DUBAI INVESTMENTS PJSC

Annual Corporate Governance Report 2012

1 Corporate Governance Practices

In compliance with the Ministerial Resolution 518/2009, Dubai Investments PJSC ('DI' or 'the Company') issued corporate governance report for the year ended 2012.

This is the fourth Corporate Governance report prepared and duly disclosed by DI and reflects the Company's ethos and commitment to apply sound governance rules. The Board believes that the driving principles of transparency, fairness, disclosure and accountability to stakeholders have been pivotal to the performance of the Company, its Board of Directors, its Senior Management and employees.

During the year 2012 the Company has further enhanced its existing robust governance practices with the development and implementation of the key initiatives summarized below:

- **Securities Dealing Manual:** All Directors and employees are prohibited from trading in the Company's shares during the Blackout-Period in line with requirements of Article 14 of Ministerial Resolution 518/2009. Specifically, trading guidelines for Board of Directors and employees have been approved by the Board.
- **Shareholders' Communication Manual** with detailed roles and responsibilities of Senior/Executive Management with regards to the following activities have been formulated and acknowledged:
  - Election of Board of Directors
  - Crisis Management (responding to market rumours)
  - Shareholder Query Management
  - Price Sensitive Information
  - Shareholder Meetings
- **Fraud Risk Management Framework** has been developed and reinforced by the introduction of an Investigations Unit which is supported by a process of self-declaration by employees of the Company on an annual basis. The Audit Committee has been entrusted by the Board to oversee the framework and the compliance thereof.

2 Board of Directors Disclosure

2.1 Transactions of Board members and their first-degree relatives in Company's securities

The members of the Board of Directors comply with the policy related to their trading in the Company's shares stipulated in Securities and Commodities Authority's market control procedures and governance guidelines by obtaining the necessary approvals from the Authorities and complying with the ban period stipulated in Article 14 of the SCA's regulations. The Board members, also, undertake to annually disclose any trading of Company's shares that they or their first-degree relatives execute.

All Board members acknowledged that neither they nor their first-degree relatives, traded in the Company's shares during 2012, with the exception of transactions tabulated hereunder.

Board Member	First Degree Relative	Number of Shares	
		Total Sales	Total Purchase
Mr. Mohamed Saif Darwish Ahmed Al Ketbi	Father	1,210,720	3,094,433
	Mother	200,000	1,198,543
	Wife	400,000	500,000

3 Composition of the Board of Directors

3.1 Composition

The current composition of 5 (five) Board members satisfies the mandatory requirement under the Ministerial Resolution 518/2009 i.e. at least one half of the Board to be Non-Executive and one third of the Board to be Independent.

It is noteworthy to mention that Dubai Investment PJSC's Board of Directors have enjoyed the confidence of the majority of the shareholders over the years and this has been demonstrated by the re-elections of the Board Members in the past Annual General Meetings. Tabulated hereunder is the composition of the Board of Directors for Dubai Investments PJSC during the year 2012:

Name	Directorship	Independent / Non-Independent	Executive / Non-Executive	Year Appointed on BOD
Mr. Sohail Fares Ghanim Al Mazrui	Chairman	Independent	Non-Executive	1995
Mr. Hussain Mahyoob Sultan Al Junaidy	Vice Chairman	Independent	Non-Executive	1995
Mr. Ali Fardan Ali Al Fardan	Member	Independent	Non-Executive	2002
Mr. Mohamed Saif Darwish Ahmed Al Ketbi	Member	Independent	Non-Executive	2010
Mr. Khalid Jassim Bin Kalban	Member	Non-Independent	Executive	1998

3.2

All Board members are UAE citizens with the required skills and expertise, possessing a diversity of experience and knowledge which benefits Board level discussions and informed strategic decision making. Their qualifications and expertise along with current membership as Directors in any joint stock company is detailed below:

Mr. Sohail Fares Ghanim Al Mazrui holds a University Degree in Petroleum Engineering. He has wide experience in Petroleum Engineering and executive experience in the Oil Industry. He is the former CEO of Abu Dhabi National Oil Company (ADNOC) as well as the former CEO and Chairman of Aabar. He is a Member on the Board of Abu Dhabi Securities Exchange.

Mr. Al Mazrui has been on the Board of Directors of Dubai Investments PJSC since its inception in 1995 and Chairman since 2010.

Mr. Hussain Mahyoob Sultan Al Junaidy is a Bachelor of Science in Civil Engineering as well as a Chartered Civil Engineer. He is also a graduate of the School of Business, University of Pittsburg, USA. In the past he has been the Chairman and CEO of a number of companies in the Oil and Gas Industry. He was also the ex-Founder and Group CEO of Emirates National Oil Company (ENOC).

Mr. Al Junaidy has been on the Board of Dubai Investments PJSC since its inception in 1995 and Vice-Chairman since 2010.

Mr. Ali Fardan Ali Al Fardan is a Bachelor of Science in Management and Information System. He has been involved with Real Estate Management, Property Investments, Capital Investment Management and Hospitality Management. Mr. Ali Fardan is the Vice Chairman of Al Fardan Group, CEO of First Investor LLC, and Managing Director of Al Fardan Real Estate. Additionally, he is currently a Board Member of Union Properties PJSC and Commercial Bank of Dubai.

Mr. Ali Fardan Ali Al Fardan joined the Board of Directors of Dubai Investments PJSC in 2002.

Mr. Mohamed Saif Darwish Ahmed Al Ketbi has a degree in Business Administration majoring in Business Management. His area of expertise is in Investments & Projects, Business Development, Real Estate and the Hospitality Sectors. He is currently the Vice Chairman on Danat El Emarat Women & Children's Hospital Project and a Board Member on Tasweek Real Esate Company and Board member of AHI-Carrier FZC.

Mr. Mohamed Saif Darwish Ahmed Al Ketbi has been a member of the Board of Directors of Dubai Investments PJSC since 2010.

Mr. Khalid Jassim Bin Kalban has a degree in Business Management from USA and also majored in management at the Metropolitan State College, U.S.A. His extensive experience covers the industrial, financial, investment and real estate sectors. Mr. Kalban is currently the Chairman of the Board of Directors at Union Properties PJSC and a Board member of National General Insurance PJSC.

Mr. Khalid Kalban is currently the Managing Director and Chief Executive Officer of Dubai Investments PJSC and has been holding this position since 1998.

3.3 Basis of Board Members' Remuneration

For the year 2011, the Directors of the Board were paid an amount of AED 3,360,000 inclusive of fixed annual Directors' fees and attendance fees for Board meetings and Committee meetings.

The Nomination & Remuneration Committee has recommended an amount of AED 4,000,000 as fixed annual fee and attendance fee for Board members for the year 2012, however, the same is subject to Shareholders' approval at the AGM.

The Company also pays additional expenses/fees or a monthly salary as specified by the Board of Directors to any of its members if such a member (a) is working in any Committee, (b) is extending special efforts, or (c) is performing additional work for the service of the Company, in addition to his ordinary duties discharged as a member of the Board of Directors of the Company.

Accordingly, the total fixed annual fees and attendance fees for Board meetings and Committee meetings will be as under:

Board/Committees	Amount [redacted]
Board of Directors	4,000,000
Audit Committee	440,000
Nomination & Remuneration Committee	390,000

3.4 Board Meetings

The Board of Directors is committed to the shareholders to deliver growth and performance of the Company and consequently had convened 6 (Six) times during 2012. There was a full attendance of all 5 members of the Board in four of the six meetings. Specifically, personal attendance record of the Directors for the meeting is recorded below:

Board Members	Mar 20	Jun 24	Sep 17	Nov 4	Dec 5	Dec 26
Mr. Sohail Fares Ghanim Al Mazrui (Chairman)	✓	X	✓	✓	✓	✓
Mr. Hussain Mahyoob Sultan Al Junaidy (Vice Chairman)	✓	✓	✓	✓	✓	✓
Mr. Ali Fardan Ali Al Fardan	✓	✓	✓	✓	✓	X
Mr. Mohamed Saif Darwish Ahmed Al Ketbi	✓	✓	✓	✓	✓	✓
Mr. Khalid Jassim Bin Kalban	✓	✓	✓	✓	✓	✓

3.5 Roles and Responsibilities delegated to Senior Management

The powers reserved for the Board of Directors have been explicitly stated in the Board Charter in compliance with legislations and regulation inter alia the Companies Law 8/1984 and its amendments, the Articles of Association of the Company and the Ministerial Resolution 518/2009.

A. Responsibilities of Senior Management:

Senior Management is provided with delegated responsibilities to accomplish the Company's goals, objectives and targets by implementing strategic decisions which are recommended to and approved by the Board.

The Senior Management is responsible inter alia for:

- Creating and maintaining effective and efficient legal, organizational and governance structures;
- Arranging and deploying the resources required to achieve the strategies;
- Adequate planning, internal control, and risk management systems that assess risks on an integrated cross-functional basis;
- Succession planning that formalizes the process of identifying, training and placing of successors in key positions in the Company.

The Managing Director & CEO and the Senior Management are entrusted to provide the Chairman, Board of Directors and its Committees with sufficient documented information in due time to ensure informed decisions are taken and for efficient performance of tasks and responsibilities.

B. Managing Director & CEO:

The Managing Director & CEO has been appointed by the Board of Directors to oversee the day-to-day operations of the Company and to effectively execute its plans and strategies to achieve its vision, mission and strategic initiatives. The Managing Director & CEO reports to and is accountable to the Board of Directors.

The Managing Director & CEO is responsible inter alia for:

- Delivering the Company's strategic and operational plans as approved by the Board of Directors;
- Escalating transactions outside of his delegated authority to the Board of Directors for due decision making;
- Ensuring compliance with the Company's policies and with the applicable laws and regulations.

C. Managing Director & CEO's Direct Reportees

The Senior Management of the Company is stable and have been working in their respective positions for the last several years. The direct Reportees to the Managing Director & CEO are listed below:

- General Manager
- Group Chief Financial Officer
- Group Legal & Corporate Affairs Manager
- Group Internal Audit Manager*
- Group Human Resources Manager

**Administrative reporting to MD & CEO with functional reporting to the Board/Audit Committee*

D. Senior Management Remuneration

Remuneration paid to Senior Management/Executives for 2012 are tabulated below:

Name	Designation	Date of Appointment	Total Annual Salary Paid	Total Annual Bonus Paid
Mr. Khalid Jassim Bin Kalban	Managing Director & CEO	Jul 01, 1995	3,461,478	2,448,000
Mr. Abdulaziz Bin Yagub Al Serkal	General Manager	Oct 01, 2012	401,252**	-
Mr. Mushtaq Masood	Group Chief Financial Officer	Jan 02, 2008	771,943	148,000
Mr. Kurian Chacko	Group Legal & Corporate Affairs Manager	May 01, 2005	851,486	154,080
Mr. Saderuddin Panakkat	Group Internal Audit Manager	Oct 03, 2005	811,705	156,000
Ms. Asma Ahmed Mohamed	Group Human Resources Manager	Nov 01, 2012	96,590**	-

** Includes allowances of furniture, car, education, tickets, general pension and social security.*
*** Part of the year.*

3.6 Stakeholder Transactions

A Conflict of Interest policy and Code of Conduct has been developed in conformity with regulatory and professional standards. Any situation and/or circumstance wherein advantages may be presented to one or more of the Board of Directors, either by way of opportunities or for monetary and non-monetary benefits will be subject to the Conflict of Interest Policy. The Policy requires full disclosure of any conflict before or at the time the conflict is identified, and in limited circumstances may require shareholder approval.

No stakeholder transactions, other than those mentioned in this Corporate Governance report and those listed in the Annual Financial Statements for 2012, have taken place.

4 External Auditors

KPMG in the UAE was established in 1974 and is part of KPMG International, a global network of professional firms providing Audit, Tax and Advisory services, which operates in 152 countries. KPMG, over the years has grown to 650 professional staff led by more than 20 partners, across 7 offices in the UAE.

KPMG was reappointed as DI's external auditors by the Shareholders at their General meeting for the year 2012. The External Auditors have been re-appointed at each AGM since 1996.

The fees for the external audit and quarterly review services for the year 2012 amounted to AED 503,750. Additionally, KPMG has provided various non-audit services totalling to AED 155,977 during the year. The Board and the Audit Committee believes that the provision of non-audit services by the External Audit firm did not create a conflict of interest.

5 Audit Committee

The Audit Committee is tasked by the Board to review the internal control environment of the Company, and its Charter is compliant with the established requirements of the Ministerial Resolution 518/2009.

The composition of the Audit Committee is in accordance with the Ministerial Resolution 518/2009 as all members are Independent Non-Executive Directors and at least one member has the requisite financial knowledge.

The **Roles and Responsibilities of the Audit Committee** inter alia include:

- Oversight of the preparation of the Financial Statements;
- Review of the annual and quarterly Financial Statements;
- Review any insider, affiliated or related party transactions and ensure that rules for the conduct and approval of these are complied with;
- Reviewing the Company's Internal Control systems for effectiveness. This may be undertaken by seeking assistance from external consulting firms;
- Ensure Risk Management policies are developed and undertake periodic examination of cases of non-compliance with the same.

Additionally, the Audit Committee has met the external auditors in 2012 to review audit findings and matters for attention of the Board.

Meetings of the Audit Committee

Good governance and monitoring of risk and compliance is a key directive for the Company. The tone at the top is demonstrated by the fact that 5 (five) Audit Committee meetings were held during 2012 as opposed to the minimum requirements stipulated by the Ministerial Resolution 518/2009.

Mr. Hussain Mahyoob Sultan Al Junaidy was nominated as the financial expert on the Audit Committee in line with SCA requirements and also serves as the Chairman of the Audit Committee. Notably, the Audit Committee has unrestricted access to the records of the Company and has the ability to seek expert advice if required.

Recorded below are the dates and attendance record of the Audit Committee Members:

Member	Mar 20	Jun 24	Nov 4	Dec 5	Dec 26
Mr. Hussain Mahyoob Sultan Al Junaidy	✓	✓	✓	✓	✓
Mr. Ali Fardan Ali Al Fardan	✓	✓	✓	✓	X
Mr. Mohamed Saif Darwish Ahmed Al Ketbi	✓	✓	✓	✓	✓

6. Nomination & Remuneration Committee

All members of the committee are Non-Executive and Independent.

During the year, 3 (three) meetings were held by the Nomination & Remuneration Committee. Recorded below are the dates and personal attendance record of the Committee Members:

Name	Mar 20	Jun 24	Sep 17
Mr. Ali Fardan Ali Al Fardan *(Chairman)*	✓	✓	✓
Mr. Hussain Mahyoob Sultan Al Junaidy	✓	✓	✓
Mr. Mohamed Saif Darwish Ahmed Al Ketbi	✓	✓	✓

By virtue of the Ministerial Resolution 518/2009 and as per its duties, the Committee performed the following tasks:

- Verified the independence of the Board's members by means of a *Declaration of Independence* form which was completed and signed by each independent member;
- Endorsed Human Resources policies with respect to promotions, employee benefits and employee performance evaluation;
- Reviewed the Board members' remuneration policy;
- Verified that the remunerations and benefits granted to the Senior Executive Management are reasonable and in line with the Company's performance;
- Determined the Company's needs for competencies at the Senior Executive Management and employee level, the basis for choosing them, as well as the employee training policy.

7. Internal Control Systems

7.1 Declaration

The Board is pleased to inform the shareholders that it believes an adequate and effective internal control system is in place, that no significant violations occurred during 2012, and that there are no major concerns. **To the best of the knowledge of the Board of Directors and the Senior Management, the Company has met with all the regulations set by SCA.**

7.2 Company's Internal Control Structure

The Board acknowledges that it is ultimately responsible for establishing the Company's internal controls and reviewing their adequacy and effectiveness. The Audit Committee is responsible for monitoring the internal control framework and updating the Board on a quarterly basis at the Board meetings on the resourcing, testing and effectiveness of internal controls in the Company.

DI has established and described in the Board Charter an Internal Controls Function which is responsible for undertaking activities pertaining to Internal Audit, Risk Management and Compliance. The Internal Controls Function has been incorporated into the Organizational Structure of the Company with a direct reporting line to the Audit Committee and Board of Directors.

Specifically the Board has resolved that the Internal Controls function

- shall be maintained independently from the operational departments of the Company;
- shall be adequately resourced;
- shall have unfettered access to the records and personnel of the Company;
- shall report periodically to the Audit Committee and the Board; and
- shall have direct reporting to SCA and regulators as and when required by Law.

The Internal Controls Department is headed by Mr. Saderuddin Panakkat, who is a Chartered Accountant and an MBA. The Company's Internal Audit Function consists of an Internal Audit Manager and eight staff at the DI level, plus additional internal audit staff within the Group. Some of the key initiatives of the Internal Controls Department since the last annual report have been mentioned below:

- The Internal Controls Department is currently **enhancing its Risk Management framework** to determine, assess and manage key risks confronted by the Company. This will supplement the work by the Risk Assessment undertaken in 2012 for the purposes of developing a risk-based internal audit plan.

- The Internal Controls department has an **identified Compliance Officer** who is responsible for duties of verification of the scope of compliance by the Company and its employees with issued laws, regulations and resolutions.

7.3 Handling of Material Issues

Depending on the nature of the issues and the level of related risks faced by the Company as well as their impact on the financial statements, the Internal Control Department carries out the necessary analysis and discusses them with the Executive Management and relevant stakeholders to check whether a disclosure is needed in the financial statements. The department independently submits its findings and report to the Audit Committee which in turn discusses them with the Executive Management and raises its recommendations to the Board of Directors to take the necessary decisions with respect thereto.

In 2012, the Company did not confront any such significant issue(s).

8. Details of Breaches

To the best of the knowledge of the Board of Directors and the Senior Management, **during 2012 the Company has not committed any breaches/violations.**

9. Corporate Social Responsibility

As a world-class investment company, DI contributes to sustainable development in the financial sector by incorporating Corporate Social Responsibility (CSR) values, green initiatives and the triple bottom line principles (social, environmental and economic) into its business strategy. The Company is fully committed to delivering its strategy to effect change. This year proved to be the most successful to date as DI participated in over 25 CSR programs and initiatives across four key areas:

- Environment Stewardship
- Community Development
- Workplace Management
- Marketplace

DI constantly strives to play its part by making the planet a better place to live. The year 2012 included local, regional and international environmental activities in the recycling, energy and environmental areas. DI is proud to have maintained several ISO standards through its subsidiaries. Committed to the protection of the natural environment, the Company has led several initiatives to educate and provide employees with opportunities to play their part in saving the environment.

DI also plays a leading role with the community and views this activity as an essential element to its CSR strategy. DI continues to partner and support various social organizations and campaigns and has consistently supported many local projects and social institutions through financial contributions or other forms of assistance. Its initiatives also extend to DI employees who constitute the foundation of the Company's continued success and drive to be pillars in the local community. The Company creates a safe, healthy and enjoyable place to work. In 2012, DI held various events and programs for the staff and their families to raise awareness and bring the Company together.

10 General Information

10.1 Principal Events of 2012

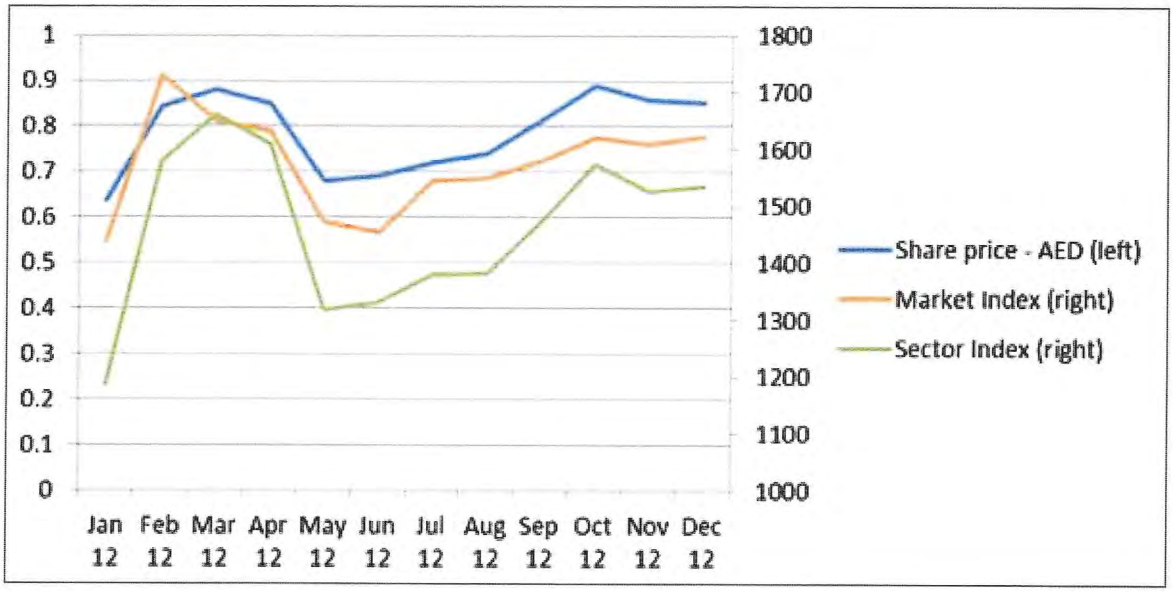
- Dubai Investments PJSC ('DI' or 'the Company') appointed Mr. Abdulaziz Bin Yagub Al Serkal as General Manager effective 01 October, 2012, to oversee the manufacturing companies within the DI Group as well as be responsible for DI's international operations.
- Mr. Khalid Rashed Saif Al Jarwan was appointed as General Manager of Masharie LLC (a subsidiary company of DI) effective 01 October 2012.
- DI acquired an additional 5% shares in Masharie LLC, resulting in a holding of 65% in that Company.
- Also, during the year, Masharie disposed its shareholding in Anchor Allied Factory Ltd., Inter Chemi International Ltd, Stromek Emirates Foundation LLC, Al Arif Contracting Co LLC and Power Factor Electromechanical Works LLC.
- In 2012, leasehold regulations in Dubai were amended to allow expatriates to secure long term leases in Dubai Investments Park (DIP), a 100% subsidiary of the Company. The change in legislation allows for existing tenants in lease brackets spanning from 30 to 60 years to enter into leases for up to 85 years.
- In 2012, DIP had substantially completed the development of the Warehouse Project 2 in Phase VIII of the Industrial Park.
- During the year, Dubai Investments Real Estate Company LLC (a 100% subsidiary of DI) commenced handover of Ritaj residential units in DIP.
- H.E. Sultan Bin Saeed Al Mansoori, UAE Minister of Economy inaugurated the new Glass Coating Line of Emirates Glass LLC (a 100% subsidiary of the Company) in DIP
- DI plans to double the Emirates Float Glass (a 62.3% subsidiary) capacity to 1200 tonnes. The Company is in discussion with international banks on the terms of reference for the funding required for the proposed expansion.
- During the year, EMICOOL, a Joint Venture Company, successfully concluded a 10 year tenor refinancing of debts aggregating to AED 793 million.

10.2

The Company's **(Maximum and Minimum) Share Price** at the end of each month for the fiscal year ending on 31 December 2012.

Month	Closing Price at End of the Month	Maximum Price During the Month	Minimum Price During the Month	Market Index	Sector Index
January	0.64	0.67	0.58	1435.72	1186.74
February	0.84	0.86	0.60	1730.43	1577.60
March	0.88	1.06	0.81	1648.87	1659.49
April	0.85	0.93	0.83	1630.95	1607.92
May	0.68	0.84	0.66	1471.49	1316.79
June	0.69	0.70	0.65	1451.87	1330.57
July	0.72	0.74	0.68	1542.64	1378.39
August	0.74	0.78	0.72	1547.82	1381.20
September	0.81	0.85	0.73	1578.79	1469.43
October	0.89	0.91	0.80	1619.61	1574.48
November	0.86	0.90	0.83	1607.90	1526.49
December	0.85	0.87	0.82	1622.53	1535.37

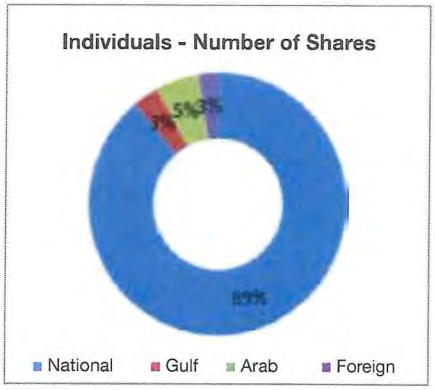
10.3 The graph depicted below indicates the performance of the **Company Closing Share Price** for 2012 against the **DFM General Index** and the **Index of Financial Investment Sector** for 2012.

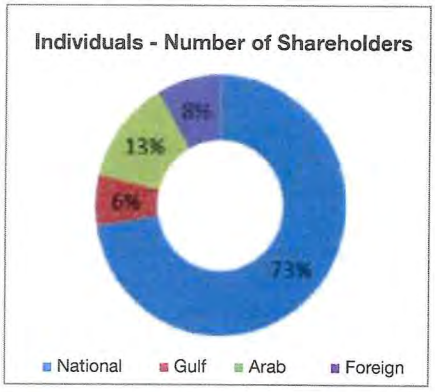


10.4 Distribution of Shareholding

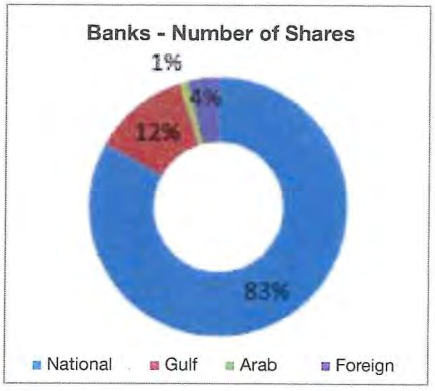
As on 31 December 2012, 3,570,395,400 shares were held by 19,252 shareholders. The shareholder mix is depicted in the charts below.

19,022 **Individuals** held 2,247,181,941 shares of which Mohamed Saif Darwish Ahmed Al Ketbi held 5.08% of the total shares of the Company on 31 December 2012. The shareholder mix is depicted below:

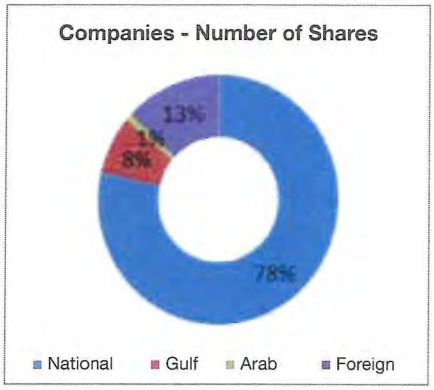




20 **Banks** held 108,224,435 shares. The shareholder mix is depicted below:



196 **Companies** held 568,141,278 shares of which Al Fardan Real Estate LLC held 6.05% of the total shares of the Company on December 31, 2012. The shareholder mix is depicted below:



Additionally, 3 **UAE Government entities** and 11 **UAE Institutions** held 426,999,019 shares and 219,848,727 shares respectively. Investment Corporation of Dubai held 11.54% of the total shares of the Company on 31 December 2012.

Signed : Chairman

Seal of Company

Dated: 27 March 2013

DUBAI INVESTMENTS
دبي للاستثمار
Dubai Investments PJSC شركة مساهمة عامة
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