

Corporate Governance

At Agthia, we believe that a solid foundation of good corporate governance and business ethics significantly contributes to our company's ability to compete effectively and realize our full value potential. For our company, this means leadership by a management team of uncompromising integrity under disciplined oversight from our Board of Directors, a commitment to shareholder and stakeholder engagement, and creation of sustainable value through business fundamentals, corporate social responsibility, and environmental stewardship.

The Board is fully committed to consistently protecting the interests of all shareholders through the application of high standards of corporate governance. The Board believes that strong corporate governance is essential for delivering sustainable shareholder value. It is the responsibility of the Board of Directors to serve as a judicious fiduciary for shareholders and to oversee the management of the Company's business.

Effectively applied corporate governance guidelines are the foundation of business integrity, and ultimately lead to robust and sustainable business results. The Company aims to continue implementing the highest standards of professionalism, corporate performance, and accountability to ensure shareholder value is preserved and enhanced.

This report gives an overview of the Company's corporate governance systems and procedures as of December 31, 2015 and has been filed with Securities and Commodities Authority (SCA), and posted on the ADX website and the Company's website, in line with the Corporate Governance and Institutional Discipline Ministerial Resolution no. (518) for the year 2009.

In the following pages we outline our approach to governance, to demonstrate clearly how our corporate governance practices support our strategy to create sustainable long-term growth for shareholders.

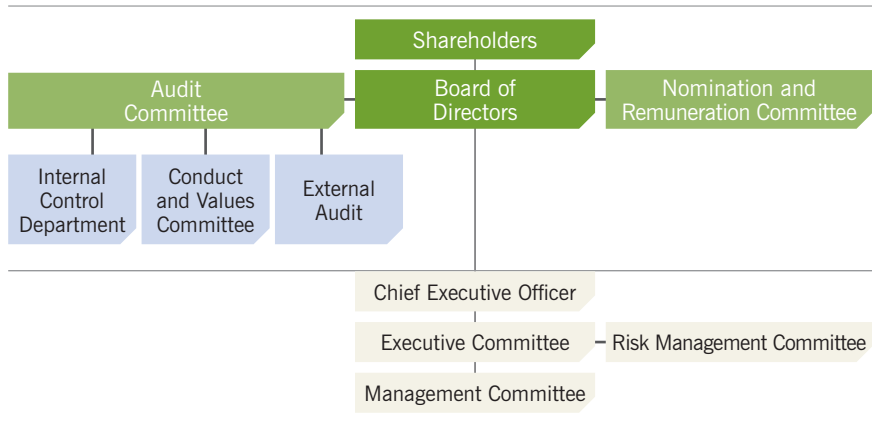
Agthia has always had an exemplary governance program. Our commitment to strong principles and the highest ethical standards is critical to our goal of driving sustained shareholder value. Capital Finance International (CFI), United Kingdom, ranked the Company as the 2015 Corporate Governance winner in the United Arab Emirates for the second year in a row.

The Company's Philosophy

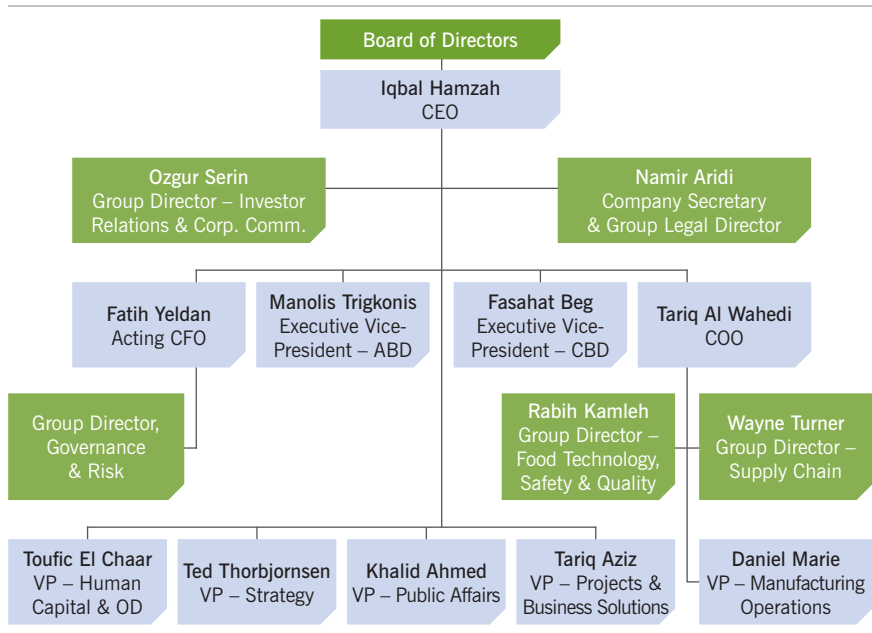
The Company acknowledges its responsibilities to its stakeholders. The Company believes that good corporate governance supports management's commitment to deliver value to shareholders through setting and achieving appropriate business objectives. Good corporate governance provides an appropriate framework for the Board, its committees, and management to most effectively represent the interests of the Company and its stakeholders.

The Company maintains high levels of transparency, accountability, and good management practices. This includes adopting and monitoring appropriate corporate strategies, objectives, and procedures that comply with its legal and ethical responsibilities. A rigorously applied code of conduct ensures good corporate governance in business practices and activities throughout the organization.

Group Governance Structure



Organization Chart



■ Executive Committee Members



Corporate Governance Manual

The Corporate Governance Manual as approved by the Board of Directors covers the following topics. These guidelines are subject to modification from time to time as the Board of Directors deems appropriate in the best interest of the Company, or as required by applicable laws and regulations.

Board of Directors

- Role of the Board
- Board Responsibilities
- Personal Liability
- Director Access to Officers and Employees
- Independent Advice and Judgment
- Board Composition
- Term of Directors
- Nomination of Directors
- Outside Board Memberships
- Board Meetings
- Boardroom Minutes and Action Items
- Voting
- Director Orientation, Development, and Continuing Education
- Director Remuneration
- Delegation of Authority
- Performance Evaluation
- Measurement and Accountability
- Disclosure Pertaining to Board of Directors

Board Committees

- Nomination and Remuneration Committee and Charter
- Audit Committee and Charter

Internal Control Framework

- Internal Controls Definition
- Internal Control
- Risk Management
- Responsibility for Policy Administration
- Standards and Best Practices
- Communication and Compliance

General Assembly and Shareholders

- Annual General Meeting
- Disclosure and Communication
- Board's Interaction with Shareholders
- Designated Spokespersons
- Role of Board and Audit Committee in Communication and Disclosures
- Internal and Electronic Communication
- Communication with Regulatory Authorities

Code of Conduct

- Business Ethics and Conflict of Interest

External Audit

- Appointment of External Auditors
- Term of External Auditors
- Requirements from External Auditors

Corporate Social Responsibility

- Health and Wellness
- Food Safety and Food Security
- People and Emiratisation
- Environment

The Board of Directors

The Board of Directors' role is to represent the shareholders and be accountable to them for creating and delivering sustainable value through the effective governance of the business. The Governance Framework enables the Board to balance its role of providing oversight and strategic counsel with its responsibility to ensure conformance with applicable laws and regulations. Our Board is responsible for the long-term success of the Company.

The Board of Directors issues an annual Corporate Governance Report. This is a statement of the practices and processes the Board has adopted to discharge its responsibilities. It includes the processes the Board has implemented to undertake its own tasks and activities; the matters it has reserved for its own consideration and decision making; the authority it has delegated to the Vice-Chairman and CEO; and guidance on the relationship between the Board and the CEO.

Once appointed, every Director shall disclose to the Company the nature of relations he/she has with other listed companies, including positions, investments, and other significant obligations, through signing a Declaration of Independence Form.

Board Responsibilities

It is the Board's responsibility to ensure that effective management is in place to implement the Company's strategy. The Board is comfortable that the current pool of talent available within the Company provides high potential capabilities for development towards adequate succession planning in both the short and long term.

The Board is the primary decision-making body for all matters that are considered to be material to the Company. The Board has a rolling agenda to ensure that the key areas remain in focus throughout the year. Additionally, the Board of Directors has the following roles and responsibilities:

- Providing entrepreneurial leadership to the Company within a framework of prudent and effective controls that enable risk to be assessed and managed.
- Setting the Company's values and standards, and ensuring obligations to its stakeholders and others are understood and met.
- Ensuring the effectiveness of the internal controls system in the organization.
- Acting in good faith and with care and diligence in the best interest of the Company, and avoiding conflicts from any personal interest in the role of being a Director.
- Constructively challenging and helping develop proposals on strategy.
- Making reasonable enquiries to ensure that the Company is operating efficiently, effectively, and legally towards achieving its goals.

- Undertaking diligent analysis of all proposals placed before the Board.
- Encouraging constructive debate in the Boardroom and ensuring all relevant issues are given due consideration before a decision is made.
- Scrutinizing the performance of management in meeting agreed goals and objectives, and monitoring the reporting of performance.
- Ensuring that the attainment of corporate goals achieved through measured risk-taking is in line with the corporate risk appetite. Furthermore, ensuring that the integrity of financial information, financial controls, and systems of risk management are effective.
- Making decisions concerning the Company's capital structure and dividend.
- Providing clear directions in cases where it delegates to any of its members or the executive management, some of the administrative matters on which the Board has the authority to decide.
- Reviewing, approving, and monitoring major investments and strategic commitments.
- Reviewing and approving annual and interim Financial Statements.
- Ensuring compliance with applicable laws, regulations, and all appropriate accounting standards.
- Ensuring that an adequate risk management framework is in place to identify, assess, and mitigate risks.
- Ensuring appropriate policies and delegations are in place to effectively govern the Company.
- Adopting a governance structure that is aligned with the Company's values and strategies, and ensures the following:
 - Enhancing the Company's reputation
 - Maintaining high standards of behavior
 - Promoting ethical and responsible decision-making
 - Communicating clear expectations and delegation of authority
 - Complying with applicable governance regulations
- Appointing a CEO and evaluating his/her ongoing performance and remuneration (and that of senior management) through the Nomination and Remuneration Committee.
- Ensuring that an appropriate succession plan for senior management is in place.
- Recognizing the legitimate interests of all stakeholders, including shareholders, business partners, employees, and communities in which the Company operates.
- Setting written rules for the dealings of the Company's directors and employees in the securities of the Company.

Corporate Governance (continued)

- Ensuring the integrity of external reporting to stakeholders, including:
 - Reviewing and monitoring controls, processes, and procedures in place to maintain the integrity of the Company's financial and accounting records and statements, with the guidance of the Audit Committee.
 - Ensuring accurate, objective, and comprehensive information and disclosure is conveyed to the shareholders to ensure that they are fully informed of material developments.
 - Reviewing the reports of the Audit Committee in relation to risk, internal controls, and internal and external audit reports.
- Making decisions through circular resolutions, provided the following are taken into consideration:
 - The instances of issuing decisions by passing a circular resolution may not exceed four during a year.
 - The agreement of the majority of the members of the Board of Directors that the matter concerned is an exception and urgent.
 - Circular resolutions for Board approval are supported with relevant documents.
 - The written consent of the majority is attained on any decision of the Board of Directors that is issued through passing a circular resolution, and provided that the same is presented to the subsequent meeting of the Board of Directors for ratification.

Board Structure and Composition

The present Board of Directors was elected at the Annual General Meeting held on April 28, 2014 for a term of three years. The Board currently has seven members, comprising an Independent Non-Executive Chairman and six Independent Non-Executive Directors. The Board has female representation, with one member on the Board (14.3 percent).

The Board ensures, on an ongoing basis, that Directors possess the required skills, knowledge and experience necessary to fulfill their obligations. Composition of the current Board of Directors:

Board of Directors:

HE Eng Dhafer Ayed Al Ahbabi

Chairman

Non-Executive, Independent

Director since: April 2014

Qualifications:

Bachelor in Chemical and Petroleum Engineering

Current Positions:

Advisor, Senaat General Holding Corporation

Chairman, Al Foah

Chairman, Industrialist Union Society, UAE

Member of the Board of Trustees, Institute of Applied Technology

HE Rashed Hamad Al Dhaheeri

Vice Chairman

Non-Executive, Independent

Director since: April 2014

Qualifications:

Bachelor of Arts (Economics) (USA)

Current Positions:

Deputy Director, Indexed Funds Department, Abu Dhabi Investment Authority

Board Member, LA Holdings (Luxembourg) S.A.

HE Mohamed Saif Al Suwaidi

Member

Non-Executive, Independent

Director since: April 2014

Qualifications:

Bachelor of Science in Business Administration (USA)

Current Positions:

Director General, Abu Dhabi Fund for Development

Chairman, Al Ain Farms for Livestock Production

Vice Chairman, Arab Bank for Investment and Foreign Trade

Board Member, First Gulf Bank PJSC

Board Member, Emirates Red Crescent

Board Member, Food Security Center, Abu Dhabi

HE Khamis Mohamed Buharoon Al Shamsi

Member

Non-Executive, Independent

Director since: April 2014

Qualifications:

Bachelor in Accounting and Business Administration

Current Positions:

Chairman, Abu Dhabi National Takaful Co. PSC

Chairman, Abu Dhabi Security LLC

Board Member, Abu Dhabi Islamic Bank

Board Member, Emirates Insurance Association

Board Member, Naeem Holding Co. Egypt

Board Member, Etihad Capital

HE Salem Sultan Al Dhaheeri

Member

Non-Executive, Independent

Director since: June 30, 2015

Qualifications

Certified Public Accountant

Current Positions:

Deputy Director - Internal Audit, Abu Dhabi Investment Authority

Board Member, TAQA

Board Member, Al Etihad Credit Bureau

HE Saif Saeed Ghobash

Member

Non-Executive, Independent

Director since: April 2014

Qualifications:

Executive Master of Business Administration

Bachelor of Science in Economics (USA)

Current Positions:

Director Strategic Affairs, Crown Prince Court

Board Member, Al Dhafra Insurance Company

Board Member, Emirates Palace Company

HE Amna Obaid Al Zaabi

Member

Non-Executive, Independent

Director since: April 2014

Qualifications:

Bachelor of Science in Business

(major in Finance) (UAE)

Current Position:

Manager, Projects and Business Development, Senaat General Holding Corporation

HE Ilias Assimakopoulos

Member

Non-Executive, Non-Independent

Board approved resignation of Mr. Ilias on June 30, 2015

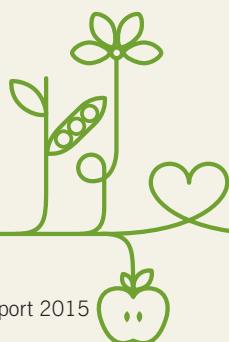
Qualifications:

Bachelor of Arts (major in Economics) (Canada)

Master in Business Administration (USA)

Current Positions:

Managing Partner, IOLAS & CO



Board Induction and Development

The Chairman, with the support of the Company Secretary, is responsible for the induction of new directors and the continuing development of directors. All directors receive a tailored induction upon joining the Board, covering their duties and responsibilities as directors. Directors also receive a full briefing document on all key areas of the Group's business, and they may request further information as they consider necessary.

Directors' Fees and Remuneration

According to the Company's Articles of Association, remuneration of the Company's Directors is determined by the General Holding Corporation (Senaat) from time to time. Directors' fees of AED 1.05 million relating to 2014 were paid in 2015. No bonus was proposed for the Directors relating to 2015.

Board of Directors', Audit, and Nomination & Remuneration Committee Members' fees for 2015 are subject to shareholder approval:

Board Members' fees for attending Board meetings in 2015:

Board Member	Amount in AED
HE Eng Dhafer Ayed Al Ahbabi – Chairman	150,000
HE Rashed Hamad Al Dhaheri – Vice-Chairman	150,000
HE Mohamed Saif Al Suwaidi	150,000
HE Khamis Mohamed Buharoon Al Shamsi	150,000
HE Saif Saeed Ghobash	150,000
HE Amna Obaid Al Zaabi	150,000
Mr. Ilias Assimakopoulos (1 Jan – 30 Jun)	75,000
HE Salem Sultan Al Dhaheri (30 Jun – 31 Dec)	75,000

Audit Committee Members' fees for attending Audit Committee meetings in 2015:

Audit Committee Member	Amount in AED
HE Rashed Hamad Al Dhaheri – Chairman	50,000
HE Saif Saeed Ghobash (1 Jan – 30 Jun)	25,000
HE Salem Sultan Al Dhaheri (30 Jun – 31 Dec)	25,000
HE Amna Obaid Al Zaabi	50,000
Mr. Osama Al Sheleh	50,000

Nomination & Remuneration Committee Members' fees for attending Nomination & Remuneration Committee meetings in 2015:

Nomination & Remuneration Committee Member	Amount in AED
HE Mohamed Saif Al Suwaidi – Chairman	50,000
HE Khamis Mohamed Buharoon Al Shamsi	50,000
Mr. Ilias Assimakopoulos (1 Jan – 30 Jun)	25,000
HE Saif Saeed Ghobash (30 Jun – 31 Dec)	25,000

Board Effectiveness Evaluation

An evaluation to assess the performance of the Board as a whole, its committees, and that of the individual directors is conducted annually, with the aim of improving the effectiveness of the Board, its members and committees, and the performance of the Company.

Relations with Shareholders

The Board is committed to effective communication between the Company and its shareholders. The Company announces its results and future prospects to shareholders by way of interim management statements, the interim results, and the annual report and accounts. Significant matters relating to the trading or development of the business are disseminated to the market by way of announcements, and by press releases and postings on the Company's website. The investor relations program includes:

- Regular meetings between institutional investors, analysts, and senior management;
- Quarterly conference calls;
- Regular investor roadshows and conferences;
- Responding to enquiries from shareholders through the Company's investor relations function;
- A section dedicated to shareholders on the Company's website; and
- Organizing site visits for our existing shareholders and potential investors.

Board and Annual General Meetings

During 2015, ten Board of Directors meetings were held.

Board Member	05-Feb	29-Mar	26-Apr	30-Jun	14-Jul	29-Jul	20-Sep	28-Oct	6-Dec	20-Dec
HE Eng Dhafer Ayed Al Ahbabi – Chairman	P	P	P	P	P	P (By Proxy)	P (By Proxy)	P	P	P
HE Rashed Hamad Al Dhaheri – Vice Chairman	P	P	P	P	P	P	P	A	A	P
HE Mohamed Saif Al Suwaidi	P	P (By Proxy)	P	A	P	A	P	A	A	A
HE Khamis Mohamed Buharoon Al Shamsi	P	P	P	P	P	P (By Proxy)	P	P	P	P
HE Saif Saeed Ghobash	P	P	P	P (By Proxy)	P	P	P (By Proxy)	P	P	P
Mr. Ilias Assimakopoulos	P	P (By Phone)	P	P						
HE Salem Sultan Al Dhaheri					P	P	P (By Proxy)	P	P	A
HE Amna Obaid Al Zaabi	P	P (By Phone)	P	P	P	P	P	P	P	P

P: Present, A: Apologies sent/leave of absence was granted to members not attending the meeting(s). ■ End of Committee Term ■ Committee Term not started

The Company's last Annual General Meeting was held on April 26, 2015 and was attended by the following Board Members:

HE Eng Dhafer Ayed Al Ahbabi (Chairman)
 HE Rashed Hamad Al Dhaheri (Vice-Chairman)
 HE Khamis Mohamed Buharoon Al Shamsi (Member)
 HE Saif Saeed Ghobash (Member)
 Mr. Ilias Assimakopoulos (Member)
 HE Amna Obaid Al Zaabi (Member)

Related Party Transactions

Note 24 of Financial Statements provides details of related party transactions.

General Holding Corporation (Senaat) (holds 51% of Agthia Group PJSC Shares)

SENAAT	2015 AED'000	2014 AED'000
Directors' and Committee Members' fees paid	9	1,361
Other expenses	604	534
Total	613	1,895

AL FOAH	2015 AED'000	2014 AED'000
Local purchase	8	-
Other expenses	102	-
Total	110	-

Dealing in Company Securities

Apart from Ilias Assimakopoulos, none of the Board Members or their direct family members has traded in the Company's shares during 2015. All shares held by Ilias Assimakopoulos were held prior to his appointment as a Board Member. As of 31st Dec 2015, Ilias Assimakopoulos does not hold any Agthia shares.

Corporate Governance (continued)

Delegation of Authority

The Company operates a Delegated Authority Framework, which specifies how executive authority is delegated from the Board to the Chairman, who has delegated authorities to the Vice-Chairman and CEO and on to other senior management in the Company. The Delegation of Authority policy is established to define the limits of authority designated to specified positions of responsibility within the Company, and to establish the types and limits that may be approved by the specified positions.

Some of the key authorities delegated jointly to the Vice-Chairman and CEO by the Board are as follows:

- To jointly manage the Company and its subsidiaries' operations;
- To represent and jointly manage the Company and its subsidiaries in all transactions and documents before the Government;
- To sign jointly all contracts and agreements on behalf of the Company inside and outside of the United Arab Emirates (UAE);
- To represent the Company jointly in any manufacturing and/or distribution deals;
- To represent the Company jointly before the banks for opening and closing accounts, applying for loans and financial facilities, and signing LCs, bank guarantees, and other bank documents.
- The Board has not delegated any special authority to the Vice-Chairman and CEO in 2015.

Conflict of Interest and Disclosure

In performing their duties, the Board of Directors and employees are required to be fully aware of, clearly understand, and comply with all applicable laws, rules, and regulations. Any monetary and non-monetary benefits presented to employees in addition to the normal compensation paid by the Company should be in line with the conflict of interest policy. Employees should perform their duties with the principles of integrity, fairness, and in conformity to professional standards.

- The Company has formulated a policy for trading in the Company's securities by its employees and Board members. The policy ensures compliance with ADX/SCA regulations relating to insider trading.
- The Company has a policy restricting employees from receiving/giving gifts for benefits. This is to prevent any influence on the employees' independence and objectivity.

- Employees in management positions and employees involved in procurement are required to sign "Code of Business Conduct" statements annually.
- Directors should notify the Company Secretary if a material personal interest relating to the affairs of the Company arises. In this context, a material personal interest would refer to a financial transaction with a related party of the Company exceeding AED 5 million.
- Directors should abstain from attendance at a meeting of Directors where a matter in which they have a material personal interest is being discussed, unless the other Directors vote otherwise.
- If one of the major shareholders (represented by a Board Member) has a conflict of interest on a matter which can affect the price or volume of trading of the Company's securities, the Board of Directors should conduct a meeting and issue a decision in the presence of all its members, excluding the concerned shareholders/Board Member. In extraordinary cases, such issues can be resolved through a special committee formed for that purpose.
- Each Director shall on commencement of his/her term disclose to the Company the nature of the positions he/she occupies in other companies, public establishments, and other important commitments, and specify the time allocated thereto, and any changes to the above mentioned upon occurrence.
- Additionally, each Director shall disclose, on an annual basis, the nature of positions he/she occupies in the Company's securities, the parent company, and subsidiary or affiliate companies.
- Directors should comply with the disclosure policy and take remedial action where necessary.

Board Committees

The Company has established two Committees of the Board, the terms of reference of which are available upon request. Board Committees are established to assist the Board in discharging its responsibilities. They operate in terms of Board approved charters. The charters set out their roles, responsibilities, scope of authority, composition, and procedures for reporting to the Board.

Audit Committee

The Audit Committee, appointed by the Board of Directors, consisted of four members in 2015. Three members were independent non-executive directors, and the Committee included a fourth member with relevant financial and accounting expertise.

During 2015, six Audit Committee meetings were held:

Audit Committee Member	05 Feb	29 Mar	26 Apr	26 Jul	27 Oct	14 Dec
HE Rashed Hamad Al Dhaheri – Chairman	P	P	P	P	P	P
HE Amna Obaid Al Zaabi	P	A	P	P	P	P
HE Saif Saeed Ghobash	P	P	P			
HE Salem Sultan Obaid Al Dhaheri				A	P	P
Mr. Osama Al Sheleh	P	P	P	A	P	P

P: Present, A: Apologies sent/leave of absence was granted to members not attending the meeting(s).

■ End of Committee Term ■ Committee Term not started

Total fee for the year 2015 is AED 0.20 million (2014: AED 0.17 million).

Roles and Responsibilities

The Audit Committee maintains free and open communication between the external auditors, internal auditors, and senior management. The objectives of the Audit Committee include:

- Monitoring the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance, as well as reviewing significant financial reporting judgments that they contain.
- Reviewing the Company's internal controls, risk management, and compliance with the relevant regulations.
- Monitoring and reviewing the effectiveness of the Company's Internal Control Department.
- Reviewing any insider affiliated or related party transactions and reviewing compliance with such rules for the conduct and approval of such transactions.



- Making recommendations to the Board in relation to the appointment, reappointment, removal, and remuneration of the external auditor and ensuring a timely response by the Board on the matters contained in the external auditor's letter.
- Reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process, taking into consideration relevant professional and regulatory requirements.
- Developing and implementing policies on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm.
- Reporting to the Board on matters that in the Committee's opinion require action or improvement, and providing recommendations on the necessary steps required to achieve such improvement.
- Establishing a whistle-blower system whereby employees can anonymously notify their doubts on potential abnormalities in the financial report or internal controls or any other matter, and ensuring proper arrangements for independent and fair investigations of such matters.
- Determining the appointment, salary, bonus, benefits, compensation, performance appraisal, discipline, replacement, reassignment, or dismissal of the Head of Internal Control and Compliance.

Conduct and Values Committee

The Conduct and Values Committee is appointed as a sub-committee of the Audit Committee by the Board of Directors to assist the Audit Committee to review arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties including fraud, and to ensure that a process is in place for the independent investigation of such matters and for appropriate follow-up action. The Committee is entrusted by the Audit Committee with responsibilities for receiving, reviewing, assessing credibility of allegations, and investigating allegations.

The Committee members are:

- Head of Internal Control and Compliance (Chairman)
- Vice-President – Human Capital & OD
- Group Legal Director
- Director, Governance and Risk (Secretary)

Nomination and Remuneration Committee

The Nomination and Remuneration Committee is responsible for the review of the Company's HR framework and compensation programs. The Committee makes recommendations to the Board on the remuneration, allowances, and terms of service of the Company senior executives to ensure they are fairly rewarded for their individual contribution to the Company. All the Committee members are Independent Non-Executive Directors of the Board.

During the year, four Nomination and Remuneration Committee (NRC) meetings were held:

Nomination and Remuneration Committee Member	18 Mar	13 Apr	28 Sep	22 Dec
HE Mohamed Saif Al Suwaidi – Chairman	P	P	P	P
HE Khamis Mohamed Buharoon Al Shamsi	P	P	P	P
Mr. Ilias Assimakopoulos	P	P		
HE Saif Saeed Ghobash			P	A

P: Present, A: Apologies sent/leave of absence was granted to members not attending the meeting(s).

■ End of Committee Term ■ Committee Term not started

Total fee for the year 2015 is AED 0.15 million (2014: AED 0.15 million).

Roles and Responsibilities

The key objective of the Nomination and Remuneration Committee is to assist the Board in fulfilling its responsibilities regarding the following:

- Formulation and annual review of remuneration, benefits, incentives of the CEO and senior executives, and that the remuneration and benefits given to senior management are reasonable and in line with the Company's performance.
- Consideration and putting forward for Board approval proposals on remuneration adjustments, performance bonus, long-term incentives etc.
- Attracting and retaining the best available people based on competitive practices.
- Driving the performance-based remuneration culture within the Company.
- Reporting to the Board on matters that in the Committee's opinion require action or improvement, and providing recommendations.
- While it is the Committee's responsibility to exercise independent judgment, it does request advice from management and third-party independent sources as appropriate, to ensure that its decisions are fully informed given the internal and external environment.
- Determination of the Company's needs for qualified staff at the level of senior executives and the basis of selection.
- Annual performance review of the Company's senior executives and succession planning.

- Ensuring that Independent Non-Executive Directors remain independent on a continuous basis and at all times.
- Organizing and follow-up of the nomination procedure related to the Board of Directors' election and membership.
- Reviewing the potential for conflicts of interest and judgment, and that there are appropriate safeguards against such conflicts.
- Reviewing the remuneration policy, HR policy, and training policy/plan.

Chief Executive Officer

The Chief Executive Officer (CEO) is appointed by the Board. The primary role of the CEO is to define and execute the business vision, mission, and strategy of the Company. He is responsible for the Company's overall operations, profitability, and the delivery of sustained growth, and must direct the Company towards the achievement of its objectives. The CEO is expected to achieve business objectives, forecasts, and targets as defined by the Board, and to ensure that all operations are managed efficiently in terms of allocating resources appropriately and profitably.

Roles and Responsibilities

The CEO's key responsibilities include:

Strategic Performance

- Defining and advocating the Company's organization, values, and culture.
- Executing the Company's overall strategic plans and ensuring that objectives set by the Board are met.
- Providing input and ensuring the development of an effective and dynamic organizational structure that is well suited to the Company's strategic goals.
- Leading critical negotiations and agreements that have a strategic/crucial impact on the Company's continuity, success, or development.
- Reviewing the proposed acquisitions of any new business ventures, in conjunction with the Board.
- Promoting and protecting the Company's image and business objectives to the external community, and establishing and maintaining relations with the market and third parties.
- Coordinating with senior management in the formulation of goals and objectives for their respective functions as well as the development of budgets.
- Reviewing operating results, comparing results to established objectives, and ensuring appropriate measures are taken to correct deviations, if any.
- Overseeing the adequacy and soundness of the Company's financial structure.

Corporate Governance (continued)

Reporting

- Endorsing the monthly, quarterly, and year-end financial statements and management reports.
- Reviewing the reports, recommendations, and issues presented by senior management, and providing feedback and direction as required.
- Managing a regular reporting process to the Board on the Company's plans, performance, issues, and other important matters.
- Performing periodic evaluation of direct reports and ensuring the existence of a continuous self-development program for senior management.

Internal Audit and Risk Management

- Ensuring the existence of proper corporate-wide risk management activities.
- Supporting the Audit Committee to ensure the effectiveness and adequacy of implemented internal audit programs.

Legal Requirements

- Ensuring the appropriateness of the legal status of the Company and its subsidiaries, and adherence to all applicable laws and regulations.

Communication and Performance Evaluation

- Performing the duties of the primary spokesperson for the Company.
- Communicating business progress to the Board, shareholders, and employees on a regular basis.
- Encouraging and regulating internal and external communication, and creating a transparent and collaborative working environment. Ensuring the existence of proper and effective communication across the Company.
- Deciding on the recruitment of senior management in consultation with the Nomination and Remuneration Committee.
- Establishing performance measures for senior management. Managing the performance of senior management and assuming responsibility for their development, including regular performance reviews and development plans.

The Executive Committee

The Executive Committee (EC) is composed of senior executives of the Company responsible for the management of the business, and meets on a regular basis. The committee members report to the CEO. The prime role of the EC is to review business performance, and organizational and operational matters; set strategies/ initiatives and monitor their successful execution; and review key business KPIs, progress on key projects etc.

Company Secretary

The Company Secretary is the focal point for communication with the Board of Directors and senior management, and plays a key role in the administration of important corporate governance matters.

The Company Secretary has the following key responsibilities:

- Organize Directors' meetings in accordance with the agreed-upon procedures.
- Prepare notices, agendas of meetings, and supporting reports and documentation in a timely manner.

- Advise management on the content and organization of presentations prepared for Board meetings.
- Attend Board meetings and undertake secretarial responsibilities, including organizing minute-taking responsibility at each meeting.
- In conjunction with the CEO and other senior management, carry out instructions of the Board and give practical effect to the Board's decisions.
- Report to the Board with respect to all corporate secretarial responsibilities.
- Meet statutory reporting requirements in accordance with relevant legislation.
- Work with the Chairman and the CEO to establish and deliver good governance.
- Arrange/organize shareholders' meetings.
- Maintain good relations with the Stock Exchange and SCA through regular interaction with the regulators.
- Continually review developments in applicable corporate governance regulations and ensure the Company's compliance with the same.

Senior Executives

Iqbal Hamzah

Chief Executive Officer

Date of joining: August 2006

Qualifications:

Fellow member, Institute of Chartered Accountants of Pakistan

Fellow member, Institute of Chartered Corporate Secretaries

Below are the details of all the Senior Executives, illustrating their appointment dates, remuneration, and bonus for 2015.

Position	Appointment Date	Remuneration and Allowances paid in 2015 AED'000	Bonus for 2015 ¹ (estimate) AED'000
Chief Executive Officer	Sept 29, 2014	2,491	2,062
Acting Chief Finance Officer ²	June 23, 2015	1,133	314
Chief Operating Officer ³	Sept 13, 2015	668	286
Executive Vice-President – CBD	April 15, 2014	1,603	832
Executive Vice-President – ABD	April 15, 2014	1,327	747
Vice-President	April 15, 2014	1,188	435
Vice-President	April 15, 2014	1,088	344
Vice-President	April 15, 2014	1,236	337
Vice-President	Jan 6, 2016	NA	NA

¹ Payment for 2015 bonus is subject to shareholders' approval of the audited financial statements.

² On June 23, 2015, Fatih Yeldan was appointed Acting Chief Financial Officer of the Company. Prior to this appointment, Fatih had been Finance Director of Agri Business.

³ On September 13, 2015, Tariq Al Wahedi was appointed Chief Operating Officer of the Company. He joined Agthia from Senaat, where he held the position of Senior Vice President – Business Development and Projects. Previously, Tariq was Senior Vice President – Petrochemicals at Abu Dhabi Basic Industries Corporation.

External Auditors

The Board nominates the Company's external auditors based on the recommendation of the Audit Committee. The appointment and remuneration of the external auditors is approved by the general assembly of shareholders.

At the Annual General Meeting held on April 26, 2015, the shareholders re-appointed KPMG, one of the leading international audit firms, as the external auditors for the year 2015. KPMG is a multinational professional services firm headquartered in the Netherlands. It is one of the Big Four audit firms.

KPMG has been the only external auditor of the Company since their appointment at the Annual General Meeting held on April 26, 2015.

Audit and non-audit related fees and costs of the services provided by the external auditors during 2015 were AED 694,625.

	AED
Year End – Audit	226,724
Quarter Review	374,325
Review of Subsidy	45,000
Other Non-Audit services*	48,576
Total	694,625

*other non-audit services mainly includes XBRL reporting

No other services of external auditors were utilized during 2015.

Internal Control Framework

The Company's system of internal control aims to ensure that the Board and management are able to fulfill the Company's business objectives. An effective internal control framework contributes to safeguarding the shareholders' investment and the Company's assets.

The objective of the Company's internal control framework is to ensure that internal controls are established; that policies and procedures are properly documented, maintained, and adhered to, and are incorporated by the Company within its normal management and governance processes.

The Company's policy and procedures are considered to be adequate and effective, while recognizing that such a system is designed to mitigate rather than eliminate the risk of failure to achieve business objectives, and can provide reasonable but not absolute assurance against material misstatement or loss. There is an ongoing process for identifying, evaluating, and managing the risks faced by the Company. The management is responsible for identifying key risks and assessing their probable impact through formal defined processes.

The Board of Directors acknowledges its responsibility for the Company's internal control framework and, to the best of their knowledge, believes that during the year, there have been no significant control failings, the overall system of internal control is sound and has been effectively implemented and monitored.

Internal Control Department

The Board has delegated responsibility for oversight of the Internal Control Department (ICD) to the Audit Committee. The Head of Internal Control and Compliance is appointed by the Audit Committee.

The objective of the function is to provide independent assurance and consulting services using a disciplined systematic approach to improve the effectiveness of risk management, internal control, compliance and governance process, and the integrity of the Company's operations. The function is also responsible for monitoring the compliance of the Company and its employees with the law, regulations, and resolutions, as well as internal policies and procedures. A Charter sets out the purpose, authority, and responsibility of the function.

Reports prepared by ICD are submitted to the Audit Committee and copied to the senior management of the Company for action. On an ongoing basis, the Audit Committee monitors the progress that management has made with respect to remedial actions taken on issues and findings raised by ICD. The Audit Committee reviews the effectiveness of ICD.

Abelardo Ramos is the Head of Internal Control and Compliance. He is also the Compliance Officer.

Qualifications:

Member, Institute of Internal Auditors (IIA) (USA)

Member, Institute of Internal Controls (IIC) (USA)

B.Sc. in Accountancy (BSAc)

Employees and our Approach to Business Ethics

We are committed to ensuring that the people who work within our business are treated with respect, and that their health, safety, and basic human rights are protected and promoted. We have policies and procedures which set out the standards of behavior all employees are expected to follow, and provide useful guidance to help employees when it comes to making the right decision. We also have a whistle-blower system to enable employees to raise any concerns they may have that cannot be dealt with through the normal channels.

Risk Management

Risk management is an integral part of our Corporate Governance Framework. The Group has a Risk Management Department, which acts as the custodian of the Company's risk architecture and its management. Risk management is integral to Agthia's strategy and to the achievement of our long-term goals. Our success as an organization depends on our ability to identify and exploit the opportunities generated by our business and the markets we operate in. In doing this, we take an embedded approach to risk management that puts risk assessment at the core of the leadership team agenda, which is where we believe it should be.

Risk can present itself in many forms, and has the potential to impact our health and safety, environment, community, reputation, regulatory, market and financial performance and thereby the achievement of our corporate purpose. By understanding and managing risk, we provide greater certainty and confidence for our shareholders, employees, customers, suppliers, and for the communities in which we operate. Successful risk management can be a source of competitive advantage.

Our risks are viewed and managed on a Group-wide basis. Risk management is embedded in our critical business activities, functions, and processes. Materiality and our tolerance for risk are key considerations in our decision-making.

At strategic level, our risk management objectives are:

- To identify the Company's significant risks and appropriate mitigating actions.
- To formulate the Risk Appetite Statement and ensure that our business profile and plans are consistent with it.
- To ensure that business growth plans are properly supported by effective risk infrastructure.
- To help executives improve the control and co-ordination of risk-taking across the business.



Corporate Governance (continued)

The Company's approach is to provide direction on: understanding the principal risks to achieving the overall strategy; establishing risk appetite; and establishing and communicating the risk management framework. The process is then broken down into five steps: identify, assess, control, report, and manage. The Company's overall risk management strategy is broadly unchanged from 2014.

Steps	Activity
Identify	<ul style="list-style-type: none"> Establish the process for identifying and understanding key business-level risks
Assess	<ul style="list-style-type: none"> Agree and implement measurement and reporting standards
Control	<ul style="list-style-type: none"> Establish key control processes and practices Monitor the operation of the controls Provide early warning of appetite breaches
Report	<ul style="list-style-type: none"> Communicate with all stakeholders
Manage	<ul style="list-style-type: none"> Review all aspects of the Group's risk profile Review and challenge risk management practices

The Board has established a risk and control structure designed to manage the achievement of strategic business objectives. It is not the Company's strategy to seek to generate earnings growth by taking higher risk. A risk appetite statement specifies the maximum performance variability and risk exposure with qualitative and quantitative statements targeting parameters or acceptable boundaries, while executing our business model for creating sustainable shareholder value. The risk appetite of the Company can be defined as "the amount of risk we are willing to seek or accept in the pursuit of our mid-to long-term strategic objectives."

In addition, the Risk Committee reviews the risk appetite and future risk strategy, and makes recommendations on risk appetite to the Board and actions required to ensure adequate controls/mitigating actions are in place against key identified risks.

The Audit Committee, with assistance from the Internal Control Department, oversees compliance with risk management processes and the adequacy of risk management activities related to the Company's operations.

An annual business risk assessment is undertaken in order to structure an effective management of risk. The Chairman of the Risk Committee reports risk management activities/status to the Board on a half-yearly basis.

Muhammad Nadeem Sohail

Director, Governance and Risk

Qualifications:

Member, Institute of Chartered Accountants in England and Wales (ICAEW) (UK)

Member, Association of Chartered Certified Accountants (ACCA) (UK)

B.Sc. (Hons) in Applied Accounting (UK)

Roles and Responsibilities

The responsibilities of the Risk Management Committee include:

- Advising the Board/Executive Committee (EC) on the Company's overall risk appetite, tolerance, and strategy.
- Ensuring the risk register is up to date and that risk assessments and status of mitigation actions are reviewed and updated quarterly.
- Reviewing regularly and approving the parameters used in these measures and the methodology adopted.
- Setting a standard for the accurate and timely monitoring of large exposures and certain risk types of critical importance.
- Reviewing the Company's capability to identify and manage new risk types.
- Advising the Board/EC on proposed strategic transactions including acquisitions or disposals, ensuring that a due diligence appraisal of the proposition is undertaken, focusing in particular on risk aspects and implications for the risk appetite and tolerance of the Company, and taking independent external advice where appropriate and available.
- Reviewing reports of any material breaches of risk limits and the adequacy of proposed action.
- Keeping under review the effectiveness of the Company's risk management systems, and reviewing and approving the statements to be included in the annual report concerning risk management.
- Considering and approving the remit of the risk management function, and ensuring it has adequate resources and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards.

The Management and Executive Committee members of our business dedicate time each year in a facilitated discussion with the Group risk team to consider the risk environment for their particular functional or geographic area of responsibility and how these could impact on the achievement of the Group's strategic objectives. Through the course of each year, the EC and Board agendas address all of the top risks to ensure proper focus and progress with mitigation.

Note 3 of the financial statements outlines the financial and capital risk management covering:

- Market risk
- Credit risk
- Liquidity risk
- Operational risk
- Capital risk

Other key risk areas listed below are those we believe could cause our results to differ materially from expected and historical results. They are not listed in order of significance.

Fluctuations in commodity prices and impacts of ongoing global economic volatility may negatively affect our results

The prices we obtain for our commodities are determined by, or linked to, prices in world markets, which have historically been subject to substantial volatility. The bulk of the Company's input cost consists of soft commodities (grains, PET, sugar, milk powder), which are exposed to volatile global prices. Soft commodities' prices may vary due to various factors including crop performance, Government policies, demand versus supply, oil price, and weather conditions. The Company's Commodity Risk Management Committee oversees the procurement strategy and its execution. Various commodity intelligence reports and forecasting tools are used to identify international trends and facilitate competitive buying.

Any change in the subsidy regime for Flour and Animal Feed, currently in place for Abu Dhabi Emirate, may result in volume loss in the short term. We have already developed plans to minimize the impact of such subsidy changes.

A range of the Company's products fall under price controls exercised by relevant Government regulators, with whom the Company maintains open communication. Input costs of such products are regularly monitored and, in the case of significant cost increases, the matter is taken up with the relevant authority, seeking approval for partially passing the cost increase to consumers/customers.

Inability to pass on higher input cost to consumers will impact profitability.



Quality and Food Safety

The Company adheres to a strict quality and food safety management system with certification to ISO 9001 (Quality Management System), ISO 22000 (Food Safety Management System), and HACCP (Food Safety System). Certifications are awarded by Lloyd's Register Quality Assurance (LRQA), with a recurring six-month audit review program. In 2015, all UAE facilities were awarded the Food Safety System Certificate (FSSC) 22000 aligned with Global Food Safety Initiatives (GFSI). Good Agriculture Practices (GAP) is also being implemented in farms supplying crops to our operations in Egypt. Moreover, for the second year the animal feed operations in our Agri Business were awarded a grade "A" rating by the Abu Dhabi Food Control Authority (ADFCA) for excellence in facility management. Our Al Wathba bakery site has also been selected by ADFCA as one of the best food establishments in the emirate of Abu Dhabi for the year 2015.

Agthia won the gold category in the Sheikh Khalifa Excellence Awards (SKEA), aligned with international best practices and aligned with the European Foundation for Quality Management (EFQM) Excellence model.

Agthia implemented Q-Pulse, a Quality software during 2015. This has helped streamline processes by bringing consistency across all sites within the Group.

Strict and high-standard quality assurance processes and systems are followed to ensure all raw materials procured and finished goods produced meet the set standards.

Environmental, Health, and Safety Laws

In order to ensure compliance with applicable laws and regulations, the Company proactively works closely with local and regional regulatory authorities to understand changes to existing regulations and collaborate in complying with new regulations. The Company is certified for ISO 14001 (Environmental Management System) and OHSAS 18001 (Health and Safety Management System) except our operations in Agthia Bakery and Turkey, where the implementation of these standards is currently under way. In 2015, the Company was still using the Phytase enzyme in its animal (poultry) feed to reduce the environmental impact of phosphorus in animal waste. Furthermore, within the "Go Green" initiative in the Company to control energy utilization and waste management, Agthia has reduced the weight of Polyethylene Terephthalate (PET) in its packaging materials and saved more than 1,200 tons of PET. Moreover, the optimization of carton specification saved 1,300 tons. Our shrink film and secondary packaging material are 100 percent biodegradable.

All these initiatives show the high commitment of Agthia to the environment and sustainability. We reduced waste to landfill from 57 percent in 2014 to 32 percent in 2015 (target was 45 percent) across the group, complying with Abu Dhabi Center waste management (Nadafa Program).

Laws and Regulations

We must also adapt to and comply with a broad range of laws and regulations. Moreover, as rules and regulations change, and governmental interpretation of those rules and regulations evolves, the nature of a particular risk may change. Changes to certain regulatory regimes may be substantial. Any change in, and any failure to comply with, applicable law and regulation could materially and adversely affect our financial results. Engaging with governmental and non-governmental organizations in a positive and supportive way allows us to represent our views and to manage the impact of political and regulatory changes.

Supply Chain Continuity

Failure to deliver a continuous supply of compliant finished product. Our supply chain model is designed to help ensure the supply, quality, and security of our products. Where practical, dependencies on single sources of critical items are removed. For all of our key supplies, we aim to have a minimum of one back-up supplier to ensure no major disruptions are caused in our day-to-day running of business. This excludes supplies that need to be sourced directly from a specific manufacturer, or the procurement of which is governed by the underlying agreements.

Risks of underperformance against plan, Company business may fail to meet the stated strategy in full

All business units have set targets; performance against budgets and KPIs are monitored continually and reported regularly to the Board. Financial strategy risks and performance are regularly reviewed by the Board and Executive Committee. Consistent operational plans and budgets are developed throughout the Group to help drive delivery. If any markets/business/products are not performing as per plan, despite executing required initiatives, we may consider pulling out or divesting from such businesses. Any material business divesting (e.g. shutting down an operation) will require Board approval.

Human Capital

Risk that the Company cannot implement its strategies and meet objectives as a result of key management leaving the business who cannot be readily replaced by equally experienced/qualified candidates. The Company utilizes a variety of talent attraction and retention tools to minimize regrettable losses, and conducts a yearly performance evaluation and succession planning review.

Brand Reputation

Various factors may adversely impact our reputation, including product quality inconsistencies or contamination resulting in product recalls. The Company has a comprehensive set of policies, processes, and systems to drive compliance with good manufacturing practice and monitor quality assurance. The Company has defined an efficient process for product recalls where necessary and also maintains product liability insurance coverage. There were no instances of product recall during 2015.

Business Interruption

Risk that our business continuity plans are inadequate and we face interruptions of our supply chain and disruptions in our production facilities, which could materially adversely affect our operational results. In 2015 there were no major business interruptions; some minor interruptions were observed and managed effectively. The Company has successfully implemented a business continuity management system as part of the Abu Dhabi emirate's initiatives.

A dedicated team of Business Continuity and Crisis Management experts supports our business. Their responsibilities include: chairing the Business Resilience Steering Committee; coordinating crisis management and business continuity training; facilitating exercises and monitoring to provide for consistency and alignment; and centrally storing and monitoring updates for plans supporting our critical business processes. These activities help ensure an appropriate level of readiness and response capability is maintained. Also maintains insurance coverage for Business Interruption.

Corporate Social Responsibility (CSR)

The Company's CSR program has four pillars: Health and Wellness, Food Safety and Food Security, People and Emiratization, and Environment. More details can be found in the CSR section of the 2015 Annual Report. The total amount spent in 2015 on CSR initiatives was AED 2.36 million (2014: AED 3.2 million). The key initiatives or sponsorships related to community support are: Rashid Center for the Disabled; Autism campaign; third Child Mental & Behavioral Conference; Zaheb initiative, aiming at developing workforce-readiness skills for 2000 Emirati youth in Abu Dhabi, in partnership with Injaz UAE, a member of Junior Achievement Worldwide – the largest experiential business education provider globally.

Corporate Governance (continued)

Employee Engagement

We recognize the value of good communication in engaging our employees in order to achieve common goals and we have a number of established employee communication mechanisms in place to achieve this goal, including regular communication meetings, the Group's intranet site, and increased participation on Yammer – the Group's social network.

The transparency of our leadership has increased through the institution of monthly CEO Messages, quarterly "town halls," and the Group's quarterly IDEA-Logue newsletter. As part of our efforts to empower all employees and drive an Owner's Mindset, we introduced an employee suggestion scheme initiative: Em-Power.

We acknowledge and motivate employees to contribute to Agthia's success through recognition programs such as CEO Sales Champion Awards, IDEA (core values) Awards, and Leadership@Agthia Awards.

Compliance Statement

During the year 2015, the Company was not subject to any material fines or penalties imposed by SCA or any statutory authority on any matter related to capital markets. Additionally, there have been no cases of material non-compliance with any applicable rules and regulations. No major incidents occurred in 2015.

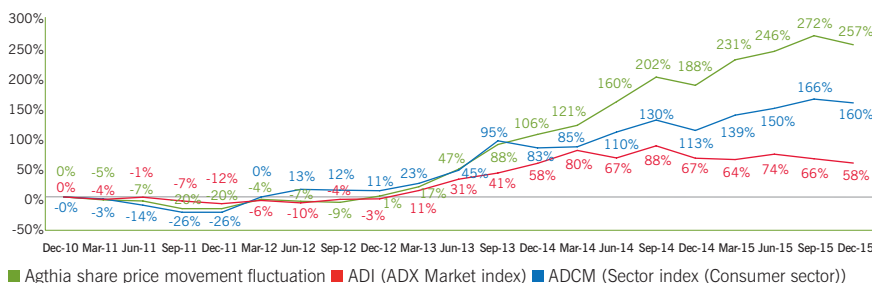
Share performance 2015

Month end share price (AED)

Month	Open	High	Low	Close
Jan-15	6.30	6.30	6.30	6.30
Feb-15	6.79	6.84	6.50	6.84
Mar-15	7.10	7.15	7.00	7.12
Apr-15	7.40	7.70	7.40	7.70
May-15	7.58	7.58	7.00	7.55
Jun-15	7.35	7.47	7.35	7.43
Jul-15	7.26	7.80	7.26	7.71
Aug-15	7.60	7.85	7.60	7.82
Sep-15	7.95	8.13	7.95	8.00
Oct-15	7.52	7.86	7.50	7.65
Nov-15	7.65	7.80	7.65	7.71
Dec-15	7.67	7.67	7.67	7.67

Share movement versus ADI and ADCM Index 2015

Base: December 31, 2010



Shareholder category (number of shares)

As of December 31, 2015

Category	Government	Individuals	Institutional	Total	Percentage
UAE	340,001,000	111,847,205	71,639,168	523,487,373	87.2%
GCC		137,059	23,654,625	23,791,684	4.0%
Arabs		561,411	93,892	655,303	0.1%
Foreign		2,172,137	49,893,503	52,065,640	8.7%
Total	340,001,000	114,717,812	145,281,188	600,000,000	100.0%
Percentage	56.7%	19.1%	24.2%	100.0%	

Shareholders owning 5% or more

As of December 31, 2015

Shareholders	No. of shares	Percentage
General Holding Company	306,000,000	51.00%
Emirates International Investment Company L.L.C	42,103,974	7.02%
Abu Dhabi Retirement Pensions and Benefits Fund	30,000,000	5.00%

Distribution of shareholders according to the size of ownership

As of December 31, 2015

Share ownership	No. of shareholders	No. of shares owned	Percentage
Less than 50,000	72,804	101,867,464	17.0%
From 50,000 to less than 500,000	156	26,745,458	4.5%
From 500,000 to less than 5,000,000	44	64,060,222	10.7%
More than 5,000,000	6	407,326,856	67.9%
Total	73,010	600,000,000	100.0%

Significant Events 2015

On October 12, 2015 we announced the acquisition of 100 percent equity in Al Bayan Water Company, a leading player in the 5-gallon bulk water segment in the UAE, with presence also in Oman.

Al Bayan, established in 1999, has a strong presence in the UAE and particularly in the Northern Emirates, where the majority of their assets are located, in addition to a manufacturing operation in Oman since 2002. Al Bayan's manufacturing and warehousing facilities in Dubai and Ajman, and Agthia's facilities in the Abu Dhabi emirate, provide many opportunities for synergy, ranging from lower production costs to optimized distribution fleets, manufacturing and warehousing facilities.

With an established brand and sales & distribution infrastructure, coupled with Agthia's manufacturing expertise, sales and marketing knowledge, and its iconic brands, Al Bayan is an excellent strategic fit for Agthia. We look forward to further consolidating our leading position in the UAE water category and unlocking the growth potential of the combined business.

Eng Dhafer Ayed Al Ahbabi

Chairman

February 28, 2016

