Profile: Mubadala Development Company

**History and Purpose:**
Mubadala Development Company was established by the Government of Abu Dhabi in 2002, and is wholly owned by the government of Abu Dhabi, one of the United Arab Emirates. The government of Abu Dhabi owns multiple sovereign investors, including the larger Abu Dhabi Investment Authority and the Abu Dhabi Investment Council. Mubadala functions as a strategic investor, and unlike a traditional SWF, its mandate includes objectives in addition to financial return. Mubadala invests to facilitate the diversification of the emirate’s economy through investments and developing new businesses. In practice, this means that Mubadala focuses on managing long-term, capital intensive investments that deliver both financial return and social return to the Emirate. Mubadala enacts this strategy through its nine business units, each focusing on an area the government considers important for the development of the Emirate’s economy.

**Investment Strategy and Objectives:**
Mubadala fulfills its investment mandate, the diversification of the Abu Dhabi economy as laid out in the emirate’s report, Abu Dhabi Economic Vision 2030, through the implementation of two investment strategies: business development and investments. While the primary objective of both strategies is financial return, social impact, sustainability, and the impact of the investments on the economy of Abu Dhabi are all important considerations.

1. **Business Development**
Mubadala’s business development activities focus on the creation of new businesses in Abu Dhabi. Mubadala has started numerous businesses across its nine operating segments. Business development focuses on sectors in which Mubadala aims to create employment opportunities in Abu Dhabi. Mubadala typically works with partners, and partners include leading multinational companies in their sectors, such GE and Airbus.

2. **Investments**
Mubadala takes large equity positions in public and private companies. Unlike some sovereign investors, Mubadala often plays an active role in their management, and Mubadala’s senior executives sit on the boards of their portfolio investments. Mubadala builds a competitive advantage for its portfolio companies by establishing synergetic clusters of investments within Abu Dhabi. For example, Mubadala has built clusters of investments focused on Aerospace and aluminum in the emirate.

**Sources:** Mubadala Website, 2011 Annual Report, interview with CFO Carlos Obeid [http://www.bi-me.com/main.php?id=50758&t=1]
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Masdar:
Masdar is a wholly-owned Mubadala subsidiary that invests in renewable energy and sustainable technology. Masdar has four key focus areas: research, investment, energy, and Masdar city.

Masdar City
Masdar City is an approximately $20 billion planned city investment. The city, designed by Foster and Partners, is planned for 40,000 residents, and is intended to serve as a hub for sustainable business and research. Final completion is scheduled for sometime between 2020 and 2025. Additional city features include:
• The Masdar Institute of Science and Technology, a research institute established in collaboration with the Massachusetts Institute of Technology
• A special economic zone to encourage foreign investment, particularly in the clean energy sector
• A business incubator building, to centralize and provide services to clean energy start-ups, as well as regional offices of larger corporations

Energy and Investments
Masdar’s business units include Masdar Capital and Masdar Clean Energy. Masdar Capital manages $540 million through two clean technology funds. The funds seek financial return through active investment management. Through these funds, Masdar Capital seeks to commercialize clean energy technology in the UAE. Masdar Clean Energy invests in and develops clean energy projects around the world. These projects include:
• Two major solar power projects in Abu Dhabi, including a 100MW photovoltaic project, and a 100MW concentrated solar power project
• Masdar has invested in several high profile clean energy projects internationally, including a 630MW London Array offshore wind farm.

Recent Events:
02/2013 – Defense Related Investments
• Mubadala showcased its defense-related companies at the 2013 International Defense Exhibition and conference. Seven Mubadala companies participated, demonstrating that the emiratization strategy extends to the defense sector.

11/2012 – Bauxite Agreement Signed with Guinea
• The governments of the UAE and Guinea signed a long-term agreement to supply bauxite to the UAE. The agreement will support provide a reliable supply of bauxite to Emirates Aluminum, a Mubadala company.

Strategic Issues:
Diversification of Business Sectors
• When Mubadala was founded in 2002, its portfolio focused on the oil and gas sector, reflecting the concentration of the economy of Abu Dhabi. As Mubadala has grown, it is gradually expanded its investment focuses moving into information and communications technology and healthcare. More recently Mubadala has emphasized additional sectors, including semiconductors and aerospace.

Portfolio Synergies and Centralization
• Mubadala’s business model is based on the belief that Mubadala can generate synergies among its portfolio companies, improving financial returns for Mubadala and social returns for Abu Dhabi. To that end, Mubadala has invested in creating industry cluster in Abu Dhabi focused on specific industries, such as aerospace and semiconductors. Mubadala believes it can achieve a competitive advantage across its portfolio by centralizing some of the functions of its portfolio companies. Consequently, Mubadala has centralized financing, legal, and risk management functions.

Source: Mubadala website, The National Interview with Khaldoon Al Mubarak; Business Intelligence interview with CFO Carlos Obeid
Organizational Structure

Board of Directors
- 7 Members
- Chaired by H.H. Sheikh Mohamed bin Zayed Al Nahyan, President of the UAE and Ruler of Abu Dhabi

Management Team

Chief Executive Officer
Khaldoon Khalifa Al Mubarak

Chief Operating Officer
W. Al Muhairi

Chief Financial Officer
C. Obeid

Chief Legal Officer
S. Halawa

ED, Human Capital
K. Al Qubaisi

ED, Mubadala Aerospace
H. Al Shemmari

ED, Mubadala Industry
A. Al Idrissi

Profile: Mubadala Development Company

Key People:

H.E. Khaldoon Khalifa Al Mubarak – Chief Executive Officer and Managing Director
- Joined Mubadala at its founding in 2002
- Member of the Executive Council of Abu Dhabi
- Chairman of Abu Dhabi’s Executive Affairs Council
- Member of Mubadala’s Investment Committee
- Director of First Gulf Bank, Ferrari, and Aldar
- Chairman of Manchester City Football Club
- Graduate of Tufts University with a degree in Economics and Finance

Waleed Al Mokarrab Al Muhairi – Chief Operating Officer
- Joined Mubadala in XXXX
- Member of Mubadala’s Investment Committee
- Formerly Worked at UAE Offsets Company and McKinsey and Company
- Director of multiple Mubadala portfolio companies, including AMD
- Graduate of Harvard and Georgetown universities

Carlos Obeid – Chief Financial Officer
- Joined Mubadala in 2004
- Member of Mubadala’s Investment Committee
- Worked at UAE Offsets Company prior to joining Mubadala
- Lebanese national
- Graduate of INSEAD and the American University of Beirut

Governance:

The Board of Directors
- Mubadala is overseen by a seven member Board of Directors, chaired by H.H. Sheikh Mohamed bin Zayed Al Nahyan, the Crown Prince of Abu Dhabi. The Board of Directors is responsible for the direction and strategy of Mubadala on behalf of its shareholder, the Government of Abu Dhabi. The CEO reports to the Board via its annual Business Plan and Budget.

Corporate Governance and Compliance Programs
- Since 2011 Mubadala has worked to strengthen its corporate governance and compliance programs. In 2011 Mubadala implemented a governance training program for all of its Board and Board Committee members.

Transparency

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<tr>
<th>Linaburg-Maduell Rating</th>
<th>Truman Scoreboard</th>
<th>Santiago Principles Rating</th>
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<tbody>
<tr>
<td>10/10</td>
<td>59/100</td>
<td>66</td>
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- While Mubadala does not strictly consider itself an SWF, it is nonetheless ranked by the traditional SWF transparency measures. Mubadala meets many of the transparency measures established by the IFSWF and Truman Scoreboard. Mubadala publishes an annual report and detailed financial statements. Mubadala also clearly discloses its investment objectives, strategies, and audit reports. Mubadala’s transparency is necessary, as the firm has raised money in the capital markets, and has entered into numerous joint ventures. Mubadala is among the most transparent SWFs in the Gulf.

Note: (1) Assesses both transparency and accountability, (2) Made up of 30 generally accepted principles for SWFs, developed in October, 2008

Source: (a) Sovereign Wealth Fund Institute; (b) Truman Scoreboard / Peterson Institute

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