

Abu Dhabi National Energy Company (TAQA)

Green Bond Report

(1st April 2023 to 31st March 2024)

June 2024



TABLE OF CONTENTS

<u>Introduction</u>	3
<u>TAQA's contribution to the UN SDGs through Green Finance</u>	6
<u>Allocation Report</u>	7
<u>Impact Report</u>	8
<u>Assurance Report of the Independent Auditor</u>	9



ABOUT THIS REPORT

This Green Bond Report provides details on TAQA's:

- \ Eligible green projects
- \ Allocation of proceeds to the green projects
- \ Estimated environmental impact

This is TAQA's first green bond report published since the issuance of our inaugural USD 1 billion corporate green bond in April 2023.

We recommend reading this report alongside the [TAQA Green Finance Framework](#) and its [Second Party Opinion \(SPO\)](#) for a comprehensive understanding.

The estimated impacts achieved by the portfolio were calculated in-house by TAQA. DNV Business Assurance Services UK Limited was engaged to provide an independent third party limited assurance on the claims and assertions relating to the allocation of proceeds and associated impacts as disclosed later in this report. For more details, please refer to the Independent Limited Assurance Statement at the end of this document.



ABOUT TAQA

Abu Dhabi National Energy Company PJSC, more widely known as TAQA, is one of the largest integrated and diversified energy and utilities group in Europe, the Middle East, and Africa (EMEA). We operate in power and water generation, transmission and distribution of power and water, as well as upstream and midstream oil and gas activities.

TAQA plays a crucial role in supplying essential resources to millions of customers, contributing significantly to the economic development of the UAE and other national economies. In the UAE, our extensive infrastructure supports the power and water needs of the Emirate of Abu Dhabi and the Northern Emirates, playing an integral part in the energy value chain and leading the sectoral transformation.

TAQA is a publicly listed company on the Abu Dhabi Securities Exchange and Abu Dhabi Power Corporation (AD Power), a wholly owned subsidiary of Abu Dhabi Developmental Holding Company (ADQ), holds 90.03% of TAQA's share capital. Additionally, Multiply Group, an ADX-listed company, owns 7.30%.

TAQA's ESG Strategy

At TAQA, we prioritise sustainable operations to deliver value to customers and guarantee access to essential energy and water for the communities we serve. TAQA's 2030 Corporate Strategy focuses on optimisation and growth, enabled by capability building, financial discipline, ESG, and innovation and digitisation. Sustainability and decarbonisation are at the heart of this strategy with initiatives focusing on advancing the ESG agenda.

TAQA's ESG Strategy is aligned and integrated into the overall Corporate Strategy and business planning. This strategy is crucial for achieving TAQA's 2030 corporate goals, encompassing key focus areas and ambitions within each of the environment, social, and governance pillars.

ENVIRONMENT



CLIMATE CHANGE

- Achieve **Net Zero scope 1 and 2** GHG emissions by 2050
- Reduce scope 1 and 2 GHG emissions across the **Group by 25% and in UAE by 33% by 2030** compared to the 2019 base year (interim)
- **Enhance climate resilience** through reducing risks and increasing adaptive capacity water and effluents



WATER & EFFLUENTS

- Reduce **energy consumption for desalination** by expanding reverse osmosis technologies to make up two-thirds of desalination capacity by 2030
- Reduce losses in **water distribution by 25% in 2030** compared to 2021 base year



OCCUPATIONAL HEALTH & SAFETY

- Increase **transparency of reporting**
- Maintain focus on prevention of incidents through a shift in **safety culture and approach**



DIVERSITY & EQUAL OPPORTUNITY

- Reinforce **diversity across four groups**: gender, age, nationality and People of Determination
- Have **30% women in management** positions by 2030



LOCAL COMMUNITY ENGAGEMENT

- Focus group CSR efforts on two themes: **Education Equality and Environment**
- Increase **CSR spend above current levels** both nationally and globally



CORPORATE GOVERNANCE

- Continue adoption of **governance best practices** beyond local regulations and requirements

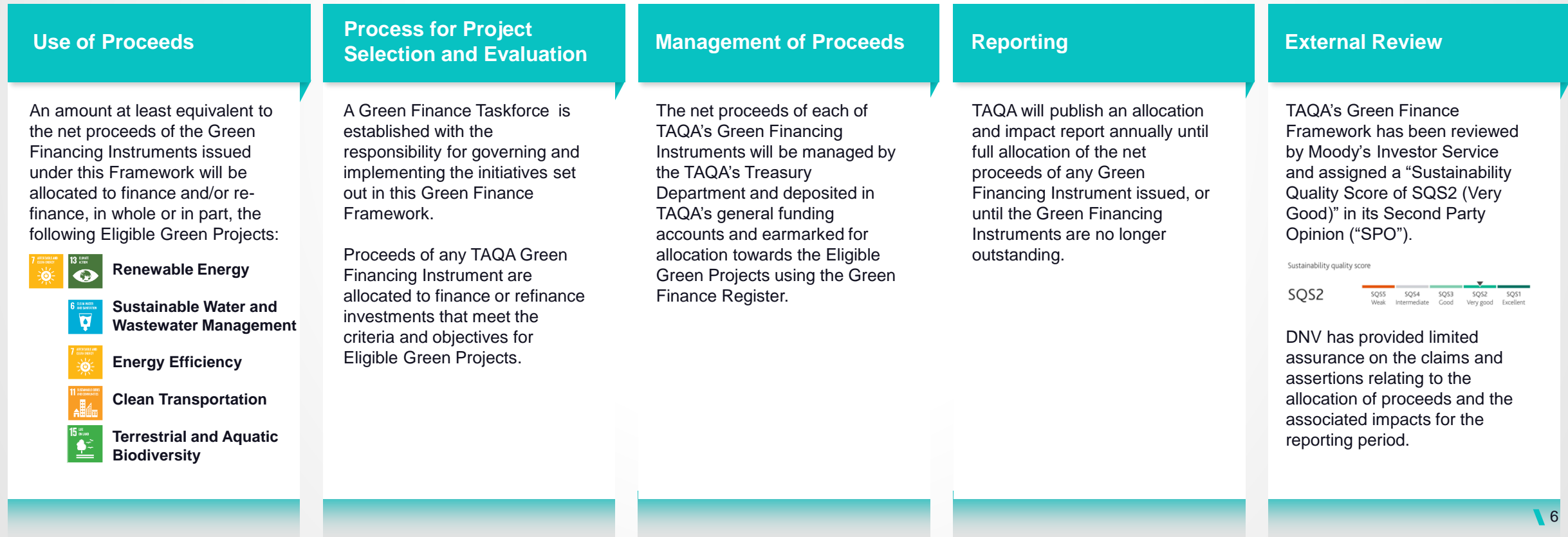
The ESG Strategy is bolstered by four key enablers to drive enhanced performance: an operating model that integrates ESG into the organization's governance structure, stakeholder engagement on crucial ESG issues, the incorporation of ESG considerations into investment decisions via a defined capital allocation framework, and the integration of ESG metrics into performance measurement across various levels of the company.

TAQA'S CONTRIBUTION TO THE UN SUSTAINABLE DEVELOPMENT GOALS (UNSDGs) - GREEN FINANCE

TAQA has established a Green Finance Framework to fund, either wholly or partially, "Eligible Green Projects" that support our ESG Strategy and our commitment to Net Zero by 2050. TAQA is dedicated to narrowing the gap towards achieving the UNSDGs. By financing these projects, we contribute to the UNSDG's most pertinent to our operations in the energy and utilities sector.

TAQA uses its Green Finance Framework as the basis to issue Green Bonds, Sukuk, Loans and other eligible Green debt instruments ("Green Financing Instruments"). The Green Finance Framework was developed in alignment with green finance principles:

- International Capital Market Association ("ICMA") Green Bond Principles ("GBP") 2021 (with June 2022 Appendix 1) 7 ; and/or
- Loan Market Association ("LMA") Green Loan Principles ("GLP") 2023



ALLOCATION REPORT

Inaugural Green Bond Issuance

In April 2023, TAQA Group issued its inaugural green bond of USD 1 billion.

Issuer	Abu Dhabi National Energy Company PJSC
Rank	Senior Unsecured
Principal Amount	USD 1 billion
Issue Price	100%
Coupon	4.696%
Tenor	10-year
ISIN	XS2600248335 (Reg S)/ US00388WAM38 (144A)
Ratings	Aa3 / AA- (All stable) (Moody's / Fitch)
Use of Proceeds	Financing Eligible Green Projects as described in TAQA's Green Finance Framework

2023 Green Bond Fully Allocated

TAQA allocated 100% of the net proceeds from the Green Bonds issuance to Eligible Green Projects which includes equity investments into Pure Play companies as per TAQA's Green Finance Framework.

All the proceeds were utilized to finance TAQA's equity investment (USD 1.02 billion) into Masdar for acquiring 43% shareholding in the company in Dec 2022.

The table below provides details of TAQA outstanding green bonds, including total allocated amounts:

Type	Issue Date	Net Proceeds (USD'm)	Proceeds Allocated during 2023 (USD'm)	Unallocated Proceeds as of April 2024 (USD'm)
Green Bond	24 th April 2023	1,000	1,000	0
Total		1,000	1,000	0

IMPACT REPORT



The impacts estimated are based on greenhouse gas emissions avoided by Masdar’s renewable energy projects during the reporting period and corresponding only to TAQA’s ownership (43% of Masdar’s stake in respective projects). Projects not meeting the criteria as per the green finance framework (geothermal and waste to energy) have been excluded.

Impact Metric (1 st April 2023 to 31 st March 2024)	Gross	Net*
Renewable Capacity** (GW)	7.91	1.27
Renewable Energy Production*** (TWh)	23.01	3.37
GHG Emissions Avoided**** (million tCO ₂ e)	10.02	1.63

* After applying Masdar’s respective ownership over each project and only considering 43% stake on Masdar by TAQA
 ** End of Q1 2024 figure. Only include operational projects and does not include under construction and committed projects
 *** Auxiliary consumption excluded
 **** Estimated based on multiplying renewable energy production with respective country or region’s electricity grid emission factor.

ASSURANCE REPORT OF THE INDEPENDENT AUDITOR



WHEN TRUST MATTERS

Independent Limited Assurance Report to the Directors of Abu Dhabi National Energy Company PJSC (TAQA)

Abu Dhabi National Energy Company PJSC ("TAQA") commissioned DNV Business Assurance Services UK Limited ("DNV", "us" or "we") to conduct a limited assurance engagement over Selected Information presented in the Green Bond Report (the "Report") for the reporting period 1st April 2023 to 31st March 2024.



Our Conclusion: On the basis of the work undertaken, nothing came to our attention to suggest that the Selected Information is not fairly stated and has not been prepared, in all material respects, in accordance with the Criteria.

This conclusion relates only to the Selected Information and is to be read in the context of this Independent Limited Assurance Report, in particular the inherent limitations explained overleaf.

Selected Information

The scope and boundary of our work is restricted to the below claims and assertions relating to the allocations of proceeds and associated impacts included within the Green Bond Report dated May 2024.

Selected Information	Reported Value (Gross)	Reported Value (Net)	Unit
Claims and assertions relating to the allocation of proceeds: net proceeds allocated as per the Green Finance Framework	-	1,000	million USD
Renewable Capacity	7.91	1.27	GW
Renewable Energy Production	23.01	3.37	TWh
GHG Emissions Avoided	10.02	1.63	million tCO ₂ e

To assess the Selected Information, which includes an assessment of the risk of material misstatement in the Report, we have used TAQA Green Finance Framework dated April 2023 (the "Criteria"), which can be found [here](#).

We have not performed any work, and do not express any conclusion, on any other information that may be published in the Report or on TAQA's website for the reporting period.

Standard and level of assurance

We performed a limited assurance engagement of specified data and information using Greenhouse Protocol – A Corporate Accounting and Reporting Standard[®] (revised 2015) and international assurance best practice including the International Standard on Assurance Engagements (ISAE) 3000 – Assurance Engagements other than Audits and Reviews of Historical Financial Information[®] (revised) issued by the International Auditing and Assurance Standards Board. To ensure consistency in our assurance process, we conducted our work in accordance with DNV's assurance methodology, Verisustain™, applying only the pertinent sections of the protocol relevant to the specific purpose of the activity. This methodology ensures compliance with ethical requirements and mandates planning and execution of the assurance engagement to obtain the desired level of assurance.

DNV applies its own management standards and compliance policies for quality control, which are based on the principles enclosed within ISO IEC 17029:2019 - Conformity Assessment - General principles and requirements for validation and verification bodies, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Responsibilities of the Directors of TAQA and DNV

The Directors of TAQA have sole responsibility for:

- Preparing and presenting the Selected Information in accordance with the Criteria;
- Designing, implementing and maintaining effective internal controls over the information and data, resulting in the preparation of the Selected Information that is free from material misstatements;
- Measuring and reporting the Selected Information based on their established Criteria; and
- Contents and statements contained within the Report and the Criteria.

Our responsibility is to plan and perform our work to obtain limited assurance about whether the Selected Information has been prepared in accordance with the Criteria and to report to TAQA in the form of an independent limited assurance conclusion, based on the work performed and the evidence obtained. We have not been responsible for the preparation of the Report.



WHEN TRUST MATTERS

The procedures performed in a limited assurance engagement vary in nature and are shorter in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained if a reasonable assurance engagement had been performed.

Basis of our conclusion

We are required to plan and perform our work in order to consider the risk of material misstatement of the Selected Information; our work included, but was not restricted to:

- Conducting interviews with TAQA management to obtain an understanding of the key processes, systems and controls in place to aggregate and report the Selected Information;
- Performing limited substantive testing on a selective basis of the Selected Information to check that data had been appropriately classified, collated and reported;
- Reviewing that the evidence, measurements and their scope provided to us by TAQA for the Selected Information is prepared in line with the Criteria;
- Reviewing evidence that TAQA's procedures for project evaluation, selection and management of proceeds are in line with the Criteria;
- Reading the Report and narrative accompanying the Selected Information within it with regard to the Criteria.

In performing these activities, we did not come across any limitations to the scope of the agreed assurance engagement. We were not involved in assessing the appropriateness of the criteria.

We found a limited number of non-material errors, and these were corrected prior to inclusion in the Report.

Disclaimers

The assurance provided by DNV is limited to the selected information specified in the scope of the engagement. DNV has not conducted an assessment of the reporting organization's overall adherence to reporting principles or the preparation of the report. Therefore, no conclusions should be drawn regarding the reporting organization's compliance with reporting principles or the quality of the overall report. The assurance provided by DNV is based on the selected indicators and information made available to us at the time of the engagement. DNV assumes no responsibility for any changes or updates made to the indicators or information after the completion of the assurance engagement.

Use and distribution of our Independent Limited Assurance Report

This report is intended solely for the information and use of the Management of TAQA and is not intended to be and should not be used by anyone other than these specified parties. DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Independent Limited Assurance Report.

for DNV Business Assurance Services UK Limited

London, UK
13 June 2024

Digitally signed
by Arun Aravind A

Arun Aravind A
Lead Verifier
DNV Business Assurance Services UK
Limited

Digitally signed by
Paul O'Hanlon

Paul O'Hanlon
Technical Reviewer
DNV Business Assurance Services UK
Limited



DNV-2024-ASR-C691561

Inherent limitations

DNV's assurance engagements are based on the assumption that the data and information provided by TAQA to us as part of our review have been provided in good faith, is true, complete, sufficient, and authentic, and is free from material misstatements. Because of the selected nature (sampling) and other inherent limitations of both procedures and systems of internal control, there remains the unavoidable risk that errors or irregularities, possibly significant, may not have been detected. The engagement excludes the sustainability management, performance, and reporting practices of TAQA's suppliers, contractors, and any third parties mentioned in the Report process.

We understand that the reported financial data, governance and related information are based on statutory disclosures and Audited Financial Statements, which are subject to a separate independent statutory audit process.

Our competence, independence and quality control

DNV established policies and procedures are designed to ensure that DNV, its personnel and, where applicable, others are subject to independence requirements (including personnel of other entities of DNV) and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. Our multi-disciplinary team consisted of professionals with a combination of environmental and sustainability assurance experience.

DNV Supply Chain and Product Assurance

DNV Business Assurance Services UK Limited is part of DNV – Supply Chain and Product Assurance, a global provider of certification, verification, assessment and training services, enabling customers and stakeholders to make critical decisions with confidence.

Thank you.