



Dubai, February 25, 2015

## Company Governance Report, 2014

Dubai Refreshment (P.J.S.C.) is committed to the highest governance levels. The Company derived its values from an integral system of applicable leading practices; institutional ethics and integrity, as transparency, equity, disclosure and accountability constituting the work base of the Company, the administration and the Board. In fact, the commitment of Dubai Refreshment (P.J.S.C.) to the proper governance complies with the laws and decrees of Securities & Commodities Authority as follows:



### 1. Application of Principles of Ministerial Decree No. 518 of 2009 by Company:

a) Dubai Refreshment (P.J.S.C.) took the following procedures in the application of Ministerial Decree No. 518 of 2009 on governance controls:

1. Amended the Company Bylaws in compliance with governance rules.
2. Appointed dependent Directors as one third at least of the Board in order for the non-executive Directors to constitute the majority.
3. Appointed Audit Committee by the Board.
4. Appointed Nomination and Remuneration Committee by the Board.
5. Appointed Internal Control Department and a compliance officer by the Board.



b) Accordingly, the legal situation of Dubai Refreshment (P.J.S.C.) is totally in compliance with the standards and procedures that achieve institutional discipline for the Company administration in accordance with the international standards and methodology provided for in Decree No. 518 of 2009.

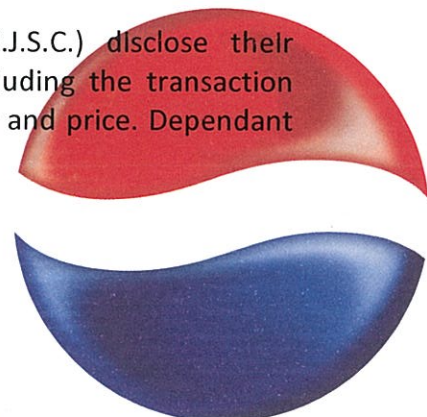


### 2. Directors Securities Trade:

#### a. Work Policy:

Dubai Refreshment (P.J.S.C.) applies a work policy that governs the transactions of the Directors as for the securities issued by the Company. The Company Bylaws were amended, so that a subscription of the GCC nationals of no more than 49% was defined, and a subscription of the UAE nationals of no less than 51% of the Company capital was defined, and non-nationals of GCC and UAE are not entitled to acquire any shares of the Company.

The Directors who trade shares issued by Dubai Refreshment (P.J.S.C.) disclose their transactions annually as per the form prepared for that purpose, including the transaction nature, whether share sale or purchase, transaction date, share number and price. Dependant





Directors who do not trade any Company share signed a confirmation of no transactions on the shares issued by the Company in any manner.

During 2014, no Director and no one of their relatives had any personal transactions concerning the securities of the Company, excluding Mr. Mohamed Abdelaziz Al Owais who sold 304,875 shares for the Company during 2014 as per the procedures required by Securities & Commodities Authority in accordance with the rules and laws applicable.



### b. Directors compliance with securities trade disclosure requirements:

- Directors of Dubai Refreshment (P.J.S.C.) comply with the annual securities transaction disclosure to the Company according to the abovementioned mechanism. The aforesaid is reviewed to ensure the conformity with the Company's securities trade policy.
- No employees are allowed to any privileges or awards from other parties, except the privileges or awards granted by the Company to prevent any influence on the employee's independency and objectivity.



### 3. Company Board Formation:

#### a. Board formation based on Director categories, profiles, experiences, qualifications and directorship period:

Dubai Refreshment (P.J.S.C.) Board consists of 7 Directors having an experience in the Company's business, accounting, financial affairs, banking operations and business administration, and having the experience necessary to take wise decisions.

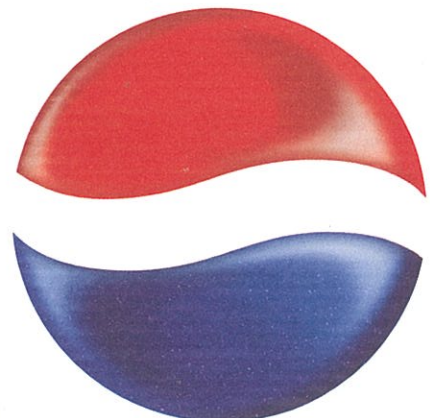


During the annual General Assembly meeting of 2014, held on March 20, 2014, and after vacant Director seats were announced, two new Directors were elected uncontested. They are Dr. Ayoub Mohamed Amin Ahmed Aqil Kazim and Mr. Abdulla Mohamed Rashed Al Huraiz Al Falasi who replaced Mr. Muhannad Saif Al Ashram and Mr. Mana Mohamed Saeed Al Mulla whose service came to an end.



As for the Board:

The Board consists of non-executive Directors and independent Directors, taking into account the appropriate balance among Directors in forming the Board, so as one-third are independent Directors.

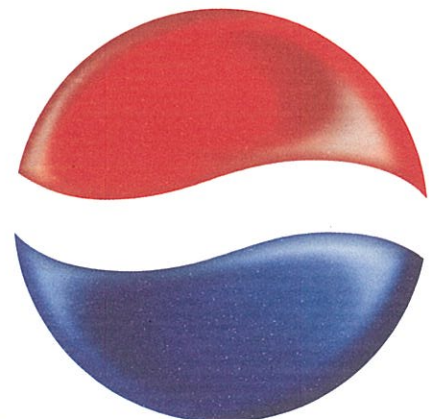




Name	Position	Directorship type	Experience	Qualifications	Directorship period as of first election date
Mr. Ahmad bin Eisa AlSerkal	Chairman	Non-executive - independent	General trade, real estate	BA of Administrative Science, Business Administration	13
Mr. Ali Bin Humaid Al Owais	Vice Chairman	Non-executive - independent	General Maintenance, Real Estate Management	BA of Business Administration	7
Mr. Ibrahim Abdulrazaq Ustadi	Director	Non executive-Independent	Business Administration, Financial Controller	Accounting Diploma	11
Mr. Mohamed Hadi Ahmed Abdulla Al Hussaini	Director	Non executive - independent	Banks, Business Administration	BA of International Business Administration	5
Mr. Mohamed Abdelaziz Al Owais	Director	Non executive - independent	Financial Analysis, Business Administration	Bachelor of Communication Engineering, Financial, Analyst	4
Dr. Ayoub Mohamed Amin Ahmed Aqil Kazim	Director	Non executive - independent	Business Administration, Energy Sector	PhD in Mechanical Engineering	1
Mr. Abdulla Mohamed Rashed Al Huraiz Al Falasi	Director	Non-executive - independent	Accounting and Business Administration	BS in Accounting	1



Pursuant to the applicable laws and rules, the Chief Executive Officer and Management at the Company are duly and as commissioned of the Board responsible for their duties and are liable to the Board, concerning the implementation of Company's policies as per the plans set by the Board.





- b. Directors at any other joint-stock company and Directors offices in any important supervisory, governmental or commercial positions

Name	Membership in any joint-stock company or other supervisory positions
Mr. Ahmad bin Eisa AlSerkal	<ul style="list-style-type: none"> <li>Dubai Insurance Co. (P.J.S.C.)</li> </ul>
Mr. Ali Bin Humaid Al Owais	<ul style="list-style-type: none"> <li>Emirates NBD (P.J.S.C.)</li> <li>Emirates Islamic Bank (P.J.S.C.)</li> <li>Dar Al Takaful (P.J.S.C.)</li> </ul>
Mr. Ibrahim Abdulrazaq Ustadi	N/A
Mr. Mohamed Hadi Ahmed Abdulla Al Hussaini	<ul style="list-style-type: none"> <li>Emirates NBD (P.J.S.C.)</li> <li>Emirates Islamic Bank (P.J.S.C.)</li> <li>Emaar Malls Group (P.J.S.C.)</li> <li>Etisalat Co. (P.J.S.C.)</li> <li>Dubai Real Estate Corporation</li> </ul>
Mr. Mohamed Abdelaziz Al Owais	<ul style="list-style-type: none"> <li>United Foods Company</li> </ul>
Dr. Ayoub Mohamed Amin Ahmed Aqil Kazim	<ul style="list-style-type: none"> <li>Executive Manager - Education Cluster of TECOM Investments</li> </ul>
Mr. Abdulla Mohamed Rashed Al Huraiz Al Falasi	<ul style="list-style-type: none"> <li>Dubai Insurance Co (P.J.S.C.)</li> <li>United Holdings Inc</li> </ul>

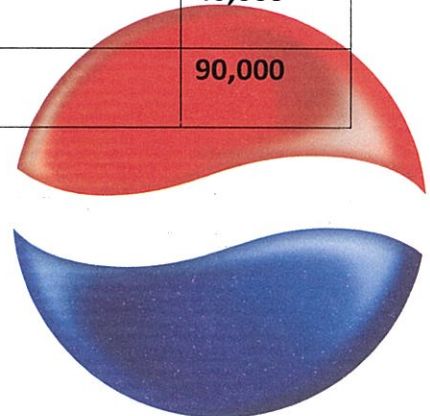
c. Remunerations:

- Total remunerations granted to Directors for 2013: AED 3,500,000.
- Suggested total remunerations granted to Directors for 2014 to be submitted in the annual General Assembly meeting for approval: AED 3,500,000.

d. Allowances paid to Directors for attending Board and sub-committees meetings for fiscal year 2014.

Allowances for Directors to attend Board and sub-committees meetings are AED 10,000 per meeting:

Name	Board Meetings Allowances (AED)	Audit Committee Meetings Allowances (AED)	Nomination and Remuneration Committee Meetings Allowances (AED)	Total (AED)
Mr. Ahmad bin Eisa AlSerkal	60,000	X	X	60,000
Mr. Ali Bin Humaid Al Owais	40,000	X	X	40,000
Mr. Ibrahim Abdulrazaq Ustadi	60,000	10,000	20,000	90,000





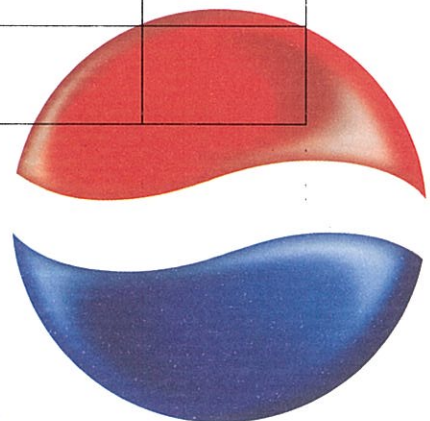
Mr. Mohamed Hadi Ahmed Abdulla Al Hussaini	50,000	40,000	20,000	110,000
Mr. Mohamed Abdelaziz Al Owais	50,000	30,000	10,000	90,000
Dr. Ayoub Mohamed Amin Ahmed Aqil Kazim	40,000	X	10,000	50,000
Mr. Abdulla Mohamed Rashed Al Huraiz Al Falasi	50,000	30,000	X	80,000
Mr. Muhannad saif Al Ashram	10,000	10,000	10,000	30,000
Mr. Mana Mohamed Saeed Al Mulla	10,000	X	X	10,000



#### e. Board Meetings

Dubai Refreshment (P.J.S.C.) Board of Directors was held six times in 2014 on the following dates:

Name	27/01/2014	20/03/2014	05/05/2014	01/07/2014	08/09/2014	08/12/2014
Mr. Ahmad bin Eisa AlSerkal	✓	✓	✓	✓	✓	✓
Mr. Ali Bin Humaid Al Owais		✓		✓	✓	✓
Mr. Ibrahim Abdulrazaq Ustadi	✓	✓	✓	✓	✓	✓
Mr. Mohamed Hadi Ahmed Abdulla Al Hussaini	✓		✓	✓	✓	✓
Mr. Mohamed Abdelaziz Al Owais	✓	✓	✓		✓	✓
Dr. Ayoub Mohamed Amin Ahmed Aqil Kazim			✓	✓	✓	✓
Mr. Abdulla Mohamed Rashed Al Huraiz Al Falasi		✓	✓	✓	✓	✓
Mr. Muhannad saif Al Ashram	✓					
Mr. Mana Mohamed Saeed Al Mulla	✓					





The two abovementioned Directors, Mr. Muhannad saif Al Ashram and Mr. Mana Mohamed Saeed Al Mulla attended only the first meeting of the Board before the annual General Assembly meeting of 2014 as their service had ended.

**f. Duties and competencies delegated by the Board to Executive Management:**

Chief Executive Officer, Mr. Tarek El-Sakka performed the work assigned to him along with all the targets set by the Board. He ensured that all work units are effectively managed in terms of main resources and profitability.

The main duties assigned to the Chief Executive Officer and the Executive Management is to execute visions, missions, strategic plans and annual plans along with contributing to the general target of improve the visions of Dubai Refreshment (P.J.S.C.) in all activities.

Chief Executive Officer is responsible for all the Company operations, profits and constant growth. He also supervises the preparation of operational plans, action plan and directing the Company towards the implementation of its targets.

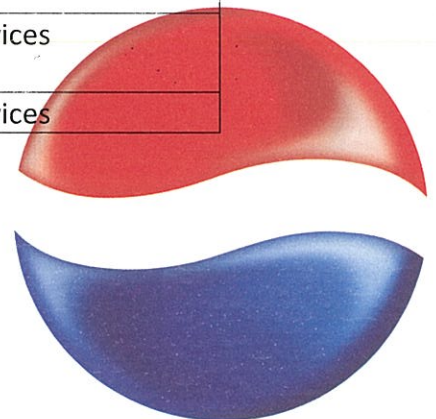
**g. Details of names of Senior Executives and dates of their appointment, and remunerations for 2014:**

Position	Date of Appointment	Total Salaries and Allowances for 2014 (AED)	Total Remunerations for 2014 (AED)
Mr. Tarek El Sakka Chief Executive Officer	01/08/2008	1,641,788	2,270,571
Mr Neeraj Vohra Vice President –Finance Chief Financial Officer	08/05/2000	1,072,772	295,517

**4. External Auditor Fees:**

In 2014, the General Assembly of Dubai Refreshment (P.J.S.C.) appointed Ernst & Young as external auditor for the Company as recommended by Board to perform external auditing; ensure the availability of financial documents; matching the financial statements of payments, expenses and profits; ensure that all actions by the Financial Management at the Company are compatible with the State Laws and the International Accounting Standards. Their fees were set as AED 243,000:

Auditing Firm Name	Ernst & Young
Number of years spent as external auditor for the Company	4 years
Total fees for auditing financial statements for 2014 (AED)	243,000
Fees and costs of other special services other than auditing financial statements for 2014 (AED)	No other services
Details and nature of other provided services	No other services





It is worth mentioning that during 2014, the Company did not seek services of any third party other than the abovementioned company in order to provide external auditing services.

##### 5. Audit Committee:

The Board of Dubai Refreshment (P.J.S.C.) formed a committee and three Members have been appointed to be responsible for the Committee:

Name	Position	Membership Type
Mr. Abdulla Mohamed Rashed Al Huraiz Al Falasi	Chairman	Non-executive/ Independent
Mr. Mohamed Hadi Ahmed Abdulla Al Hussaini	Member	Non-executive/ Independent
Mr. Mohamed Abdelaziz Al Owais	Member	Non-executive/ Independent

The main duty of the Audit Committee is to review the financial control of the Company, review risk management system and to review compliance with disclosure requirements of Dubai Financial Market and Securities and Commodities Authority. The Committee also provides the Board with help and support to accomplish its control responsibilities in order to ensure the independence of financial results and qualifications of independent external auditor. The Committee is entitled to have access to any division in the Company along, its records and properties in order to perform its responsibilities.

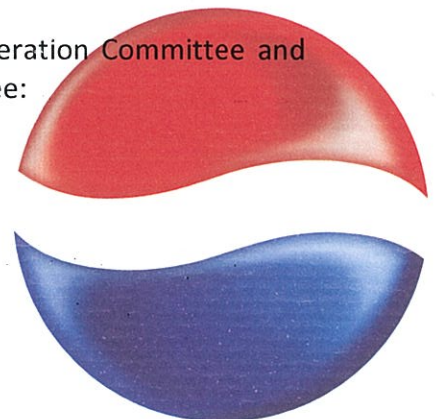
##### Details of Audit Committee Meetings:

Name	16/02/2014	05/05/2014	08/09/2014	03/11/2014
Mr. Abdulla Mohamed Rashed Al Huraiz Al Falasi		√	√	√
Mr. Mohamed Hadi Ahmed Abdulla Al Hussaini	√	√	√	√
Mr. Mohamed Abdelaziz Al Owais		√	√	√
Mr. Muhannad Saif Al-Ashram	√			
Mr. Ibrahim Abdulrazaq Ustadi	√			

Noting that both committees' members, Mr. Muhannad Al Ashram attended only first meeting before his membership in the Board of Directors has ended as well as Mr. Ibrahim Abdulrazaq Ustadi was not appointed in the new committee.

##### 6. Nomination and Remuneration Committee:

Board of Dubai Refreshment (P.J.S.C.) formed Nomination and Remuneration Committee and three members have been appointed to be responsible for the Committee:





Name	Position	Membership Type
Mr. Ibrahim Abdulrazaq Ustadi	Chairman of the Committee	Non-executive/ Independent
Mr. Mohamed Hadi Ahmed Abdulla Al Hussaini	Member	Non-executive/ Independent
Dr. Ayoub Mohamed Amin Ahmed Aqil Kazim	Member	Non-executive/ Independent



#### Details of Nomination and Remuneration Committee meetings:

Name	27/01/2014	02/09/2014
Mr. Ibrahim Abdulrazaq Ustadi	✓	✓
Mr. Mohamed Hadi Ahmed Abdulla Al Hussaini	✓	✓
Dr. Ayoub Mohamed Amin Ahmed Aqil Kazim		✓
Mr. Muhannad Saif Al-Ashram	✓	
Mr. Mohamed Abdelaziz Al Owais	✓	

Noting that both committees' members Mr. Muhannad Al Ashram attended only first meeting before his membership in the Board of Directors has ended, and Mr. Mohamed Abdelaziz Al Owais was not appointed in the new committee.

The main duties of Nomination and Remuneration Committee are:

- To constantly ensure the independence of independent Members,
- To set and review the policy of granting remunerations, benefits, incentives and salaries for Company's Directors and employees annually,
- To ensure that remunerations and benefits granted to the Company's Senior Executive Management are reasonable and compatible with the Company's performance,
- To identify the needs of the Company's human resources of competencies at the level of Senior Executive Management and employees along with the basics of their selection,
- To set the policy of human resources and training in the Company, supervising its application and reviewing it annually, and
- To organize and follow procedures of nomination for Directorship pursuant to the applicable laws and regulations.

#### 7. Internal Supervision System:

- a. The Board of Dubai Refreshment (P.J.S.C.) acknowledges its responsibility for the Company's Internal Supervision System along with its review and effectiveness.





- b. The Company's Internal Supervision Management is primarily responsible for managing risks within the Company along with proper application of the rules of governance to ensure compliance with laws, rules and requirements for Dubai Financial Market and Securities and Commodities Authority.
- c. Two Members have been appointed to be responsible for Internal Supervision Management:



Name	Position
Mr. Noman Nasir	Chairman
Mr. Ravi Sethia	Member



Mr. Noman Nasir is a chartered accountant, and he has extensive experience in accounting.

- d. Mr. Karem Mahmoud has been appointed by the Board as a Compliance Officer. He is a specialized lawyer member of Beirut Bar Association, Lebanon and occupies the position of Senior Legal Counsel.
- e. Internal Supervision Management did not find during 2014 any major problems within the Company, as the day-to-day work and administrative and operational measures taken by the company and in compliance with all applicable laws and regulations resulted in non-existence of major problems necessitating the Internal Supervision Management to handle.



**8. Violations during fiscal year 2014, and their reasons, methods to address them to avoid future recurrence:**

No material violations during fiscal year 2014, as the Company complied with all applicable laws and regulations.



**9. Company contributions during 2014:**

During 2014, similar to the previous years, the Company performed its social obligations towards local communities in Emirate of Dubai and the northern Emirates, as the Company contributed to various humanitarian, environmental and social activities due to its belief in human value as well as the necessity of contribution to improve the quality of man's life in accordance with the available possibilities. The following are some of the activities the Company planned or contributed to its planning throughout 2014:



- a. Sponsorship of President's Cup and League for beach Soccer in 2014-2015.
- b. Sponsorship of Dubai Sports Public Bodies League and Championship organized by Dubai Sports Council.



- c Sponsorship of Ail 4 Down SyndromeWalk.
- d. Sponsorship of Hamdan Bin Mohammed International Football Championship U17.
- e. Sponsorship of Dubai A-Side Championship.
- f. Sponsorship of Dubai Sports City (Football Academy, Cricket Academy,...).
- g. Sponsorship of Fazza Basketball Championship.
- h. Sponsorship of Triathlon Children's Championship
- i. Sponsorship of FINA Men's Water Polo World League.
- j. Sponsorship of Five World Football Championship.
- k. Sponsorship of (Together we Pink) walk in Dubai Creek
- l. Send a number of people from Rashid Pediatric Therapy Centre for Umrah.
- m. Contribution to "Dubai Police" activity, "Speed Kills" within the speed limiting campaign.
- n. Contribution to Dubai Municipality activity "9<sup>th</sup> Dubai International Food Safety"
- o. Sponsorship of the biggest Emirati flag of business cards.
- p. Sponsorship of Souk Madinat Jumeirah Festive Market, Dubai



#### 10. General Information

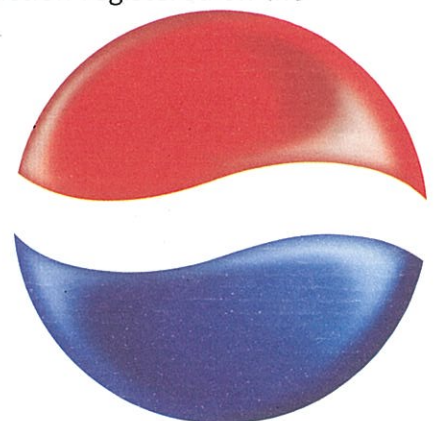
- a. **Company's share price in the market (closing price, the highest price and the lowest price) during fiscal year 2014; (Source: Dubai Financial Market)**

No	Month_Name	Month_High	Month_Low
1	Feb 2014	15.5	13.5
2	Mar 2014	15	14.5
3	Apr 2014	15.5	15.5
4	May 2014	16	15.7
5	Jun 2014	17.5	16.5
6	Jul 2014	18.5	17.5
7	Aug 2014	19.5	18.25
8	Sep 2014	19.5	19.5
9	Oct 2014	20.5	19.75
10	Nov 2014	20.75	20.5

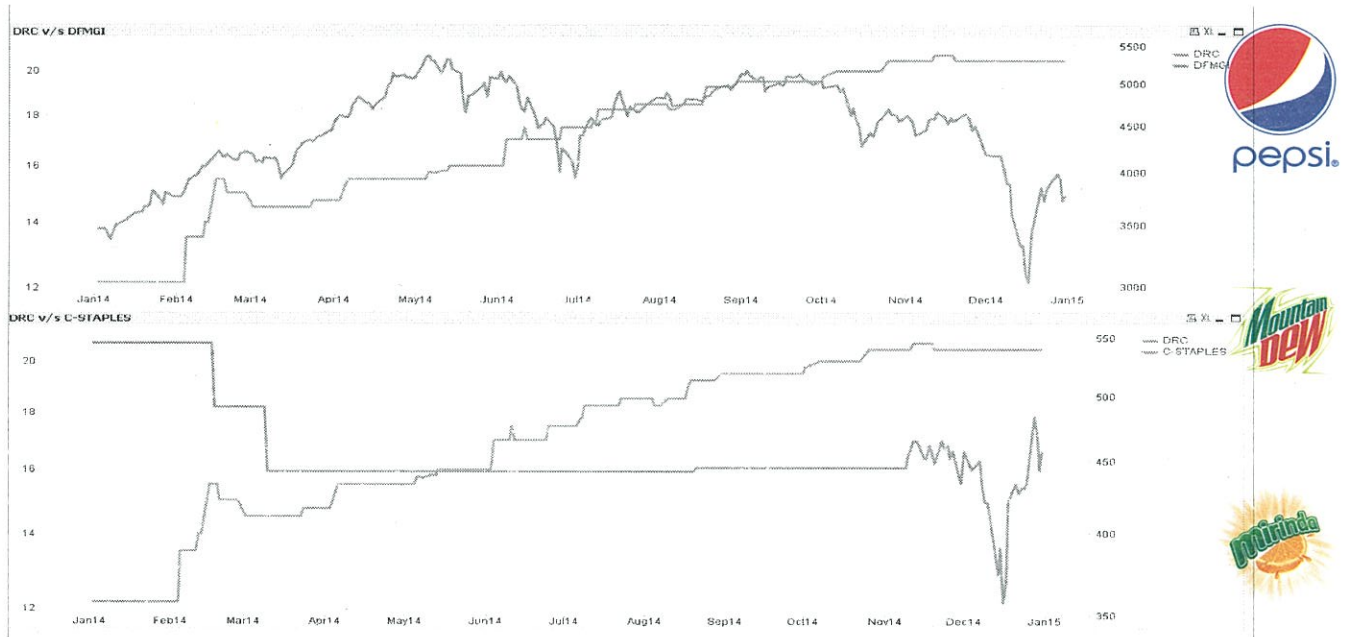
No.	Month_Year	DRC	DFMGI	C-STAPLES
1	Jan 2014	12.15	3770.38	545
2	Feb 2014	15	4220.45	491
3	Mar 2014	14.75	4451	442
4	Apr 2014	15.5	5058.95	442
5	May 2014	16	5087.47	442
6	Jun 2014	17.5	3942.82	442
7	Jul 2014	18.5	4833.24	442
8	Aug 2014	19.5	5062.96	445
9	Sep 2014	19.5	5042.92	445
10	Oct 2014	20.5	4545.39	445
11	Nov 2014	20.5	4281.43	433.5
12	Dec 2014	20.5	3774	456.69



Noting that in January 2014 and December 2014 there was no transaction registered on the company's shares (Source: Dubai Financial Market)

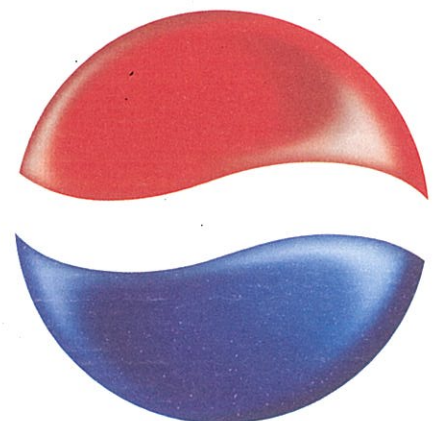


**b. Company's share performance compared with general market index and Company sector index; (Source: Dubai Financial Market)**



**c. Shareholders equity distribution on 31/12/2014 (individuals, companies and governments) classified as local, Gulf, Arab, and foreign; (Source: Dubai Financial Market)**

No.	Symbol Code	Client Type	Desc.	Citizen Cat.	Owned qty count as on: 31/12/2014	Owned NINs count as on: 31/12/2014	Symbol Total Qty count as on: 31/12/2014	Owned % Of Symbol	Price as on: 31/12/2014	Owning Value
1	DRC	B	BANK	UAE	1,733,515	1	90,000,000	1.9261	20.500	35,537,057.500
2	DRC	C	Company	GCC	428,501	5	90,000,000	0.4761	20.500	8,784,270.500
3	DRC	C	Company	UAE	15,933,707	10	90,000,000	17.7041	20.500	326,640,993.500
4	DRC	I	Individual	GCC	1,852,676	5	90,000,000	2.0585	20.500	37,979,858.000
5	DRC	I	Individual	OTHERS	2,283	5	90,000,000	0.0025	20.500	46,801.500
6	DRC	I	Individual	UAE	65,621,131	113	90,000,000	72.9124	20.500	1,345,233,185.500
7	DRC	N	Institution (SOLE PROPERTY)	UAE	4,428,187	1	90,000,000	4.9202	20.500	90,777,833.500



d. Shareholders who own 5% or more of the Company's capital: (Source: Dubai Financial Market)

**DRC Top 5% and Above Shareholders Report as on Settlement Date: 31/12/2014**

No.	Symbol Code	Symbol Name	Investor Name	Client Desc.	Nationality	Owned qty count as on: 31/12/2014	Owned Qty%
1	DRC	Dubai Refreshment	Mohammed Obaid Al Mulla	Company	UAE	8,963,550	9.9595
2	DRC	Dubai Refreshment	Juma Al Majid Abdullah Mhery	Individual	UAE	4,785,500	5.3172
3	DRC	Dubai Refreshment	Sheikh Ahmed bin Rashid Al Maktoum	Individual	UAE	17,999,550	19.9995

**Key events encountered the Company during 2014:**

The year 2014 in terms of the Company's performance was a year of success at all levels according to all figures and statements. In 2014, as well as the during the recent years, the economy is distinguished generally by increasing and continuing growth all over the State in addition to a renewable recovery in the Company's overseas exports sector, and this is maintained by the Company in order to pursue the policy of basically enhancing of its works and potentials that enable it to face the continuous challenges and satisfy the client-base in a continuous, successful and satisfactory manner.

In addition, during 2014, the Company has enhanced its operational, logistical and administrative capabilities, through the promotion and modernization of distribution capabilities, application of primary sale system, distribution and transportation lines rearrangement using the latest technology and Global Positioning System (GPS), and complete and comprehensive renewal of all automotive and transportation means used by the Company in addition to the initiatives of reducing the production, transportation and distribution costs. As a result of all initiatives and other works, the Company, during 2014, managed to enhance all its capabilities in order to increase its productivity, competitiveness and distributive capacities, allowing the Company to cope with the escalating growth that is expected to continue at the level of State and the region in the next few years.

The Company, also, was cooperating continuously with PepsiCo for improving a relentless marketing campaign those targets to enhance, strengthen and fortify the position of Dubai





Refreshment (P.J.S.C.) as a market leader in Dubai and the northern Emirates. By the joint efforts of administration, staff and shareholders of Dubai Refreshment (P.J.S.C.), we managed to provide market growth and to maintain thriving levels of income comparing to the last year. The key drivers behind the success of Dubai Refreshment (P.J.S.C.) are its team and relations across all functions, allowing the Company to maintain a continuing strong profit levels. It is worth noting that this accomplishment would not have been achieved without the continuous support and the leadership of our managers and shareholders.



The projects of Dubai Refreshment (P.J.S.C.) achieved a tremendous progress in 2014, particularly the preliminary structures of "Green Field" project. The completion rate was approximately 85% and soon the Company will be ready to begin production and distribution within the new facility during 2015.



Mr. Ahmad bin Eisa AlSerkal,

Chairman



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