

2017

Corporate Governance Report

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This Corporate Governance Report is approved by:



Khaled Abdulla Al Qubaisi
Chairman of the Board



Jasim Husain Thabet
Chief Executive Officer



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 from 1 January 2017 to 31 December 2017.

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 "AGA" is convened once a year 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 as 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)

From 1 January 2017 to 6 March 2017, Waleed Al Mokarrab Al Muhairi chaired Tabreed's Board of Directors until the expiry of the 3 year term of his Board membership in the Company and was a non-executive and independent director throughout his term. From 8 May 2017, Khaled Abdulla Al Qubaisi presided as the Chairman of the Board and is a non-executive and independent director. Each Chairman possesses extensive and prominent experience in the finance and energy sectors both regionally and internationally.

Throughout the year, each 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. Each Chairman developed the structure of, and agenda for, meetings of the Board, overseeing communication between Board members and shareholders, and encouraged 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 a percentage of up to a maximum of 10% of the net profits of the Company in respect of each fiscal year, subject to approval by the shareholders at the Company's AGA and subject to setting aside a statutory reserve of 10% of the net profits of the Company.

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, 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 2017 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 as amended and approved by the Board on 7 November 2017. 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 abovementioned maximum limit amount and which shall remain in force for the same duration of the Delegation of Authority. Other than the above Delegation of Authority and Power of Attorney there are no other standing delegations of authority from the Board of Directors to the management of the Company. All other powers, authorities and responsibilities in respect of the management of the Company are vested in the Board in accordance with the AoA of the Company, subject to those matters reserved under such AoA 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 direction to management through the following mandates that are regularly reviewed by the Board:

1. The five-year strategic plan;
2. Tabreed's policies;
3. The annual budget;
4. Key performance indicators; and

5. 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 First Abu Dhabi bank ("FAB") to assist with engagement of shareholders.

The purpose of each of the investor relations and shareholder communications function as well as FAB'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 auditors 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 2017.

The below table outlines the Board members' (and their immediate relatives') shareholdings and share transactions during 2017:

Name	Position	Total shares held as of 31/12/2017	Total shares bought	Total shares sold
Saeed Ali Khalfan Al Dhaheri	Board Member	5000	5000	0
Name	Position	Total shares held as of 10/08/2017	Total shares bought	Total shares sold
Abdul Raouf W. Al Bitar	Board Member till 10 August 2017	14,915,388	0	5,002,322

4. FORMATION OF THE BOARD

4(a) Board Composition

The following table outlines details of each Board member holding office during 2017 in terms of

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independence, executive position and term of office.

Name	Position	Executive	Independent	2017 Term
Khaled Abdulla Al Qubaisi	Chairman	No	Yes	8 May to 31 Dec
	Vice Chairman	No	Yes	1 Jan to 8 May
Paulo Almirante	Vice Chairman	No	No	11 Sep to 31 Dec
H.E. Dr Ahmad Abdulla Humaid Belhoul	Director	No	Yes	6 Mar to 31 Dec
Mohammed Al Huraimel Al Shamsi	Director	No	Yes	1 Jan to 31 Dec
Mohamed Jameel Al Ramahi	Director	No	Yes	6 Mar to 31 Dec
Sébastien Arbola	Director	No	No	11 Sep to 31 Dec
Frédéric Claux	Director	No	No	11 Sep to 31 Dec
Frédérique Dufresnoy	Director	No	No	11 Sep to 31 Dec
Saeed Ali Khalfan Al Dhaheri	Director	No	Yes	6 Mar to 31 Dec
Waleed Al Mokarrab Al Muhairi	Chairman	No	Yes	1 Jan to 6 Mar
Ahmed Yahia Al Idrissi	Director	No	Yes	1 Jan to 10 Aug
Abdul Raouf W. Al Bitar	Director	No	Yes	1 Jan to 10 Aug
Khaled Saleh Al Rashedi	Director	No	Yes	1 Jan to 10 Aug
Ahmed Saeed Al Calily	Vice Chairman	No	Yes	6 Mar to 10 Aug
H.E. Fahad Saeed Al Raqmani	Director	No	Yes	1 Jan to 6 Mar
Ali Saeed Al Badi Al Dhaheri	Director	No	Yes	1 Jan to 6 Mar
Ibrahim Ahmed Al Ansaari	Director	No	Yes	1 Jan to 6 Mar

Tabreed has one female member on its Board of Directors, Frédérique Dufresnoy, who was elected by the General Assembly on 11 September 2017 based on her qualifications and strong competencies in auditing, risks and finance (*Please refer to section 4(c) for more details*). The Company did not receive any other eligible nomination applications for female candidates pursuant to the candidate nomination invitations issued by the Company to the public on 14 February 2017 and 27 August 2017.

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. Directors elected in 2014 were outgoing in 2017. The Annual General Assembly held on 6 March 2017 elected a new Board for further term of three years. On 10 August 2017, four Directors resigned from the Board, leaving more than one fourth (1/4) of the Board seats vacant. Immediately, and in accordance with the 30 day time period required for by SCA Resolution 7/2016, the Board of Directors convened a General Assembly to fill the vacancies. On 11

September 2017 the General Assembly elected four new Directors to the Board to complete the remainder of the three year term. 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



Khaled Abdulla Al Qubaisi
Chairman from 8 May 2017 to 31 December 2017
Vice Chairman from 1 January 2017 to 8 May 2017

Khaled Abdulla Al Qubaisi is the Chief Executive Officer, Aerospace, Renewables & Information Communications Technology (ICT) for Mubadala. He has oversight of the company's Aerospace, Renewables, ICT, Utilities and Defense Services portfolio. Before joining Mubadala, he worked as Chief Investment Officer at International Capital and was the Head of Corporate Finance & Business Development at the National Bank of Abu Dhabi, where he focused on developing the bank's investment banking capabilities. He is a board member of the following companies: Injazat Data Systems (Injazat), Abu Dhabi Future Energy Company (Masdar), Cleveland Clinic Abu Dhabi, Emirates Global Aluminium, GLOBALFOUNDRIES and Mubadala Petroleum.



Paulo Almirante
Vice Chairman
From 11 September 2017 to 31 December 2017

Paulo Almirante is currently the Executive Vice President of global energy leader ENGIE and is a member of ENGIE's Executive Committee and is responsible for the following business units: Brazil; Middle East, South and Central Asia and Turkey; North, South and Eastern Europe and Generation Europe. He is a board member of numerous ENGIE group companies. He holds a Master of Science degree in Mechanical Engineering Production Management and a Master of Science degree in Mechanical Engineering Thermodynamics from the Instituto Superior Técnico in Lisbon, Portugal.



**H.E. Dr Ahmad Bin
Abdullah Humaid Belhoul
Al Falasi**
Board Member
**From 6 March 2017
to 31 December 2017**

His Excellency Dr. Ahmad Belhoul Al Falasi is the Minister of State for Higher Education and Advanced Skills where he supervises the development of higher education and scientific research in the UAE. In addition, His Excellency is currently the Chairman of the Federal Authority for Human Resources and the Chairman of the UAE Space Agency. His Excellency previously held positions as CEO of Masdar, Executive Director of Strategy and Tourism Sector Development at Dubai's Department of Tourism and Commerce Marketing, Vice President at Mubadala and a position at McKinsey & Company. His Excellency holds a Ph.D. from Sir John Monash University in Australia, a Master of Science from the University of Melbourne and a Bachelor in Telecommunications Engineering from KUSTAR, UAE.



**Mohammed Al
Huraimel Al Shamsi**
Board Member
**From 1 January 2017
to 31 December 2017**

Mohammed Al Huraimel Al Shamsi is the Director of Utilities Investments in Mubadala, where he is responsible for the asset management function of Mubadala's Utilities portfolio, which includes thermal power, water, and district cooling assets. Prior to Mubadala, He was the director of Strategy & Policy at the UAE Prime Minister's Office. He has also held roles at McKinsey & Company, Dubai International Capital, and General Motors. He has an MBA from the HEC School of Management – Paris and a Bachelor's Degree in Finance from the American University of Sharjah, UAE.



**Mohamed Jameel Al
Ramahi**
Board Member
**From 6 March 2017
to 31 December 2017**

Mohamed Jameel Al Ramahi is the Chief Executive Officer of Abu Dhabi Future Energy Company (Masdar), where he spearheads the company's development and strategic direction as it plays a prominent role in the renewable energy and clean technology sector. He is Chairman of Masdar's Investment Committee and Board Member of Shuaa Energy 2 PJSC (the company developing phase 3 of Mohammed Bin Rashid Al Maktoum Solar Park in Dubai). He holds a Bachelor of Business Administration and Finance degree from the University of Evansville in the USA.



Sébastien Arbola
Board Member
**From 11 September 2017
to 31 December 2017**

Sébastien Arbola is the CEO of the Middle East, South and Central Asia and Turkey region for global energy leader ENGIE. He leads ENGIE's operations and growth across the region, ranging from large scale power generation and water desalination to gas retail & distribution. Prior to that, he was the CFO and Senior Vice President of Suez Environment Asia, in charge of Finance, Tax, Legal, Internal Control, IT and Procurement for the Business Unit. He has held roles of increasing seniority in Finance and Management over his 11-year tenure with ENGIE. He is a graduate of the Ecole Supérieure de Commerce de Paris.



Frédérique Dufresnoy
Board Member
From 11 September
2017 to 31 December
2017



Frédéric Claux
Board Member
From 11 September
2017 to 31 December
2017

Frédérique Dufresnoy is the Deputy Director of Decentralized Solutions for Cities at global energy leader ENGIE. Prior to that, she was the Director of Finance, Risks and International Development at ENGIE and CFO of the company's European operations. Ms. Dufresnoy holds a Master's degree in Business from Emlyon Business School and an MBA degree from the University of Texas at Austin.

Frédéric Claux is currently the Head of Acquisitions, Investments and Financial Advisory for global energy leader ENGIE, with over 17 years of experience at the company. He also serves as a non-executive Board member of Les Eoliennes en Mer (offshore wind). He graduated from French civil engineering school Ecole Nationale des Ponts et Chaussées and holds an MBA from HEC business school in Paris.



Saeed Ali Khalfan Al
Dhaheri
Board Member
From 6 March 2017
to 31 December 2017

Saeed Ali Khalfan Al Dhaheri is the Director of Investments at Ali & Sons Holding LLC. His current role at Ali & Sons Holding includes active management of the company's securities portfolio, whilst overseeing the company's real estate & hospitality division, as well as risk management of Ali & Sons and its subsidiaries. He holds a Bachelor of Finance degree from the American University in Dubai, UAE.

Other Board Members Holding Office During 2017

Waleed Al Mokarrab Al Muhairi	Chairman from 1 January to 6 March	Waleed Al Mokarrab Al Muhairi serves as Mubadala's Deputy Group CEO and Chief Executive Officer of Alternative Investments & Infrastructure. As Deputy Group CEO, he has oversight of special projects at the group level and ensures that the company's four platforms are coordinating efficiently. In addition, he leads the healthcare, real estate & infrastructure, and capital investments portfolios. Furthermore, Waleed has responsibility for Aabar Investments PJS.
H.E. Fahad Saeed Al Raqbani	Member from 1 January to 6 March	His Excellency, Fahad Saeed Al Raqbani, is the UAE Ambassador to Canada. His Excellency was the former Director General of the Abu Dhabi Council for Economic Development (ADCED) where he collaborated with the private sector to launch a number of initiatives that contribute to achieving the Abu Dhabi Economic Vision 2030. His Excellency also sits on the board of a number of companies such as Waha Capital PJSC. 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.
Ibrahim Ahmed Al Ansaari	Member from 1 January to 6 March	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.
Ali Saeed Al Badi Al Dhaheri	Member from 1 January to 6 March	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.

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Ahmed Yahia Al Idrissi	Member from 1 January to 10 August	Ahmed Yahia Al Idrissi is the Chief Executive Officer, Technology, Manufacturing & Mining for Mubadala, with oversight of the company's semiconductor and mining portfolios. Before joining Mubadala, Ahmed was a partner at McKinsey & Company, where he led the Abu Dhabi and Principal Investor practices. He was also a Marketing Manager at Procter & Gamble, where he led several flagship brands.
Abdul Raouf Al Bitar	Member from 1 January to 10 August	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.
Khaled Saleh Al Rashedi	Member from 1 January to 10 August	Khaled Saleh Al Rashedi is the Head of Group Government Affairs at Mubadala Development Company. 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.
Ahmed Saeed Al Calily	Member from 6 March to 10 August	Ahmed Saeed Al Calily serves as Chief Strategy & Risk Officer, overseeing functions that guide Mubadala's future investment scope and that provide comprehensive risk management to the organization. Ahmed Saeed Al Calily is a Board Member of Abu Dhabi Future Energy Company (Masdar) and Mubadala Petroleum.

4(d) Board Remuneration

The General Assembly Meeting, may after setting aside 10% for the statutory reserve, and the shareholder dividend of a maximum of 10% of the capital, approve a percentage of up to 10% of the net profits to remunerate the Board of Directors.

Remuneration paid to the Board members, in aggregate, in 2017 and recommended to be paid in 2018 are as follows:

Sitting Fees and Remuneration	AED
Remuneration for 2016 paid in 2017 after approval at last AGA	7,125,000
Board and Committees sitting fees for 2017 recommended for payment in 2018	0
Remuneration recommended for 2017 to be paid in 2018 after approval at next AGA	7,125,000

4(e) Board Meetings in 2017

The Board held 7 meetings in 2017 on the dates set out below:

- 29 January;
- 22 February;
- 8 May;
- 25 July;
- 10 August;
- 7 November; and
- 18 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 invited to attend in 2017	Attendance in person	Proxy attendance
Khaled Abdulla Al Qubaisi	7	7	-
Paulo Almirante	2	2	-
H.E. Dr Ahmad Belhoul Al Falasi	5	4	-
Mohammed Al Shamsi Al Huraimel	7	6	1
Mohamed Jameel Al Ramahi	5	5	-
Sébastien Arbola	2	2	-
Frédérique Dufresnoy	2	2	-
Frédéric Claux	2	2	-
Saeed Ali Khalfan Al Dhaheri	5	5	-
Waleed Al Mokarrab Al Muhairi	2	1	-
Ahmed Yahia Al Idrissi	5	3	2
Abdul Raouf W. Al Bitar	5	5	-
Khaled Saleh Al Rashedi	5	5	-
Ahmed Saeed Al Calily	3	2	-
H.E. Fahad Saeed Al Raq bani	2	2	-

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Member	Meetings invited to attend in 2017	Attendance in person	Proxy attendance
Ali Saeed Al Badi Al Dhaheri	2	2	-
Ibrahim Ahmed Al Ansaari	2	2	-

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 outline 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 five Chief Officers. These positions together with other positions that report directly to the CEO, the incumbents, dates of appointment and remuneration received (or accrued) in 2017 (in AED) are outlined below.

Position	Fulfilled By	Appointment	Salary & Allowances in 2017(AED)	2017 Bonus (AED)	Other/Future Remuneration for 2017
Chief Executive Officer	Jasim Husain Thabet	2012	2,111,836	1,652,616	0
Chief Financial Officer	Stephen Ridlington	2015	1,488,638	837,983	0
Chief Legal Counsel	Hamish Jooste	2011	1,241,279	555,784	0
Chief Operations Officer	Jean-François Chartrain	2017	194,327	0	0
Chief Development Officer	François-Xavier Boul	2017	374,752	0	0
VP, Human Resources	Ahmed Al Marzooqi	2015	1,769,728	369,349	0
VP, Regional Asset Management	Colin Stuart Sangster	2013	997,976	195,567	0

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Position	Fulfilled By	Appointment	Salary & Allowances in 2017(AED)	2017 Bonus (AED)	Other/Future Remuneration for 2017
VP HSE	Saboo Asghar	2014	737,648	74,409	0
VP Internal Control & Risk	Amanda Webb	2010	791,556	88,713	0
VP, Communications	Laila Al Marashi	2017	890,286	0	0

4(h) Related Party Transactions

Tabreed was not a party to any related party transactions during 2017.

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 6 March 2017, for a one-year term. Tabreed selected Deloitte as the successful applicant pursuant to a competitive tender process issued by Tabreed in 2016 in respect of the 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 has been 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 2017 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 2017. These fees include both annual and quarterly audits:

External Auditor	Deloitte & Touch ME
Number of Years as External Auditor	2
Total audit fees for 2017	AED 643,438
Fees for additional work in 2017	AED 50,000
Nature of additional work	Agreed upon procedures (Bonds conversion, Islamic financing)
Audit fees for additional work done in 2017 by auditors other than those appointed by Tabreed	None

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 2017:

Member	2017 Term	Role	Status
Frédérique Dufresnoy*	From 5 Oct to 31 Dec	Chair	Non-Independent, Non-Executive
Mohamed Jameel Al Ramahi	From 8 May to 31 Dec	Member	Independent, Non-Executive
Saeed Ali Khalfan Al Dhaheri	From 5 Oct to 31 Dec	Member	Independent, Non-Executive
Khaled Saleh Al Rashedi	From 1 Jan to 6 Mar	Chairman	Independent, Non-Executive
	From 8 May to 10 Aug	Member	
Mohammed Al Shamsi Al Huraimel	From 1 Jan to 5 Oct	Member	Independent, Non-Executive
Ali Saeed Al Badi Al Dhaheri	From 1 Jan to 6 March	Member	Independent, Non-Executive
H.E. Fahad Saeed Al Raqhani	From 1 Jan to 6 March	Member	Independent, Non-Executive

* On 21 February 2018, Mohamed Jameel Al Ramahi replaced Frédérique Dufresnoy as Chairman of the Audit Committee in accordance with Resolution 7/2016 with Frédérique Dufresnoy continuing as a member in the Committee.

The Audit Committee met 5 times, on the following dates, during 2017:

- 25 January;
- 19 February;
- 4 May;
- 24 July; and
- 6 November.

The following table shows the attendance of each member for 2017:

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Member	Meetings invited to attend in 2017	Attendance in person	Proxy attendance
Frédérique Dufresnoy	1	1	-
Mohamed Jameel Al Ramahi	2	2	-
Saeed Ali Khalfan Al Dhaheri	1	1	-
Khaled Saleh Al Rashedi	4	4	-
Ali Saeed Al Badi Al Dhaheri	2	2	-
H.E. Fahad Saeed Al Raqbani	2	0	1
Mohammed Al Shamsi Al Huraimel	4	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 2017:

Member	2017 Term	Role	Status
H.E. Dr Ahmed Belhouli	From 5 Oct to 31 Dec	Chairman	Independent, Non-Executive
	From 10 Aug to 5 Oct	Member	
Mohammed Al Huraimel Al Shamsi	From 5 Oct to 31 Dec	Member	Independent, Non-Executive
	From 8 May to 5 Oct	Chairman	
	From 1 Jan to 6 Mar	Member	
Sébastien Arbola	From 5 Oct to 31 Dec	Member	Non-Independent, Non-Executive
Mohamed Jameel Al Ramahi	From 10 Aug to 5 Oct	Member	Independent, Non-Executive
Khaled Abdulla Al Qubaisi	From 1 Jan to 6 Mar	Chairman	Independent, Non-Executive
Abdul Raouf W. Al Bitar	From 1 Jan to 6 Mar	Member	Independent, Non-Executive
Khaled Al Rashedi	From 8 May to 10 Aug	Member	Independent, Non-Executive

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The NRC met four times, on the following dates, during 2017:

- 19 February;
- 27 February;
- 6 September; and
- 27 November.

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

Member	Meetings invited to attend in 2017	Attendance in person	Proxy attendance
H.E. Dr. Ahmed Belhoul	2	2	-
Mohammed Al Huraimel Al Shamsi	4	4	-
Sébastien Arbola	1	1	-
Khaled Abdulla Al Qubaisi	2	2	-
Mohamed Jameel Al Ramahi	1	1	-
Abdul Raouf W. Al Bitar	2	2	-
Khaled Salah Al Rashedi	0	0	-

8. INSIDER INFORMATION AND DEALINGS COMMITTEE

Pursuant to the requirements laid down in Resolution 7/2016, Tabreed finalised the Insider Information and Dealings Policy early 2017 and formed the Insider Information and Dealings Committee that regulates transactions and holdings of Tabreed shares by Board members and employees of Tabreed. The Insider Information and Dealings Policy was approved by the Board on 22 February 2017. Following approval by the Board of the Policy, the Insider Information and Dealings Committee operated in accordance with the approved Policy. The following Table shows the Committee members during 2017:

Member	Date of appointment	Role
Hamish Jooste	February 2017	Chairman
Amanda Webb	February 2017	Member
Richard Rose	February 2017	Member

During 2017 the committee resolved to maintain insider lists for various price sensitive matters and to operate in accordance with the Market Conduct and Securities Trading Policy and the Insider Information and Dealings 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, 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;

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- 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 she is 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 for 2017. The Board met its internal control responsibilities in 2017 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 2017. During 2017, the Company did not face any major issue requiring disclosure in any Report or to the Market.

10. IRREGULARITIES IN 2017

Tabreed confirms that it is compliant with Resolution 7/2016 on Corporate Discipline and Governance Standards and that no irregularity occurred during the course of 2017 except in respect of letter received by the Company from the DFM regarding a late notification by the Company to the Market of a Board meeting scheduled to be held on 22 February 2017.

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 2017, the Company continued to build on strong initiatives from previous years to sustain continuous improvement in HSE systems and processes, and further cement management's commitment to all stakeholders:

- Further improvement of the corporate HSE Management System manual and implemented selected procedures and guidelines across Tabreed;
- First ever management review meeting to ensure continued improvement and ascertain compliance to UAE Federal and Local Regulations, and ISO/OHSAS standards;
- Conducted in-house HSE training sessions: (a) HSE Management System; (b) HSE Risk Management; (c) Chemical safety;
- Conducted refresher training sessions on Permit to Work system across all Tabreed Plants in UAE;

- Continued processing of approval/renewal of environmental permits, environment clearances, civil defense licenses and waste reduction plans from concerned authorities;
- Improved Tabreed's first ever automation of incident reporting;
- HSE awareness campaigns, including three HSE day events, with a special focus on Tabreed's operation and maintenance personnel;
- Awards for: (a) hazard and near-miss reporting; (b) outstanding HSE performance; (c) outstanding HSE compliance (maintenance);
- HSE incentives, such as HSE Awards for hazard and near-miss reporting outstanding HSE performance/compliance; and
- Monthly HSE themes, tips and HSE performance dashboards.

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 2017 following a Surveillance Audit. In 2018/19, Tabreed will strengthen its compliance to international standards by pursuing ISO 50001 certification for the development and implementation of an effective Energy Management System. In relation to effluent water release and emissions into the air:

- Environmental clearance (EC) was successfully obtained from the Dubai Municipality for all Tabreed's plants situated in Dubai; and
- Tabreed obtained 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 continued to comply with relevant UAE Federal / local authorities by enforcing its 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 Plan applies to all Tabreed's plants, project sites and offices.

As a utility company, Tabreed is responsible for providing an essential service that maintains the comfort and well-being of the community receiving the service. Tabreed takes this role very seriously and we ensure 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 2017 showing the

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market index and sector index as of 31 December 2017:

	Share Price (AED)		Market Index	Sector Index	Closing Price	Share Performance	
	Highest	Lowest				VS Market	VS sector
January	2.060	1.810	3642.85	618.08	1.860	-11%	-16%
February	1.990	1.810	3630.34	626.81	1.910	3%	1%
March	1.980	1.820	3480.43	606.98	1.900	4%	3%
April	2.000	1.840	3414.93	609.96	1.930	3%	1%
May	1.960	1.850	3339.37	620.06	1.880	0%	-4%
June	2.370	1.850	3392	638.15	2.100	10%	9%
July	2.200	2.040	3633.18	627.63	2.070	-9%	0%
August	2.200	2.050	3637.55	627.84	2.110	2%	2%
September	2.120	1.920	3563.99	634.17	2.060	0%	-3%
October	2.130	1.990	3635.87	655.44	2.100	0%	-1%
November	2.150	1.850	3420.17	664.42	1.870	-5%	-12%
December	1.940	1.700	3370.07	718.82	1.820	-1%	-11%

Source: Dubai Financial Market as of 31 December 2017

12(b) Shareholder Ownership

Shareholder Ownership as at 31 December 2017 is as follows:

	% Ownership	Individuals	Companies	Government	Institution	Banks
Arab	0.749	18,358,328	1,052,664	-	-	954,221
GCC	2.272	31,474,875	29,874,113	-	-	347,391
UAE	52.230	127,693,148	1,282,724,868	711,021	1184,233	7,012,405
Others	44.474	15,575,970	1,193,561,162	5,344,014	-	660,711

Source: Dubai Financial Market as of 31 December 2017

12(c) Ownership - 5% or More

Shareholders who own 5% or more of the share capital as at 31 December 2017 are:

Name	% Ownership
GDF International	40.00
General Investments FZE	38.21

Source: Dubai Financial Market as of 31 December 2017

12(d) Shareholders ownership distribution

	Shares owned	No. of Shareholders	No. of shares held	% of the shares owned
1	Less than 50,000	18,880	39,533,007	1.20
2	From 50,000 to less than 500,000	405	65,290,157	2.40
3	From 500,00 to less than 5,000,000	110	169,601,159	6.25
4	More than 5,000,000	22	2,441,104,801	89.89
Total		19,417	2,715,529,124	99.75

Source: Dubai Financial Market as of 31 December 2017

12(e) Investor 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: lamarashi@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) General Assemblies; Special Resolutions:

Tabreed conducted three general assemblies during 2017 on the dates set out below:

- **15 January 2017** (General Assembly) where the following special resolutions were passed:
 - approved the amendments to Tabreed's AoA; and
 - renewed the authority provided to the Board of Directors for converting the mandatory convertible bonds issued by Tabreed in 2010
- **6 March 2017** (Annual General Assembly) where no special resolutions were passed
- **11 September 2017** (General Assembly) where the following special resolution was passed:
 - considered and approved the amendment to the Company's AoA as published on the Company's website and the Dubai Financial Market's website, subject to approval of the competent authorities.

12(g) Significant Events during 2017

Date	Event
18 January 2017	Tabreed announced the acquisition of a district cooling plant from International Capital Trading ('ICT'). The acquisition strengthened Tabreed's portfolio to 71 district cooling plants throughout the GCC and added more than 11,500 Refrigeration Tons ('RT') of cooling to its existing connected capacity.
30 January 2017	Tabreed released its audited financial results for the 2016 financial year. The Company added 74,034 RT to its cooling capacity during 2016 through completion of projects such as Dubai Parks and Resorts in Dubai and the acquisition of a plant from International Capital Trading in Abu Dhabi. These additions combined with Tabreed's existing presence in the GCC drove the company's strong performance in 2016 with 6 percent higher net profit, reaching AED 367.4 million. The Board of Directors recommended increasing cash dividends for 2016 to 6.5 fils per share (up from 6 fils per share for 2015).

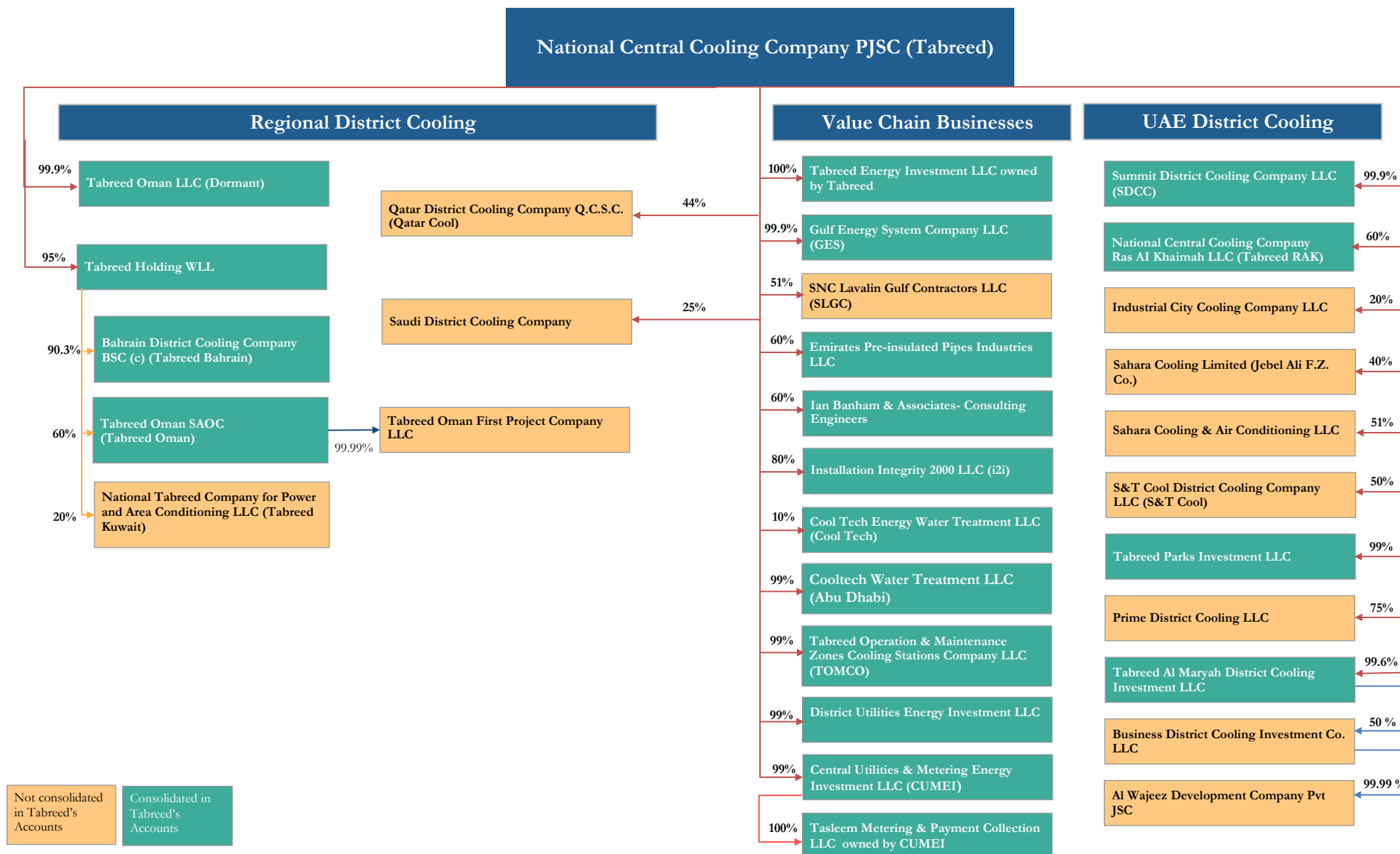
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Date	Event
7 March 2017	Tabreed's shareholders approved a dividend of 6.5 fils per share for the 2016 financial year at the company's Annual General Assembly. The dividend represented an 8% increase on the dividend paid out in 2015, driven by the company's strong performance throughout 2016.
9 May 2017	Tabreed released its 2017 first quarter (Q1) financial results. The Company added 20,000 RT added during Q1 2017. Net profit increased by 19% to AED 75.4 million for Q1 2017.
27 July 2017	Tabreed released its 2017 first half consolidated financial results. The Company added 36,040 RT during the first half of 2017 and net profit increased by 20% to AED 192.7 million. The Company also announced the expected completion of the acquisition by ENGIE of 40% of the shares in Tabreed in the third quarter of 2017, subject to regulatory approvals.
17 August 2017	Tabreed announced the successful completion of the investment by ENGIE in Tabreed. ENGIE acquired 40% of the shares in Tabreed for approximately AED 2.8 billion. The completion of the transaction followed regulatory approval obtained by Tabreed in August 2017.
12 September 2017	Tabreed announced the election of four new members to the Company's Board of Directors by the company's shareholders at the General Assembly held on 11 September 2017. These elections fill four Board positions that became vacant on 10 August 2017.
31 October 2017	Tabreed announced that its stock received Shari'a compliance certification. The announcement followed a meeting of the Islamic Banks' Unified Committee for Shari'a Screening. As a result, Tabreed has been included on the committee's list of Shari'a compliant companies for companies listed on the Dubai Financial Market (DFM).
8 November 2017	Tabreed released its 2017 third quarter consolidated financial results. The Company added 38,199 RT during the first three quarters of 2017 and net profit increased by 8% to AED 290.4 million. Tabreed continues to deliver solid performance and growth with ongoing new capacity and connections added across the region, in response to the growing demand for district cooling.
26 December 2017	Tabreed announced the execution of an operations and maintenance service agreement with Masdar to operate Masdar City's first district cooling plant for a period of three years.

12(h) Emiratization percentage during 2017

Tabreed Emiratization levels of 38% of total headcount in respect of Tabreed's corporate operations.

Appendix 1: Corporate Structure Chart as at 31 December 2017



Appendix Two:

Organizational Chart as at December 2017

