National Central Cooling Company PJSC (Tabreed)

CORPORATE GOVERNANCE REPORT

For the year ended 31 December 2016

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tabreed

Tabreed Corporate Governance Report 2016

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This Corporate Governance Report is approved by:

Waleed Al Mokarrab Al Muhairi
Chairman of the Board

Jasim Husain Thabet
Chief Executive Officer

Tabreed Corporate Governance Report 2016

PREFACE

The following report is governed by the Resolution of the Board of the Securities and Commodities Authority ("SCA") No. 7/R.M. of 2016 on the Corporate Discipline and Governance Standards of Public Joint-Stock Companies ("Resolution 7/2016") and the format of this report is prescribed by SCA. This report outlines the compliance of National Central Cooling Company PJSC (the "Company" or "Tabreed") with Resolution 7/2016, and the Company's overall governance structure in the period of 1 January 2016 to 31 December 2016.

1. COMPLIANCE WITH REGULATIONS

Tabreed's corporate governance system is well developed, adopts local and international best practice and meets all relevant requirements of UAE legislation on corporate governance, including the Commercial Companies Law No. 2 of 2015 and Resolution 7/2016. Resolution 7/2016 applies to Tabreed's listing on the Dubai Financial Market ("DFM"). SCA supervises, controls and verifies Tabreed's compliance with Resolution 7/2016.

2. CORPORATE GOVERNANCE STRUCTURE

The General Assembly Meeting is the highest decision-making body in the Company and is the forum in which shareholders exercise their right to decide on the Company's direction. The Annual General Assembly Meeting is convened once a year in order to carry out tasks such as adopting the Board of Directors' report and the annual and consolidated accounts, discharging the members of the Board of Directors and the auditors from liability and deciding how the profit of the past financial year is to be allocated.

The shareholders are the ultimate decision-makers in respect of the direction of the Company since the shareholders are responsible for appointing the Board of Directors at the Annual General Assembly Meeting of the Company, each such appointment being for a term of three years. The shareholders present at the AGA also elect the auditors who in turn report on their scrutiny to the AGA.

The following sections summarize how the Company has applied the principles of Resolution 7/2016 and its compliance with these principles.

Board of Directors (Art. 3, Resolution 7/2016)

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

Throughout the year, the membership balance criteria set down by Resolution 7/2016 in relation to executive, non-executive and independent members of the Board was maintained by Tabreed together with an appropriate level of skills, experience and capabilities across the membership.

Chairman of the Board (Art. 4 and 42, Resolution 7/2016)

In 2016, Waleed Al Mokarrab Al Muhairi presided as the Chairman of the Board (the "Chairman"). The Chairman of Tabreed's Board is a non-executive and independent director with extensive and prominent experience in international and regional corporations.

Throughout the year, the Chairman ensured that the Board participated effectively at Board meetings and that each member of the Board acted in the best interests of Tabreed and its shareholders. The Chairman develops the structure of, and agenda for, meetings of the Board, overseeing communication between Board members and shareholders, and encouraging constructive relations between the Board members.

Members of the Board (Art. 11, 40, 43, 44, and 45 Resolution 7/2016)

The members of the Board have a diverse set of skills and experience. Each member's duty is to act

in the best interests of Tabreed and its shareholders. Each member of the Board ensures that Tabreed's management maintains systems and processes to ensure adherence to laws, regulations and Tabreed's operational requirements.

The Board ensures that Tabreed's management provides them with sufficient information, in a timely manner, to make informed decisions that affect the direction of the Company. The Board members participate in Board meetings, giving independent opinions on strategic issues, policy, accounting, resources and principles of required behaviour. The Board tracks the Company's performance against strategic objectives.

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

Remuneration of the Chairman and the Board Members (Art. 21, Resolution 7/2016)

The Chairman and the Board members are entitled to be remunerated by an attendance fee for each meeting as allowed under the AoA. The AoA also permits the distribution of a share of profits as remuneration for Board members subject to approval by the shareholders at the Company's AGA.

Board Committees (Art. 46, Resolution 7/2016)

The Board has formed four Committees that have adopted procedures which define their obligations, duration and authority and these Committees are regularly monitored by the Board regarding their performance and commitment. These Committees are as follows:

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

The Audit Committee and the Nomination and Remuneration Committee are mandated by Resolution 7/2016.

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

The Projects Committee investigates the viability of each potential new project and ensures that it is subjected to the highest levels of scrutiny before presentation to the Board for approval.

Nomination and Remuneration Committee (Art. 47, Resolution 7/2016)

The Nomination and Remuneration Committee assists the Board in discharging its responsibilities in relation to qualifications, compensation, appointment and succession of the Company's directors and key management personnel. The Committee oversees the Company's nomination process for the Board of Directors and continuously monitors the independency of the independent members of the Board *(See Section 7 for further detail on the Nomination and Remuneration Committee)*.

Audit Committee (Art. 48, Resolution 7/2016)

The Board maintains an Audit Committee that monitors financial statements, renews and recommends changes to Tabreed's financial and control systems, and appoints and maintains an appropriate relationship with the Company's external auditors. The Audit Committee also oversees the Internal Control function and is responsible for approving recommendations for internal control improvements. *(See Section 6 for further detail on the Audit Committee).*

Internal Control (Art. 50, Resolution 7/2016)

Tabreed's Internal Control function is maintained by the Board. It provides 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 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. *(See Section 9 for further detail on the Internal Control function).*

External Auditor (Art. 36, Resolution 7/2016)

On the recommendation of the Audit Committee, the Board appointed Deloitte & Touche M.E. as Tabreed's external auditor at the 2016 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 Meeting and to regulatory bodies. *(See Section 5 for further detail on the External Auditor).*

Delegation to Management (Art.9, Resolution 7/2016)

The Board of Tabreed provides guidance and direction to Tabreed's management towards achieving the strategic objectives of Tabreed.

The Board is responsible for the direction and oversight of the Company on behalf of the shareholders. The day to day activities of Tabreed are delegated to management through the Board approved Delegation of Authority approved by the Board on 27 July 2016. The Delegation of Authority will be subject to amendment and approval by the Board at the first board meeting following the election of the Board to be held at the Annual General Assembly of the Company in March 2017, following which the Delegation of Authority will be valid for a duration of 3 years and subject to regular review and amendment (if required) by the Board and the Audit Committee.

The Delegation of Authority delegates authority from the Board to executive management to execute certain:

1. Contractual or other commitments;
2. Expenditure, purchases; and
3. Investments,

in each case below a specified maximum limit amount (in AED), beyond which approval of the Board is required. To give effect to the Delegation of Authority, the Board has granted a general Power of Attorney to the Chief Executive Officer, subject to the aforementioned specified maximum limit amount and which shall remain in force for the same duration of the Delegation of Authority. All other powers, authorities and responsibilities in respect of the management of the Company are vested in the Board in accordance with the Articles of Association of the Company, subject to those matters reserved under such Articles of Association and/or applicable laws and regulations for the exclusive decision by the shareholders of the Company at the General Assembly of the Company.

The Board also provides guidance and delegates authority to management through the following mandates that are regularly reviewed by the Board:

4. The five-year strategic plan;
5. Tabreed's policies;
6. The annual budget;

7. Key performance indicators; and
8. Regular reporting against performance targets.

Shareholders' Rights (Art. 33, 34 and 35 of Resolution 7/2016)

The Board is committed to maintaining the highest standards in relation to recognition of shareholders' rights. This commitment is outlined in the Charter of the Board of Directors. To that end, Tabreed maintains an appropriately resourced shareholder communications function and has engaged the Dubai Financial Market ("DFM") and the National Bank of Abu Dhabi ("NBAD") to assist with shareholders' engagement.

The purpose of each of the investor relations and shareholder communications function as well as NBAD's and the DFM's role is to ensure that shareholders receive all required financial reports and relevant information, that shareholders are notified of and attend General Assembly meetings, and that dividend payments, when approved, are provided to each shareholder on a timely basis.

The AoA sets out the shareholders' rights to information, voting, participation at meetings and information on candidates for Board positions.

Code of Conduct (Art. 43 (11), Resolution 7/2016)

The manner in which the Company expects the Board, its employees, the auditor and the persons to whom specific duties are assigned, to behave with respect to each other, the law, customers, suppliers, stakeholders and the community is articulated in the Tabreed Code of Conduct.

3. BOARD MEMBER TRANSACTIONS

The Company's Market Conduct and Trading Policy has rules governing the dealings by the Board members and their close family in Tabreed's securities. A fundamental restriction in place is that 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 made available to Tabreed by the DFM. Tabreed has not been advised of any share trading by Board members or their close family during the blackout periods that applied in 2016.

The below table outlines the Board members' (and their immediate relatives') shareholdings and share transactions during 2016:

Name	Position	Total shares held as of 31/12/2016	Total shares bought	Total shares sold
Khaled Abdullah Al Qubaisi	Vice Chairman	0	87,083	659,038
Abdul Raouf W. Al Bitar	Director	19,917,710	0	0

4. FORMATION OF THE BOARD

4 (a) Board Composition

The following table outlines details of each Board member as at 31 December 2016 in terms of independence, executive position and term of office.

Name	Position	Executive	Independent	Elected in
Waleed Al Mokarrab Al Muhairi	Chairman	No	Yes	2008

Name	Position	Executive	Independent	Elected in
Khaled Abdullah Al Qubaisi	Vice Chairman	No	Yes	2008
Fahad Saeed Al Raqbani	Director	No	Yes	2014
Ahmed Yahia Al Idrissi	Director	No	Yes	2011
Ibrahim Ahmed Al Ansaari	Director	No	Yes	2008
Abdul Raouf W. Al Bitar	Director	No	Yes	2004
Ali Saeed Al Badi Al Dhaheri	Director	No	Yes	2008
Khaled Saleh Al Rashedi	Director	No	Yes	2011
Mohammed Al Huraimel Al Shamsi	Director	No	Yes	2014

The Company does not currently have any female members on its Board for the reason that no female candidates applied for nomination to the Board pursuant to the publicly advertised nominations process initiated by the Company in early 2014.

4 (b) Elections and terms of office

The General Meeting has the competence to elect and remove the members of the Board. In accordance with Tabreed's AoA, the term of each Board member is three years. All Directors who were elected in 2014 and are outgoing in 2017 are again eligible for re-election in 2017. The Board members are elected by secret ballot. The Board of Directors subsequently elects the members of the Committees.

4 (c) CVs and other PJSC Board Memberships during 2016

Waleed Al Mokarrab Al Muhairi
Chairman

Waleed Al Mokarrab Al Muhairi is Mubadala Development Company's Deputy Group CEO and CEO, Emerging Sectors. He has oversight of Mubadala's operational and business development activities as well as its healthcare, real estate, infrastructure and capital investment portfolios and its Enterprise Technology and Services unit. He is also a member of Mubadala's Investment Committee. Waleed Al Mokarrab Al Muhairi is Chairman of the Board of Directors of Cleveland Clinic Abu Dhabi, Vice-Chairman of Aldar Properties PJSC and is a board member of Mubadala Petroleum, Abu Dhabi Future Energy Company (Masdar), Tamouh Investments, Investcorp Bank BSC and Tamkeen. He holds a Masters Degree from Harvard University, USA, and a Bachelors of Science in Foreign Service from Georgetown University, USA.

Khaled Abdulla Al Qubaisi
Vice-Chairman

Khaled Abdulla Al Qubaisi is the Chief Human Capital Officer for the Mubadala Group, responsible for employee career growth, talent acquisition, learning and development, Emiratization and performance management. Before joining Mubadala, he was the Chief Investment Officer at International Capital and was also the Head of Corporate Finance and Business Development at NBAD, where he focused on developing the bank's investment banking capabilities. He is a board member of Abu Dhabi Future Energy Company (Masdar), Emirates Global Aluminium (EGA), Mubadala Petroleum, GLOBALFOUNDRIES and Finance House. He has a Bachelor of Arts in Finance and Operations Management from Boston University, a Master of Science from George Washington University and is a Chartered Financial Analyst Institute (CFA) member.

Fahad Saeed Al Raqbani
Board Member

Fahad Saeed Al Raqbani is a senior executive at Mubadala Development Company and was the former Director General of the Abu Dhabi Council for Economic Development (ADCED). Since joining ADCED in 2008, he has collaborated with the private sector to launch a number of initiatives that contribute to achieving the Abu Dhabi Economic Vision 2030. Fahad Saeed Al Raqbani sits on the board of a number of companies such as The General Holding Corporation (Senaat), Waha Capital PJSC, and Emirates Steel. He holds a Bachelor of Arts degree in International Economics from the American University in Paris, and a master's degree in financial management and risk management from the Graduate School of Management in Lille, France.

Ahmed Yahia Al Idrissi
Board Member

Ahmed Yahia Al Idrissi is the CEO of Technology and Industry at Mubadala Development Company, with oversight of Mubadala's semiconductor, metals and mining, and utilities portfolios. He is also a member of Mubadala's Investment Committee. Ahmed is Chairman of GLOBALFOUNDRIES, and is Chairman of the Board of TM Mining Ventures, as well as a board member of Abu Dhabi Future Energy Company (Masdar), Emirates Global Aluminium (EGA), Mubadala Petroleum and Advanced Micro Devices Inc. He holds a Bachelor of Science in Industrial Engineering from Ecole Centrale Paris, France, and a Master of Science in Mechanical Engineering from the Massachusetts Institute of Technology, USA.

Ibrahim Ahmed Al Ansaari
Board Member

Ibrahim Ahmed Al Ansaari was formerly the Chief Executive Officer of Dolphin Energy Limited (UAE). Prior to joining Dolphin Energy in October 2003 as Vice President – Projects, Ibrahim was General Manager of Union Water & Electricity Company, now incorporated within ADWEA. He also worked for Abu Dhabi National Oil Company (ADNOC) for 18 years. Ibrahim Ahmed Al Ansaari holds a Bachelor of Science in Electrical Engineering from Louisiana Technical University, USA.

Abdul Raouf Al Bitar
Board Member

Abdul Raouf Al Bitar is the Executive Director of Al Manhal & Nestlé Waters Group of Factories in Saudi Arabia, and sits on the board of a number of companies throughout the Middle East including Saudi Tabreed District Cooling Company, Middle East Specialized Cables Factory (MESC), Springs Beverage Factory, Middle East Mold and Plastic Factory, Gulf Insulation Group, Shaker Group, and LG - Shaker Company. Abdul Raouf Al Bitar holds a Bachelor of Science in Civil Engineering from Syracuse University, USA.

Ali Saeed Al Badi Al Dhaheri
Board Member

Ali Saeed Al Badi Al Dhaheri was the Managing Director and a board member of Abu Dhabi Ports Company (ADPC), the master developer and regulator of ports and industrial zones in Abu Dhabi. Ali has spent over 20 years with the Abu Dhabi National Oil Company (ADNOC) Group, and served as Chairman as well as board member of several ADNOC companies. From 1987 - 1998, Ali Saeed Al Badi Al Dhaheri was the UAE National Representative at the Organization of the Petroleum Exporting Countries (OPEC). He has a Bachelor Degree in Decision Science (Business) from Indiana University, USA.

Khaled Saleh Al Rashedi
Board Member

Khaled Saleh Al Rashedi is the Head of Group Government Affairs at Mubadala Development Company, where he is the company's liaison with the Government of Abu Dhabi in addition to senior government officials and regulatory stakeholders in the UAE and abroad. He has been with Mubadala since its establishment in 2002 and has worked extensively in local and international government affairs. Khaled Saleh Al Rashedi is Chairman of Safwa Marine, and a board member of Abu Dhabi Ship Building, Guinea Alumina Corporation and MINESA. He holds a Bachelor of Business Administration with a concentration in Finance and Marketing from the University of Colorado, USA.

Mohammed Al Huraimel Al Shamsi
Board Member

Mohammed Al Huraimel Al Shamsi is Senior Vice President in Mubadala Development Company, where he is responsible for the asset management function of Mubadala Industry's Utilities portfolio, which includes power and district cooling assets in the Middle East and North Africa. He has an MBA from the HEC School of Management – Paris and a Bachelor's Degree from the American University of Sharjah, UAE.

4 (d) Board Remuneration

Board members are capable of being 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 designed to reimburse the "out of pocket" expenses for attending Board meetings; and
- The General Assembly Meeting may, after setting aside up to 10% for the statutory reserve, and the shareholder dividend of a maximum of 5% of the capital, approve a percentage of up to 10% of the

net profits to remunerate the Board of Directors.

Sitting fees and remuneration paid to the Board members, in aggregate, in 2016 and recommended to be paid in 2017 are as follows:

Sitting Fees and Remuneration	AED
Remuneration for 2015 paid in 2016 after approval at last AGA	7,125,000
Board and Committees sitting fees for 2016 recommended for payment in 2017	0
Remuneration recommended for 2016 to be paid in 2017 after approval at next AGA	7,125,000

4 (e) Board Meetings in 2016

The Board held 6 meetings in 2016, the dates of which were as follows:

- 31 January;
- 24 February;
- 27 April;
- 27 July;
- 26 October; and
- 15 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 in 2016	Attendance in person	Proxy attendance
Waleed Al Mokarrab Al Muhairi	6	5	-
Khaled Abdullah Al Qubaisi	6	6	-
Fahad Saeed Al Raqbani	6	4	2
Ahmed Yahia Al Idrissi	6	4	1
Ibrahim Ahmed Al Ansaari	6	3	-
Abdul Raouf W. Al Bitar	6	3	-
Ali Saeed Al Badi Al Dhaheri	6	4	-
Khaled Saleh Al Rashedi	6	6	-
Mohammed Al Shamsi Al Huraimel	6	5	1

4 (f) Board Terms of Reference

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

1. The appointment of the Chief Executive Officer and key executives;
2. Tabreed policies - which outline the principles that the Board expect Tabreed to operate within;
3. Board approved Delegation of Authority setting out 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 feedback results;
5. A strong risk management and internal control environment;
6. The integrity of financial reporting;
7. Proper disclosure and communication with shareholders; and
8. A highly qualified and experienced senior management team.

Each element noted above contributes towards a balanced and effective internal control mechanism over Tabreed's activities which are, in turn, capable of being effectively monitored by the Board.

4 (g) Executive Management

The Tabreed Corporate Governance Procedures Manual and the Board approved Delegation of Authority clearly outlines the role that the Board requires from Tabreed's 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.

Executive management consists of three Chief Officers. These positions, the incumbents, dates of appointment and remuneration received (or accrued) in 2016 (in AED) are outlined below.

Position	Fulfilled By	Appointment	Salary & Allowances in 2016 (AED)	2016 Bonus (AED)	Other/Future Remuneration for 2016
Chief Executive Officer	Jasim Thabet	2012	1,944,813	1,797,513	0
Chief Financial Officer	Stephen Ridlington	2015	1,453,978	567,350	0
Chief Legal Counsel	Hamish Peter Jooste	2011	1,222,994	458,641	0
Executive VP (Projects & Customer Relations)	Dr Yousif Al Hammadi	2014	1,337,725	303,039	
VP, Human Resources	Ahmed Al Marzooqi	2015	1,332,000	178,000	
VP Business Development	Hammad Rabbani	2016	549,139	0	0
VP HSE	Sabooh Asghar	2014	632,298	37,800	
VP Audit & Risk	Amanda Webb	2010	693,621	39,000	
Subsidiaries Advisor	Gunn Kar Ooi	2009	1,069,618	200,965	
VP, Communications	Laila Al Marashi	2017	0	0	0

4 (h) Related party transactions

Tabreed was not a party to any related party transactions during 2016.

4 (i) Organisational Chart

The Organisational Chart of Tabreed is attached as Annex 2 of this Report.

5. EXTERNAL AUDITOR

Deloitte and Touch ME (Deloitte) were appointed as External Auditors for Tabreed at the Annual General Assembly on 2 March 2016, for a one year term. Tabreed selected Deloitte as the successful applicant pursuant to a competitive tender process issued by Tabreed in respect of auditing services mandate. Four major audit firms participated in the competitive process.

Deloitte is among the region's leading professional services firms, providing audit, tax, consulting, and financial advisory services through 26 offices in 15 countries with more than 3,000 partners, directors and staff. Deloitte is a Tier 1 Tax advisor in the GCC region since 2010 (according to the International Tax Review World Tax Rankings). It has received numerous awards in the last few years which include Best Employer in the Middle East, best consulting firm, and the Middle East Training & Development Excellence Award by the Institute of Chartered Accountants in England and Wales (ICAEW).

The scope of the audit for the 2016 financial year, as outlined in their engagement plan was to:

1. Provide an audit opinion on the annual consolidated financial statements in accordance with International Financial Reporting Standards;
2. Provide an audit opinion on the financial statements of all subsidiaries and associates of Tabreed in accordance with International Financial Reporting Standards; and
3. Provide a 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 Tabreed group companies for 2016. These fees include both annual and quarterly audits:

External Auditor	Deloitte & Touch ME
Number of Years as External Auditor	1
Total audit fees for 2016	AED 638,082
Fees for additional work in 2016	AED 0
Nature of additional work	None undertaken
Audit fees for additional work done in 2016 by auditors other than those appointed by Tabreed	None, no such works undertaken

6. 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 and ensuring that the External Auditor fulfils its contractual and professional obligations;
- Reviewing and 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 making recommendations on those findings;
- Developing procedures which allow employees to raise matters of concern regarding internal control or financial reports; and
- Reporting to the Board on activities of the Audit Committee.

The following table outlines the membership of the Audit Committee during 2016:

Member	2016 Term	Role	Status
Khaled Saleh Al Rashedi	From 1 Jan-31 Dec 2016	Chairman	Independent, Non-Executive
Ali Al Badi Al Dhaheri	From 1 Jan- to 31 Dec 2016	Member	Independent, Non-Executive
Fahad Saeed Al Raqbani	From 1 Jan- to 31 Dec 2016	Member	Independent, Non-Executive
Mohammed Al Shamsi Al Huraimel	From 24 Feb- 31 Dec 2016	Member	Independent, Non-Executive

The Audit Committee met 4 times, on the following dates, during 2016:

- 25 January;
- 26 April;
- 26 July; and
- 25 October.

The following table shows the attendance of each member for 2016:

Member	2016 Term	Meetings Held	Attended
Khaled Saleh Al Rashedi	From 1 Jan - 31 Dec 2016	4	2
Ali Al Badi Al Dhaheri	From 1 Jan - 31 Dec 2016	4	3
Fahad Saeed Al Raqbani	From 1 Jan - 31 Dec 2016	4	4
Mohammed Al Shamsi Al Huraimel	From 24 Feb - 31 Dec 2016	3	3

7. NOMINATION AND REMUNERATION COMMITTEE

The role of the Nomination and 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 include:

- Verifying the ongoing independence of the independent members of the Board;
- Regulating and overseeing nomination to the membership of the Board;
- Setting and reviewing Tabreed's human resources policies and procedures;
- Formulating and reviewing, 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 made to or given to Tabreed's employees, senior management, as well as compensation for Tabreed's Chairman and Board of Directors;
- Ensuring that suitable succession plans are in place at senior executive levels; and
- Reviewing and approving the hiring and termination of senior management staff.

The following table outlines the membership of the NRC during 2016:

Member	2016 Term	Role	Status
Khaled Abdulla Al Qubaisi	From 24 Feb - 31 Dec 2016	Chairman	Independent, Non-Executive
Ali Saeed Al Badi Al Dhaheri	From 1 Jan - 24 Feb 2016	Chairman (resigned)	Independent, Non-Executive
Abdul Raouf W. Al Bitar	From 1 Jan - 31 Dec 2016	Member	Independent, Non-Executive
Mohammed Al Huraimel Al Shamsi	From 1 Jan - 31 Dec 2016	Member	Independent, Non-Executive

The NRC met twice, on the following dates, during 2016:

- 22 February; and
- 4 December.

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

Member	2016 Term	Meetings Held	Attendance
Khaled Abdulla Al Qubaisi	From 24 Feb- 31 Dec 2016	1	1
Ali Saeed Al Badi Al Dhaheri	From 1 Jan - 24 Feb 2016	1	1
Abdul Raouf W. Al Bitar	From 1 Jan - 31 Dec 2016	2	2
Mohammed Al Huraimel Al Shamsi	From 1 Jan - 31 Dec 2016	2	2

8. INSIDER INFORMATION AND DEALINGS COMMITTEE

Pursuant to the requirements laid down in Resolution 7/2016, Tabreed is in the process of finalising an Insider Information and Dealings Policy and forming an Insider Information and Dealings Committee in order to regulate transactions and holdings of Tabreed shares by Board members and employees of Tabreed. The Insider Information and Dealings Policy will be submitted for final approval at the Board meeting scheduled for late February 2017. Following approval by the Board of the Policy, the Insider Information and Dealings Committee will then be formed and operate in accordance with the approved Policy.

9. INTERNAL CONTROL SYSTEM

Pursuant to Article 50 of Resolution 7/2016, 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 Board of Directors acknowledges responsibility for regularly reviewing the effectiveness of the Internal Control function of the Company.

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

- Adopt a good practice governance model;
- Develop a strong internal control environment;
- Recognise and manage risks; and

- Comply with laws, regulations and policies.

The designated Internal Control Officer is Amanda Webb who was appointed during the course of 2015 and is a Chartered Accountant (certified from the Institute of Chartered Accountants in Ireland), a Certified Internal Auditor and also a Certified Fraud Examiner. Amanda has extensive experience in risk management, internal controls, auditing, governance, external audit, financial analysis, financial planning and project planning. The Internal Control Officer reports directly to the Audit Committee. For the purposes of Resolution 7/2016, Amanda Webb is also the duly appointed Compliance Officer of the Company.

The annual review of Internal Controls, as is required under Article 50 of Resolution 7/2016, was completed by the Board in December 2016. The Board met its internal control responsibilities in 2016 by reviewing presentations on risk management, discussing control issues at Board meetings and reviewing the detailed reports from Board Committees, and found that the internal control environment was satisfactory for 2016. During 2016, the Company did not face any major issue requiring disclosure in any Report or to the Market.

10. IRREGULARITIES IN 2016

Tabreed confirms that it is compliant with Resolution 7/2016 on Corporate Discipline and Governance Standards and that no irregularities occurred during the course of 2016.

11. CODE OF CONDUCT, HEALTH, SAFETY AND ENVIRONMENT, LOCAL COMMUNITY DEVELOPMENT

Tabreed has developed a Code of Conduct which sets out internal rules and requirements for:

- Improper payments;
- Market misconduct;
- Prevention of fraud, and money laundering;
- Entertainment and gifts;
- Working with stakeholders, suppliers and government;
- Serving the community; and
- Sustainability and corporate social responsibility.

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 stakeholders, as well as when dealing with colleagues, affiliates, subsidiaries and internal departments.

Tabreed is committed to promoting a positive health, safety and environment (HSE) culture in the Company. In 2016, the company undertook the following initiatives to sustain continuous improvement in HSE systems and processes, and further cement management's commitment to all stakeholders:

- A rollout of new corporate HSE Management System manual and implemented selected procedures across Tabreed;
- Constituted a HSE Steering Committee to address issues, such as successful implementation of the HSE Management System;
- Developed HSE training modules for in-house delivery of the following trainings: (a) HSE Management System; (b) HSE Risk Management; (c) Chemical safety / material safety data sheets;
- Conducted refresher training sessions on Permit to Work system across all Tabreed Plants in UAE;
- Continued processing of approval/renewal of environmental permits; civil defense licenses; and waste reduction plans from concerned authorities;

- Revised and improved the Company's HSE electronic training program available to all employees;
- HSE training and awareness campaigns;
- Awards for: (a) hazard and near-miss reporting; (b) outstanding HSE performance; (c) outstanding HSE compliance (maintenance);
- Monthly HSE themes;
- Conducted trend analysis, based on submitted hazards and near-misses reports; and
- Ensure recommendations from plant noise surveys conducted in 2015 are implemented.

The Company complies with all applicable UAE health, safety and environmental laws and regulations and has received specific permits from the UAE Environment Agencies in each applicable Emirate. Tabreed's certifications for ISO 14001:2004 (Environment Management System), ISO 9001:2008 (Quality Management System) and OHSAS 18001:2007 (Occupational Health and Safety Management System) standards were renewed during 2016 following a Surveillance Audit.

In relation to effluent water release and emissions into the air:

- Environmental clearance (EC) was successfully obtained from the Dubai Municipality for all of Tabreed's plants situated in Dubai; and
- Tabreed obtains permits for effluent water release from the respective Municipalities after undertaking to control certain parameter requirements such as acidity and conductivity of the effluent. These permits are initially obtained during plant construction and are issued by the relevant environmental agency or authority of each emirate. The permits are generally renewable each year.

Tabreed has implemented a Waste Management Reduction Plan, with the following key objectives:

- To protect the environment; and
- To minimize / reduce waste materials through prudent waste management program;

The program applies to all Tabreed plants, project sites and offices.

As a utility company, Tabreed is 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.

Finally, in relation to community engagement, Tabreed 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.

12. GENERAL INFORMATION

12(a) Share Price

The following table presents the highest and lowest share price for each month during 2016 showing the market index and sector index as of 31 December 2016:

	Share Price (AED)		Market Index	Sector Index	Closing Price	Share Performance	
	Highest	Lowest				VS Market	VS sector
January	1.19	0.93	2998	392	0.985	-3%	-11%
February	1.15	0.99	3240	430	1.15	9%	7%
March	1.2	1.13	3355	441	1.2	1%	2%
April	1.43	1.19	3492	457	1.38	11%	11%
May	1.35	1.3	3314	452	1.34	2%	- 2%
June	1.42	1.33	3311	447	1.4	5%	6%
July	1.5	1.4	3484	448	1.48	0%	5%
August	1.59	1.46	3504	470	1.51	1%	-3%
September	1.77	1.49	3474	500	1.77	18%	11%
October	1.89	1.73	3332	508	1.8	6%	0%
November	2.18	1.74	3361	537	2	10%	5%
December	2.08	1.99	3531	569	2.01	-5%	-5%

Source: Dubai Financial Market as of 31 December 2016

12 (b) Shareholder Ownership

Shareholder Ownership as at 31 December 2016 is as follows:

	% Ownership	Individuals	Companies	Government	Institution	Banks
Arab	4.0	3.9	0.1	0.0	0.0	0.1
GCC	7.2	4.9	2.2	0.0	0.0	0.1
UAE	75	17.7	56.6	0.1	0.0	0.6
Others	13.8	2.2	11.6	0.0	0.0	0.0

Source: Dubai Financial Market as of 31 December 2016

12 (c) Ownership - 5% or More

Shareholders who own 5% or more of the share capital as at 31 December 2016 are:

Name	% Ownership
General Investments FZE	19.88
Mubadala Development Company PJSC	13.39
Integrated Capital Pvt JSC	9.48

Source: Dubai Financial Market as of 31 December 2016

12 (d) Shareholders ownership distribution

	Shares owned	No. of Shareholders	No. of shares held	% of the shares owned
1	Less than 50,000	19,465	41,536,350	5.6
2	From 50,000 to less than 500,000	421	68,653,741	9.3
3	From 500,00 to less than 5,000,000	132	167,934,768	22.7
4	More than 5,000,000	15	460,364,790	62.3
Total		20,033	738,489,649	100

Source: Dubai Financial Market as of 31 December 2016

12 (e) Investors Relations

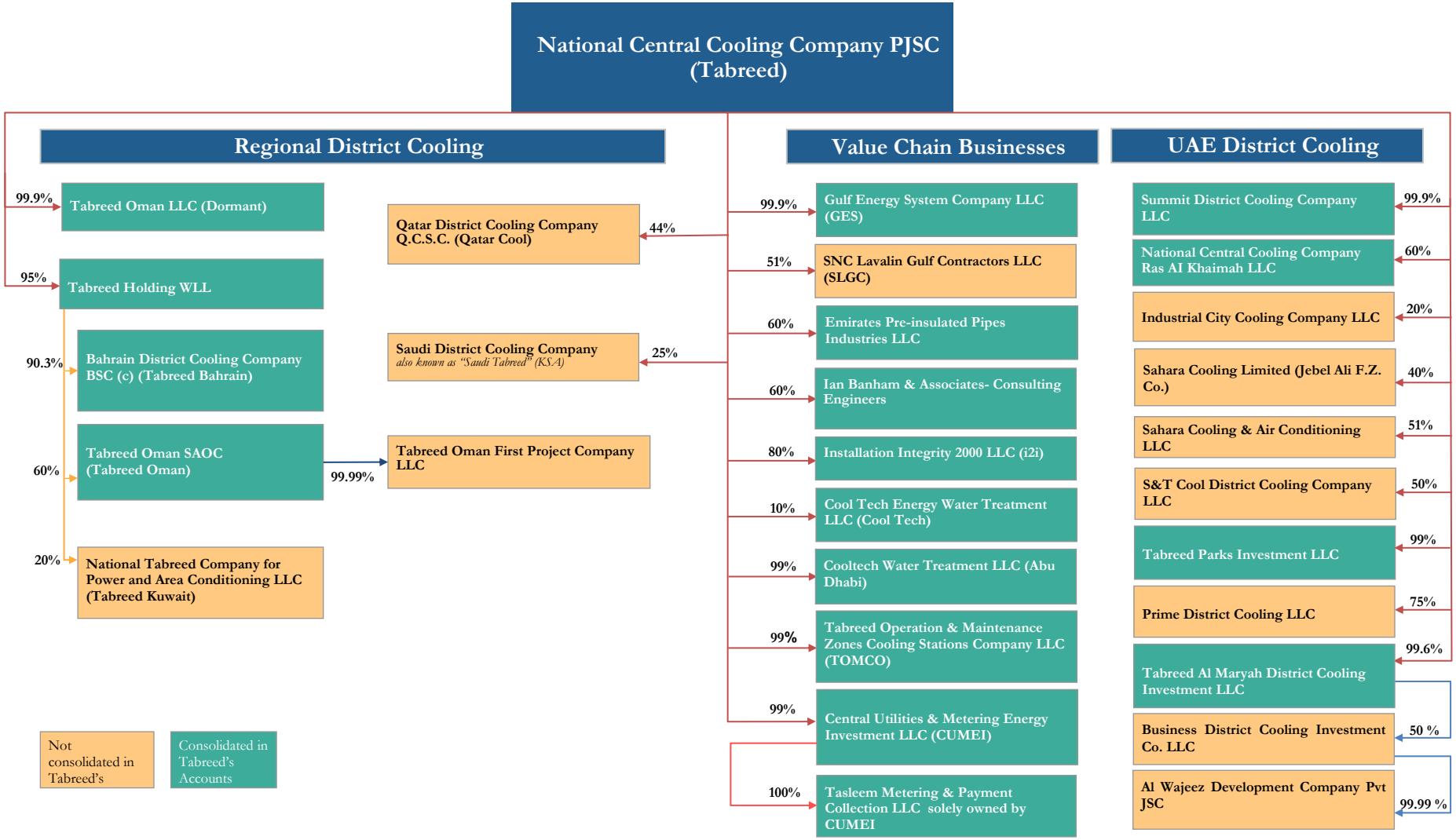
For the purposes of Article 35 of Resolution 7/2016, the officer in charge of investors' relations and shareholder communications for the Company is Laila Mohamad Al Marashi (available at email address: LAlmarashi@tabreed.ae; telephone: +9712020399). Further information in relation to investor relations is available in the "Investor Relations" section of Tabreed's website: www.tabreed.ae.

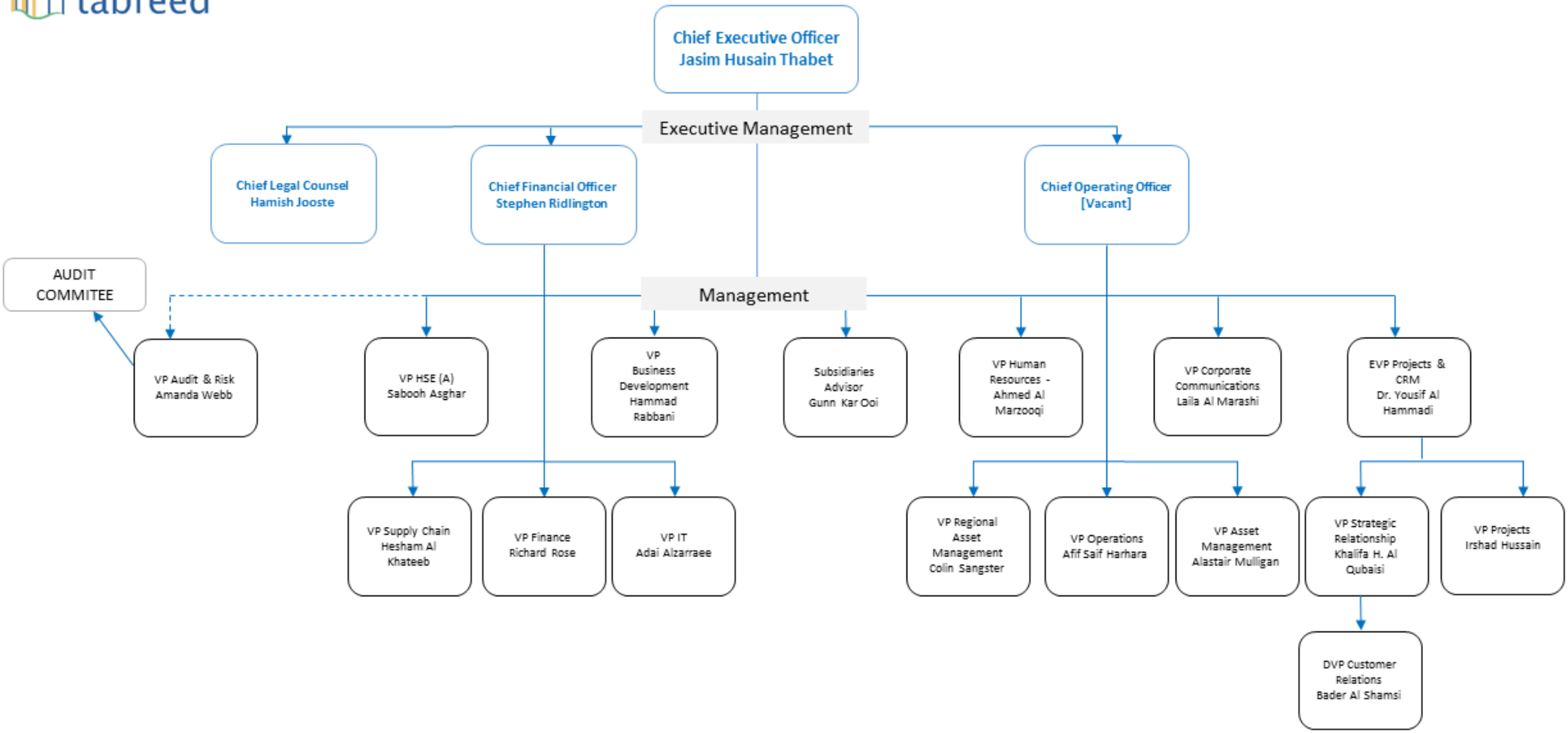
12 (f) Significant Events during 2016

Date	Event
13 January 2016	Tabreed announced having reduced the amount of energy utilized for cooling in the Gulf Cooperation Council (GCC) region by 1.3 billion kilowatt hours during 2015. This is enough electricity to power approximately 44,000 homes in the UAE every year.
1 February 2016	Tabreed released its audited 2015 financial results. The company's robust performance was driven by its sizable presence across the GCC region and by the optimization of its capital structure which led to a 19 percent increase in earnings per share. Based on this strong performance, Tabreed's Board of Directors recommended increasing cash dividends for 2015 to 6 fils per share (up from 5 fils per share for 2014).
3 March 2016	Tabreed's shareholders approved a cash dividend of 6 fils per share for 2016 at the company's Annual General Assembly (AGA). The approved dividend was 20% higher than the dividend distributed the previous year.
28 April 2016	Tabreed released its 2016 first quarter consolidated financial results. The company's robust financial performance continued to be driven by its strong operations across the GCC region.
28 July 2016	Tabreed released its 2016 first half consolidated financial results. The company continued delivering a consistent performance driven by its core chilled water business and its strong regional presence.
17 October 2016	Tabreed announced that it surpassed 1 million Refrigeration Tons of cooling capacity. Tabreed commenced the supply of chilled water to Dubai Parks and Resorts, the largest integrated theme park destination in the region set to open by end of 2016, which resulted in the company reaching this significant milestone by delivering more than 30,000 Refrigeration Tons of cooling to the

Date	Event
	destination.
27 October 2016	Tabreed released its 2016 third quarter consolidated financial results. Tabreed continued its strong performance, connecting more than 30,000 Refrigeration Tons to customers in key markets across the GCC, including the Dubai Parks and Resorts, which enabled it to surpass 1 million Refrigeration Tons.

APPENDIX ONE: CORPORATE CHART



Appendix Two:

Tabreed Organizational Chart as of February 2017