



Dubai on 09 March 2016

### Company's Governance Report for the Year 2015

Since its establishment in 1959 under an Emiri Decree issued by H.H. Late Sheikh Rashid Bin Saeed Al-Maktoum (Ex-Ruler of Dubai), Dubai Refreshment (P.J.S.C.) is based on a complete system of values, ethics, professional and institutional integrity and pioneering business practices, enabling it to grow to become leading company in UAE in the field of bottling and distributing carbonated and non carbonated beverages and drinking water. The company is committed in its performance to the highest standards of governance, where transparency, fair business, continuous disclosure and accountability are considered the basis ground to the successful work. The commitment of Dubai Refreshment in practicing proper governance complies with the laws and regulations issued by the Securities & Commodities Authority in which:

#### 1. Application of the principles stated in the Ministerial Resolution no. (518) of 2009 by the company:

A) Dubai Refreshment conducted the following procedures in implementation of the Ministerial Resolution No. 518 (of 2009) in respect of governance control:

- Amend the company's Article of Association so that it became in line with the governance's rules.
- Independent members have been appointed in The Board, so that one third of the Directors became independent and majority of the members are non-executives members
- An audit committee has been appointed by the Board.
- Remunerations & Nominations Committee has been appointed by the Board.
- Internal Controls Department & Compliance Officer have been appointed by the Board.

(B) Thus, the legal status of Dubai Refreshment has become completely in conformity with the standards and procedures which achieve the institutional discipline in managing the company according to the international standards and methods which are set out by the resolution no. 518 of 2009.

The company shall also continue to comply with Securities & Commodities Authority's requirements and circulars in respect of the proper governance rules, particularly the new requirements which have been approved by the new Commercial Companies Law No. 2 of 2015. Likewise, the company had updated and is updating its website continuously to reflect the applied changes, in addition to provide the maximum levels of transparency required for a proper environment to the investors and shareholders to follow up the developments in the company.

#### 2. Dealings of the Members of the Board in the shares:

##### A. Work Policy:

Dubai Refreshment has a work policy which governs the dealings of the Directors in the shares issued by the company where the company's Articles of Association have been amended and the shareholding rate of the GCC nationals has been determined in a ratio not exceeding 49% and the shareholding of UAE nationals shall be in a ratio not less than 51% of the company's capital, where only GCC and UAE nationals are entitled to hold any number of shares in the company's capital.

The Directors who have dealings related to the shares issued by Dubai Refreshment shall disclose their dealings annually in accordance to the form prepared for this purpose which include the nature of the dealing, whether sale or purchase of shares, in addition to the date of dealing and the number of shares





and the price. Regarding the independent directors, who have no dealings in the shares of the company, they have signed a declaration stating the non existence of any dealings on the shares issued by the company in any way. During 2015, no dealings have been made on the shares of the company by any of the Directors or their immediate family members.



**B. Compliance of the Directors with the disclosure requirements in respect of their dealings in the shares:**

- The Directors of Dubai Refreshment are committed to disclose the dealings in the shares of the company on an annual basis according to the above set out mechanism, and this shall be reviewed to ensure its conformity with the policy of trading in the company's shares.
- The employees are not entitled to receive any advantages or grants from other parties in addition to the advantages and grants provided by the company, in order to prevent any influence on the independence and objectivity of the employees.



**3. Formation of the Board:**

**A. Formation of the Board as per the categories of its members, their own data and the experiences and qualifications which they have and the term of their membership in the Board:**

The Board of Dubai Refreshment consists of Seven (7) Members who have experience in the field of the company's activity as well as an experience in accounting and the financial matters and banking transactions and business administration, also they have the necessary experience to take necessary decisions for the company's best interests.

The Board consists of non-executive members and independent members, where an appropriate balancing among the members in forming the Board shall be taken into account, so that at least third of the members shall be independent members.



Name	Position	Type of Membership	Experiences	Qualifications	Time as Board member since first elected
Mr. Ahmad bin Eisa AlSerkal	Chairman	Non-Executive / Independent	General Trading Real Estates	Bachelor of Administrative Sciences – Business Administration	14
Mr./ Ali Bin Humaid Al Owais	Vice Chairman	Non-Executive / Independent	General Maintenance, Property Management	Bachelor of Business Administration	8
Mr./ Ibrahim Abdulrazaq Ustadi	Director	Non-Executive / Independent	Business Administration Financial Controller	Accounting Diploma	12
Mr./ Mohamed Hadi Ahmed	Director	Non-Executive / Independent	Banks , Business Administration	Master in International	6





Abdulahdi Al-Hussaini				Business Administration	
Mr. Mohamed Abdulaziz Al-Owais	Director	Non-Executive / Independent	Financial Analysis Business Administration	Bachelor of Communication Engineering Financial Analyst	5
Dr. Ayoub Mohamed Ameen Kazem	Director	Non-Executive / Independent	Business Administration Energy Sector	PhD in Mechanical Engineering	2
Mr./ Abdullah Mohamed Rashed Al-Huraiz Al-Falasi	Director	Non-Executive / Independent	Accounting & Business Administration	Bachelor of Accounting	2



As for the membership of the company's Directors in the other public shareholding companies or in the important control and government or trading positions, they are as follows:



Name	Membership in any other Public Shareholding Companies	Their Positions in any other important control or government or trading places
Mr./ Ahmad Bin Eisa AlSerkal	* Dubai Insurance Company PJSC	None
Mr./ Ali Bin Humaid Al Owais	* United Foods Company PJSC – Chairman * Emirates NBD Bank – Board Member * Emirates Islamic Bank – Board Member * Dar Al-Takaful - Board Member	None
Mr./ Ibrahim Abdulrazq Ustadi	None	None
Mr./ Mohamed Hadi Ahmed Abdulhadi Al-Hussaini	* Emaar Malls Group – Board Member * Emirates NBD Bank – Board Member * Emirates Islamic Bank – Board Member * Emirates Telecommunication Corporation "ETISALAT" – Board Member	None
Mr. Mohamed Abdulaziz Al-Owais	* United Foods Company PJSC – Vice Chairman, Managing Director	None
Dr. Ayoub Mohamed Ameen Kazem	* None	CEO – Education Cluster in





			TECOM Investments
Mr./ Abdullah Mohamed Rashed Al-Huraiz Al-Falasi	*	Dubai Insurance Company PJSC – Board Member	None



According to the applicable laws and regulations, the Chief Executive Officer (CEO) and The Executive Management in the company shall duly perform their tasks as per the Board's assignments and shall be responsible before the Board for implementing the policies of the company as per the plans made by the latter.

B. The current Board of Directors has been elected during the Annual General Assembly of 2014 by uncontested election as the number of the candidates has equaled the number of the seats of Directors. Without any female representation in the candidates list, the elected Board of Director did not have any female representation. Noting that the policy and codes of the company do not allow any discrimination between male and female and there are no constraints which prevent woman from candidacy and receiving any administrative or professional or leading positions or membership of the Board, in line with the international and national rules and systems. In addition to the above, as since the applied laws and the company's internal regulatory rules do not stipulate any quota other than what is stated in the governance rules in respect of the independent Directors, the company and the Board do not interfere in the candidacy or election of the Directors in any way whatsoever.



#### C. Remunerations Statement

1. The total remunerations paid to the Directors for the year 2014. Dhs. 3,500,000
2. The total proposed remunerations for the Directors for the year 2015 which shall be presented to the Annual General Meeting for approval: Dhs. 4,200,000



#### D. Allowances of attending the Board's sessions and the committees emerging from the Board which the Directors received for the financial year of 2015:

The allowances determined for each Director against attending the meetings of the Board and the committees emerging therefrom are amounting to Dhs. 10,000 for each meeting.

Name	Allowances of Board's Meetings (Dhs.)	Allowances for Meetings of the Audit Committee (Dhs.)	Allowances for Meetings of Remunerations & Nominations Committee (Dhs.)	Total (Dhs.)
Mr./ Ahmad Bin Eisa AlSerkal	60,000	x	x	60,000
Mr./ Ali Bin Humaid Al Owais	60,000	x	x	60,000
Mr./ Ibrahim Abdulrazaq Ustadi	60,000	x	20,000	80,000
Mr./ Mohamed Hadi Ahmed Abdulhadi Al-Hussaini	60,000	30,000	20,000	110,000
Mr. Mohamed Abdulaziz Al-Owais	60,000	20,000	x	80,000
Mr. Ayoub Mohamed Ameen Kazem	60,000	x	20,000	80,000
Mr./ Abdullah Mohamed Rashed Al-Huraiz Al-Falasi	50,000	30,000	x	80,000





### E. Board's Meetings

The Board of Directors of Dubai Refreshment had been held 6 times in 2015 on the following dates:

Name	15/02/2015	13/04/2015	15/06/2015	12/07/2015	14/09/2015	14/12/2015
Mr./ Ahmad Bin Eisa AlSerkal	√	√	√	√	√	√
Mr./ Ali Bin Humaid Al Owais	√	√	√	√	√	√
Mr./ Ibrahim Abdulrazaq Ustadi	√	√	√	√	√	√
Mr./ Mohamed Hadi Ahmed Abdulhadi Al-Hussaini	√	√	√	√	√	√
Mr. Mohamed Abdulaziz Al-Owais	√	√	√	√	√	√
Mr. Ayoub Mohamed Ameen Kazem	√	√	√	√	√	√
Mr./ Abdullah Mohamed Rashed Al- Huraiz Al-Falasi	√	√		√	√	√

### F. Tasks & Competences authorized to the Executive Management by the Board:

The CEO of the company Mr. Tarek ElSakka performed the work assigned to him as well as all the objectives determined by the Board of Directors, as well as ensuring that all the business units are being managed efficiently in terms of the main resources and profitability.

The main task assigned to the CEO and the Executive Management is implementing the visions, tasks and strategic plans, and the annual plans and contributing in the general objective to enhance the visions of Dubai Refreshment in all its activities.

The CEO is responsible for all the operations of the company, its profits as well as its continuous growth. Also the CEO shall supervise preparing the operational plans and work plan and direct the company towards implementing its objectives.

### G. Detailed Statement showing the transactions that have been made with the related parties.

During the year 2015, no transactions have been made with concerned parties according to the definitions and the conditions mentioned in the Commission reforms.

### H. The Organizational Chart of the Company

The company is managed by the CEO in line and accordance with the Board's assignments and plans. A group of high professional and capable team of Vice-Presidents and head of departments assists the CEO in performing their duties to ensure the Company's best interests. (Attached copy of the Company's chart)





I. Detailed statement of the names of the senior executive employees in the company & the dates of their appointment along with stating the total salaries and remunerations for the year 2015:

Position	Date of Appointment	Total Paid Salaries & Allowances For The Year 2015	Total Paid Remunerations For The Year 2015
Chief Executive Officer	01/08/2008	1,679,772	2,270,571
Vice President – Chief Financial Officer	08/05/2000	628,817.56	293,095 + 842,464.3 End of Service Gratuity
Vice President – Operations and Plant	01/11/2001	869,712	158,206
Vice President – Sales and Marketing	01/07/2012	1,007,576.04	262,231
Director of Human Resources Department	08/01/2012	648,965.76	172,511.00
Director of Projects Department	26/02/2001	507,085.92	88,156.00
Director of Information Technology Department	03/01/2010	443,998.68	105,306.00
Director of Facilities, Admin, Government Relations Department	10/12/2012	644,529.60	102,904.00
Director of Legal Department, Company Secretary	08/10/2013	451,125.61	90,993.00

Noting that Mr./ Neeraj Vohra has resigned from the company and his last working day in the company was 30 July 2015 as his position remained vacant during 2015.

#### 4. Fees of the External Auditor

In 2015, the General Assembly of Dubai Refreshment has appointed Ernst & Young as an External Auditor of the company based on a recommendation from the Board to conduct the financial audit, ensure the existence of the financial documents and match the financial statements of the payments, expenses and profits and ensure the matching of all works conducted by the Financial Department of the company to the laws of the State and the international accounting standards and it determined their fees by an amount of Dhs. 243,000.

Name of Audit Office	Ernst & Young
Number of years spent as external auditor of the company	5 years
Total fees of auditing the financial statements of 2015 (Dhs.)	243,000
Fees and costs of the other services other than auditing the financial statements of 2015 (Dhs.)	No other services
Details and nature of the other rendered services	No other services

Ernst & Young ("EY") employs more than 210,000 professionals in 155 countries united by our shared values and an unwavering commitment to quality. The Middle East and North Africa ("MENA") practice of EY has been operating in the region since 1923. For over 93 years, EY has evolved to meet the legal and commercial developments of the region. EY has been operating in the United Arab Emirates since 1966 and is the largest professional services firm in the region.

It is worth mentioning that the company did not seek the services of any third party during 2015 except the above mentioned company to provide the services of external accounting audit.

#### 5. Audit Committee

The Board of Dubai Refreshment has formed a committee and three members have been appointed to undertake the works of the committee:





Name	Position	Membership Type
Mr./ Abdullah Mohamed Rashed Al- Huraiz Al-Falasi	Chair of The Committee	Non-Executive / Independent
Mr./ Mohamed Hadi Al-Hussaini	Member	Non-Executive / Independent
Mr. Mohamed Abdulaziz Al-Owais	Member	Non-Executive / Independent



The essential responsibility of the auditing committee is reviewing the financial inspection of the company, and risk management system, identifying and applying the framework of contracting with the external auditor, and reporting to the Board of Directors and specifying the important that needs to be addressed and recommended actions, follow-up and monitor the independence of the external auditor and the extent of his objectivity, controlling the integrity of the financial statements of the company as well as the annual and progressive reports, in addition to reviewing the compliance with the disclosure requirements of the Dubai Financial Market and ESCA, discussing the internal auditing control with the management and ensuring the performance of its duties in establishing an effective system of internal auditing.

Moreover the Committee is to provide support and assistance to the Board in order for the Board to fulfill its responsibilities so as to secure the independence of financial results and the independence and qualifications of the independent external auditor. The Committee also has full authority and access to any of the company's departments and related documents as well as to the validity of records and properties in order to fulfill out his responsibility, in addition to all the authorities and powers according to the Ministerial Decree No. 518 for the year 2009.



#### Details of the Audit Committee Meetings:

Name	03/02/2015	05/05/2015	31/07/2015	05/11/2015
Mr./ Abdullah Mohamed Rashed Al-Huraiz Al-Falasi	√	√	√	√
Mr./ Mohamed Hadi Al-Hussaini	√	√	√	
Mr. Mohamed Abdulaziz Al-Owais	√	√	√	√



#### 6. Nominations & Remunerations Committee

The Board of Dubai Refreshment has formed the Nominations & Remunerations Committee and three members have been appointed to undertake the works of the committee:

Name	Position	Membership Type
Mr./ Ibrahim Abdulrazaq Ustadi	Chair of The Committee	Non-Executive / Independent
Mr./ Mohamed Hadi Al-Hussaini	Member	Non-Executive / Independent
Mr. Ayoub Mohamed Ameen Kazem	Member	Non-Executive / Independent



#### Details of the Nominations & Remunerations Committee Meetings:

Name	03/02/2015	14/09/2015
Mr./ Ibrahim Abdulrazaq Ustadi	√	√
Mr./ Mohamed Hadi Al-Hussaini	√	√
Mr. Ayoub Mohamed Ameen Kazem	√	√





The tasks of the Nominations & Remunerations Committee are represented in:

- Ensuring the independency of the independent members continuously,
- Preparing the policy of granting the remunerations, benefits, incentives and salaries of the Directors and employees of the company and review the same annually.
- Verifying that the remunerations and benefits granted to the higher executive management of the company are reasonable and commensurate with the performance of the company.
- Determining the company's needs of the competences at the level of the higher executive management and the personnel and the basis of their selection.
- Preparing the policy of the human resources and training in the company, monitoring its application, and review the same annually.
- Regulating and following up the procedures of candidacy to the membership of the Board in accordance with the applied laws and systems.



### 7. Internal Control System

- A. The Board of Directors of Dubai Refreshment acknowledges its responsibility for the internal control system of the company and the review and efficiency thereof.
- B. The work of the internal control department in the company is represented mainly in managing risks in the company and applying the rules of governance and properly ensuring the company's compliance with the laws, rules as well as its compliance with the requirements of Dubai Financial Market and the Securities & Commodities Authority.
- C. Two members have been appointed to undertake the work of the internal control, namely:

Name	Position
Mr./ Noman Nasir	Manager
Mr./ Ravi Sethia	Member

Mr. Noman Nasir is a Chartered Accountant and has a wide experience in the accounting field.

- D. Also, Mr. Kareem Mahmoud has been appointed as Compliance Officer by the Board, he is specialized Lawyer and member in Bar Association in Beirut, Lebanon and is Director of Legal in the Company.
- E. The Internal Control Department did not find during 2015 any big issues in the company as the daily work and the administrative and practical measures which are taken by the company and are consistent with all the applied laws and systems led to the non existence of any big issues which require the Internal Control Department to deal therewith.



### 8. The committed violations during the financial year 2015 and state the reasons thereof, how to handle them and avoid the repetition thereof in the future:

No material violations have been committed during the financial year 2015, where the company committed to all the applied laws and regulations.



### 9. Contributions of the Company during 2015:

During 2015, as in all previous years, the company has performed its social duties towards the local communities in the Emirate of Dubai & Northern Emirates where it contributed in several humanitarian, social and environmental activities, believing in the value of human been and the necessity to contribute in enhancing his living and the quality of his life. The following are some of the activities which the company sponsored or contributed in organizing and sponsoring throughout 2015:

- A. Sponsor the activities of Dubai Sports Council







- B. Sponsor the activities of Road & Transport Authority – the Corporate Social Responsibility of the company.
- C. Sponsor the activities of Al-Noor Training Center for Children with Special Needs
- D. Dubai Municipality – Sponsor foods & Safety Conference
- E. Dubai World Trade Center – Sponsor global sports and the council
- F. Sponsor the Air Show event in Dubai
- G. Sponsor Jumeirah City Festival
- I. Sponsor Tennis Marathon 24 hour
- J. Sponsor Rashid Center for Disabled activities
- K. Sponsor Dubai Police – Sports Versus Crimes Conference
- L. Sponsor the Hamdan Bin Mohamed Fifth International Football Championship under 18.
- M. Sponsor Maktoum Bin Rashid Ramadan Football Championship

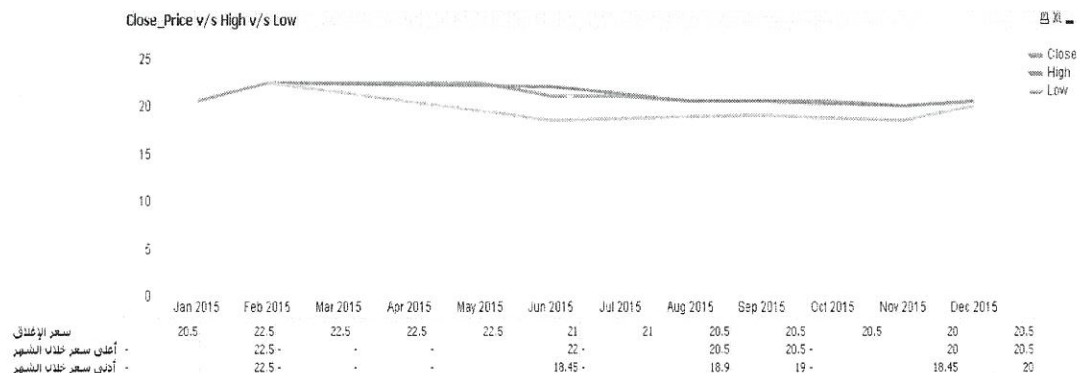


**10. General Information**

**A. Statement of the price of the company's stock in the market (closing price, highest price and lowest price) during the financial year 2015 (Source: Dubai Financial Market):**

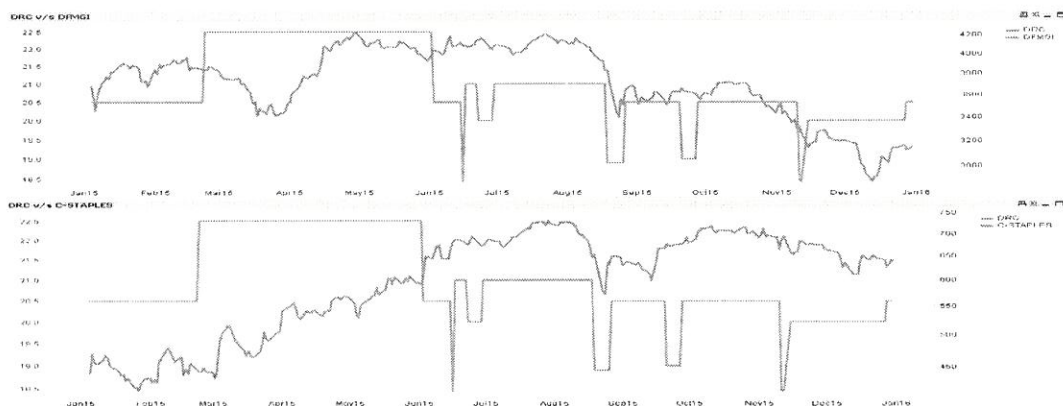
No	Month Name	Month High	Month Low
1	Feb 2015	22.5	22.5
2	Jun 2015	22	18.45
3	Aug 2015	20.5	18.9
4	Sep 2015	20.5	19
5	Nov 2015	20	18.45
6	Dec 2015	20.5	20

According to the information provided by Dubai Financial Market, there was no transactions related to the company's shares during the months that did not appear in the table referred to above, being the month of January, March, April, May, July, October 2015. Therefore, Dubai Financial Market authorities did not include these months mentioned in the table.





**B. Statement of the comparative performance of the company's stock with the general market index and the index of the sector to which the company belongs (Source: Dubai Financial Market):**



**C. Statement of the distribution of the shareholders' ownership as on 31/12/2015 (Individuals – Companies, Governments) classified as follows: Local, Gulf, Arab and Foreigner (Source: Dubai Financial Market):**

No	Symbol Code	Client Type	Desc.	Citizen Cat.	Owned qty count as on: 31/12/2015	Owned NINs count as on: 31/12/2015	Symbol Total Qty count as on: 31/12/2015	Owned % Of Symbol	Price as on: 31/12/2015	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	427,220	6	90,000,000	0.4747	20.500	8,758,010.000
3	DRC	C	Company	UAE	15,971,036	11	90,000,000	17.7456	20.500	327,406,238.000
4	DRC	I	Individual	GCC	1,846,952	4	90,000,000	2.0522	20.500	37,862,516.000
5	DRC	I	Individual	OTHERS	2,283	5	90,000,000	0.0025	20.500	46,801.500
6	DRC	I	Individual	UAE	65,610,807	118	90,000,000	72.9009	20.500	1,345,021,543.500
7	DRC	N	Institution (SOLE PROPERTY)	UAE	4,408,187	1	90,000,000	4.8980	20.500	90,367,833.500





**D. Statement of the shareholders holding 5% or more of the capital of the company (Source: Dubai Financial Market):**

Name	Number of Share held on 31/12/2015	Ratio of the shares held in the capital of the Company
Mohamed & Obaid Al-Mulla	8,963,550	9,9595
Jumah Al-Majed Abdullahh Mehairi	4,785,500	5,3172
Ahmed Bin Rashid Al-Maktoum	17,999,550	19,9995

**E. Statement of how shareholders are distributed according to the volume of ownership as on 31/12/2015**

Share (s) Ownership	Number of Shareholders	Number of Held Shares	Rate of the Held Shares to The Capital
Less than 50,000	52	577,316	0,64
From 50,000 to less than 500,000	67	11,919,098	13,24
From 500,000 to less than 5,000,000	25	50,540,486	56,16
More than 5,000,000	2	26,963,100	29,96
<b>Total</b>	<b>146</b>	<b>90,000,000</b>	<b>100</b>

During 2015, Dubai Refreshment enhanced its effort in order to achieve growth in its business through the continuous success in the UAE market and abroad. Also, Dubai Refreshment remains the leading company in Carbonated Soft Drinks category in the country. In 2015, the hard competitive environment in the market pushed to increase in the consuming marketing, however, Dubai Refreshment worked to enhance the revenue management and growth through maintaining integrated marketing policy in the market. The company focused also on technical applications and the electronic services in organizing the business therein to enhance planning the resources and work systems after launching SAP system in 2013.

The year 2015 witnessed the final stages to complete Greenfield factory where most of the project has been completed by the end of the year. The distribution processes has been moved from Al-Quoz site to the new site in January 2016 and we expect that the production from the first filling line of the new factory shall start by the beginning of the second quarter of 2016 and this significant investment shall contribute by giving apparent competitive advantage to Dubai Refreshment in terms of the capabilities of the production facilities and the capability to diversify it to include the other beverages categories.

Mr. Ahmad Bin Eisa AlSerkal  
Chairman






Attachment - The Organizational Chart of the Company

