



# Sustainability Committee Charter



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# SUSTAINABILITY 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:

<b>Board</b>	collectively, the Board Members
<b>Board Member</b>	any member of the Board elected by the General Assembly from time to time
<b>Board Committee</b>	a committee established by the Board, including but not limited to the audit committee, nomination and remuneration committee and the strategy and investment committee
<b>Charter</b>	this Sustainability Committee Charter.
<b>Committee</b>	the Sustainability Committee constituted by the Board pursuant to this Charter
<b>Committee Chairman</b>	chairman of the Committee
<b>Company</b>	Abu Dhabi National Energy Company PJSC ('TAQA')
<b>Delegation of Authority</b>	the Group Policy on Delegation of Authority as may be amended from time to time
<b>Employee</b>	an Employee of the Group
<b>Executives</b>	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
<b>Governance Rules</b>	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
<b>Group</b>	collectively, the Company and each of its wholly-owned or controlled subsidiaries

<b>Independent Member</b>	<b>Board</b>	shall have the meaning given to such term in the Governance Rules
<b>Non-Executive Board Member</b>		shall have the meaning given to such term in the Governance Rules
<b>Secretary</b>		the secretary of the Committee appointed by the Committee Chairman
<b>Senior Management</b>		an Employee directly reporting to an Executive
<b>Subsidiary</b>		any partnership, company, corporation, co-operative, or other legal entity under the control of TAQA, with control is defined as the possession, directly or indirectly, of the power to cause the direction of the management of such partnership, company, corporation, co-operative, or other legal entity, whether through ownership of securities, by contract, or otherwise

## **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:
- i. acting as an internal consultative body for the Group's Environmental, Social, and Governance (ESG) related matters and net-zero strategy;
  - ii. reviewing and endorsing the Group's ESG and net-zero strategy;
  - iii. providing strategic advice on ESG topics, ESG-related risks, and opportunities and endorsing appropriate mitigation measures;
  - iv. reviewing ESG implementation activities and reporting activities; and
  - v. reviewing material ESG topics and related activities of any Board Committee.
- 2.2 This Committee shall also review and oversee the implementation and monitor performance of the ESG and net-zero strategy 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, and majority shall be Independent Board Members. However, the chairman of the Board may not be a member of the Committee.
- 3.2 The Board shall endeavour to ensure that the members of the Committee have such expertise, qualifications and experience as are required by the duties they are called upon to perform.

- 3.3 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.
- 3.4 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.
- 3.5 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.
- 3.6 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.
- 3.7 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.
- 3.8 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 Strategic Advisory and Oversight**

The Committee shall be authorised to undertake the following activities:

- a) review and endorse the ESG and net-zero strategy of the Group and provide recommendations to the Board, as appropriate;
- b) review and endorse any changes to the approved ESG and net-zero strategy of the Group and provide recommendations to the Board, as appropriate;

- c) monitor the Group's contribution towards the achievement of United Nations Sustainable Development Goals (UN SDGs);
- d) endorse and oversee the implementation plan, framework, policies, and initiatives of the Group in line with the approved ESG and net-zero strategy;
- e) review and endorse the key performance metrics to monitor progress of the ESG and net-zero strategy implementation;
- f) supervise the Group's actions relating to the sustainable development and particularly that its environmental and social practices conform to the strategy and policies approved by the Board;
- g) oversee the processes of relations with the various stakeholders on ESG and climate change matters.
- h) review and endorse the Corporate Social Responsibility (CSR) strategy of the Group in line with the approved CSR policy and provide recommendations to the Board; and
- i) recommend inclusion of the Company in recognized international ESG indices or ESG rating agency assessments.

## 5.2 Resource Allocation

The Committee shall:

- a) review and endorse the annual ESG and net-zero budget and CSR budget of the Group for Board approval in line with the Delegation of Authority;
- b) review and endorse the CSR donations, and sponsorships programmes contributions (payments) to the extent required to be approved by the Board in line with the Delegation of Authority; and
- c) review and endorse ESG and CSR budget overruns to the extent required to be approved by the Board in line with the Delegation of Authority.

## 5.3 Risk Management

The Committee shall be authorised to undertake the following activities:

- a) review the ESG and climate change related risks and opportunities, and the appropriate mitigation measures for the top priority risks identified, if any, in consultation with the audit committee of the Company;
- b) review the Group's competitive environment relating to regional and global ESG and climate change developments;
- c) advise the Board regarding regulatory compliance and legal requirements in various countries where the Group does business to promote sustainable development; and
- d) review voluntary initiatives and documents with recommendations concerning sustainable development, ESG requirements and corporate social responsibility that appear in the market.

#### 5.4 Reporting

The Committee shall:

- a) update the Board on significant Committee activities such as Committee meetings; identify matters which require action or improvement, including where the Committee is not satisfied with any aspect within the entrusted responsibilities, and provide recommendations on any remediation actions, as appropriate;
- 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 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; and
- 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.