



# Nomination and Remuneration Committee Charter



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# NOMINATION AND REMUNERATION COMMITTEE CHARTER

## 1.0 DEFINITIONS

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

<b>Board or Board of Directors</b>	Collectively, the Board Members.
<b>Board Member(s)</b>	Any member of the Board as elected by the General Assembly from time to time.
<b>Board Secretary</b>	The person appointed and designated as the Board Secretary of the Company.
<b>Charter</b>	This Nomination and Remuneration Committee Charter.
<b>Committee</b>	The Nomination and Remuneration Committee constituted by the Board pursuant to the Charter.
<b>Committee Chairperson</b>	Chairperson of the Committee.
<b>Company</b>	Abu Dhabi National Energy Company PJSC (TAQA).
<b>Delegation of Authority or DoA</b>	The Group Policy on Delegation of Authority as may be amended from time to time.
<b>Employee</b>	An employee of the Group.
<b>Executive</b>	An Employee of the Company directly reporting to the Group Chief Executive Officer and Managing Director and carrying out managerial responsibilities including employees designated as an Executive by the Nomination and Remuneration Committee. Collectively known as Executives.

<b>Group Chief Executive Officer and Managing Director</b>	The Group Chief Executive Officer and Managing Director of the Company.
<b>General Assembly</b>	The general assembly of the shareholders of the Company convened per the requirements under the articles of association of the Company, companies law and Governance Rules.
<b>Governance Rules</b>	The governance rules set forth in The Chairman of Authority's Board of Directors' Resolution No. (3/Chairman.) of 2020 Concerning Approval of Joint Stock Companies Governance Guide, as the same may be modified and amended from time to time.
<b>Group</b>	Collectively, the Company and each of its wholly owned or controlled subsidiaries.
<b>Independent Board Member</b>	Shall have the meaning given to such term in the Governance Rules.
<b>Non-Executive Board Member</b>	Shall have the meaning given such term in the Governance Rules.
<b>SCA</b>	The Securities and Commodities Authority in the UAE.
<b>Secretary</b>	Any Employee appointed as the Committee Secretary by the Committee
<b>Senior Management</b>	An Employee directly reporting to an Executive.
<b>Subsidiary</b>	Any partnership, company, corporation, co-operative, or other legal entity under the control of TAQA, with control is defined as the possession, directly or indirectly, of the power to cause the direction of the management of such partnership, company, corporation, co-operative, or other legal entity, whether through ownership of securities, by contract, or otherwise

## **2.0 PURPOSE AND ROLE OF THE COMMITTEE**

- 2.1 This Charter documents the role, function and powers of the Committee and outlines procedures and guidelines applied by the Committee when assisting the Board in fulfilling its responsibilities with respect to:
- i. ascertaining the appropriate composition of the Board and endorsing the nomination of suitable Board Members to the Board and its committees;

- ii. the assessment of the performance of the Board, Board Committees, each Board Member and the Executives; and
- iii. the endorsement of the remuneration policy, strategy and guidelines of the Group and such other duties as mentioned in this Charter and the Delegation of Authority.

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.

### **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 Non-Executive Board Members, and majority shall be Independent Board Members. However, the chairman of the Board may not be a member of the Committee.
- 3.2 The Board shall endeavour to ensure that the members of the Committee have such expertise, qualifications and experience as are required by the duties they are called upon to perform.
- 3.3 The term of the members of the Committee and the Committee Chairman shall be as determined by the Board, subject to an annual review and assessment of the Committee.
- 3.4 The fee (if any) paid to a Committee member for serving on the Committee shall be determined by the Board.
- 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 within a reasonable timeframe. Where a member of the Committee resigns, or for any reason ceases to be a member, resulting in non-compliance to the composition criteria as stated in paragraph 3.1 above, the Board shall, as soon as practically possible, appoint such number of new members as may be required to fill the vacancy.
- 3.6 The Board shall appoint the Committee Chairperson who shall be both a Non-Executive Board Member as well as an Independent Board Member. In the absence of the Committee Chairperson at any Committee meeting, the remaining Committee members shall elect a Committee member to act as Committee Chairperson for the meeting.
- 3.7 The Committee Chairperson may invite any Board Member, Executive, a member of the 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 voting members 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.

### **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 a year.

#### **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 conference. 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.

#### **4.5 Decision Making**

The Committee shall take decisions by majority votes. Each member of the Committee will have one vote. The Committee Chairman will have a casting vote in case of an equal division 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 The Committee shall be responsible for all matters identified in the Governance Rules and the Delegation of Authority and will have the following duties and responsibilities:

### **i. Board nomination, selection, training and assessment**

The Committee shall be authorised to undertake the following activities:

- a) set a nomination policy for membership of the Board and the Executives for the promotion of gender balance in order to encourage women through incentives, training benefits and programs and provide the SCA with a copy of this policy and any amendments thereto;
- b) set the policy on the appointment of Board members and oversee the process for Board elections in accordance with the Governance Rules;
- c) organize and follow-up on the process for the appointment of members to the Board in line with applicable laws and regulations as well as this Charter;
- d) oversee the preparation of induction materials and orientation sessions for new Board Members, in consultation with the Group Chief Executive Officer, Executives, Senior Management and the Board Secretary;
- e) review outside memberships of Board Members, the Group Chief Executive Officer and Executives on a periodic basis to should a conflict of interest situation arise;
- f) assisted by the Board Secretary, will oversee the availability of professional development opportunities and training for the Board members and specialist training for committee members or individual Board Members, to enable Board Members to regularly update and refresh their skills and knowledge, as determined by the Board;
- g) annually review and assess suitable skills, including a description of abilities and qualifications required for Board memberships;
- h) determine the time that Board Members should set for the Board work;
- i) review the structure of the Board and make suitable recommendations as deemed necessary;
- j) approve the appointment or replacement of non-TAQA employees as board members at subsidiaries, including, joint ventures, special purpose vehicles and holding companies as per the Delegation of Authority;
- k) verify the ongoing independence of the Board Members and annually verify the compliance by the Board Members with the required

membership conditions in line with the process outlined below and as applicable under the Governance Rules:

- if the Committee discovers that any of the Board Members do not meet the criteria for independence, it shall present this matter to the Board, and the Board shall notify the subject Board Member by a letter to be sent by registered mail or electronically to the Board Member's registered address or e-mail recorded in the Company's files and shall address the reasons for the lack of independency. Such Board Member shall provide clarification to the Board within fifteen (15) calendar days from the date of the notification(s).
- the Board, in its earliest meeting after the Board Member's response or after the expiry of the fifteen-day period, shall issue a decision confirming whether the Board Member is considered to be independent or not.
- even when such Board Member no longer meets the criteria for independence and such situation does not result in a breach of the minimum requirement for the number of Independent Board Members, the same must be taken into account when establishing Board Committees.
- if the minimum percentage of Independent Board Members required to be on the Board is affected, then the Board shall appoint an Independent Board Member to replace that Board Member if the latter has submitted his//her resignation due to lack of independence; and
- if that Board Member refuses to submit his/her resignation, then the Board shall bring the matter to the general assembly to pass a resolution to approve the appointment of another member to replace his/her or to advertise for the election and appointment of a new member to the Board.

## **ii. Human Capital**

The Committee shall be authorised to undertake the following activities:

- a) endorse human capital compensation and benefit policies applicable to the Company as per the Delegation of Authority
- b) endorse organizational design and succession plans and present them to the Board for approval as per the Delegation of Authority;
- c) determine the Company's need for qualified staff as per the Delegation of Authority;
- d) review and endorse the framework for measuring the Company and the Business Units' performance and recommend any changes to the Board for approval as per the Delegation of Authority;
- e) review and endorse the results of the scorecard of the Company and the Business Units, the aggregate bonus pool and the methodology for the



grant of the annual performance bonus as per the Delegation of Authority;

- f) endorse Emiratisation targets and initiatives and oversee and monitor the Company's commitment to Emiratisation;

form, review (on an annual basis), endorse and oversee the implementation of the Company's human capital (HC) policies, including training policies as per the Delegation of Authority;

- g) review and approve any information relating to compensation which is to be included in the Company's corporate governance report and/or related material;
- h) consider and deal with any significant employment related grievances (after they have been through the prescribed channels) concerning Executives in accordance with the Delegation of Authority, Governance Rules and other applicable policies and laws; and
- i) periodically review and revise the Board Secretary's job description and duties.

### **iii. Remuneration**

The Committee shall be authorised to undertake the following activities:

- a) recommend remuneration strategies and guidelines to the Board that are aligned with the overall business objectives of the Company;
- b) formulate and periodically review the policy on granting remunerations, benefits, incentives and salaries for Board Members and Employees and make recommendations regarding the general compensation philosophy for the Group, as well as budget for annual incentives to be awarded. This compensation philosophy should motivate the Employees to pursue the long-term growth and success of the Group and establish a fair and transparent relationship between individual performance and remuneration; and
- c) review and endorse any amendment to the performance incentive policy or the introduction of a new performance incentive policy as per the Delegation of Authority.

### **iv. Reporting**

The Committee shall be authorised to undertake the following activities:

- a) update the Board on significant Committee activities after each Committee meeting; identify matters which require action or improvement, including where the Committee is not satisfied with any aspect within the entrusted responsibilities, including the independence of the Board Members, and any other matters the Committee deems appropriate; and make recommendations on any remedial actions;
- b) review, at least annually, the Committee's Charter and recommend any proposed changes to the Board for approval. Present an annual performance report to the Board to include a summary of the

Committee's activities over the course of the year and the results of an internal annual performance evaluation (comparing the performance of the Committee with the requirements of this Charter);

- c) in general, be responsible for all matters determined by the Board or identified in the Governance Rules and any applicable laws, as being the responsibility of the Committee of the Company.
- d) perform such further functions related or incidental to the aforementioned per the Delegation of Authority, and as the Board may from time to time request to undertake; and
- e) conduct an annual self-assessment of its activities under this Charter and report any conclusions and recommendations to the Board. 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 of the Group and/or 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 and other professional services it requires, at the expense of the Company.