



Strategy and Investment Committee Charter



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STRATEGY AND INVESTMENT COMMITTEE CHARTER

1.0 DEFINITIONS

In this Charter (if not inconsistent with the subject or context and unless otherwise stated herein) the words and expressions set out in the first column below shall bear the meaning set out opposite to them respectively:

Board	Collectively, the Board Members.
Board Member	Any member of the Board as standing per the Register of members of the Board and the Secretary of the Company.
Charter	This Strategy and Investment Committee Charter.
Committee	The Strategy and Investment Committee constituted by the Board pursuant to this Charter.
Committee Chairman	Chairman of the Committee.
Company	Abu Dhabi National Energy Company PJSC ('TAQA').
Delegation of Authority	The Group Policy on Delegation of Authority as may be amended from time to time.
Employee	An Employee of the Group.
Executives	An Employee of the Company directly reporting to the Group Chief Executive Officer and Managing Director and carrying out managerial responsibilities including employees designated as an Executive by the Nomination and Remuneration Committee. Collectively, as Executives.
Governance Rules	The governance rules set forth in Securities & Commodities Authority Decision No. (3/Chairman) of 2020 Concerning the Approval of Joint Stock Companies Governance Guide, as the same may be modified and amended from time to time.
Group	Collectively, the Company and each of its wholly-owned or controlled subsidiaries.
Non-Executive Board Member	Shall have the meaning given to such term in the Governance Rules.

O&G Business Unit	A member of the Group owning and engaged in oil and/or gas operations.
Generation Business Unit	A member of the Group owning, and engaged in, power and/or water generation.
Secretary	The secretary of the Committee appointed by the Committee Chairman.
Senior Management	An Employee directly reporting to an Executive
Subsidiary	An entity in which the Company holds, directly or indirectly, more than 50% interest or shareholding and shall have the meaning given such term in the Governance Rules.
T&D Business Unit	A member of the Group owning, and engaged in, electricity or water transmission or distribution operations.

2.0 PURPOSE AND ROLE OF THE COMMITTEE

- 2.1 This Charter documents the role, function, and powers of the Committee and outlines procedures and guidelines applied by the Committee when assisting the Board by reviewing and endorsing:
- i. The Group's strategy.
 - ii. Strategies and initiatives for its power and/or water generation business, oil and gas businesses and the electricity and water transmission or distribution businesses.
 - iii. Business development activities, including merger & acquisition, and greenfield and brownfield development, and disposals of assets and businesses.
 - iv. Proposals for capital expenditure or abandonment expenditure by a member of the Group, whether or not such proposals are for projects that are part of the approved annual budget or the approved capital programme, which are not within the approval authority of the Group Chief Executive Officer according to the Delegation of Authority.
 - v. Financing and cash management activities of the Group.
 - vi. Annual budget and plans, as well as overruns.
- 2.2 This Committee shall also oversee implementation of the strategies and investments or disposals approved by the Board.

3.0 COMPOSITION AND APPOINTMENT

- 3.1 Members of the Committee shall be appointed by the Board and shall comprise of a minimum of three Board Members. However, the chairman of the Board may not be a member of the Committee.
- 3.2 The term of the members of the Committee and the Committee Chairman shall be as determined by the Board, subject to annual review and assessment of the Committee.
- 3.3 The fee (if any) to a Committee member for serving on the Committee shall be determined by the Nomination and Remuneration Committee, thereafter, endorsed by the Board to the shareholders for approval.
- 3.4 A member of the Committee who wishes to resign should provide at least 60 (sixty) days' prior written notice to the Committee so that a replacement may be appointed in a reasonable timeframe. In case where a member of the Committee resigns, or for any reason ceases to be a member, the Board shall as soon as practically possible appoint such number of the new members as may be required to fill the vacancy.
- 3.5 The Board shall appoint the Committee Chairman who shall be a Non-Executive Board Member. In the absence of the Committee Chairman, the remaining Committee members will elect a member to act as Committee Chairman for the meeting.
- 3.6 The Committee Chairman may invite any Board Member, Executives, Senior Management of the Group or any other person to attend any meeting of the Committee, as it may deem necessary and desirable to assist the Committee in carrying out its responsibilities. Such invitees shall not be a voting member of the Committee.
- 3.7 The Committee shall via the Secretary make available to new members of the Committee a suitable induction process and, for existing members, ongoing training as discussed and agreed by the Committee or the Nomination and Remuneration Committee of the Company.

4.0 PROCEDURAL REQUIREMENTS

4.1 Meeting Frequency

The Committee shall meet as frequently as required, as determined by the Committee Chairman, to perform the duties and responsibilities set out in this Charter, and at least once every three months.

4.2 Notice of Meetings

- i. Meetings of the Committee shall be arranged by the Secretary, at the request of the Committee Chairman. The Group Chief Executive Officer and Managing Director may also request a meeting with the Committee at any time, whenever required.

- ii. Unless otherwise agreed, notice of each meeting confirming the venue, time and date shall be forwarded to each Committee member and to other attendees (as appropriate) in advance of each scheduled meeting date together with an agenda and supporting documentation. The Secretary shall distribute the agenda and supporting documentation at least five (5) working days prior to any scheduled meeting to the members of the Committee to enable full and proper consideration.

4.3 Attendance and Quorum

A member of the Committee must attend all meetings and may not be represented in the meetings by a proxy. The quorum necessary for the transaction of business and convening a valid meeting shall be majority of Committee members. Attendance may be either in person, by telephone or video conferencing facilities. Decisions may be made via circulation and in writing which will be noted or ratified in the subsequent meeting of the Committee.

4.4 Declaration of interests

A Committee member, invitee or advisor who is in any way, whether directly or indirectly, interested in a contract, arrangement or any other dealing, or proposed contract arrangement or dealing, with the Company, or its related parties, shall declare the nature of his interest in accordance with the provisions of this Charter. For the purpose of this Charter, a general notice given by a Committee member/advisor to the other Committee members/advisors to the effect that he is a shareholder or a director of a relevant company or firm, and is to be regarded as interested in any contract, arrangement or dealing, which may, after the date of the notice, be entered into or made with that company or firm, shall be deemed to be a sufficient disclosure of interest in relation to any contract, arrangement or dealing so entered into or made. The Committee members shall be required to disclose information as required by the conflict of interest policy of the Company, as amended from time to time.

4.5 Decision Making

The Committee shall take decision by majority votes. Each member of the Committee will have one vote. The Committee Chairman will have a casting vote in case of equality of votes. In the event a member of the Committee has abstained from voting and the votes are tied, the matter shall be referred to the Board.

4.6 Meeting Minutes

- i. The Secretary shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- ii. The Secretary shall promptly circulate draft meeting minutes to the members of the Committee for review within fourteen (14) working days from the conclusion of the meeting. Meeting minutes shall be signed by all members present and the Secretary and shall be noted by the Committee at the subsequent meeting of the Committee. The Secretary shall promptly communicate decisions taken and resulting action points to the relevant Executives or Senior Management along with deadlines and reporting expectations.

5.0 DUTIES AND RESPONSIBILITIES OF THE COMMITTEE

5.1 Corporate Strategy

The Committee shall be authorised to undertake the following activities:

- a) Review and endorse a long-term business strategy of the Group and make recommendations to the Board.
- b) Review and endorse any changes to the approved long-term business strategy of the Group and make recommendations to the Board.
- c) Review and endorse growth strategies into new geographies, businesses, or technologies and any changes in strategic direction and make recommendations to the Board.
- d) Review and endorse strategies and plan for diversification of the shareholder group and make recommendations to the Board.
- e) Review and endorse synergies and cost optimization initiatives (e.g., Global Supply Chain, Digitization, etc.) and its implementation to the extent approved by the Board.
- f) Review and endorse the 5-year business plan and the annual business plan; and
- g) Review and endorse the annual budget of the Group and the Group corporate score card.

5.2 Generation Business Strategy

The Committee shall be authorised to undertake the following activities:

- a) Review and endorse strategies for growth and development of the power and/or water generation business aimed at positioning the Company as a regional MENA developer and operator champion in power and/or water generation and make recommendations to the Board.
- b) Review and endorse strategies and plan for preserving and enhancing the value of its interests in the power and/or water businesses (including its operatorship capabilities).
- c) Require the relevant Generation Business Unit to report to the Committee on progress with implementation of strategies approved by the Board and the initiatives identified for implementing them.

- d) Review and endorse renewal or material amendments to power and/or water offtake agreements (including any changes to the terms of any new investment that may have been endorsed by the Committee) and make recommendations to the Board.

5.3 Transmission and Distribution Business Strategy

The Committee shall be authorised to undertake the following activities:

- a) Review and endorse strategies for growth and development of the electricity or water transmission or distribution businesses, including network expansion, new interconnection projects and non-regulated revenues, and make recommendations to the Board.
- b) Review and endorse strategies and plan for improving operational efficiency of the T&D Business Units, including capacity management practices and alignment of operations to approved capacity plans, and make recommendations to the Board.
- c) Require the relevant T&D business Unit to report to the Committee on progress with implementation of strategies approved by the Board and the initiatives identified for implementing them, and ensuring compliance; and
- d) Review and endorse proposals for regulation and revenue management i.e., Maximum Allowed Revenue for the T&D Business Units, including the capacity plans, and the finalisation of the subsidy arrangements, and make recommendations to the Board.

5.4 O&G Business

The Committee shall be authorised to undertake the following activities:

- a) Review and endorse a region-by-region asset optimization strategies (incl. but not limited to, sales & acquisition of assets/businesses, inviting partners for a joint venture or farming out swaps of assets) aimed at maximizing value of the oil and gas businesses of the Company, and make recommendations to the Board.
- b) Review and endorse strategies and initiatives for improving operational efficiencies of O&G Business Units make recommendations to the Board.
- c) Review and endorse plans and strategies for efficient and economical decommissioning of the assets of O&G Business Units that require approval of the Board, and make recommendations to the Board; and
- d) Require the relevant O&G Business Unit to report to the Committee on progress with implementation of strategies approved by the Board and the initiatives identified for implementing them.

5.5 Capital Expenditure

- a) To the extent required to be approved by the Board according to the Delegation of Authority, review and endorse, and make recommendations to the Board on, the following:
 - i. Projects for the specific capital projects to be undertaken by all Business Units, whether included or not in the annual capital projects budgets.
 - ii. Projects for the specific abandonment projects by a Business Unit, whether or not included in the annual abandonment budgets; and
 - iii. Variation orders related to capital or abandonment project being undertaken by all Business Unit.

5.6 Investment and Divestment

The Committee shall be authorised to undertake the following activities:

- a) In respect of divestment of an interest in a Subsidiary or divestment of assets:
 - i. Review and approve the strategic rationale for the divestment.
 - ii. Review and approve the marketing strategy and divestment memorandum.
 - iii. Review and endorse the negotiations of the final terms and the definitive agreements.

and make recommendations to the Board.

- b) In respect of new investment in any company or the acquisition of assets or new companies, review and endorse strategic rationale for the investment, findings of due diligence reports, negotiations of the investment terms and a binding offer to be made and make recommendations to the Board.
- c) Review and endorse proposal for reinvestment in any asset or Subsidiary by the Company or change in share capital in a Subsidiary, including dilution of the Company's direct or indirect interest, and make recommendations to the Board.

5.7 Treasury

- a) Review and endorse the policies underlying the financial funding plan of the company (and its Subsidiaries) to ensure its adequacy and soundness in providing for the company's (and its subsidiaries') operational and capital requirements, and recommend to the Board, changes in the Group's capital and debt structure as needed.

- b) Review and endorse all financing (including treasury activities, project financing and refinancing) activities that are required to be approved by the Board according to the Group Policy on Delegation of Authority.
- c) Review and endorse policies for insurance coverage, hedging of currency, commodity price and interest rate risk, and monitor performance as considered necessary by the Committee.

5.8 Finance and Accounting

- a) Review and endorse the following budgets and plans:
 - i. Operating cost and G&A cost budget, and overruns to the extent required to be approved by the Board according to the Delegation of Authority.
 - ii. Annual capital projects budget and overruns to the extent required to be approved by the Board according to the Delegation of Authority.
 - iii. Annual capital programme budget and overruns to the extent required to be approved by the Board according to the Delegation of Authority.
 - iv. Annual abandonment expenditure budget and overruns to the extent required to be approved by the Board according to the Delegation of Authority.
- b) Seek status of implementation of capital projects, as considered necessary by the Committee.
- c) Review and endorse settlement of disputes (to the extent not resolved while addressing matters falling under paragraph (a) above) relating to capital projects and investments where such settlement needs to be approved by the Board according to the Delegation of Authority.
- d) Review and endorse the dividend policy and other means of providing for shareholder returns, prior to review by the Board.
- e) Review and provide endorsement on all matters where specified in the Group Policy on Delegation of Authority, not otherwise covered by this Charter.
- f) Review and endorse implementation of strategies and other foregoing initiatives approved by the Board; and
- g) Undertake such other activities as may be delegated to it by the Board.

5.9 Reporting

The Committee shall:

- a) Update the Board about significant Committee activities after each Committee meeting, identifying matters in respect of which it considers that action or improvement is needed, including where the Committee is not satisfied with

any aspect within the entrusted responsibilities and make recommendations on any remediation actions.

- b) Review, at least annually, the Committee's Charter and recommend any proposed changes to the Board for approval, and in so doing conduct, and report to the Board, the summary of its annual activities and the results of an internal annual performance evaluation (comparing the performance of the Committee with the requirements of this Charter).
- c) Perform such further functions related or incidental to the foregoing as the Committee at the request of the Board and the Delegation of Authority, may from time to time agree to undertake.
- d) Conduct an annual self-assessment of its activities under this Charter and report any conclusions and recommendations to the Board and, as part of this assessment. The Secretary shall assist the Committee in carrying out the self-assessment, including an independent assessment at least once every three years.

6.0 AUTHORITY OF THE COMMITTEE

- 6.1 The Board has constituted the Committee and entrusts the Committee with the authorities necessary to perform the duties set out in this Charter and the Delegation of Authority.
- 6.2 The Committee, within the scope of its assigned duties, is authorized to seek any information it requires from Employees and officers of the Group, and external parties, and to investigate or commission the investigation of issues or concerns as it may deem appropriate. In connection with its duties, the Committee may engage advisers or otherwise obtain independent legal, accounting, and other professional services it requires, at the expense of the Company.