

Abu Dhabi National Energy Company PJSC “TAQA”

**Corporate Governance Report for the year ended
31 December 2019**

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Introduction

This report contains a detailed account of the compliance of Abu Dhabi National Energy Company (hereinafter referred to as the "Company", "TAQA" or the "Group") with the corporate governance requirements and regulations of the Securities and Commodities Authority (hereinafter referred to as the "Authority" or "SCA") as per the Chairman of the Authority's Board of Directors' Resolution No. (7/R.M) of 2016 (hereinafter referred to as the "Chairman of the Authority's Board of Directors' Resolution").

This report also outlines the overall corporate governance structure of the Company for the period from 1 January 2019 to 31 December 2019.

First: Actions taken by the Company to accomplish the corporate governance requirements in 2019 and methods of implementation

The Company's corporate governance policy is based on the principles of transparency, fair disclosure, financial supervision and accountability. The Company believes these principles to be essential elements for establishing a successful governance framework and laying down the foundations and methodologies for the Company's business activities to achieve its goals in line with the interest of its clients, shareholders and employees.

Accordingly, the Company's policies and business practices comply with all the requirements stipulated by the legislation of the United Arab Emirates regarding corporate governance, including the Commercial Companies Law No. 2 of 2015 and the Chairman of the Authority's Board of Directors' Resolution, which applies to TAQA as a publicly listed company on the Abu Dhabi Securities Exchange (ADX).

TAQA's Board of Directors (hereinafter referred to as the "Board") collectively takes the independent and objective provisions with regards to the following:

- Setting the Company's strategy and business principles;
- Supervising the Company's executive management;
- Supervising the adequacy of the human resources required to implement the Company's strategies;
- Supervising the adequacy and effectiveness of internal controls and corporate governance;
- Approving investments, business plans, budgets and financial statements of the Company;
- Ensuring that shareholders receive accurate, timely and appropriate information.

The Executive Management of the Company implements the Company's strategy and manages its daily affairs in accordance to the strategic plans approved by the Board.

TAQA has also taken additional procedures for internal controls to enhance corporate governance at the Company through the following committees:

- Audit Committee (Board level)
- Nomination and Remuneration Committee (Board level)
- Strategy and Investment Committee (Board level)
- Executive Committee (Executive Management level)
- Enterprise Risk Management Committee (Executive Management level)
- Health, Safety, Security and Environment Committee (Executive Management level)
- Monthly Performance Review Committee (Executive Management level)
- Major Projects Review Committee (Executive Management level)
- External auditor through "Ernst & Young Middle East"
- Internal Controls and Assurance Department
- Compliance Department
- Risk Management Department
- Insider Trading Supervision Committee (Executive Management level)

Second: Ownership and transactions of Members of the Board of Directors, their spouses and children in the Company's securities during 2019

Transactions by Members of the Board in the Company's securities are governed by Article 14 of the Authority's Board of Directors' Decision No. (2) of 2001 Concerning the Regulations as to Trading, Clearing, Settlement, Transfer of Ownership and Custody of Securities. Accordingly, the Chairman and Members of the Board, the Chief Executive Officer of the Company and any of its employees who have knowledge of material information of the Company, shall not deal by themselves or for their accounts through others or for others in any other capacity, in the securities of the Company, or any parent, subsidiary, sister or affiliate company of the Company, during the following periods:

- Ten (10) working days prior to the announcement of any material information, which would result in the share price increasing or decreasing, unless the information was a result of sudden unforeseen circumstances.
- Fifteen (15) days prior to the end of the financial quarterly, semi-annual or annual period until the disclosure of the financial statements.

The provisions of the law shall be observed when any of the above-mentioned persons trade for themselves or through others in the securities of the Company or the securities of the parent company, subsidiaries, affiliates or sister companies, and any transaction to the contrary shall be null and void.

Members of the Board comply with the disclosure requirements established in accordance with the provisions of the rules, regulations and decisions issued in respect of their transactions in securities.

The following table shows the shares held by the Members of the Board, noting that there were no other transactions by the Members of the Board, their spouses and children in the Company's shares during 2019.

Directors	Position	Membership period (since)	Shares held (as of 31/12/2019)	Total sale transactions	Total purchase transactions
H.E. Saeed Mubarak Al Hajri	Chairman of the Board	April 2011	0	0	0
H.E. Khaleefa Ali Al Qamzi	Vice Chairman of the Board	April 2017	19,492	0	0
H.E. Salem Sultan Al Dhaheri	Board Member	April 2011	4,476	0	0
H.E. Khaled Abdulla Al Mass	Board Member	April 2014	0	0	0
H.E. Mohamed Hassan Al Suwaidi**	Board Member	August 2019	0	0	0
Dr. Jaap Barend Kalkman**	Board Member	August 2019	0	0	0
Jasim Hussein Thabet**	Board Member	August 2019	0	0	0
H.E. Abdulaziz Abdulrahman Al Hemaidi*	Board Member	April 2011 (until August 2019)	0	0	0
H.E. Dr. Saif Saleh Al Sayari*	Board Member	April 2017 (until August 2019)	0	0	0
H.E. Mohammed Sahoo Al Suwaidi*	Board Member	April 2017 (until August 2019)	0	0	0

* Member of the Board until 26 August 2019; ** Member of the Board starting 27 August 2019.

Third: Composition of the Board of Directors

3/a Composition of the current Board of Directors

The Company's Articles of Association stipulate that the Company be managed by a Board of Directors consisting of seven members. The first Board was appointed by virtue of ADWEA's Resolution No. 179 of 2005. The current Board was elected at the Annual General Assembly ("AGA") held on 19 April 2017. During that meeting, four members were re-elected, and three new members were elected. H.E. Saeed Mubarak Al Hajri was elected as Chairman and H.E. Khaleefa Ali Al Qamzi as Vice Chairman. On 10 May 2016, Mr. Saeed Rashed Al Darei, Executive Vice President Government Affairs and Corporate Communications, was appointed as Secretary of the Board in addition to his duties. On 27 August 2019, during a special General Assembly ("GA"), three Board Members were removed (H.E. Abdulaziz Abdulrahman Al Hemaidi, H.E. Dr. Saif Saleh Al Sayari and H.E. Mohammed Sahoo Al Suwaidi) and three new Board Members were elected (H.E. Mohamed Hassan Al Suwaidi, Jasim Hussein Thabet and Dr. Jaap Barend Kalkman).

The Board meets at least once every two months and has held a total of 10 meetings during 2019.

The following table shows the composition of the Board:

Directors	Positions	Membership status	Board Membership period (as of report's date)
H.E. Saeed Mubarak Al Hajri	Chairman of the Board	Non-executive, independent	April 2011 (9 years)
H.E. Khaleefa Ali Al Qamzi	Vice Chairman of the Board	Non-executive, independent	April 2017 (3 years)
H.E. Salem Sultan Al Dhaheri	Board Member	Non-executive, independent	April 2011 (9 years)
H.E. Khaled Abdulla Al Mass	Board Member	Non-executive, independent	April 2014 (6 years)
H.E. Mohamed Hassan Al Suwaidi**	Board Member	Non-executive, independent	August 2019 (7 months)
Dr. Jaap Barend Kalkman**	Board Member	Non-executive, independent	August 2019 (7 months)
Jasim Husain Thabet**	Board Member	Non-executive, independent	August 2019 (7 months)
H.E. Abdulaziz Abdulrahman Al Hemaidi*	Board Member	Non-executive, independent	April 2011- August 2019 (8 years)
H.E. Dr. Saif Saleh Al Sayari*	Board Member	Non-executive, non-independent	April 2017 – August 2019 (2 years)
H.E. Mohammed Sahoo Al Suwaidi*	Board Member	Non-executive, independent	April 2017 – August 2019 (2 years)

* Member of the Board until 26 August 2019; ** Member of the Board starting 27 August 2019.

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The following table outlines Board Members' experience and qualifications:

Name	Academic qualifications	Field of expertise	Positions and memberships
H.E. Saeed Mubarak Al Hajri	<ul style="list-style-type: none"> - Bachelor's degree in Business Administration, Lewis & Clark College, USA - Certified Financial Analyst 	International finance	<ul style="list-style-type: none"> - Executive Director of Abu Dhabi Investment Authority (ADIA) - Member of the Executive Advisory Board of MSCI Barra - Chairman of the Board of Gulf Navigation - Vice Chairman of the Board of Islamic Arab Insurance Co. (Salama)
H.E. Khaleefa Ali Al Qamzi	<ul style="list-style-type: none"> - Executive Master of Business Administration (EMBA), Zayed University 	Investments	<ul style="list-style-type: none"> - Director of Evaluation and Follow-up Department, Abu Dhabi Investment Authority (ADIA) - Board Member: <ul style="list-style-type: none"> - Abu Dhabi Securities Exchange (ADX) - Arabtec Holding (Arabtec) - Chairman of the Investment Committee at Zayed Bin Sultan Al Nahyan Foundation for Charitable and Humanitarian Activities - Insurance Authority
H.E. Salem Sultan Al Dhaheri	<ul style="list-style-type: none"> - Bachelor's degree in Accounting, Metropolitan State College, Denver, USA - Certified Public Accountant 	Accounting	<ul style="list-style-type: none"> - Deputy Manager, Internal Audit Department, Abu Dhabi Investment Authority (ADIA) - Board Member: <ul style="list-style-type: none"> - Agthia Group (Agthia) - General Holding Corporation (SENAAT) - Al Eithad Credit Bureau - Emirates Steel - Member of the Audit Committee: <ul style="list-style-type: none"> - Abu Dhabi Retirement Pensions & Benefits Fund - Abu Dhabi National Oil Company (ADNOC) - Emirates Investment Authority (EIA) - Emirates Telecommunications Group Company (Etisalat) - Emirates Steel - General Pension and Social Security Authority (GPSSA)
H.E. Khaled Abdulla Al Mass	<ul style="list-style-type: none"> - Bachelor's degree in Business Administration, University of Marylhurst, Oregon, USA 	Commerce and business	<ul style="list-style-type: none"> - Chairman of the Board and owner of iMass Investments - Board Member of National Health Insurance Company (Daman)
H.E. Mohammed Hassan Al Suwaidi**	<ul style="list-style-type: none"> - Bachelor's degree in Accounting, UAE University 	Managing investments in infrastructure, utilities and other sectors	<ul style="list-style-type: none"> - CEO of Abu Dhabi Developmental Holding Company (ADDH) - Chairman of the Emirates Water and Electricity Company (EWEC) - Vice Chairman of the Abu Dhabi Power Corporation (ADPower) - Board Member: <ul style="list-style-type: none"> - Emirates Global Aluminum (EGA)

Name	Academic qualifications	Field of expertise	Positions and memberships
			<ul style="list-style-type: none"> - Emirates Nuclear Energy Corporation (ENEC) - Aramex - AD Retirement Pensions & Benefits Fund
Jasim Husain Thabet**	<ul style="list-style-type: none"> - Bachelor's degree in Mechanical Engineering from St. Martin University, USA - Member of the Society of Engineers, UAE 	Utilities and infrastructure	<ul style="list-style-type: none"> - CEO and Managing Director of Abu Dhabi Power Corporation (ADPower) - Board Member of Emirates Water and Electricity Company (EWEC)
Dr. Jaap Barend Kalkman**	<ul style="list-style-type: none"> - Masters and PhD in Physics and Mathematics, University of Utrecht, Netherlands - Postdoctoral Researcher, Massachusetts Institute of Technology (MIT), USA 	Oil and Gas Utilities and Infrastructure Renewable Energy	<ul style="list-style-type: none"> - Chief Investment Officer at Abu Dhabi Developmental Holding Company (ADDH)
H.E. Abdulaziz Abdulrahman Al Hemaidi*	<ul style="list-style-type: none"> - Bachelor's degree in Civil Engineering, UAE University 	Energy	<ul style="list-style-type: none"> - Board Member: <ul style="list-style-type: none"> - Abu Dhabi General Services Company (Musanada) - Chairman of the Board of Butinah Power Holdings Co
H.E. Dr. Saif Saleh Al Sayari*	<ul style="list-style-type: none"> - PhD in Petroleum Engineering, Imperial College London, UK 	Oil and Gas	<ul style="list-style-type: none"> - Senior Advisor - Office of the Vice President of Abu Dhabi Executive Council
H.E. Mohammed Sahoo AlSuwaidi*	<ul style="list-style-type: none"> - Bachelor's in Chemical Engineering, University of Southern California, USA 	Oil and Gas	<ul style="list-style-type: none"> - Founder and Chairman of the Board of Equilibrium Engineering Consultancy

* Member of the Board until 26 August 2019; ** Member of the Board starting 27 August 2019.

3/b Representation of Women in the Board of Directors in 2019

There are no female Members of the current Board.

3/c Reasons as to why no women were nominated for the membership of the Board of Directors

No women were nominated for membership of the Board during the nomination period for the 2017 elections.

Ms. Arwa Ahmed Abdullah Ahmad Al Kindy submitted a candidacy application for membership of the Company's Board during the nominations period for the elections in 2019. Election votes received, however, were not sufficient to attain membership.

3/d A statement of the following:

3/d/1 Total remuneration paid to Members of the Board of Directors for the year 2018

The remuneration of Members of the Board is determined as per Article 29 of the Articles of Association of the Company, which provides for the payment of a lump sum for each member on the recommendation of the Board and the approval by shareholders at the AGA. The Company may also pay additional expenses, fees or a

monthly salary in such amount as may be determined by the Board for any Member of the Board if they work on any committee, make special efforts or perform additional work for the Company beyond the duties assigned to them by virtue of their membership of the Company's Board. The total remuneration paid to the Members of the Board for the year ended 31 December 2018 was AED 4,200,000, whereby AED 600,000 was paid to each Member of the Board.

3/d/2 Total remuneration proposed to be paid to the Members of the Board of Directors for the year 2019, which shall be presented at the Annual General Assembly for approval.

The recommendation for remuneration of Board Members will be presented for shareholders' approval at the AGA to be held on Wednesday, 29 April 2020 for the financial year ended 31 December 2019.

3/d/3 Details of allowances for attending meetings of Board committees which were paid to Board Members for the fiscal year 2019

Members of the Board received additional allowances for discharging their duties as members of the different committees (Audit Committee, Nomination and Remuneration Committee and Strategy and Investment Committee). These allowances (including VAT) are as shown in the following table:

Name	Additional allowances paid to members of Board committees		
	Committee name	Allowance	No. of meetings
H.E. Khaleefa Ali Al Qamzi	Strategy and Investment Committee	167,400	12
H.E. Salem Sultan Al Dhaheri	Audit Committee / Nomination and Remuneration Committee	75,600	6
H.E. Khaled Abdulla Al Mass	Audit Committee / Strategy and Investment Committee	138,600	11
H.E. Mohammed Hassan Al Suwaidi**	Audit Committee	12,600	1
Jasim Husain Thabet**	Strategy and Investment Committee / Nomination and Remuneration Committee	151,200	12
Dr. Jaap Barend Kalkman**	Nomination and Remuneration Committee	25,200	2
H.E. Abdulaziz Abdulrahman Al Hemaidi*	Audit Committee / Nomination and Remuneration Committee	63,300	5
H.E. Mohammed Sahoo Al Suwaidi*	Audit Committee	25,200	2

* Member of the Board until 26 August 2019; ** Member of the Board starting 27 August 2019.

3/d/4 Details of allowances, salaries, or additional fees that have been paid to Members of the Board of Directors in addition to the fees for attending Board committee meetings

None.

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3/e Board of Directors meetings held during the 2019, their dates and personal attendance by Members of the Board of Directors

The Board held ten (10) meetings during 2019 as shown in the following table. None of the Members attended any of the meetings by proxy:

No	Date of Board meeting	H.E. Saeed Mubarak Al Hajri	H.E. Khaleefa Ali Al Qamzi	H.E. Salem Sultan Al Dhaheri	H.E. Khaled Abdulla Al Mass	H.E. Mohamed Hassan Al Suwaidi**	Dr. Jaap Barend Kalkman*	Jasim Husain Thabet**	H.E. Abdulaziz Abdulrahman Al Hemaidi*	H.E. Dr. Saif Saleh Al Sayari*	H.E. Mohammed Sahoo Al Suwaidi*
1	6 Feb 2019	P	NP	P	P				P	P	P
2	20 Mar 2019	P	P	P	P				P	NP	P
3	8 May 2019	P	P	P	P				P	P	NP
4	30 Jul 2019	P	P	P	P				NP	NP	NP
5	7 Aug 2019	P (via call)	P	P	P (via call)				NP	NP	NP
6	27 Aug 2019	P	NP	P	P	P	P	P			
7	24 Sep 2019	P	P	NP	P	P	P	P			
8	6 Nov 2019	P	P	P	P	P	P	P			
9	11 Dec 2019	P	P	P	P	NP	P	P			
10	29 Dec 2019	P	P	P	P	P	P	P			
Meetings attended		10 / 10	8 / 10	9 / 10	10 / 10	4 / 10	5 / 10	5 / 10	3 / 10	2 / 10	2 / 10

P: Present; NP: Not present; * Member of the Board until 26 August 2019; ** Member of the Board starting 27 August 2019.

3/f Number of Board resolutions passed by circulation in 2019 along with their meeting dates

None.

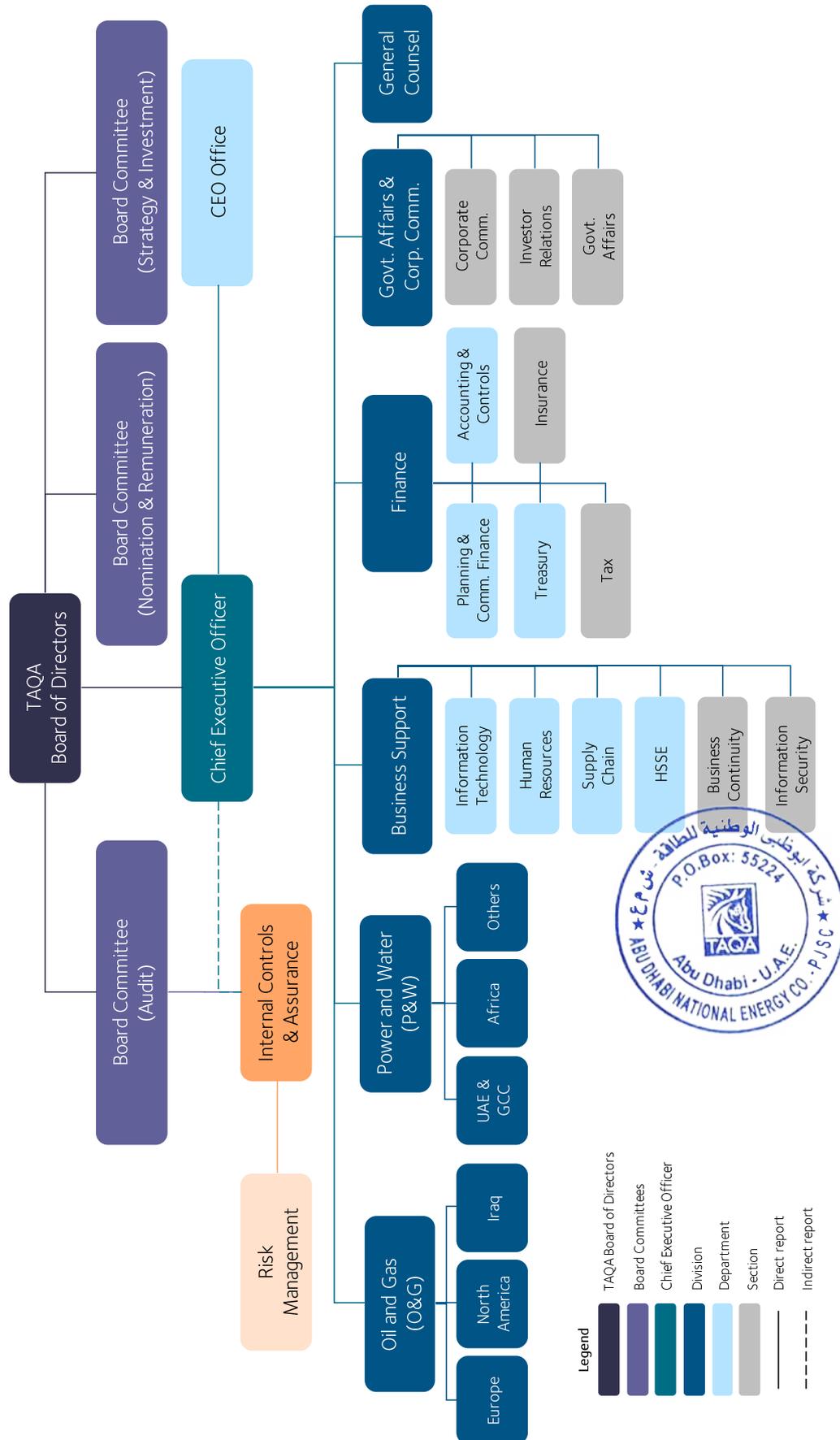
3/g Tasks and functions of the Executive Management authorized by the Board of Directors

The Board did not delegate any of its powers to the Executive Management.

3/h Details of transactions made with the related parties (stakeholders), indicating the nature of relationship and transaction type

The Company signed an agreement for the lease of certain lands for the Taweelah RO project with Abu Dhabi Power Corporation. This was entered into pursuant to the lease agreement with Abu Dhabi Department of Energy, (now succeeded in the agreement by Abu Dhabi Power Corporation).

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3/i The organizational structure of the Company as of 31/12/2019


- Legend**
- TAQA Board of Directors
 - Board Committees
 - Chief Executive Officer
 - Division
 - Department
 - Section
 - Direct report
 - Indirect report

3/j Detailed statement of senior executive staff, their positions and appointment dates, total salaries, allowances and benefits paid thereto

Name	Position	Date of joining	Date of appointment	Total salaries and allowances paid in 2019 (AED)	Total bonuses paid in 2019 (AED)	Any other cash/in-kind benefits for 2019 or payable in the future
Saeed Al Dhaheri	Chief Operating Officer	4 Aug 2014	1 May 2016	3,108,233	-	-
Mohammed Al Ahbabi	Chief Financial Officer	3 Jan 2016	10 May 2016	2,454,679	-	-
Awad Al Ketbi	Executive Vice President Business Support	9 Nov 2014	10 May 2016	2,308,300	-	-
Saeed Al Darei	Executive Vice President Government Affairs and Corporate Communications and Board Secretary	28 Oct 2013	10 May 2016	2,352,531	-	-
Vivek Gambir	General Counsel	4 May 2011	1 Oct 2015	1,696,025	-	-
Wael Nabulsi	Group VP Internal Controls and Assurance	1 Sep 2015	1 Sep 2015	1,434,850	-	-
Abdelmajid Iraqui	Acting Executive Officer Global Power & Water	2 Feb 2009	10 May 2016	344,586	-	-

Note: Annual bonuses for the year 2019 were not paid as of the date of this report.

Fourth: External Auditor

The External Auditor is appointed, and its numeration determined, subject to Article 36 of the Chairman of Authority's Board of Directors' Resolution. The Board nominates an external auditor based on the recommendation of the Audit Committee. Based on the recommendation of the Audit Committee and nomination of the Board, the shareholders appointed, at the AGA held on 17 April 2019, Ernst & Young Middle East (Abu Dhabi) as the external auditor for fiscal year 2019.

4/a Brief about the Company's external auditor

Ernst & Young ("EY") are one of the world's largest accounting and auditing firms with offices in 170 countries. EY offers a wide range of services including auditing, consulting, international tax systems, business risk assessment services, internal audit and business services related to technological and security risks.

The Abu Dhabi office of EY opened in 1966. EY has a distinguished client base in the UAE, which includes reputable conventional and Islamic banks, other financial institutions, oil and gas majors, utilities and manufacturing firms from both the government and private sector.

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4/b Statement of the Fees or costs for auditing or the services provided by the External Auditor in addition to the years spent as the Company's External Auditor.

Name of audit firm	Ernst & Young Middle East
Name of Partner auditor	Anthony O'Sullivan
Number of years served as an external auditor for the Company	14 Years
Total fees for auditing the financial statements of 2019	AED 1,135,500
Fees and costs of special services other than auditing the financial statements for 2019	AED 1,014,489
Details and nature of other services provided	Bond issuance services, consulting and training services
A statement of other services performed by another external auditor other than the Company's external auditor in 2019	None

4/c Reservations made by the Company's external auditor on the interim and annual financial statements for 2019.

None.

Fifth: Audit Committee

5/a Chairman of the Audit Committee's acknowledgement of responsibility for the committee charter in the Company, review of its work mechanism and ensuring its effectiveness

H.E. Mohamed Hassan Al Suwaidi, Chairman of the Audit Committee, acknowledges his responsibility for the implementing the Audit Committee's charter in the Company, reviewing of its work mechanism and ensuring its effectiveness.

5/b Names of members of the Audit Committee and its functions and duties.

The members of the Committee were appointed by the Board at the meeting held on 21 April 2017. The structure of the Committee was subsequently reviewed during the Board meeting held on 27 August 2019. The Audit Committee consists of the following Board Members:

Audit Committee (1 January – 26 August)	Audit Committee (27 August - 31 December)
H.E. Salem Sultan Al Dhaheri (Chairman) Non-executive and independent member	H.E. Mohamed Hassan Al Suwaidi** (Chairman) Non-executive and independent member
H.E. Abdulaziz Abdulrahman Al Hemaidi* Non-executive and independent member	H.E. Salem Sultan Al Dhaheri Non-executive and independent member
H.E. Mohamed Sahoo Al Suwaidi* Non-executive and independent member	H.E. Khaled Abdulla Al Mass Non-executive and independent member

* Member of the Board until 26 August 2019; ** Member of the Board starting 27 August 2019.

The main duties of the Audit Committee are monitoring the integrity of the Company's financial statements and reports (annual reports, semi-annual reports, and quarterly reports) and reviewing the financial and

accounting policies and procedures of the Company, as well as ensuring the independence of the Company's external auditor.

It is also responsible for evaluating the integrity and quality of the Company's internal control policies and all the duties mentioned in Article 48 of the Chairman of the Authority's Board of Directors' Resolution and those specified below.

The Committee holds its meetings at least once every three months and when needed. All members of the Audit Committee sign the minutes of the meetings of the Audit Committee. The Company also provides the Committee with the necessary and sufficient resources to perform its duties, including the use of experts, whenever necessary.

The Audit Committee was formed by virtue of the approval of the Board at its meeting on 30 October 2007. The Committee's charter was adopted on 9 December 2007 and was revised and updated on 3 November 2019.

Main duties of the Audit Committee:

1. Reviewing the financial and accounting policies and procedures of the Company.
2. Monitoring the integrity of the Company's financial statements and reports (annual, semi-annual and quarterly) and reviewing them as part of its normal business during the year, with particular focus on:
 - a. Any changes in the accounting policies and practices;
 - b. Highlighting the areas that are subject to management's discretion;
 - c. Material revisions resulting from the audit;
 - d. Going concern assumption of the Company;
 - e. Compliance with the accounting standards determined by the Authority;
 - f. Compliance with the rules of listing, disclosure and other legal requirements related to the preparation of financial reports.
3. Coordinating with the Company's Board, Senior Executive Management, Chief Financial Officer or the Manager performing those duties in the Company in order for the committee to fulfill its duties.
4. Considering any significant and unusual items that are or should be included in such reports and accounts and giving due consideration to any matters raised by the Company's Chief Financial Officer, the incumbent manager, the compliance officer or the auditor.
5. Putting forward recommendations to the Board on the selection, resignation or dismissal of the auditor. If the Board rejects the recommendations of the Audit Committee, the Board shall include in its Governance Report a statement explaining the recommendations of the Audit Committee and the reasons why the Board rejected them.
6. Developing and implementing the auditor engagement framework, reporting such issues as it may consider important to the Board for action and recommending the steps to be taken.
7. Ensuring that the auditor complies with applicable laws, regulations, decisions and the Company's Articles of Association as well as following up and monitoring its independence.
8. Meeting with the auditor of the Company without the presence of any of the senior executive management members or their representatives, at least once a year, and discussing the nature and scope of the audit and its effectiveness in accordance with the approved auditing standards.
9. Reviewing all matters relating to the auditor's work, work plan, correspondence with the Company, their observations, suggestions and reservations, and any material questions raised by the auditor to senior executive management regarding accounting records, financial accounts or control systems and following

up on responses by the Company's management, and providing the necessary facilitations for the auditor's work.

10. Ensuring that the Board responds in a timely manner to the inquiries and material issues raised in the auditor's letter.
11. Reviewing and evaluating the Company's internal control and risk management systems.
12. Discussing the Company's internal controls with the Board and ensuring that it fulfills its purpose of establishing an effective internal control system.
13. Review the results of major investigations into internal control issues assigned to the Board or initiated by the Committee with the consent of the Board.
14. Reviewing the auditor's evaluation of internal control procedures and ensuring that there is coordination between the internal and external auditors.
15. Ensuring that the resources are available for the Internal Control Department and reviewing and monitoring the effectiveness of the Department.
16. Examining internal control reports and following up on the implementation of corrective measures addressing the observations contained therein.
17. Establishing the controls that empower employees of the Company to confidentially report any potential irregularities in financial reports, internal controls or other matters and establishing the necessary procedures to conduct independent and fair investigations into any such reported irregularities.
18. Monitoring the Company's compliance with the Code of Business Ethics.
19. Reviewing the Company's related party transactions, ensuring that there is no conflict of interest and reporting the relevant recommendations to the Board before the transactions are executed.
20. Ensuring implementation of the Committee's rules of work and powers vested in it by the Board.
21. Submitting reports and recommendations to the Board on the above issues mentioned in this article.
22. Considering any other matters as may be determined by the Board.

5/c The Audit Committee held the following meetings during 2019

No.	Date	Main items discussed by the Committee
1	3 February 2019	<ul style="list-style-type: none"> - Overview of actual performance for the year 2018 - Annual self-assessment of the Audit Committee - Audit Committee report for 2018 presented to the Board - Internal control updates - Compliance updates - Record of the committee's procedures - Evaluation of the performance of the Group Vice President for Internal Controls and Assurance during 2018
2	17 March 2019	<ul style="list-style-type: none"> - Financial results and statements for the year 2018 - Internal control updates - Updates of the Corporate Risk Management Report for 2018 - Signing the minutes of previous meetings - Record of actions

No.	Date	Main items discussed by the Committee
3	5 May 2019	<ul style="list-style-type: none"> - Financial results and statements of Q1 2019 - Internal control updates - Record of actions
4	4 August 2019	Meeting was not held due to lack of quorum.
5	3 November 2019	<ul style="list-style-type: none"> - Financial results and statements of Q3 2019 - Confidential session with the external auditor - Appointment of the external auditor for the year 2020 - External auditor's fees - Internal control updates - Updating the charter of the Audit Committee - Updating the Internal Audit charter

Members of the Audit Committee attended its meetings as follows:

Director	Position	Period of appointment	No. of meetings attended during 2019
H.E. Abdulaziz Abdulrahman Al Hemaidi*	Member	1 January – 26 August 2019	3 / 5
H.E. Mohammed Sahoo Al Suwaidi*	Member	1 January – 26 August 2019	2 / 5
H.E. Salem Sultan Al Dhaheri	Chairman of the Committee Member	1 January – 26 August 2019 27 August – 31 December 2019	5 / 5
H.E. Mohammed Hasan Al Suwaidi**	Chairman of the Committee	27 August – 31 December 2019	1 / 5
H.E. Khaled Abdulla Al Mass	Member	27 August – 31 December 2019	1 / 5

* Member of the Board until 26 August 2019; ** Member of the Board starting 27 August 2019.

Sixth: Nomination and Remuneration Committee

6/a Chairman of the Nomination and Remuneration Committee acknowledgement of responsibility for the committee charter in the Company, review of its work mechanism and ensuring its effectiveness

H.E. Salem Sultan Al Dhaheri, Chairman of the Nomination and Remuneration Committee acknowledges his responsibility for implementing the Nomination and Remuneration Committee's charter in the Company, reviewing its work mechanism and ensuring its effectiveness.

6/b Names of members of the Nomination and Remuneration Committee, and its functions and duties.

The members of the Committee were appointed by the Board at the meeting held on 21 April 2017. The structure of the Committee was subsequently reviewed during the Board meeting held on 27 August 2019. The Nomination and Remuneration Committee consists of the following members:

Nomination and Remuneration Committee (1 January – 26 August)	Nomination and Remuneration Committee (27 August – 31 December)
H.E. Khaleefa Ali Al Qamzi (Chairman) Non-executive and independent member	H.E. Salem Sultan Al Dhaheri (Chairman) Non-executive and independent member
H.E. Khaled Abdulla Al Mass Non-executive and independent member	Dr. Jaap Barend Kalkman** Non-executive and independent member
H.E. Abdulaziz Abdulrahman Al Hemaidei* Non-executive and independent member	Jasim Husain Thabet** Non-executive and independent member

* Member of the Board until 26 August 2019; ** Member of the Board starting 27 August 2019.

The Nomination and Remuneration Committee was formed by virtue of a Board resolution passed in a meeting held on 20 January 2008. The Committee's charter was amended in February 2012 and the charter was updated in December 2016, 2018 and 2019.

The Nomination and Remuneration Committee is responsible for supervising the independence of independent Members of the Board in addition to preparing rewards and benefits policies, and presenting the implemented HR policies and standards for purposes of attracting and maintaining talent. The committee is also responsible for developing and implementing Emiratization plans and initiatives.

Duties and tasks of the Nomination and Remuneration Committee

The main functions and duties of the Nominations and Remuneration Committee are as follows:

1. Approving the human resources policies and procedures at headquarters and endorsing the human resources policies and procedures at TAQA's subsidiaries.
2. Recommending strategies and offering guidelines for the remuneration of Members of the Board in line with the Company's overall objectives as well as formulating and reviewing the policy for determining bonuses, benefits, incentives and salaries for Members of the Board and employees annually.
3. Reviewing and submitting recommendations to the Board regarding the corporate organizational structure of the Company's headquarters.
4. Reviewing and developing mechanisms for evaluation of the Company's performance, including key performance indicators of the Company, and making recommendations for any changes to the Board if necessary.
5. Approving the Emiratization strategy.
6. Supervising the implementation and annual review of the Company's human resources policies.
7. Reviewing and discussing any remuneration-related information with the Executive Directors for inclusion in the Company's annual report or financial statements and related materials.
8. Reviewing the performance of the Company's Human Resources Department on a quarterly basis and reporting general activities related to the human resources function, if necessary.
9. Approving or endorsing HR-related matters, both for TAQA's headquarters and subsidiaries, in accordance with the Company's delegation of authority.
10. Setting and following up on nomination procedures for membership of the Board in accordance with applicable laws and regulations.
11. Checking the continued independence of Members of the Board.
12. Submitting an annual report on the committee's performance to the Board.
13. Considering any other matters that may be referred to by the Board.

6/c Nomination and Remuneration Committee meetings held during 2019, their dates and personal attendance of the committee's members

The Nomination and Remuneration Committee held five meetings during the year 2019, as outlined below:

No.	Date	Main items discussed by the Committee
1	28 January 2019	<ul style="list-style-type: none"> - Performance scorecard for 2019 - Review of Company performance in 2018 - Bonus policy for TAQA globally - Appointment of members of the boards of directors for the independent power and water plants (IWPPs) - Remuneration for Members of TAQA's Board - Replacement of TAQA's representative on the board of directors of a TAQA subsidiary - Annual performance report of the Nomination and Remuneration Committee for 2018
2	17 March 2019	<ul style="list-style-type: none"> - Allowances for Members of TAQA's Board and Board committees - Remuneration for Members of TAQA's Board - Remuneration for members of Board committees - Bonus policy for TAQA globally - Review of 2018 performance and annual bonuses - Operating model of TAQA
3	25 August 2019	<ul style="list-style-type: none"> - TAQA Board election nominees
4	23 September 2019	<ul style="list-style-type: none"> - Brief on the Human Resources Department - Update of the Nomination and Remuneration Committee charter - Remuneration for Members of TAQA's Board - Board representatives at TAQA subsidiaries - Performance scorecard for 2019
5	3 November 2019	<ul style="list-style-type: none"> - Board representatives at TAQA subsidiaries - Performance scorecard for 2019 - Remuneration for Members of TAQA's Board for 2019 - Simulation of 2019 annual bonus

Members attended meetings of the Nominations and Remunerations Committee as follows:

Member	Position	Period of appointment	No. of meetings attended during 2019
H.E. Khaleefa Ali Al Qamzi	Chairman of the Committee	1 January – 26 August 2019	3/5
H.E. Abdulaziz Abdulrahman Al Hemaiddi*	Member	1 January – 26 August 2019	2/5
H.E. Khaled Abdulla Al Mass	Member	1 January – 26 August 2019	2/5
H.E. Salem Sultan Al Dhaheri	Chairman of the Committee	27 August – 31 December 2019	3/5

Member	Position	Period of appointment	No. of meetings attended during 2019
Dr. Jaap Barend Kalkman**	Member	27 August – 31 December 2019	3/5
Jasim Husain Thabet**	Member	27 August – 31 December 2019	3/5

* Member of the Board until 26 August 2019; ** Member of the Board starting 27 August 2019.

Seventh: Insider Trading Supervision Committee

7/a Chairman of the Insider Trading Supervision Committee acknowledgement of responsibility for the committee charter in the Company, review of its work mechanism and ensuring its effectiveness

Mr. Saeed Rashed Al Darei, Chairman of the Insider Trading Supervision Committee acknowledges his responsibility for the implementation of the Insider Trading Supervision Committee's charter in the Company, the review of its work mechanism and ensuring its effectiveness.

7/b Names of members of the Insider Trading Supervision Committee, its functions and duties

The members of the committee were appointed by the Board at the meeting held on 13 December 2017, consisting of the following members:

1. Mr. Saeed Al Darei - Executive Vice President, Government Affairs and Corporate Communications and Board Secretary
2. Mr. Wael Nabulsi – Group Vice President Internal Controls and Assurance
3. Mr. Vivek Gambhir - General Counsel

Duties and tasks of the Committee

The main duties and functions of the Insider Trading Supervision Committee are the following:

1. Overseeing the implementation of the Group's internal trading policy.
2. Preparing an insiders' register for restricted persons in accordance with the Group's internal trading policy.
3. Monitoring and supervising transactions carried out by restricted persons on the Group's insiders' register, the ownership of TAQA shares by registered persons and maintaining the insiders' register itself.
4. Providing periodic reports to ADX and/or SCA on trading in the Company's shares by restricted persons and any amendments to the Group's internal trading policy and trading by restricted persons.
5. Appointing a secretary to perform the secretarial functions of the committee. The secretary's role shall include preparing and circulating an agenda in advance of each meeting, taking and maintaining meeting minutes and circulating them after the meetings.
6. Assuming general responsibility for all issues identified in the SCA guidelines for being the responsibility of the Company's Insider Trading and Supervision Committee.
7. Carrying out such additional duties related or incidental to the foregoing as may be requested by the Board from time to time regarding matters related to insider trading.

8. The Committee shall review its charter at least annually and recommend any proposed changes to the Board for approval.

7/c Summary of the Insider Trading Supervision Committee's activities in 2019

The Insiders Trading Supervision Committee held two meetings on 11 July 2019 and 10 December 2019 in the presence of all members. In both meetings, the restricted insider list was updated and periodic confirmations were ratified. No complaints were registered during the year 2019.

Eighth: Internal control system

The Company's internal control processes aim to achieve:

- Effectiveness and efficiency of operations;
- Reliability of financial reporting;
- Compliance with laws and regulations.

There are two main components of the Company's internal control system:

- The design, development and implementation of an effective internal control system;
- Ongoing monitoring and review of the internal control system to test its fitness for purpose, and to confirm that the business is in compliance with it.

The Company's internal controls are contained in policies, procedures and systems that have been adopted by the Company and that are managed and implemented by multi-disciplinary officials including:

- Chief Executive Officer
- Chief Financial Officer
- General Counsel
- Vice President of Accounting
- Group Vice President of Internal Controls and Assurance
- Heads of departments

The responsibility for implementing the internal controls framework rests with the CEO who manages the Company, providing guidance to managers in charge of applying specific aspects of the internal control system and who is accountable to the Board.

The Company's internal control system consists of a series of documented policies and procedures, particularly the Business Code of Ethics, and accounting policies and procedures (which include a number of procedures designed to address financial issues and financial reports), as well as the delegation of authority policy, financial policies, treasury policies, anti-fraud policy, HSSE policy, and reporting policy. These policies and procedures help the company achieve its objectives within an effective ethical framework and provide appropriate means to direct, monitor and measure the Company's resources and assist in analyzing the financial performance of the Company as well as playing an important role in preventing and controlling any fraud or other financial irregularities.

Internal audits

The Group Vice President of Internal Controls and Assurance is responsible for overseeing and managing audits of the Company's internal control system to ensure that it is in line with the objectives set. The audits aim to identify and review any deficiencies or weaknesses in the internal controls and assess compliance of each officer with the overall framework. The Group Vice President of Internal Controls and Assurance coordinates his work and duties with the department, however, he reports directly to the Board through the Audit Committee with whom he meets regularly to review the internal audit work plans and report on audit results.

The Internal Audit Department is responsible for preparing the annual audit plans to review certain functions and activities of the Company and its subsidiaries. These annual audit plans are subject to the approval of the Audit Committee of the Board. The objective of these plans is to audit the operations and activities of the strategic importance to the Company and review them regularly, in line with the Company's risk assessment procedures.

8/a The Board of Directors' acknowledgement of its responsibility for the internal control system of the Company, review of its work mechanism and ensuring its effectiveness

The Board of Directors of Abu Dhabi National Energy Company PJSC "TAQA" confirms its responsibility for implementing the internal control systems of the Company and for the periodic review of this system and its effectiveness through the Board-level Audit Committee in accordance with Chairman of the Authority's Board of Directors' Resolution.

8/b The name, qualifications and date of appointment of the head of the internal controls department

Mr. Wael Nabulsi is the Group Vice President Internal Controls and Assurance at TAQA, appointed to this position in September 2015. He is an expert in internal audit, corporate governance and risk assessment with 18 years of experience in preparing, managing and directing internal audits and setting corporate governance policies. He is a chartered internal auditor and holds an Executive MBA from INSEAD Business School.

8/c The name, qualifications and date of appointment of the compliance officer

Mr. Vivek Gambhir, a lawyer with over 20 years experience, was appointed as Compliance Officer on 1 January 2019.

8/d How the Internal Controls Department handles any significant issues in the Company or issues disclosed in annual reports and statements

The Company has implemented procedures to help identify problems, including anti-fraud policy and whistleblowing policy, which provide a mechanism for reporting any suspicious acts in strict confidence. The General Counsel and the Vice President of Internal Controls and Assurance are both responsible for handling issues arising from these reporting mechanisms, taking into account that the response shall be appropriate to the nature of the claim. The response to all these issues or potential problems is documented in writing and important issues are reported to the Audit Committee and, if necessary, to the Board.

The Company has also implemented a comprehensive risk management framework across all operations of the Company. The implementation of this framework helps identify, evaluate and address risks of importance to the Company's operations.

8/e The number of reports issued by the Internal Control Department to the Board.

A total of five reports have been issued by the Internal Controls and Assurance Department to the Board-level Audit Committee.

Ninth: Details of the violations committed during the year 2019 and a statement of reasons thereof, how they were addressed and how they will be avoided in the future

There were no violations committed during the fiscal year ended 31/12/2019

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Tenth: Cash and in-kind contributions made by the Company during the year 2019 towards the local community development and environmental conservation.

The below table lists the corporate social responsibility initiatives of TAQA Headquarters in Abu Dhabi, UAE.

Event	Description	Amount
Abu Dhabi Terry Fox Run	April 2019: Employees volunteered for the Terry Fox Run (raising money for cancer research)	AED 21,000
Ramadan Aman	May 2019: During the holy month of Ramadan, TAQA partnered with Ramadan Aman to distribute food boxes to drivers and passengers in Abu Dhabi at the time observers break their fast, as part of promoting road safety across the city	Employee volunteering
Emirates Red Crescent	June 2019: TAQA donated towards supporting students in need, in partnership with Emirates Red Crescent. Eight students in need benefited from the donation.	AED 30,000
Pink Run	October 2019: TAQA supported the annual Pink Run to help spread awareness of breast cancer. More than 30 TAQA employees and their families participated in the run, with proceeds going to Al Jalila Foundation in support of breast cancer treatment and research.	AED 9,900; employee donations not measured

Eleventh: General Information

11/a The Company's share price in the market (closing price, highest price and lowest price) by the end of each month during the year 2019.

Month (2019)	Closing price (AED)	Highest share price (AED)	Lowest share price (AED)
January	0.93	1.10	0.91
February	0.96	1.00	0.91
March	0.91	0.96	0.85
April	0.90	0.94	0.85
May	0.80	0.90	0.79
June	0.80	0.92	0.79
July	0.78	0.80	0.69
August	0.74	0.80	0.74
September	0.75	0.82	0.72
October	0.68	0.72	0.62
November	0.58	0.68	0.58
December	0.52	0.64	0.52

11/b The comparative performance of the Company's shares with the market index and the energy sector index during year 2019.

The graph below shows the performance of TAQA compared to that of the ADX Index and the ADX energy index



11/c Shareholding distribution as of 31/12/2019

Distribution of the Company's shares by investor type: The percentage of government entities' ownership is 0.05%, companies 84.65%, and individuals 15.30%. The reason behind the reduction in the percentage of government ownership and increase in ownership by companies was due to the transfer of the Department of Energy's share (a direct government entity) in "TAQA" to Abu Dhabi Power Corporation (a company indirectly and fully owned by the Abu Dhabi government) during the year 2019.

Distribution of Company shares by investor nationality: The ownership of the Company's shares is limited to UAE nationals and institutions.

Shareholder category	Individuals	Companies	Government	Total
National	15.30%	84.65%	0.05%	100.00%
Arab	-	-	-	-
Foreigner	-	-	-	-
Total	15.30%	84.65%	0.05%	100.00%

11/d Shareholders who hold 5% or more of the Company's capital as of 31/12/2019

Name	Number of shares held	% of the shares held of Company's capital
Abu Dhabi Power Corporation	4,492,220,500	74.05%

11/e Shareholders distribution by the size of equity as of 31 December 2019:

Shares owned (shares)	Number of shareholders	Number of shares held	Shares held (% of capital)
Less than 50,000	94,862	81,253,296	1.34%
From 50,000 to less than 500,000	855	129,957,086	2.14%
From 500,000 to 5,000,000	196	252,947,944	4.17%
More than 5,000,000	52	5,602,141,674	92.35%
Total	95,965	6,066,300,000	100.00%

11/f Procedures taken with to the investors' relations respect, indicating the following:

The Company has appointed Mr. Shadi Salman, Investor Relations Manager. Direct telephone number: +971-2-6914804. Mobile Number: +971-50-4350247. Email: shadi.salman@taqaglobal.com

The Company has also appointed Ameera Al Ameri, Investor Relations Coordinator. Direct telephone number: +971-2- 6914778. Mobile number: +971-50-8186773. Email address: ameera.alameri@taqaglobal.com

The Company maintains a dedicated investor relations section on its corporate website: <https://www.taqaglobal.com/investors>.

The following are published on the above webpage:

1. Disclosures related to the Company;
2. Interim and Annual Financial Reports;
3. Governance Reports;
4. After disclosing the results, the Company conducts an online live presentation via conference call for shareholders.
5. In addition, the Company maintained a smartphone application for investor relations, which provides investors with instant information on the Company's share performance and as well as consistent and accurate financial information in an easy-to-use platform; and
6. Such other topics of interest to investors.

11/g Special resolutions presented to the General Assembly in 2019 and the procedures taken with respect thereto.

None.

11/h Secretary of the Board of Directors

– **Name of the Secretary of the Board**
Mr. Saeed Rashid Al Darei

– **Date of appointment**
On 10 May 2016, Mr. Saeed Rashed Al Darei, Executive President, Government Affairs and Corporate Communications, was appointed as Secretary of the Board in addition to his duties.

– **Qualifications and expertise**

Mr. Saeed Rashed Al Darei, joined TAQA in 2013 and he is the Executive Vice President of Government Affairs and Corporate Communications. Prior to joining TAQA, Mr. Al Darei held leadership positions in several government agencies in Abu Dhabi, including the Department of Social Services and Commercial Buildings, the Department of Municipalities and Agriculture, the Department of Transport, and the Department of Civil Service. Mr. Al Darei holds a bachelor's degree in Management, Sociology and Leadership from Gonzaga University in the United States of America.

– **Main Duties of the Board Secretary**

1. Preparing board meeting agendas in coordination with the Chairman of the Board;
2. Provide Board Members with documents of the Board meetings;
3. Duly preparing minutes of Board meetings;
4. Sending copies of Board meeting minutes to each of the Board Members for review and sign off by the members present, in addition to sending signed copies to all Members of the Board for their records;
5. Follow up on the implementation of the decisions of the Board with the Executive Management of the company;
6. Provide disclosures related to Board meetings to ADX and SCA;
7. Keeping the minutes of the Board's meetings in addition to those related to committee meetings.

11/i Significant company events that took place in 2019.

Power and Water Sector

The Company's electricity and water generation business registered strong performance in 2019 with electricity production of 91,307 GWh, up 2% compared to previous year. Global technical availability increased by 0.3% to 93.4%. Total desalinated water production increased slightly to reach 246,894 million imperial gallons compared to 2018.

Oil and Gas Sector

Despite strong operational performance from the Atrush field helping offset the impact of lower oil and gas production in Europe, the decline in commodity prices in general led to lower overall revenues from this business stream in the Company. The daily production rate was 124.4 thousand boepd in 2019, an increase of 1% over the production rate recorded in 2018 of 123.1 thousand boepd.

The Company's average daily production rate was 78 thousand boepd in North America, 41.2 thousand boepd in Europe, and 3.9 thousand boepd from the Atrush field in the Kurdistan Region of Iraq.

Corporate finance

In 2019, TAQA refinanced its US\$ 3.5 billion revolving credit facility. The Company has also issued bonds worth US\$500 million.

11/j Emiratization percentage by the end of 2017, 2018 and 2019:

Year	Emiratization rate
2019	65%
2018	65%
2017	60%

11/k Innovative projects and initiatives implemented by the Company or which were under development during 2019:

None.



Chairman of the Board
6 April 2020



Chairman of the Audit Committee
6 April 2020



Chairman of the Nomination and
Remuneration Committee
6 April 2020



Group Vice President
Internal Controls and Assurance
6 April 2020



Official Company seal