas industry, such as remote sensing and control of distant sites

- **Ankabut:** An online academic resources network across the UAE with an investment of AED 41 million. The network is accessed by over 63000 students across 56 campuses and institutions including the Higher Colleges of Technology, Zayed University, UAE University, Sharjah University, AUD and New York University Abu Dhabi.

- **The Be'tha programme:** A scholar- ship programme to enhance national education and future talent development. The programme has so far enabled 230 Emirati students to study in the UAE, USA, Australia and Japan. The fund aims to support 1,000 students in the coming years.

- **Smart Learning programme:** The Ministry of Education and Mohammed Bin Rashid's Establishment wants to raise standards of education in the UAE. Through this programme the UAE invests in bringing world-class technology to the UAE's classrooms.

- **Arabic digital content:** This is an initiative to develop tools and

programmes to enhance Arabic content on the internet by working closely with individual and institutional specialists. The ICT Fund has dedicated AED 25 million in support over the next five years.

- **Made in the UAE:** This facilitates the development of ICT products and services made in the UAE and for marketing them overseas. So far, six research projects have been approved with university partners.

Radio frequencies

We have a comprehensive network of base stations to ensure good coverage. We know that many stakeholders welcome improved coverage, but we also recognise that some are concerned about the possible health effects of radio frequency (RF) fields from these base stations. Recent studies from the World Health Organisation (WHO) found that the RF from base stations range from 0.002% to 2% of the levels recommended by international guidelines and that the weak RF from base stations create no adverse health effects.

Our approach on this issue is one of compliance: we align with national and regional policies and guidance on radio frequency emissions. Our Head of Compliance, and ultimately our CEO, are responsible for complying with the national policies concerned. Our technology division includes people who specialise in base station transmission.

	2012 AED'000	2011 AED'000
Total revenue for the year	9.841,516	8,854,683
Broadcasting revenue for the year	(170,169)	
Other allowable deductions	(1,190,177)	
Total adjustment revenue	8,481,170	8,854,683
Annual profit before royalty	2,823,502	1,812,146
Provision for royalty	843,961	714,556

Royalty figures

We use state-of-the-art technologies which ensure our base stations operate well above the safety guidelines laid out by the International Commission on Non-Ionising Radiation Protection (ICNIRP) and are certified as per international standards of best practice. A technical survey carried out by our regulator, the TRA, in 2011 confirmed that our base stations adhere to international best practice. However, we continue to respond to stakeholder concerns through continuous monitoring and improvement.

Royalty to government

Our payment of royalties to Government began in 2010. As per an official directive

from the UAE Ministry of Finance, royalty for 2012 was to include 5% of the total licensed revenue plus 17.5% of the net profit for the year, before distribution after deducting 5% of the total licensed revenue.

As the classification of licensed revenue is still under discussion with the authorities, the Company has provided for applicable royalty on total revenue for the year excluding Broadcasting revenue and certain other allowable deductions. Broadcasting revenue has been excluded from royalty calculations as the Company believes that this is a non-licensed activity.

Quality Assurance Statement

The Arabia CSR Network (ACSRN) was engaged and assigned with the task to provide an independent quality assurance to Emirates Integrated Telecommunications Company PJSC (du) on its Annual Sustainability Report process for the period from October 2011 to December 2012. The objective of ACSRN was to provide assurance to the stakeholders over the materiality, accuracy, reliability and objectivity of the information included in the report by du.

ACSRN Scope and Approach

The following were included in the assurance scope review:

- All activities undertaken by du during the reporting period Oct 2011 to Dec 2012.
- All information and data relating to du issues, responses, performance, systems and governance to manage such information and data.
- Quality check performance on the contents of the report against the principles of Materiality, Completeness, Accuracy, Comparability, Reliability, Timeliness and Stakeholder Inclusiveness.
- All GRI related disclosures and data.

Independent Opinion

On the basis of the assurance work conducted, ACSRN concludes as below:

- du's Sustainability Report addresses and responds to pre-selected issues that are deemed to be of material importance by the organization.
- The Report provides a balanced and accurate representation of du's Corporate Social Responsibility (CSR) Strategy and Policy and its relation to the organization's Corporate Strategy.
- du has clearly identified its internal and external stakeholders, their expectations and the methodology of engagement with them.
- The information and data presented in the report is understandable, complete, accurate, reliable and can be considered

free from significant error or bias, thus providing reasonable account of relevant activities and performance within the context of sustainability within the reporting period.

- du has commissioned necessary efforts to respond to key Sustainability aspects and has reflected a reasonable level of completeness for a second sustainability report.
- du's Sustainability Report communicates quantitative results on CSR thematic areas, although specific Key Performance Indicators (KPIs) are recommended with performance figures against previous years wherever available.

Compliance to Global Reporting Initiative (GRI) – G3.1 Guidelines

ACSRN has undertaken a comprehensive and formal review of du's sustainability disclosures against the requirements of the GRI G3.1 Reporting Guidelines. In our opinion the Report has been developed respectfully in accordance with the GRI G3.1 Guidelines and principles and contains the required standard and management disclosure requirements. We believe it adequately reports the indicators and protocols to achieve an application level of B+.

Assurance Limitations and Considerations

ACSRN did not include in the assurance scope the activities which were outside the mentioned reporting period. We also did not undertake to verify the independently audited financial data. Lastly, all statements of opinion, belief, aspiration, commitment and future intention were excluded from our scope of quality assurance. The objective, as explained earlier, was to provide a reasonable, rather than an absolute assurance and the work was carried out to provide a representative basis for our conclusions.

Habiba Al Marashi
President/CEO, Arabia CSR Network
18th June, 2013

الشبكة العــربية للمسؤولية
الاجتمـــــاعية للمؤسســــات
Arabia CSR Network

GRI and UNGC INDEX

To facilitate stakeholders in understanding and bench-marking our corporate responsibility performance, our reporting follows the Global Reporting Initiative G3.1 disclosure framework, which is an internationally recognised set of indicators for economic, environmental and social aspects of business performance. GRI guidelines help companies in selecting material content and key performance indicators. For more on GRI, please see **www.globalreporting.org.**

The United Nations Global Compact (UNGC) is a framework to guide sustainable business policy and practices. It seeks to align operations and strategy with ten principles (listed at **www.unglobalcompact.org**) and to catalyse action. du became a UNGC signatory in 2008. Our UNGC Communication on Progress, a membership requirement, is represented by this Report.

Table key
- 🔵 Fully reported
- 🟣 Partially reported

Index according to GRI (G3.1)		UNGC Principle	Page reference (or direct response)	GRI Reported
1.	Vision and strategy			
1.1	Statement from the CEO or Chairman	Principles 1-10	2-5	🔵
1.2	Key impacts, risks, and opportunities.		14-15	🔵
2.	Organisational profile			
2.1	Organisation name	Principles 1-10	9, Back cover	🔵
2.2	Primary brands, products, and/or services.		7	🔵
2.3	Organisation's operational structure		11-13	🔵
2.4	Organisation's headquarters location		8	🔵
2.5	Countries of major operation		8	🔵
2.6	Nature of ownership and legal form		10	🔵
2.7	Markets		8-9	🔵
2.8	Company scale		7-10	🔵
2.9	Significant changes during report period		No significant changes	🔵
2.10	Awards received in the report period		18-19	🔵
3.	Reporting Parameters			
3.1	Reporting period	Principles 1-10	20	🔵
3.2	Date of most recent previous report		20	🔵
3.3	Reporting cycle		20	🔵
3.4	Contact for questions regarding the report		Back Cover	🔵
3.5	Process for defining report content		20-23	🔵
3.6	Report boundary		8, 20	🔵
3.7	Limitations on the report scope or boundary		8	🔵
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.		No Joint Ventures	🔵
3.9	Data measurement techniques		20-23	🔵
3.10	Re-statements of information provided in earlier reports		No re-statement of information provided earlier	
3.11	Changes in the scope, boundary or measurement methods from previous reports		No significant changes	🔵
3.12	Standard Disclosures table		Page 76 onwards	🔵
3.13	External assurance and verifications		75	🔵
4.	Governance, Commitments, and Engagement			
4.1	Governance structure	Principles 1-10	11-13	🔵
4.2	Independence of the Supervisory Board Chairman		11-13	🔵
4.3	Governance body and/or independent members of management		11-13	🔵
4.4	Mechanisms to provide recommendations to highest governance body		11-13	🔵
4.5	Linkage between management compensation wand the organisation's performance (including sustainability)		There is no link between compensation and sustainability performances	🔵
4.6	Processes for the highest governance body to ensure avoidance of conflicts of interest		11-13	🔵
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body		11-13	🔵

Index according to GRI (G3.1)		UNGC Principle	Page reference (or direct response)	GRI Reported
4.8	Mission or values, codes of conduct, and their implementation	Principles 1-10	8	🔵
4.9	Procedures for the identification and management of sustainability performance, and compliance with internationally agreed standards, codes of conduct, and principles.		14-17	🔵
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to sustainability		11-13	🔵
4.11	Implementation of the precautionary approach		9-13	🔵
4.12	Endorsement of external economic, environmental, and social charters initiatives		11-13, 18, 19, 76	🔵
4.13	Memberships in national/international associations		11, 72-73	🔵
4.14	Organisation's stakeholder groups		20	🔵
4.15	Identification and selection of stakeholders		20-21	🔵
4.16	Approaches to stakeholder engagement, including frequency		20-23	🔵
4.17	Key topics and concerns that have been raised through stakeholder engagement, and organisational response		20-23	🔵
5.	Performance indicators			
	Economic			
EC1	Economic value generated and distributed	-	9-10 Complete financial disclosure is available in our Annual Report.	🟣
EC2	Financial and other implications of climate change	Principles 7	9-15	
EC6	Policies towards local suppliers and procurement	-	56	🔵
EC7	Procedures towards local hiring	Principles 6	32	🔵
EC9	Significant indirect economic impacts		9	🔵
	Environment			
EN1	Materials used by weight or volume	Principle 8	58-59	
EN2	Percentage of recycled materials	Principle 8 and 9	27, 58-59	🔵
EN3	Direct primary energy consumption	Principle 8	27, 59- 60	
EN4	Indirect energy consumption	Principle 8	27, 59- 60	
EN5	Energy efficiency improvements	Principle 8 and 9	27, 59-60	🔵
EN6	Energy reductions achieved	Principle 8 and 9	27, 59-60	🔵
EN7	Initiatives and reductions in indirect energy consumption	Principle 8 and 9	27, 59-60	🔵
EN8	Total water withdrawal by source	Principle 8	60	
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Principle 8	Not applicable	
EN12	Impacts of activities on biodiversity	Principle 8	Not applicable	
EN16	Total direct/indirect GhGs emissions by weight	Principle 8	58	🔵
EN17	Other relevant indirect GHG emissions by weight	Principle 8	58	🔵
EN18	Initiatives and reductions in GHG emissions	Principles 7,8,9	27, 58	🔵
EN19	Ozone-depleting substances by weight	Principle 8	53-62	
EN20	NOx, SOx, and other significant air emissions	Principle 8	Not applicable	
EN21	Total water discharge by quality and destination.	Principle 8	60	
EN22	Total weight of waste by type and disposal method.	Principle 8	60	🔵
EN23	Total number and volume of significant spills.	Principle 8	No significant spills recorded in 2012	
EN26	Mitigation of environmental impacts of products and services	Principles 7,8,9	27, 59 – 60	🔵
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Principle 8 and 9	Not applicable	
EN28	Fines and non-monetary sanctions for non-compliance with environmental laws	Principle 8	No significant fines recorded in 2012	
	Social and Society Performance			
LA1	Workforce by employment type and region	-	30-33	🔵
LA2	Number and rate of new employee hires and turnover by age group, gender, and region.	Principle 6	38-41	
LA15	Return to work and retention rates after parental leave.	-	40	🔵
LA4	Percentage of employees covered by collective bargaining agreements.	Principle 1 and 3	Not applicable	
LA5	Notice period(s) regarding significant operational changes	Principle 3	29-40	
LA6	Workforce represented in formal joint management-worker health and safety committees	Principle 1	Not applicable 38	
LA7	Injuries, absentee rates and work-related fatalities	Principle 1	38	🔵
LA8	Programs to assist workforce members and families regarding health issues	Principle 1	38-40	🔵

Index according to GRI (G3.1)		UNGC Principle	Page reference (or direct response)	Reported
LA10	Training hours per year per employee by gender, and by employee category.	-	36-37 We have disclosed details by employee level.	■
LA11	Skills management and training programs for employees	-	36-37	■
LA12	Employee performance and career development reviews	-	36-37	
LA13	(i) Composition of governance bodies and (ii)breakdown of employee diversity	Principles 1 and 6	11-13, 32	■
LA14	Ratio of basic salary of women to men	Principles 1 and 6	32	
HR1	Investment agreements and contracts with clauses incorporating human rights concerns	Principles 1, 2, 3, 4, 5, 6	Not applicable	
HR2	Business partners that have undergone human rights screening, and actions taken.	Principles 1, 2, 3, 4, 5, 6	Not applicable	
HR3	Employee training on relevant human rights policies	Principles 1, 2, 3, 4, 5, 6	32, 36-37 Touched upon during employee inductions and through our corporate governance manual	■
HR4	Number of incidents of discrimination and corrective actions taken.	Principles 1, 2, 6	29- 33	
HR5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	Principles 1, 2, 3	Not applicable	
HR6	Identification of child labour risks and steps to mitigate abolition of child labor.	Principles 1, 2, 5	No Risk for Child labor incidents were identified	
HR7	Identification of forced or compulsory labor, and efforts to mitigate this.	Principles 1, 2, 4	No Risk incidents were identified	
HR9	Violations of indigenous people's rights	-	No such incidents	■
HR10	Operations subject to human rights reviews and/or impact assessments.	-	Not applicable	
HR11	Number of grievances related to human rights filed and redressal mechanisms	-	Not applicable	
SO1	Local community engagement, impact assessments, and development programs.	-	63-73	■
SO2	Number of business units analysed for corruption risks	Principle 10	11-13	■
SO3	Training in organization's anti-corruption policies and procedures.	Principle 10	Our corporate governance manual spells out policies and procedures on corruption. We also have mechanisms in place to enable reporting of any incidents.	■
SO4	Response to incidents of corruption.	Principle 10	11-13	
SO5	Public policy positions and participation in public policy development and lobbying.	Principle 10	14, 46-47, 72-73	■
SO8	Monetary and non-monetary fines for non-compliance with laws	-	No significant fines of sanctions in 2012	
SO9	Significant potential or actual negative impacts on local communities.	-	72-73	■
SO10	Measures to prevent and mitigate negative impacts on local communities	-	72-73	■
PR1	Life cycle stages in which health and safety impacts of products and services are assessed	Principle 1	27, 56-57	■
PR3	Provision of product and service information	Principle 8	56-57	■
PR5	Practices related to customer satisfaction, including results of surveys	-	44	■
PR6	Adherence to laws, standards, and voluntary codes related to marketing communications	-	48-51	■
PR8	Complaints regarding breaches of customer privacy and losses of customer data.	Principle 1	46-47 No substantiated complaints recorded in 2012	
PR9	Fines for non-compliance with laws on the provision and use of products and services.	-	No significant fines recorded in 2012	

GRI Application Level:

		C	C+	B	B+	A	A+
	Profile Disclosures	output	Report on: 1,1 2,10 - 2,1 3,12 - 3,10 ,3,8 - 3,1 4,15 - 4,14 ,4,4 - 4,1	Report Externally Assured	Report on all criteria listed for Level C Plus: 1.2 3,9, 3,13 4.5 - 4.13, 4.16 - 4.17	Report Externally Assured	Same as requirement for Level B	Report Externally Assured
Standard Disclosure	Disclosure on Management Approach	output	Not required		Management Approach Disclosures for each Indicator Category		Management Approach disclosed for each Indicator Category	
	Performance Indicators & Sector Suppliment Performance Indicators	output	Report fully on a minimum of any 10 Performance Indicators, including at least one from each of: social, economic and environment.		Report fully on a minimum of any 20 Performance Indicators, at least one from each of: economic, environment, human rights, labour, society, product responsibility.		Respond on each core and Sector Supplement indicator with due regard to the materiality Pronciple by either: a) reporting on the indicator or b) explaining the reason for its omission.	

Global Reporting Initiative™

Statement
GRI Application Level Check

GRI hereby states that **Emirates Integrated Telecommunications PJSC** has presented its report "Sustainable Development Report 2012" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level B+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 16 August 2013

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative

The "+" has been added to this Application Level because Emirates Integrated Telecommunications PJSC has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: *Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 25 July 2013. GRI explicitly excludes the statement being applied to any later changes to such material.*