

From Debut to Action:

# ADQ's ESG Journey at a Glance

# Contents

- 1. Our ESG commitment and roadmap ..... 3
- 2. Alignment with national policies and priorities ..... 6
- 3. Contributions to the United Nations Sustainable Development Goals (SDGS) ..... 8
- 4. Highlighted efforts and actions ..... 16

**Disclaimer:** This report provides an overview of ADQ’s approach to integrating ESG into its operations and shares operational highlights of the year 2021. It is not meant to be exhaustive and does not provide data on ADQ’s ESG performance.

The background of the entire page is a high-angle, close-up photograph of a large array of solar panels installed on a flat roof. The panels are arranged in neat, parallel rows, and their blue surfaces reflect the light. The perspective is from above, looking down at the panels.

# 1 Our ESG commitment and roadmap

## Our commitment

As an active and sustainable investor, ADQ is committed to accelerating long-term growth and contributing to Abu Dhabi's resilience for the long-term. Managing a broad portfolio of assets operating in key sectors of our Emirate's economy makes us uniquely positioned to drive sustainable outcomes, for the nation. But we also have a greater responsibility to make a positive impact on the environment, society and the communities where we operate.

As Abu Dhabi transitions to a diversified knowledge-based economy guided by national ambition and visionary leadership, we play an immense role in ensuring its transformation is delivered sustainably.

ADQ's sustainable investment approach is focused on long-term outcomes. Environmental, Social and Governance (ESG) factors are intrinsically linked with value creation. It is why we have embarked on a journey to embed ESG principles across our business and

the operations of our portfolio companies. Our ESG strategy ensures we will be prepared to operate competitively in a global environment where ESG plays an increasingly important role in investment decisions and the future performance of our portfolio. It also ensures we future proof our portfolio by mitigating related risks and consistently act responsibly, in line with our values.

We have taken steps to align with, and contribute to, both global and Abu Dhabi initiatives and policies that enhance our ESG approach. Accordingly, related considerations are included across operations and investment activities. This includes identifying, monitoring, managing and mitigating ESG risks and opportunities for direct operations as well as our portfolio companies. It incorporates the management of our direct environmental impact, promotes training and development, and ensures diversity and inclusion.



We recognize that sustainable investing is imperative for the long-term resilience and prosperity of Abu Dhabi. Everything we do, from our day-to-day business practices and processes to our investment cycle, will consider ESG factors that will make a difference to the communities where we operate."

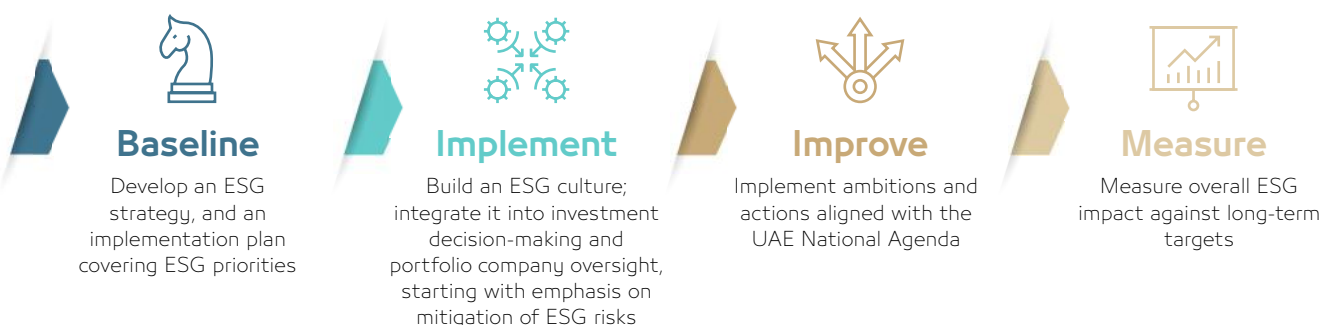
**H.E. Mohamed Hassan Alsuwaidi**  
Managing Director & Chief Executive Officer

# Our roadmap

In 2021, we developed an ESG strategy, published a related policy and adopted a rating methodology to understand ADQ's ESG position and quantify our ESG performance at the company and portfolio level. Our methodology aligns with both international ESG standards, such as the GRI and SASB, as well as national-level priorities and policies, including

the Abu Dhabi Securities Exchange (ADX) ESG Disclosure Guidance, which presents key metrics that are relevant across several sectors.

We have set out our roadmap to implement our strategy with the following overarching priorities.



- ✓ Align with national, regional, and international standards and guidelines
- ✓ Apply best practice suited to ADQ's portfolio
- ✓ Address ESG trends, risks and issues impacting ADQ's portfolio



# 2 Alignment with national policies and priorities

As a strategic partner of the Abu Dhabi Government, we are committed to accelerate the sustainable transformation of Abu Dhabi into a globally competitive and knowledge-

based economy. ADQ aligns with international and local levels priorities and supports ESG-related ambitions established by the governments of the UAE and Abu Dhabi.

## Alignment to National Priorities and Policies



Policy/Strategy	2 ZERO HUNGER	3 GOOD HEALTH AND WELL-BEING	6 CLEAN WATER AND SANITATION	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
<b>Second Nationally Determined Contribution of the UAE (Paris Climate Agreement)</b> In 2021, the UAE committed to reduce its greenhouse gas (GHG) emissions by 23.5% <sup>1</sup> by 2030, relative to the Business-As-Usual (BAU) scenario.				✓			✓	✓	
<b>UAE Energy Strategy 2050</b> The strategy aims to increase the contribution of clean energy in the total energy mix from 25% to 50% by 2050 and reduce the carbon footprint of power generation by 70%. It also seeks to increase consumption efficiency of individuals and corporates by 40%.				✓				✓	
<b>UAE Centennial 2071</b> The plan aims at investing in future generations by preparing them with the skills and knowledge needed to face rapid changes and to make the UAE the best country in the world by the next centennial in 2071.	✓	✓			✓	✓			✓
<b>UAE Green Agenda</b> The agenda comprises five strategic objectives covering: Competitive Knowledge Economy, Social Development and Quality of Life, Sustainable Environment and Valued Natural Resources, Clean Energy and Climate Action and Green Life and Sustainable Use of Resources				✓	✓			✓	
<b>UAE Net Zero 2050</b> The UAE Net Zero 2050 strategic initiative aligns with the Paris Agreement, which calls on countries to prepare long-term strategies to reduce GHG emissions and limit the rise in global temperature.				✓				✓	
<b>National Climate Change Plan</b> National Climate Change Plan of the UAE 2017-2050 is the UAE's comprehensive framework to address the causes and impacts of climate change, plan the transition into a climate-resilient green economy and achieve a better quality of life.				✓	✓			✓	
<b>Environment Vision 2030 (Abu Dhabi)</b> Environment Vision 2030 for the Emirate of Abu Dhabi was developed to ensure integration among the three pillars of sustainability: environmental, economic, and social vision.			✓	✓				✓	

<sup>1</sup> In 2022, this was revised to a reduction of 31% in GHG emissions, measured in CO2eq, relative to BAU in 2030.

# 3 Contributions to the UN Sustainable Development Goals (SDGs)

Priority areas identified within the **17 SDGs**



The UN Sustainable Development Goals (SDG) set out a holistic approach and areas of focus to achieve sustainable development. We recognize their value in ensuring a sustainable, resilient, and inclusive future for all.

We have identified the areas within the 17 SDGs most relevant to what we do. The identified priority SDGs are related to our core operations and geographies, and reflect our overarching business strategy, vision, and mission.



# ADQ is working towards the following SDGs:


## 2 Zero hunger

### End hunger, achieve food security and improved nutrition and promote sustainable agriculture



- We established Silal to diversify and stimulate locally grown food products in the UAE. Silal’s mandate also includes the implementation of knowledge-transfer programmes related to desert farming technology and other R&D projects designed to increase fruit and vegetable production from small farmers in the UAE.
- We participated in the \$105 million Series B funding of Aleph Farms, which grows cultivated meat from animal cells. Aleph Farms is exploring plans to set up a manufacturing facility in Abu Dhabi to supply the UAE and GCC region.
- Our portfolio company Abu Dhabi Ports provides a one-stop-shop for multimodal logistical requirements to facilitate international trade. Food is an essential component of this as cold storage and rapid deployment are essential.
- Our recently announced AgTech Park, the UAE’s first fresh produce AgTech Park, will combine tech-driven agricultural facilities and multimodal distribution channels, focused on the sustainable production of high-quality fresh produce in Abu Dhabi. Once operational, the 200-hectare park is expected to generate 39 kilotons of locally grown fresh fruits and vegetables annually.



**\$105M**   
funding of Aleph Farms

**200** hectare  
in AgTech Park to generate

**39** kilotons   
of fruits and vegetables  
annually

# ADQ is working towards the following SDGs:

## 3 Good health and well-being

### Ensure healthy lives and promote well-being for all at all ages



- We made a number of strategic transactions to support the development of our healthcare and life sciences cluster, including investments in Pharmax Pharmaceuticals and Biocon Biologics and the acquisition of Amoun Pharmaceutical Company and Acino, that are aimed at creating an integrated pharma platform meeting the need for high-quality, affordable medicines in the UAE and the broader region.
- We signed an agreement to merge healthcare support services entities, Rafed and Union71, within Pure Health, creating the largest healthcare provider in the UAE.



## 6 Clean water and sanitation

### Ensure availability and sustainable management of water and sanitation for all



- We seek to continually improve water management and stewardship within our portfolio and across the Emirate of Abu Dhabi. Our portfolio company Abu Dhabi Sewerage Services Company (ADSSC) provides high quality safe and cost-effective wastewater services to its customers in Abu Dhabi, including the collection and the treatment of wastewater discharged from residential and commercial customers. Meanwhile, Emirates Water and Electricity Company (EWEC) drives the planning and forecasting, purchase and supply of water and electricity in the Emirate and beyond.

# ADQ is working towards the following SDGs:

## 7 Affordable and clean energy

**Ensure access to affordable, reliable, sustainable, and modern energy for all**



- We aim to invest in sectors that promote clean technology and promote corrective and proactive environmentally friendly efforts.
- We signed a Memorandum of Understanding (MoU) to establish the Abu Dhabi Hydrogen Alliance (The Alliance). The Alliance will build a roadmap for Abu Dhabi to become a trusted leader of low-carbon green and blue hydrogen in emerging international markets and create a substantial green hydrogen economy in the UAE.
- Our portfolio company Emirates Nuclear Energy Company (ENEC) is currently constructing and operating the Barakah Plant – one of the largest nuclear energy plants globally, and already the largest sole source of clean electricity in the UAE and the Arab world.



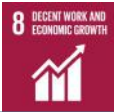
  
**50GW**  
 renewable energy capacity by 2030

- Our portfolio company TAQA became a shareholder in Masdar with Mubadala and Abu Dhabi National Oil Company (ADNOC). Masdar is a pioneer in sustainability and a hub for research and development, spearheading innovations to realize greener, more sustainable urban living. The strategic partnership will help boost Masdar’s renewable energy capacity to 50 gigawatts by 2030 and create a global clean energy powerhouse.

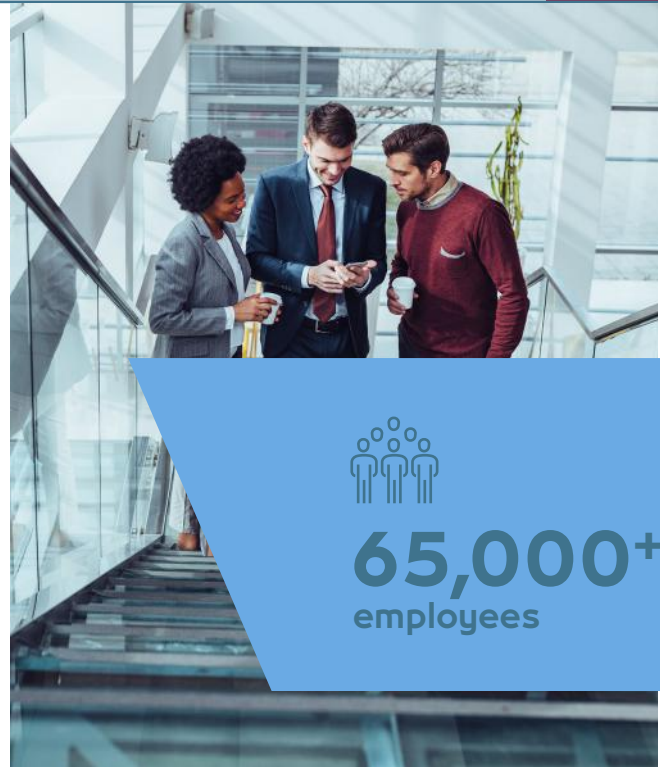
# ADQ is working towards the following SDGs:

## 8 Decent work and economic growth

**Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all**



- We invest in start-ups and venture capital funds, and support the creation of new incubators and accelerators.
- We have been assigned long-term issuer credit ratings of Aa2 (Stable) and AA (Stable) from leading global credit ratings agencies, Moody's, and Fitch, respectively. The ratings provide investors, financial institutions, and strategic partners with enhanced visibility on ADQ's creditworthiness and its aptitude to drive economic growth.
- ADQ and our portfolio provide significant employment covering a variety of roles at different levels and across different sectors. We have more than 65,000 employees who receive a stable income, helping the economy through contributing to rising GDP.



## 9 Industry, innovation and infrastructure

**Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation**



- Our portfolio company Emirates Steel Arkan supports the development of our country's infrastructure with its production of steel and various construction material. The company plans to move to a greener production process by partnering with technology leaders in the market.
- Our portfolio company Ducab, a provider of power solutions for landmark projects across the region and internationally, is researching and developing new and more efficient energy solutions for its growing customer base.

# ADQ is working towards the following SDGs:

## 13 Climate action

### Take urgent action to combat climate change and its impacts



- Through our portfolio management expertise, our efforts include the delivery of essential energy infrastructure and pioneering new forms of renewable and clean energy, such as nuclear, wind, hydrogen and biomass
- Our portfolio company TAQA is developing a 2-gigawatt Al-Dhafra Solar Photovoltaic (PV) project that will become the world's largest solar power project. Once operations begin, the PV project will be able to power approximately 160,000 households across the UAE and reduce emissions by 2.4 million metric tons annually
- Our investments in renewable clean energy through ADQ (Green Hydrogen Alliance) and our portfolio companies (such as TAQA's shares in Masdar) demonstrate our actions towards combating climate change
- Our portfolio companies the Emirates Water and Electricity Company (EWEC) and Abu Dhabi Waste Management Centre (Tadweer) are creating one of the region's largest waste-to-energy power plants. Once operational, it will generate enough electricity to power up to 22,500 UAE households and is expected to lower CO<sub>2</sub> emissions by up to 1.5 million tonnes per year.



**2GW**  
world's largest  
solar power project

**22,500**   
UAE households powered

 **1.5M** tons  
less CO<sub>2</sub> emissions  
per year

## ADQ is working towards the following SDGs:

### 16 Peace, justice and strong institutions

**Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable, and inclusive institutions at all levels**



- Our strong governance framework ensures the highest ethical standards in everything that we do and creates parameters for responsible and accountable decision-making. ADQ's Code of Business Conduct contains clear compliance commitments regarding ethics, corruption, and other subjects.





# 4 Highlighted efforts and actions

# 1. Environmental

## Environmental stewardship & climate change

Addressing pressing global and national environmental issues such as climate change is a clear priority for us at ADQ. We acknowledge the impact of the global phenomena on our operations, and our responsibility to support mitigation plans that combat the causes and impacts. Therefore, we encourage our portfolio to offer products and services that incorporate and promote low-carbon differentiation. We also motivate our assets to explore clean technology investments that create value for our existing value chains and contribute to a more climate resilient environment. Finally, we continuously seek to improve environmental stewardship in energy, water and material usage as we recognize our role to play in conserving natural resources and minimizing the environmental impact associated with our company's direct operations.




# 1. Environmental

## Abu Dhabi National Energy Company (TAQA) makes significant contribution to the UAE’s transition to clean energy

In 2021, a new global renewable energy and green hydrogen venture was launched by our portfolio company Abu Dhabi National Energy Company PJSC (TAQA). This energy powerhouse is set to have a total generating capacity of at least 30 Gigawatts (GW) of renewable energy by 2030, thrusting the UAE at the forefront of the energy transition, while advancing its global leadership role in green hydrogen. The project focuses on domestic and international renewable energy, waste-to-energy projects, as well as the production, processing and storage of hydrogen and ancillary activities.



 **90%+**  
Supply of Abu Dhabi’s power and water\*

\*TAQA 2021 Annual Report.

## Emirates Water and Electricity Company (EWEC) receives accreditation of clean energy auction certificates



Clean Energy Certificates (CECs) are currently the only accredited instruments in Abu Dhabi to prove ownership of the environmental and economic benefits achieved by consuming clean energy. In 2021, our portfolio company Emirates Water and Electricity Company (EWEC) conducted its second auction for CECs in Abu Dhabi, following a successful first auction. CECs enable Abu Dhabi entities to track and verify their clean energy usage from generation to consumption, helping to reduce their carbon footprint, and empowering them to achieve their sustainability goals.

## 2. Social

### **Diversity and inclusion, health and safety, socio-economic impact, and CSR**

We have a firm commitment to augment the communities where we operate, delivering activities and initiatives that align with our values and positively impact people, society and the environment.

When it comes to the workplace, we foster a fair and inclusive work environment that is safe, secure and respectful towards every individual regardless of gender, race, nationality, or disability. This means that we adopt a zero-tolerance to any form of discrimination, harassment, or abusive behaviour.

We believe that promoting diversity and inclusion at company level and across our portfolio will provide diverse perspectives and competitive advantage, enhancing decision-making and the overall performance of our businesses.

## 2. Social

### ADQ's investment expansions across the healthcare and pharma sector

ADQ acquired Pharmax Pharmaceuticals FZ-LLC, a UAE-based pharmaceutical company which manufactures and markets affordable, branded generic medication. Through its investment in Pharmax, ADQ strengthens its healthcare portfolio by addressing a shortage of affordable medication to create a cost-efficient healthcare system in the UAE that balances cost and quality.

ADQ further strengthened its Healthcare & Pharma portfolio in its acquisition of Acino, a leading provider of high-quality pharmaceuticals and Amount Pharmaceutical Company a leading manufacturers, distributors, and exporters of branded pharmaceutical and animal health products.



### Bolstering the local economy



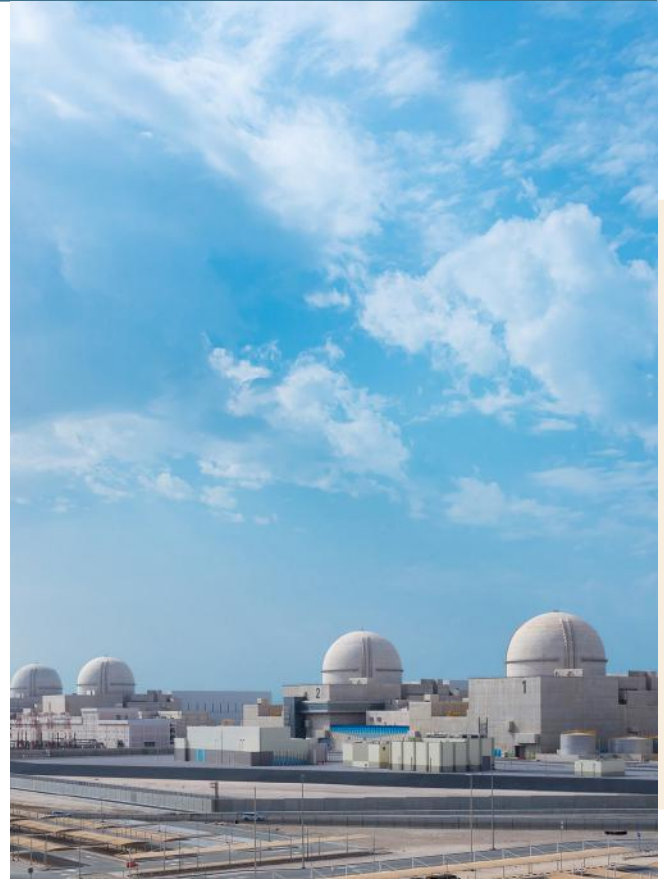
We signed a cooperation agreement with the Abu Dhabi Department of Economic Development (ADDED) to support the Abu Dhabi Local Content (ADLC) Program. The program aims to contribute towards increased job opportunities for Emiratis, support the growth and diversification of Abu Dhabi's GDP, enhance supply chains locally, and help companies obtain In-Country Value (ICV) certificates. Recognizing the importance of sourcing locally, in 2021, around 66 percent of our group procurement was spent on local suppliers.

Approximately  
**66%**   
of our group procurement  
spent on local suppliers

## 2. Social

### ENEC achieves latest nuclear new build benchmark with 100 million safe hours at the Barakah plant

In 2021, our portfolio company ENEC marked four years and more than 100 million safe man-hours without a Lost Time Injury (LTI) at the Barakah Nuclear Energy Plant. The accomplishment highlights ENEC’s success in implementing the highest standards of safety, security and quality in developing the UAE Peaceful Nuclear Energy Program. The milestone sets a new benchmark for industrial safety for nuclear new build projects around the world.




 **100M**  
safe man-hours without  
a Lost Time Injury

### Abu Dhabi Airports launch sensory rooms for people of determination at Abu Dhabi International Airport



Sensory rooms represent a modern relaxation method used as part of treatment and early intervention programs for children with autism. Abu Dhabi Airports Company, an ADQ company, signed an MoU with Zayed Higher Organization for People of Determination in collaboration with the Abu Dhabi Early Childhood Authority and launched two sensory units in the play areas in two of its terminals. The rooms incorporate educational, recreational and therapeutic techniques through an integrated set of sensory experiences that help children relax, focus, and learn, whilst being in a crowded public space.

### 3. Governance



ADQ incorporates the highest governance and business ethics standards, operating lawfully, ethically and with the utmost integrity in any geography it operates within. Our governance framework is built on a strong foundation of business ethics policies and programs, including our Code of Business Conduct; Anti-bribery and Anti-corruption Policy; Conflict of Interest and Related Party Policy, and Whistle-Blowing Policy.

ADQ Compliance has implemented a series of programs and initiatives that ensure our portfolio abide by ADQ's compliance framework. That said, our commitment to integrity extends beyond mere compliance with laws and regulations. We ensure that employees take the most ethical decision in any situation. This includes promoting an open and transparent culture that prohibits retaliation against those reporting concerns in good faith.

### 3. Governance

#### ADQ's Board governance training

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Setting up an effective risk management system coupled with a robust understanding of governance, supports making informed decisions incorporating prevention, preparedness, and response to all potential threats to our diverse businesses. We are building the capabilities of board members across our portfolio, ensuring leaders understand the latest market trends within

their sector of influence. Our partnership with IMD Business School delivered a multi-phase board effectiveness program for more than 100 senior executives, Chairpersons and Directors of ADQ and our portfolio companies. This structured program complements our existing work on providing training to various board members through subject matter experts on topics ranging from compliance to corruption.



Effectiveness program  
for more than  
**100** senior  
executives



