

# TAQA Group

UN Global Compact

Communications on Progress 2022

# About TAQA Group

Champion for low-carbon power and water

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## A strategy built around a commitment to creating societal value

- I. TAQA is an emerging low-carbon power and water champion from the UAE, with strong ambitions to lead national net zero efforts.
- II. TAQA has taken significant strides towards solidifying its new purpose as a leader in the transition to sustainable generation, transmission and distribution of power and water, with a deep commitment to decarbonization and growth.
- III. TAQA has a net zero by 2050 commitment and is establishing a strategy for the Group, which will include setting interim GHG emissions targets for 2030 and designing the pathway towards net zero by 2050.
- IV. TAQA seeks to align its strategy and initiatives with regional and international mandates to further drive improvements in the energy and water transition and ensure its contribution to the global sustainability agenda.

# About UN Global Compact

## Aligning corporate values with the SDGs

Launched in 2000, the UN Global Compact aims to harness the power of collective action in the promotion of responsible corporate citizenship. The Compact is a framework for businesses that are committed to aligning their operations and strategies with the ten universally accepted principles in the areas of human rights, labour, the environment and anti-corruption.

As the world's largest global corporate citizenship initiative, the Global Compact is concerned with demonstrating and building the social legitimacy of business and market. The UN Global Compact aims to mobilize a global movement of sustainable companies and stakeholders to create the world we want. It also helps companies take strategic actions to advance broader societal goals, such as the UN Sustainable Development Goals, with an emphasis on collaboration and innovation.



# UN Global Compact

## Our commitment – CEO Statement



"I am pleased to confirm that TAQA Group reaffirms its support for the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

In this annual Communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations.

We also commit to sharing this information with our stakeholders using our primary channels of communication".

*Jasim Husain Thabet*  
Group CEO, TAQA

Tuesday, August 16<sup>th</sup> 2022

H.E. António Guterres  
Secretary-General  
United Nations  
New York, NY 10017  
USA

Dear Secretary-General,

I am pleased to confirm that the Abu Dhabi Energy Company PJSC (TAQA) supports the Ten Principles of the United Nations Global Compact on human rights, labour, environment and anti-corruption. With this communication, we express our commitment to making the UN Global Compact and its principles part of the strategy, culture and day-to-day operations of our company, and to engaging in collaborative projects which advance the broader development goals of the United Nations, particularly the Sustainable Development Goals. The Abu Dhabi Energy Company PJSC (TAQA) will make a clear statement of this commitment to our stakeholders and the general public.

We recognize that a key requirement for participation in the UN Global Compact is the annual submission of a Communication on Progress (CoP) that describes our company's efforts to implement the Ten Principles. We support public accountability and transparency and therefore commit to report on progress from a calendar year after joining, and annually thereafter according to the UN Global Compact CoP policy. This includes:

- A statement signed by the chief executive expressing continued support for the UN Global Compact and renewing our ongoing commitment to the initiative and its principles. This is separate from our initial letter of commitment to join the UN Global Compact.
- The completion of the online questionnaire of the Communication on Progress through which we will disclose our company's continuous efforts to integrate the Ten Principles into our business strategy, culture and daily operations, and contribute to United Nations goals, particularly the Sustainable Development Goals.

TAQA had been part of the UN Global Compacts from 2008 to 2012, however this period also coincided with a major restructuring of our operations and leadership, hindering our ability to maintain the Communications on Progress. Naturally, this resulted in our exclusion from the UN Global Compacts. Today, TAQA is a national champion for low-carbon power and water, driving the energy transition, transforming industrial energy use and identifying increasingly efficient ways to support the UAE's water security strategy. We now operate with the Sustainable Development Goals at the heart of our strategy.

We look forward to rejoining UN Global Compact.

Sincerely yours,

Mr. Jasim Husain Thabet  
Group Chief Executive Officer, Abu Dhabi Energy Company PJSC (TAQA)

# UN Global Compact

## The 10 Principles

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### Human Rights

**Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights; and

**Principle 2:** make sure that they are not complicit in human rights abuses.

### Labour

**Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

**Principle 4:** the elimination of all forms of forced and compulsory labour;

**Principle 5:** the effective abolition of child labour; and

**Principle 6:** the elimination of discrimination in respect of employment and occupation.

### Environment

**Principle 7:** Businesses should support a precautionary approach to environmental challenges;

**Principle 8:** undertake initiatives to promote greater environmental responsibility; and

**Principle 9:** encourage the development and diffusion of environmentally friendly technologies.

### Anti-Corruption

**Principle 10:** Businesses should work against corruption in all its forms, including extortion and bribery.

# UN Global Compact

## Human Rights

**At TAQA, we value our employees and believe they are the backbone of the organization. Employees are critical to our growth and are the key drivers towards our goal of being a low carbon power and water champion.**

Since 2008, TAQA is committed to the universally accepted principles derived from various treaties including the Universal Declaration of Human Rights and The International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work. This has recently been reinforced in our Code of Ethics and Business Conduct, which firmly condemns any form of child labor, human trafficking, and modern slavery, and supports fundamental human rights principles. Our Business Partner Code of Conduct also speaks to ethical, social and environmental practices, including those related to human rights, modern slavery and child labor, as well as health and safety impacts.

### **Health, Safety, Security and Environment (HSSE)**

Protecting the health, safety and security of our people and our communities, and respecting our environment is a top priority for TAQA. In 2020, we launched a new Group-wide HSSE Management System, our 'Commitment to Operational Excellence ('COE') and undertook vital work to implement it across our businesses.

TAQA Group subsidiaries and operations in which we have a financial interest have put contingency plans, procedures and other mechanisms in place in order to try to avoid emergency situations and minimise any consequences should they occur. Such measures include preventative measures that have been jointly established with local authorities, training and regular safety drills with on-site assurance. They also include proactive measures such as the real-time monitoring of systems (particularly within our networks businesses), controlling the conditions of the power and water systems and responding to service and emergency requests, active communication with any affected parties, and regular practice drills.

In 2020, TAQA, in partnership with a leading expert in safety transformation and world class management systems, kicked-off an independent review of HSE across the Transmission & Distribution business operated entities. The review included a review of the status of implementation of key aspects of the HSSE Management System and in the development of a program and roadmap for improvement across the operated entities. TAQA conducted a similar independent HSE review across its international Generation operated entities in 2022 and identified several opportunities for enhancement, which form part of a program and delivery roadmap, with implementation underway in 2022.

# UN Global Compact

## Human Rights

### Employee Wellbeing

We value our employees and their contribution to the performance and success of our organization. TAQA is committed to our employees' wellbeing and conducts an annual Employee Engagement Survey to track wellness, amongst other dimensions that contribute to employee satisfaction including development, diversity & inclusion, and rewards & recognition. The Executive Management Team has also established 'commitments' to support employees in achieving work/life balance through setting clear boundaries, encouraging healthy habits, and ensuring a culture of respect.

### Occupational health

TAQA works to promote and maintain the highest degree of physical, mental and social well-being of workers across our operations. As part of the Group's COE policy, an occupational health program has been established to ensure that the health and safety of TAQA's personnel is maintained and that industrial hygiene and medical surveillance programs appropriate for the location and work activity are implemented.

### Safety Performance:

We strive for continuous improvement in safety by regularly tracking and reviewing safety performance.

### Measurement of outcomes

HSSE Overview

	Units	Year ended 31 December												
		TAD			Generation <sup>1</sup>			DSG			Group Total <sup>2</sup>			
		2021	2020	2019	2021	2020	2019	2021	2020	2019	2021	2020	2019 <sup>3</sup>	
Fatalities	Number	1	-	-	-	-	-	-	-	-	-	1	-	-
Rate of fatalities	Fatalities / 1 million hrs	0.02	-	-	-	-	-	-	-	-	-	-	-	-
High-consequence work-related injuries (excl. fatalities)	Number	-	2	1	-	-	-	-	4	2	-	6	3	-
Rate of high consequence work-related injuries (excl. fatalities)	Injuries / 1 million hrs	-	0.06	0.03	-	-	-	-	0.49	0.18	-	0.14	0.07	-
Recordable work related injuries	Number	4	3	8	2	3	2	21	12	28	28	18	38	-
Recorded injury rate (RIR)	Incidents / 1 million hrs	0.12	0.10	0.26	0.41	0.60	0.66	1.90	1.48	2.54	0.55	0.41	0.82	-
Lost time injury (LTI)	Number	2	3	7	2	2	0	7	4	12	11	9	19	-
Reportable spills	Number	-	-	-1	2	1	6	35	31	40	37	32	47	-



# UN Global Compact

## Labour standards

**At TAQA, we aim to provide a safe, diverse and rewarding environment for our employees globally so they can thrive.**

Labor rights are protected at TAQA and are continuously evaluated. Human Resources functions exist in each of our operating companies with direct links to the employees through an Employee Relations department to ensure attention is provided to our employees, in line with business needs and relevant labor laws.

We seek input from our employees through an annual engagement survey to gauge their level of satisfaction on key focus areas and develop action plans accordingly, including on areas of employee wellbeing and professional development. Additionally, to ensure the continued growth of our workforce we provide training and education opportunities for all our employees. Going forward, these training modules will be increasingly catered to function and individual needs and career paths.

Employees' interests and work-related demands are taken seriously by TAQA. Some of the jurisdictions we operate in have strong workers' organizations, such as trade unions, and associated collective bargaining agreements. In all cases, an independent Human Resources function exists in each of our operating companies with direct links to the employees through an Employee Relations department to ensure attention is provided as required, and in line with business needs.

Current revisions of HR policies entail securing equal pay for employees of both genders across the whole Group to ensure no differentiation in entitlement, obligations and pay is made based on gender.

We are firmly against any form of child labor, human trafficking, and modern slavery, and we support fundamental human rights principles.

The group has a Group Ethics & Compliance, and Grievances Helpline in place, which is a confidential and independent platform serving two distinct functions, including for reporting any employee grievances and any concerns you may have about any misconduct occurring at TAQA Global or its affiliates. The platform is designed to foster the highest ethical standards by enabling individuals to address, report and deter misconduct anonymously.

### Measurement of outcomes

- The Group recently updated a comprehensive code of ethics and business conduct policy that reflects the principles of human rights, labour and anti-corruption.
- The Group is proud to retain a workforce comprising more than 62 nationalities offering fair and equal opportunities to all.
- **Training & development:** More than 90,000 hours of training were completed across HQ and our Transmission & Distribution and Generation businesses by the end of 2021



# UN Global Compact

## Environment

### Climate change:

TAQA's purpose, vision and mission are rooted in our ambition to be leaders in the energy transition, a champion of low carbon power and water in Abu Dhabi and beyond. Our strategy focus on renewable energy, targeting more than 30% of the power generation portfolio by 2030, up from the current 5%. TAQA has already committed to be a net zero company by 2050 in line with the UAE's national objectives. We recently developed a comprehensive ESG and net zero strategy and targets, which will be announced later this year.

The Group-wide ESG strategy will help us embed ESG considerations – which mirror the UN Global Compact 10 principles - into all aspects of our Group's decision making and operations. We have already embarked on many ESG-related initiatives, which are highlighted throughout this Sustainability Report, and which demonstrate our commitment to improving our ESG performance year-on-year. We have reflected this commitment to ESG in our Group Scorecard, which starts with making top management accountable and is then reflected throughout TAQA. ESG considerations have also been integrated into our capital allocation framework.

TAQA is implementing numerous actions to reduce its own carbon footprint, promoting the decarbonization of the energy system through investment in renewable energy, electrification and management of energy demand and optimization of processes for generation, transmission and distribution of power and water to end-users. In addition, TAQA also currently embeds several climate-change risks in its Group risk report, including physical risks and transitional risks.

### Water and effluents:

Water resources and their protection is of vital importance for humanity's wellbeing and the preservation of nature's ecosystems. Water is an essential resource for TAQA's activities, and its effective management is a strategic priority for the Group and for the citizens we serve. Our management approach and policies around water & effluents highlight the importance of preserving and protecting this natural resource across the Group. Through continuous monitoring and mitigation measures, we aim to negate any negative impacts on water resources that might arise from our operations. We aim to expand highly efficient reverse osmosis technologies to make up two-thirds of the desalination capacity by 2030 with 205 MIGD already under construction. At the Group level, we withdraw less than 0.1% of the water required for our operations from areas considered of high-water stress, based on the Aqueduct Water Risk Atlas.

### Waste:

In our operations, we have established waste management policies and procedures with respect to the regulations in the countries in which we operate. We also have the processes and procedures in place for storage and disposal of waste safely, including processed for diverting waste to specialized contractors for recycling and treatment. All the third parties we partner with are regulator approved entities that specialize in waste disposal, transfer, and recycling to ensure effective and optimal waste management. Across the Group, we diverted 73% of our total waste in 2021 from landfills, through recycling either on-site or through specialized recycling providers off-site, and through reuse initiatives.

# UN Global Compact

## Environment

### Measurement of outcomes

- TAQA targets an increase in generation capacity from renewable energy sources to over 30% by 2030 from 5% of total capacity in 2020.
- TAQA working towards purchasing a stake in Abu Dhabi Future Energy Company (Masdar) from Mubadala. At completion transaction TAQA is expected to exceed its 2030 targets of having more than 30% of its generation capacity from renewable energy. TAQA will also hold a 24% stake in Masdar's new green hydrogen joint venture.
- TAQA has committed to net zero by 2050 for the Group with the aim of publishing 2030 interim greenhouse emission reduction targets and wider ESG targets by end-2022.
- TAQA is leading the development of new water desalination plants, deploying cost-efficient and versatile reverse osmosis technology and ensuring it makes two-thirds of its desalination capacity by 2030, with 205 MIGD already under construction.
- TAQA - Abu Dhabi Ports project is under progress to develop industrial-scale green ammonia manufacturing and export facility will be fuelled by hydrogen produced from power generated by a 2 GW solar PV power plant. The project with Emirates Steel will consider utilising green hydrogen to optimise clean steel production level. The hydrogen will enable green and low carbon steel manufacturing, saving energy while creating a sustainable and clean manufacturing process.
- Earlier in 2022, Emirates Global Aluminium (EGA), TAQA, Dubal Holding and Emirates Water and Electricity Company (EWEC) announced a major initiative that would unlock significant further development of solar power generation capacity in Abu Dhabi, progress power asset and generation optimisation, and decarbonise EGA's aluminium production in the United Arab Emirates.
- TAQA has set an industry benchmark in terms of the sustainable decommissioning of oil and gas in the Northern North Sea. The company's Brae Bravo decommissioning is one of the largest projects in the North Sea and includes the removal and recycling 36,000 tons of associated materials with 95% being recycled.
- TAQA's ESG rating was significantly improved by ratings agency Sustainalytics in August 2022, putting TAQA in the top 30th percentile of utility companies globally.

# UN Global Compact

## Anti-corruption

### At TAQA, we promote a culture of integrity, transparency, respect, fairness and the highest ethical and professional standards:

The TAQA Group established an independent Ethics & Compliance Office to develop and implement an ethics and compliance program across the Group. Our Code of Ethics & Business Conduct (Code) is the essential guide that defines what we stand for and how we work. It emphasizes that we must keep integrity at the heart of everything we do.

Our Group Supply Chain organization obtains goods and services only from suppliers who align with and acknowledge our Business Partner Code of Conduct and demonstrate compliance with applicable federal and local health, safety and environmental laws and regulations. The Business Partner Code of Conduct sets out the minimum ethical expectations from Business Partners and their relative sub-contractors, including compliance with anti-corruption laws, regulations, and standards such as those related to bribery and fraud.

The Ethics & Compliance Office launched codes and policies in 2021 as part of the Group Code of Ethics & Business Conduct, including:

- **Anti-Bribery & Corruption and Anti-Fraud Policy:** sets out guidance on how to prevent bribery, corruption and fraud.
- **Insider Trading Policy:** outlines obligations to protect material confidential information, when Group personnel and their related persons may trade in Group securities.
- **Anti- Money Laundering and Counter-Terrorism Financing Policy:** sets out guidance on how to identify and prevent money laundering and terrorist financing. **Sanctions and Trade Controls Policy:** sets out certain requirements and guidance to prevent any breaches of trade controls and sanctions.
- **Antitrust Policy:** intended to provide awareness regarding antitrust rules to enable recognition of antitrust issues and when to seek guidance

### Measurement of outcomes

Percentage of governance body members that the organisation's Ethics & Compliance policies and procedures have been communicated to: **100%**

Percentage of employees that the organisation's Ethics & Compliance policies and procedures have been communicated to: **100%**

Percentage of governance body members that have received training on Code of Ethics & Business Conduct, Business Partner Code of Conduct and Ethics & Compliance Policies: **100%**

Percentage of employees that have received training on Code of Ethics & Business Conduct, Business Partner Code of Conduct and Ethics & Compliance Policies: **100%**