



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:

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| 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 Chairperson | Chairperson of the Committee. |
| Company | Abu Dhabi National Energy Company PJSC ('TAQA'). |
| Delegation of Authority or DoA | The Group Policy on Delegation of Authority as may be amended from time to time. |
| Employee | An Employee of the Group. |
| Executive | 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. |
| Group Chief Executive Officer and Managing Director | The Group Chief Executive Officer and Managing Director of the Company. |
| 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. |
| Independent Board Member | Shall have the meaning given to such term in the Governance Rules |

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| 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 Chairperson. |
| Senior Management | An Employee directly reporting to an Executive. |
| Subsidiary | 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. |
| 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 in fulfilling its oversight responsibilities with respect to:

- i. the Group strategy;
- ii. annual budget and business plans, as well as overruns;
- iii. strategies and initiatives for its power and water generation businesses, electricity and water transmission and distribution (“T&D”) businesses, and oil and gas 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 or are not within the approval authority of the Group Chief Executive Officer and Managing Director according to the DoA;
- v. business development activities, merger & acquisition, greenfield and brownfield development, and disposals of assets and businesses;

- vi. supply chain related matters; and
 - vii. proposals related to treasury activities, including financing, refinancing, and cash management (corporate and project financings).
- 2.2 This Committee shall carry out all such activities as may be required by the Delegation of Authority and as may be delegated to it by the Board from time to time and 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, 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 Chairperson 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 sixty (60) 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 Chairperson who shall be Independent Board Member. In the absence of the Committee Chairperson, the remaining Committee members will elect a member to act as Committee Chairperson for the meeting.
- 3.7 The Committee Chairperson 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 Chairperson, 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 Chairperson. 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 shall 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 Chairperson 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 In addition to the Committee's responsibility for all matters identified in the Delegation of Authority, the Committee will have the following responsibilities and tasks:

i. Legal and Governance

The Committee shall be authorised to undertake the following activities:

- a) review and endorse any change to the articles of association for the Group including its Subsidiaries and make a recommendation to the Board.
- b) review and endorse the formation or dissolution of Subsidiaries or legal entities and make recommendations to the Board.
- c) review and endorse the ordinary course of corporate restructuring, which may materially impact the Company and make a recommendation to the Board.
- d) review and endorse any development or amendment of power of attorney relevant to the Executive / Senior Management of the Company and make recommendation to the Board.
- e) review and endorse the corporate governance report of the Company in relation to the Committee's activities and make recommendations to the Board.
- f) Endorse and where relevant approve claims (including the initiation, settlement, and payment of fines and penalties) and make recommendations to the Board.
- g) review and endorse the contractual documents, including the agreements and/or memorandums of understanding that incorporate exclusivity arrangements that may restrict the geographical or sectorial operations of the Company, and make recommendations to the Board.
- h) review and endorse the policies, donations and sponsorships programs, and contributions (payments) related to corporate social responsibility and make recommendations to the Board.

ii. Corporate Strategy

The Committee shall be authorised to undertake the following activities:

- a) review and endorse the Group's long-term purpose, vision, mission, and strategy 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 cost optimization initiatives and its implementation to the extent approved by the Board.

iii. **Annual Budget and Business Plan**

The Committee shall be authorised to undertake the following activities:

- a) review and endorse the 5-year business plan and the annual business plan; and make recommendations to the Board.
- b) review and endorse the Group corporate scorecard and make recommendations to the Board.
- c) review and endorse the Group annual budget and make a recommendation to the Board.
- d) review and endorse the following budgets and plans:
 - operating cost (including G&A expenses), and overruns and make recommendations to the Board.
 - annual capital expenditure budget and overruns and make recommendations to the Board.
- e) review and endorse the Group dividend policy and other means of providing for shareholder returns, prior to review by the Board.

iv. **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 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) and make recommendations to the Board.
- c) 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.

v. **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 Unit, including capacity management practices and alignment of operations to approved capacity plans, and make recommendations to the Board.

- c) review and endorse proposals for regulation and revenue management i.e., maximum allowed revenue for the T&D Business Unit, including the capacity plans, and the finalisation of the subsidy arrangements, and make recommendations to the Board.
- d) review and endorse the price control framework and make recommendations to the Board.
- e) review and endorse the strategy to enter a new unregulated business/service line and make recommendations to the Board.
- f) review and endorse the commercial contracts for approved unregulated service line (such as billing payment, customer relationship management, private electricity and water network services) and make recommendations to the Board.

vi. **Oil & Gas Business Strategy**

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 Unit and make recommendations to the Board.
- c) review and endorse plans and strategies for efficient and economical decommissioning of the assets of O&G Business Unit that require approval of the Board and make recommendations to the Board.
- d) review and endorse production sharing contracts and make recommendations to the Board.

vii. **Capital Expenditure**

The Committee shall be authorised to undertake the following activities:

- a) annual capital programme budget and overruns. .
- b) annual abandonment expenditure budget and overruns.
- c) specific capital projects to be undertaken by relevant business units, whether included or not in the annual capital projects budgets.
- d) specific abandonment projects of a business unit, whether or not included in the annual abandonment budgets; and
- e) variation orders related to capital or abandonment project being undertaken by a business unit.

viii. **Business Development and Mergers & Acquisitions**

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:
 - review, endorse and/or approve the marketing strategy, divestment memorandum, and launch of external marketing process and/or acceptance of a non-binding offer and make recommendations to the Board.
 - review, endorse and/or approve the acceptance of a binding offer, the negotiations of the final terms and/or entering into definitive agreements and make recommendations to the Board.
- b) in respect of new investment by the Group (to the extent relevant in line with the Delegation of Authority) or the acquisition of assets or new companies:
 - review, endorse and approve the strategic rationale for the investment and make recommendations to the Board.
 - review, endorse and approve the findings of due diligence reports and make recommendations to the Board.
 - review, endorse and approve the negotiations of the investment terms and submission of a binding offer and/or execution of definitive agreements and make recommendations to the Board.
- c) review and endorse submission of final bid (range) and the execution of definitive agreements for business development activities and make recommendations to the Board.
- d) 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 Board.
- e) review and endorse the recapitalization and/or increase in share capital of an existing Subsidiary and make recommendations to the Board.

ix. **Supply Chain**

The Committee shall be authorised to undertake the following activities:

- a) review, endorse and/or approve the Group's contract award or purchase order or price agreement for goods / services whether or not through a single source and make recommendations to the Board.
- b) review and endorse the Group's emergency procurement and make recommendations to the Board.
- c) review and endorse the Group's contracts and variation orders and make recommendations to the Board.
- d) review and endorse the waiver of liquidated damages and/or delayed penalty for and make recommendations to the Board.
- e) review and endorse the contracts and variation/s for the regulated and/or unregulated Transmission and Distribution businesses and make recommendations to the Board.
- f) review and endorse the unbudgeted contract award or purchase order or

price agreement for goods / services for the Oil & Gas businesses and make a recommendation to the Board.

x. Treasury

The Committee shall be authorised to undertake the following activities:

- a) review and endorse all financing (including treasury activities, credit notes, loan facilities and issuance of debt, refinancing of existing debt, project financing and refinancing) activities and make recommendations to the Board.
- b) review and endorse the programs and transactions related to foreign exchange exposure, hedging of currency, commodity price and make recommendations to the Board.
- c) review and endorse the corporate-level pledge or guarantees and make recommendations to the Board.
- d) review and endorse the payment of tax fines or penalties (including settlement) and make recommendations to the Board.

xi. Reporting

The Committee shall be authorized to undertake the following activities:

- 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.
- i. 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.