



# **National Central Cooling Company P.J.S.C. (“Tabreed”)**

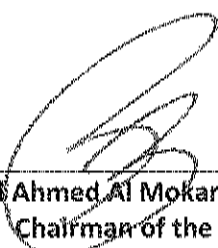
## **Corporate Governance Report For the year ended 31 December 2011**

|                        |   |
|------------------------|---|
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| <b>Date Completed:</b> | <b>31 January 2012</b>                    |

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Approved by:



Waleed Ahmed Al Mokarrab Al Muhairi  
Chairman of the Board

## **1. CORPORATE GOVERNANCE PRACTICES**

The following report is required under Article 14 of the Ministerial Resolution No. (518) of 2009 (Ministerial Resolution 518). The format of this report was provided by the Securities and Commodities Authority (SCA) in a letter dated 22 November 2011.

The report outlines Tabreed's compliance with Ministerial Resolution 518, and details the overall governance structure incorporated by Tabreed.

This report covers the period 1 January 2011 to 31 December 2011. The following sections outline how the company has applied the principles of Ministerial Resolution 518 and its compliance with these principles. Section 8 provides information on the irregularities in 2011.

### **Article 3 – Board of Directors (Board)**

The appointment, roles and responsibilities of the Board are outlined in Tabreed's Articles of Association (AOA).

An appropriate balance between the membership capacities was maintained during 2011. From 1 January to 10 May 2011, the Board consisted of 9 members and since 11 May 2011, the Board has consisted of 7 members, as approved at the Annual General Assembly meeting (AGA). Throughout the year, the membership criteria set by the Ministerial resolution 518 were met in regards to non-executive and independent members, see Section 3 below.

### **Article 4 – Chairman of the Board**

From 1 January to 10 May 2011 the Chairman of the Board was Khadem Abdullah Al Qubaisi and from 11 May 2011 for the remainder of 2011, the Chairman was Waleed Ahmed Al Mokarrab Al Muhairi. Both chairmen are non-executive directors and independent, with extensive experience in corporations throughout the UAE.

Throughout the year the Chairman has ensured that the Board participates effectively at the Board meetings and acts in the best interests of Tabreed. The Chairman does this by developing the agenda for Board meetings, overseeing communication between Board members and shareholders, and encouraging constructive relations between the Board members.

### **Article 5 – Members of the Board**

The Members of the Board have a diversified set of skills and experience. Their duty is to act in the best interests of Tabreed and its shareholders. They ensure that the management has established systems and processes to adhere to laws, regulations and Tabreed policies and procedures.

The Board ensures that the management provide them with sufficient information, in a timely manner, to make informed decisions that affect the direction of the company. They participate in Board meetings, giving independent opinions on strategic issues, policy, accounting, resources and principles of required behaviour. The Board follows up on company performance against strategic objectives.

A procedure for inducting new Board members is written into the Corporate Governance Procedures Manual. That procedure ensures that new members understand Tabreed and the role of a member of the Board.

Each year, all Board members disclose to Tabreed an assessment of their independence and details of their significant positions in other companies or public institutions.

#### **Article 6 – Board Committees**

The Tabreed Board has created four Board Committees:

1. Audit Committee;
2. Nomination and Remuneration Committee
3. Finance Committee; and
4. Projects Committee.

The Audit Committee and Nomination & Remuneration Committee are mandated by Ministerial Resolution 518 and are discussed later in Sections 5 and 6 respectively.

The Finance Committee must endorse all matters that may have a significant impact on the Company's finances before the Board's approval. This includes borrowings, hedging arrangements, business cases for major initiatives, financial reporting and budgeting.

The Projects Committee investigates the viability of projects and ensures that they are subjected to the highest levels of governance before their presentation to the Board for approval.

#### **Article 7 – Remuneration of Board Members**

The Board members are remunerated by an attendance fee for each meeting as allowed under article 34 of the AOA. Section 58 of the AOA also allows the General Assembly to approve a share of profits, but that provision was not utilised in 2011. Further discussion on this area can be found in Section 6 of this report.

#### **Article 8 – Internal Control**

Pursuant to article 8 of the Ministerial Resolution 518, Tabreed's Internal Control function has been established by the Board to provide independent, objective and authoritative advice as well as assurance over the internal control environment to the Board, Audit Committee and Management in order to assist them in discharging their functions and duties conferred and imposed on them.

The Internal Control function's roles and responsibilities are governed by a formal charter that is endorsed and approved by the Audit Committee. This charter outlines the mechanism under which the Internal Control function works and contributes towards fulfilling Tabreed's goals and objectives.

The Internal Control function reports to the Board of Directors and operates under the stewardship of the Audit Committee. This enables Internal Control to function in an independent and objective manner. The Board ensures that the internal controls are effective by reviewing the work of the Audit Committee, effectively dealing with risk and control issues at Board meetings and requiring that risk and internal control issues are discussed at each Board meeting. The Board also ensures that an internal control review is conducted by the Internal Control function each year.

#### **Article 9 – Audit Committee**

The Board has set up an effective Audit Committee. Section 5 below outlines more information on the role of the Audit Committee, its activities and the composition of the Audit Committee in 2011.

#### **Article 10 – External Auditor**

On the recommendation of the Audit Committee, the Board appointed Ernst & Young as Tabreed's external auditor at the 2011 AGA. The Board ensures that the external auditor remains independent from the Company. The external auditor has broad powers to provide reports to the general assembly and to regulatory bodies. See Section 4 of this report for a further discussion of this topic.

#### **Article 11 – Delegation to Management**

The Board of Tabreed provides guidance and direction towards achieving the strategic objectives of Tabreed. The day to day activities of Tabreed are delegated to the Management.

The Board provides guidance through the following Board approved mandates, which together comprise the delegation of authority to the Management:

1. The five year strategic plan;
2. Tabreed Board approved policies;
3. The annual budget;
4. Key Performance Indicators;
5. The delegation of authority documents;
6. Regular reporting against performance targets; and
7. A written articulation of the tasks required of the Management detailed in the Corporate Governance Procedures Manual.

#### **Article 12 – Shareholders Rights**

The Board is committed to maintaining the highest standards in regard to the recognition of shareholder rights. This commitment is outlined in the Corporate Governance Procedures Manual. To that end, Tabreed has established a shareholder communications function and has also engaged the National Bank of Abu Dhabi (NBAD) to assist with shareholder engagement.

The purpose of both the shareholder communications function and NBAD's role is to ensure that shareholders receive all required financial reports and relevant information, that shareholders are notified of and attend AGA and EGA meetings, and that dividend payments, when approved, reach each shareholder.

The Tabreed AoA details the shareholders rights to information, voting, participation at meetings and information on candidates for Board positions.

#### **Article 13 – Code of Conduct**

The manner in which the Board expects employees of Tabreed to behave with respect to each other, the law, customers, suppliers, stakeholders and the community is articulated in the Tabreed - Code of Conduct. The Code of Conduct forms part of the Human Resources Policy and Procedures Manual.

## **2. BOARD MEMBER TRANSACTIONS**

The Tabreed Governance Policy and Procedures has rules governing the dealings by the Board members and their close family in Tabreed's securities. Basically, no Board member or Tabreed employee is allowed to trade in Tabreed securities during a blackout period. Blackouts occur over the periods when sensitive information is being developed or considered.

In addition, details of daily share transactions are provided to Tabreed by the Dubai Financial Market (DFM).

Tabreed has not been advised of any share trading by Board members or their close family during the blackout periods that applied in 2011.

### 3. FORMATION OF THE BOARD

#### 3(a) Board Composition

The following table outlines details of each Board member in terms of independence, executive position and term of office.

| Name                                  | Position                        | Executive | Independent | Date Elected | Date Re-Elected | Date Resigned |
|---------------------------------------|---------------------------------|-----------|-------------|--------------|-----------------|---------------|
| <b>Members as at 31 December 2011</b> |                                 |           |             |              |                 |               |
| Waleed Ahmed Al Mokarrab Al Muhairi   | Chairman<br>(from 11 May 2011)  | No        | Yes         | 2008         | 2011            | N/a           |
| Abdul Raouf W. Al Bitar               | Director                        | No        | No          | 2004         | 2008 &<br>2011  | N/a           |
| Ali Saeed Al Badi Al Dhaheri          | Director                        | No        | Yes         | 2008         | 2011            | N/a           |
| Ibrahim Ahmed Al Ansaari              | Director                        | No        | Yes         | 2008         | 2011            | N/a           |
| Khaled Abdullah Al Qubaisi            | Managing Director               | Yes       | No          | 2008         | 2011            | N/a           |
| Ahmed Yahia Al Idrissi                | Director                        | No        | Yes         | 2011         | N/a             | N/a           |
| Khaled Saleh Al Rashedi               | Director                        | No        | Yes         | 2011         | N/a             | N/a           |
| <b>Members Resigned in 2011</b>       |                                 |           |             |              |                 |               |
| Khadem Abdullah Al Qubaisi            | Chairman<br>(until 10 May 2011) | No        | Yes         | 2008         | N/a             | 2011          |
| Khalifa Mohamed Al Mazrouei           | Director                        | No        | Yes         | 2008         | N/a             | 2011          |
| Abdullah Khouri                       | Director                        | No        | Yes         | 2008         | N/a             | 2011          |
| Sujit S. Parhar                       | Chief Executive Officer         | Yes       | No          | 2010         | N/a             | 2011          |

In accordance with Tabreed's AoA, all Board members will be due for re-election in 2014.

#### 3(b) Other PJSC Board Memberships

Attached to this report are the CV's for each Director holding office during 2011. These detail their significant positions including those in PJSC's.

### 3(c) Board Remuneration

Board members are remunerated in two ways:

- Each Board member is paid a set attendance fee for each Board meeting and Board Committee meeting that they attend. The fee is calculated on the basis of where the Board member travels from, and is designed to reimburse the “out of pocket” expenses for attending Board meetings; and
- The General Assembly may, after providing 10% of net profit for the legal reserve, up to 10% for the statutory reserve, and the shareholder dividend of not less than 5% of the capital, approve a percentage, up to 10% to remunerate the Board of Directors.

Payments made to the Board members in 2011 are as follows:

| Remuneration Type             | AED     |
|-------------------------------|---------|
| Board sitting fees            | 235,000 |
| Board Committee sitting fees  | 80,000  |
| Remuneration (after dividend) | nil     |

### 3(d) Board Meetings in 2011

The Board held 8 meetings in 2011, the dates of which were as follows:

- 9 February;
- 1 March;
- 23 March;
- 11 May;
- 1 June;
- 10 August;
- 3 November; and
- 7 December.

The following table shows the attendance of each member, or proxy, for the period in which they were elected to the Board.

| Member                              | Meetings Held | Attendance |
|-------------------------------------|---------------|------------|
| Waleed Ahmed Al Mokarrab Al Muhairi | 8             | 8          |
| Abdul Raouf W. Al Bitar             | 8             | 7          |
| Ali Saeed Al Badi Al Dhaheri        | 8             | 8          |
| Ibrahim Ahmed Al Ansaari            | 8             | 5          |
| Khaled Abdullah Al Qubaisi          | 8             | 7          |
| Ahmed Yahia Al Idrissi              | 5             | 5          |
| Khaled Saleh Al Rashedi             | 5             | 4          |
| Khadem Abdullah Al Qubaisi          | 3             | 2          |
| Khalifa Mohamed Al Mazrouei         | 3             | 0          |
| Abdullah Abulredha Khouri           | 3             | 1          |
| Sujit S. Parhar                     | 3             | 3          |

### **3(e) Board Terms of Reference**

In line with good practice governance, the Tabreed Board provides strategic direction to the Management team. The Board provides this direction by working with the Management to establish:

1. The appointment of the Managing Director, Chief Executive Officer and key executives;
2. Tabreed policies - which outline the principles that the Board expect from Tabreed to be operated within;
3. Board approved delegations – the levels of approvals required by the Board;
4. Board approved strategic plans – with the growth, revenue and profit targets required by the Board and a reporting mechanism to feed back results;
5. Board approved annual budgets – with financial goals and key performance indicators, and a reporting mechanism to gauge progress;
6. Compliance with Ministerial Resolution 518, the Company Law and other applicable laws and regulations;
7. A strong risk management and internal control environment;
8. The integrity of financial reporting;
9. Proper disclosure and communication with shareholders; and
10. A highly qualified and experienced Senior Management team.

The elements noted above make up the Board internal control environment over Tabreed's activities.

### **3(f) Executive Management**

The Tabreed Corporate Governance Procedures Manual clearly outlines the role that the Board requires from Management. Management's primary responsibilities cover the oversight of the day-to-day operations of Tabreed's business, strategic planning, budgeting, financial reporting and risk management. In fulfilling these responsibilities, the Managing Director (MD), Chief Executive Officer (CEO) and senior management must balance the unique relationships between and amongst Tabreed, its employees, investors and partners.

Management is tasked with ensuring sufficient resources to enable Tabreed to meet its goals and objectives. Management plays an important role at Tabreed in providing both leaders and decision-makers. Management's key responsibilities include, but are not limited to, the following:

- Providing the Board with appropriate and timely information;
- Making recommendations to the Board regarding Tabreed's strategic direction and translate the strategic plan into the operations of the business;
- Being alert to relevant trends in the industry and Tabreed's operating environment;
- Acting as a conduit between the Board and Tabreed;
- Developing, implementing and updating policies and procedures;
- Developing, implementing and managing Tabreed's risk management and internal control frameworks;
- Managing Tabreed's human, physical and financial resources to achieve Tabreed's objectives - running the business;



- Assuming day to day responsibility for Tabreed’s compliance with relevant laws and regulations; and
- Perform against the established KPI’s to deliver the objectives of Tabreed.

Executive management consists of a Managing Director and three Chief Officers. These positions, the incumbents, dates of appointment and remuneration are outlined below.

| Position                              | Fulfilled By       | Date of Appointment |
|---------------------------------------|--------------------|---------------------|
| Managing Director                     | Khaled Al Qubaisi  | 2009                |
| Chief Executive Officer               | Sujit S Parhar     | 2009                |
| Chief Financial Officer from May 2011 | Adrian Kershaw     | 2011                |
| Chief Financial Officer to May 2011   | Stephen Ridlington | 2009                |
| Chief Risk & Audit Officer            | Steven Halliday    | 2009                |

Total Salaries and remunerations paid to the Managing Director and the Chief Officers in 2011 was 3,200,868 AED.

### 3(g) Related Party Transactions

Management are not aware of any related party transactions that have taken place in 2011.

### 4 EXTERNAL AUDITOR

Ernst and Young (E&Y) were appointed as the External Auditors for Tabreed at the Annual General Assembly held on 11 May 2011.

The E&Y Abu Dhabi office was opened in 1966 and has over 280 professionals, including six resident partners. E&Y offers a wide range of services, including Audit, Business Advisory Services, Business Community Training, International Taxation, Business Risk Services/Internal Audit and Technology & Security Risk Services to a client base including conventional and Islamic banks and financial institutions, oil and gas majors, utilities and manufacturing firms from both the government and private sector.

The scope of the audit for the 2011 financial year, as outlined in their engagement plan was:

1. Audit opinion on the annual consolidated financial statements in accordance with International Financial Reporting Standards;
2. Audit opinion on the financial statements of all subsidiaries and associates of Tabreed in accordance with International Financial Reporting Standards; and
3. Review of quarterly interim condensed consolidated financial statements in accordance with International Accounting Standard (IAS) 34.

The following table outlines the audit related fees for both 2010 and 2011. These fees include both annual and quarterly audits:

| Service                | Fee AED |
|------------------------|---------|
| Audit of 2011 accounts | 727,500 |
| Audit of 2010 accounts | 746,500 |

E&Y also provided other advice during the year including:

- Extensive advice in 2010 and early 2011 in relation to the recapitalisation program which completed on 1 April 2011 amounting to AED 1,302,501 charges in 2011; and
- Other fees amounting to AED 396,481

## 5 AUDIT COMMITTEE

The role of the Audit Committee is outlined in the Board approved Charter of the Audit Committee and includes:

- providing advice to the Board on the contracting of an External Auditor;
- assessing the independence of the External Auditor and discuss the scope of the audit with the External Auditor;
- endorsing the quarterly and annual accounts after consideration of accounting policies and standards, assumptions and judgements, compliance with laws and any significant or unusual matters;
- continually assessing the systems for internal control and risk management;
- considering the findings of the Internal Auditor and make recommendations on those findings;
- endorsing financial and accounting policies before approval by the Board;
- accepting and making recommendations to the Board on the External Auditors Management Letter;
- developing procedures which allow employees to raise matters of concern regarding internal control or financial reports;
- reporting to the Board on activities of the Audit Committee; and
- considering issues referred to it by the Board.

There was a change in the membership of the Audit Committee during the year due to the change in the Board members on 11 May 2011. The following table outlines the membership of the Audit Committee during 2011:

| Member                                       | Role     | Status                                  |
|--|----------|---|
| <b>Members from 1 January to 10 May 2011</b> |          |   |
| Khalifa Mohamed Al Mazrouei                  | Chairman | Independent, Non-Executive Director     |
| Abdulla Khouri                               | Member   | Independent, Non-Executive Director     |
| Abdul Raouf W. Al Bitar                      | Member   | Non-Independent, Non-Executive director |
| Ahmed Dahabiyeh                              | Member   | Independent                             |

| Members from 11 May to 31 December 2011 |          |   |
|---|----------|---|
| Khaled Saleh Al Rashedi                 | Chairman | Independent, Non-Executive Director     |
| Ahmed Yahia Al Idrissi                  | Member   | Independent, Non-Executive Director     |
| Abdul Raouf W. Al Bitar                 | Member   | Non-independent, Non-Executive Director |
| Ahmed Dahabiyeh                         | Member   | Independent                             |

The Audit Committee met 5 times on the following dates during 2011:

- 7 February;
- 17 March;
- 1 May;
- 10 August; and
- 6 December.

The following table shows the attendance of each member for the period in which they were elected to the Audit Committee, both in person and by proxy:

| Member                      | Meetings Held | Attendance |
|-----------------------------|---------------|------------|
| Abdul Raouf W. Al Bitar     | 5             | 5          |
| Ahmed Dahabiyeh             | 5             | 5          |
| Khaled Saleh Al Rashedi     | 2             | 2          |
| Ahmed Yahia Al Idrissi      | 2             | 2          |
| Khalifa Mohamed Al Mazrouei | 3             | 3          |
| Abdullah Khouri             | 3             | 1          |

## 6 NOMINATION & REMUNERATION COMMITTEE

The role of the Nomination & Remuneration Committee (NRC) is to assist the Board in the efficient management of compensation and general human resources management. The key responsibilities of the Committee are outlined in the Board approved Charter of the NRC and includes:

- Verify the ongoing independence of the independent Board members;
- Oversee nomination to the membership of the Board of Directors;
- Review of Tabreed's human resources policies and procedures;
- Formulate and review on an annual basis the framework and broad policy for granting remuneration, terms of employment and any changes, benefits, bonuses, pensions, allowances, gratuities, early retirement and redundancy, to Tabreed's Board members and employees;
- Determine the Company's needs for qualified staff at the level of senior management and employees, and the basis of selection;
- Formulation, supervision of application and annual review of the Company's human resources and training policy;
- Ensure, that suitable succession plans are in place at senior executive levels;
- Review and approve the hiring and termination of senior management staff;
- Report to the Board any matters pertaining to human resources management requiring their attention; and
- Review and make recommendations to the Board with respect to the compensation of the Chairman of the Board.

There were a number of changes to the members of the NRC during 2011 for the following reasons:

- 23 March 2011- to comply with Ministerial Resolution 518; and
- 11 May 2011- to reflect changes in the Board membership following elections at the AGA.

The following table outlines the membership of the NRC during 2011:

| Member   | Role     | Status                                  |
|--|----------|---|
| <b>Members from 1 January to 22 March 2011</b> |          |   |
| Khadem Abdullah Al Qubaisi                     | Chairman | Independent, Non-Executive Director     |
| Waleed Ahmed Al Mokarrab Al Muhairi            | Member   | Independent, Non-Executive Director     |
| Khaled Abdullah Al Qubaisi                     | Member   | Non-independent, Executive Director     |
| <b>Members from 23 March to 10 May 2011</b>    |          |   |
| Waleed Ahmed Al Mokarrab Al Muhairi            | Chairman | Independent, Non-Executive Director     |
| Ali Saeed Al Badi Al Dhaheri                   | Member   | Independent, Non-Executive Director     |
| Abdul Raouf W. Al Bitar                        | Member   | Non-Independent, Non-Executive director |
| <b>Members from 11 May to 31 December 2011</b> |          |   |
| Ali Saeed Al Badi Al Dhaheri                   | Chairman | Independent, Non-Executive Director     |
| Abdul Raouf W. Al Bitar                        | Member   | Non-independent, Non-Executive Director |
| Ahmed Yahia Al Idrissi                         | Member   | Independent, Non-Executive Director     |

The NRC met twice on the following dates during 2011:

- 3 April; and
- 1 June.

The following table shows the attendance of each member for the period in which they were elected to the NRC:

| Member                              | 3 April | 1 June |
|-------------------------------------|---------|--------|
| Waleed Ahmed Al Mokarrab Al Muhairi | Y       | N/a    |
| Ali Saeed Al Badi Al Dhaheri        | Y       | Y      |
| Abdul Raouf W. Al Bitar             | N       | N      |
| Ahmed Yahia Al Idrissi              | N/a     | Y      |

## 7 INTERNAL CONTROL SYSTEM

Pursuant to article 8 of the Ministerial Resolution 518, Tabreed's Internal Control function has been established by the Board to provide independent, objective and authoritative advice as well as assurance over the internal control environment to the Board, Audit Committee and Management in order to assist them in discharging their functions and duties.

The Internal Control function's roles and responsibilities are governed by a formal charter. This charter outlines the mechanism under which the Internal Control function works and contributes towards fulfilling Tabreed's goals and objectives.

The Internal Control function reports to the Board and operates under the stewardship of the Audit Committee. This enables Internal Control to function in an independent and objective manner. The role of the Internal Control function is to assist management in meeting their responsibility to:

1. Adopt good practice governance model;
2. Developing a strong internal control environment;
3. Recognise and manage risks; and
4. Comply with laws, regulations and policies.

The Head of the Internal Control function is the Chief Risk and Audit Officer (CRAO). The CRAO has nearly forty years experience in finance, accounting, law, internal audit, risk management and governance. The CRAO has been responsible for setting up similar departments in overseas jurisdictions. The CRAO is supported by an experienced internal audit manager. For the purposes of Ministerial Resolution 518, the CRAO has been designated as the "Compliance Officer".

The Board has outlined in the Corporate Governance Policy, the principles under which it expects the Management to act in regard to:

1. Governance: - based on Ministerial Resolution 518;
2. Internal Audit: - based on the Institute of Internal Auditors professional standards;
3. Risk Management; - based on AS/NZS ISO 31000:2009; and
4. Internal Control; - based on the Committee of Sponsoring Organisations (COSO) framework.

Management is in turn developing procedure manuals for Governance, Risk Management and Internal Audit and Internal Control. These manuals detail actions required to meet the Board approved policies. The Audit Committee is actively involved in internal control and risk management matters. Significant issues are also escalated to and effectively dealt with by the full Board.

The annual review of internal controls, as is required under article 8 of the Ministerial Resolution 518 was completed by the Internal Control function in January 2012.

## 8 IRREGULARITIES IN 2011

This report requires a statement of compliance, issued by the Board. Tabreed is compliant with Ministerial Resolution 518 Concerning Governance Rules and Corporate Discipline Standards except for the following instances:

| Reference    | Requirement  | Comment   |
|--------------|--|---|
| Article 3(6) | The Board of Directors shall meet at least once every two months | Although the Board met 8 times in 2011, which is on average every 1.5 months, in actual terms it did not meet every 2 months- see Section 3 |
| Article 6(1) | Committees should consist of at least 3 non-executive members    | The members of the NRC were re-elected in March 2011 to rectify this irregularity. From 23 March 2011, Tabreed complied with this article   |

## 9 LOCAL COMMUNITY DEVELOPMENT AND ENVIRONMENTAL PRESERVATION

Tabreed is developing a Code of Conduct which incorporates corporate social responsibility (CSR). The Code of Conduct sets out the internal rules and requirements for:

- Improper payments;
- Market misconduct;
- Compliance with international laws and conventions;
- Prevention of fraud, and money laundering;
- Compliance with competition laws;
- Avoiding conflicts of interest;
- Entertainment and Gifts;
- Confidential information;
- Proper document management;
- Working with stakeholders, suppliers and government;
- Treating employees with respect;
- Serving the community; and
- Sustainability.

The Company complies with all applicable UAE environmental law and safety standards and has received specific permits from the UAE Environment Agencies in each applicable Emirate. Tabreed also holds the ISO 14001:2004 (Environment Management System), ISO 9001:2008 (Quality Management System) and OHSAS 18001:2007 (Occupational Health and Safety Management System) certifications. Tabreed has implemented the internal controls necessary (such as Policies and Procedures) to comply with good practice.

In relation to effluent water release and emission to air, Tabreed obtains permits for these releases from the respective Municipalities after undertaking to control certain parameter requirements like PH and conductivity. These permits are obtained during the construction of a project and are issued by the Environment Agency or any equivalent Environment Agency for each emirate. The permits are generally renewable every year. The Company submits water treatment results to the Environment Abu Dhabi for each plant on a quarterly basis.

Tabreed has implemented a Raw Materials Recycling Program. Its key objectives are:

- To minimize/reduce waste materials by utilizing waste management;
- To dispose of the waste material from the offices and plant rooms of Tabreed; and
- To support the need of protecting the environment.

The program applies to all plant rooms, projects and offices of Tabreed.

As a utility company, we are responsible for providing an essential service to the community that maintains their comfort and well-being. Tabreed takes this role very seriously and ensures that our services are operating at high efficiency and reliability. Our relationship with the local community is therefore very important to Tabreed and we constantly seek ways to enhance that relationship.

As part of our community engagement, the company seeks, from time-to-time, and when feasible, to sponsor different activities that benefit the community. In the past, these activities have ranged from blood donation drives to “clean-up the UAE” campaigns. The decision criteria to take part in any sponsorship activity include (but are not limited to) the benefit we believe these activities bring to the community, available funding, and applicability to Tabreed.

Tabreed’s Code of Conduct sets out the framework, values, principles and standards by which we expect all our employees to abide by when dealing with vendors, customers, contractors and other external sources, as well as when dealing with colleagues, affiliates, subsidiaries and internal departments.

## 10 GENERAL INFORMATION

### 10(a) Share Price

The following table presents the highest and lowest shared price for each month during 2011 showing the market index and sector index:

|           | Share Price (AED) |        | Market Index | Sector Index |
|-----------|-------------------|--------|--------------|--------------|
|           | Highest           | Lowest |              |              |
| January   | 1.80              | 1.31   | 1534         | 588          |
| February  | 1.52              | 1.00   | 1411         | 478          |
| March     | 1.17              | 0.95   | 1556         | 386          |
| April     | 1.53              | 1.12   | 1634         | 470          |
| May       | 1.48              | 1.15   | 1560         | 485          |
| June      | 1.32              | 1.00   | 1517         | 422          |
| July      | 1.09              | 0.96   | 1518         | 369          |
| August    | 1.02              | 0.77   | 1492         | 305          |
| September | 0.82              | 0.63   | 1432         | 275          |
| October   | 0.68              | 0.58   | 1408         | 227          |
| November  | 0.68              | 0.60   | 1379         | 228          |
| December  | 0.65              | 0.48   | 1353         | 206          |

Source: Zawya.com & DFM website

### 10(b) Shareholder Ownership

Shareholder Ownership as at 31 December 2011 is as follows:

|         | % Ownership |
|---------|-------------|
| Local   | 59.7%       |
| GCC     | 20.5%       |
| Foreign | 10.9%       |

Source: DFM website, 29/12/11 04:06pm

### 10(c) Ownership- 5% or More

Shareholders who own 5% or more of the share capital as at 31 December 2011 are:

| Name                                 | Translation                                  | % Ownership |
|--------------------------------------|--|-------------|
| الشركة العربية لتنمية المياه والطاقة | Arab Company for Water and Power Development | 16.24%      |
| Mubadala Development Company         |  | 14.81%      |
| General Investments FZE              |  | 12.42%      |

Source: DFM website, 29/12/11 01:59pm

#### 10(d) Significant Events

- On 1 April 2011, Tabreed announced completion of its Recapitalisation Program involving up to AED 3.1billion of long term funding from Mubadala Development Company; AED 1.7billion Subordinated Convertible Notes and AED 1.4billion Subordinated Convertible Loan Facility. Upon closing the Program, Tabreed has in place the long term capital structure required to transform the business and realise disciplined growth; and
- On 24 April, Tabreed announced the appointment of a new CFO, Adrian Kershaw, to replace Steve Ridlington. Appointment was effective from 1 May 2011.



**APPENDIX ONE: Members of the Board of Directors as at 31 December 2011- Biographies**

**Waleed Ahmed Al Mokarrab Al Muhairi**

**Board Member and Chairman (from 11 May 2011)**

As Mubadala's Chief Operating Officer, Waleed oversees the company's board investment portfolio and is responsible for its strategic, operational and business development activities. Waleed is also a member of Mubadala's Investment Committee. The Committee is mandated to develop the company's investment policies, establish investment guidelines and review all proposed projects and investments to ensure they are in line with Mubadala's business objectives.

In addition to his position as Chief Operating Officer of Mubadala, Waleed is a member of the Board of Directors of several key Mubadala Group and other operational businesses.

He currently serves as Chairman of the Board of Directors of Yahsat, Mubadala Infrastructure Partners, the Advance Technology Investment Company (ATIC), Cleveland Clinic Abu Dhabi and Tabreed. He is Vice Chairman of Piaggio Aero Industries and is a Director of AMD, Al Maabar, du, Globalfoundaries and the Abu Dhabi Future Energy Company (Masdar).

Waleed was also one of the principal architects behind the Abu Dhabi 2030 Economic Vision.

Prior to joining Mubadala, Waleed worked with the UAE Offsets Program Bureau as a Senior Project Manager. He previously worked with McKinsey & Company as a commercial and governmental consultant.

Waleed holds a Masters from Harvard University, USA and a Bachelors of Science in Foreign Service from Georgetown University, USA.

**Abdul Raouf Al Bitar**

**Board Member**

Abdul Raouf is the CEO of and a shareholder in Al Manhal-Nestlé Waters Group of Factories, the largest bottled water producer in Saudi Arabia. He is also the Chairman of Middle East Specialized Cables in Amman, Jordan.

Apart from that, Abdul Raouf Al Bitar also serves as a Board Member in the following groups of companies: ACWA Power Development Company, Al Manhal Water Factory - Qatar and Bahrain, Nestlé Waters H&O - Dubai, UAE; Spring Beverage Factory - Riyadh, KSA; Middle East Molds and Plastic Factory - Riyadh, KSA; Gulf Insulation Group - Riyadh, KSA; Emirates Pre-insulated Pipes Industries - Abu Dhabi, UAE; Multiforms LLC - Dubai, UAE; Al Hassan Ghazi Ibrahim Shaker Company - Riyadh, KSA; LG Shaker Company - Riyadh, KSA; Middle East Specialized Cables (MESCC) - Riyadh, KSA; Saudi Tabreed District Cooling Company - Dammam, KSA.

Abdul Raouf Al Bitar holds a Bachelor of Science in Civil Engineering from Syracuse University, New York, USA.

**Ali Saeed Al Badi Al Dhaheri**

**Board Member**

As the current Managing Director and Board Member of Abu Dhabi Ports Company (ADPC), the master developer and regulator of ports and industrial zones in Abu Dhabi, Ali Al Badi plays a key role in implementing the strategic goals and objectives of the organization. Ali Al Badi also served as Chief Executive Officer of ADPC for more than two years. He provides direction and leadership towards the achievement of the corporate philosophy, vision and goals.

Currently, Ali Al Badi is a Board Member of Tabreed and UAE Red Crescent. During the 22 years he spent within the ADNOC Group, Ali Al Badi has held various senior management positions and has also served as Chairman as well as Board Member of several ADNOC companies. During 1987-1998 Mr. Al Badi has held a position in OPEC as UAE National Representative.

Ali Al Badi, a UAE National, born in Al Ain (1961) and holds a BS Degree in Decision Science (Business) from Indiana University, USA in 1985.

**Ibrahim Ahmed Al Ansaari**

**Board Member**

Ibrahim Al Ansaari was appointed General Manager for Dolphin Energy Limited (UAE) in October 2007. He had previously served as Executive Vice President – Operations since March 2004.

He is responsible for all Dolphin activities within the UAE. Prior to joining Dolphin Energy in October 2003 as Vice President – Projects, Ibrahim Al Ansaari was General Manager of Union Water & Electricity Company (UWEC), now incorporated within ADWEA.

Ibrahim Al Ansaari worked for Abu Dhabi National Oil Company (ADNOC) for 18 years following graduation. His first senior appointment was as Manager of the Engineering Development Department; subsequently, he was Manager of the Gas Processing & Pipelines Division at ADNOC's Atheer.

He joined UAE Offsets Program Bureau in September 2000 as Technical Specialist Advisor before taking up his UWEC appointment in September 2001. He joined Mubadala Development Company in April 2004 as Executive Advisor.

Ibrahim Al Ansaari graduated from the Louisiana Technical University, USA in 1982 with a Bachelor of Science in Electrical Engineering.

**Khaled Abdulla Al Qubaisi**

**Board Member and Managing Director**

Khaled Abdulla Al Qubaisi is an Executive Director - Human Resources at Mubadala and occupies the post of Managing Director of Tabreed as well as sitting on its Board. In his role as Tabreed's Managing Director, he is responsible for strengthening and supporting the executive management team of Tabreed, in particular focusing on areas of finance and management.

Khaled Al Qubaisi joined Mubadala from International Capital Trading, where he was the Chief Investment Officer. Prior to International Capital, he was the Head of Corporate Finance & Business Development at National Bank of Abu Dhabi, where he was responsible for advising companies on funding requirements, placing debt and equity, and structuring investment products for the Bank's retail and private banking division.

Khaled Al Qubaisi currently sits as Chairman of the National Health Insurance Company 'DAMAN' and is a Board Member of Dunia Finance Company, Manazel Real Estate Company, Finance House, Mubadala GE Capital as well as Tabreed. He has been a member of the Chartered Financial Analyst Institute since 2003.

Khaled Al Qubaisi holds a BA in Finance and Operation Management from Boston University and an MSc from George Washington University in Washington, DC.

**Ahmed Yahia Al Idrissi**

**Board Member**

Ahmed is the Executive Director of the Mubadala Industry business unit. Prior to joining the Company, Ahmed was a partner at McKinsey & Co., where he led the Abu Dhabi and Principal Investor practices. He was also a Brand Manager at Procter & Gamble, where he led several flagship brands.

Board Positions: Director of EMAL, Guinea Alumina Corporation Ltd, Tabreed, Azaliya SAS, SMN Barka Power Company SAOC and Al Rusail Power Company.

Education: Bachelor of Science in Industrial Engineering from the Ecole Centrale Paris; Master of Science in Mechanical Engineering from the Massachusetts Institute of Technology

**Khaled Saleh Al Rashedi**

**Board Member**

Khaled Saleh Al Rashedi is a Senior Manager with the Mubadala Development Company and is head of the Metals Section of the Industry Unit.

In addition to his responsibilities at Mubadala, Khaled Al Rashedi is a Board Member of Tabreed and Abu Dhabi Aircraft Technologies - Turbine Services & Solutions (ADAT - TS&S). He is also a Member of the Supervisory Committee at Union Railway (UAE's Cargo and Passenger Railway) and an Executive Director at EMAL International.

Khaled holds a Bachelor's degree in Business Administration with a concentration in Finance and Marketing from the University of Colorado, Denver – USA.