

MASDAR GREEN FINANCE FRAMEWORK



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INTRODUCTION



Abu Dhabi Future Energy Company – Masdar PJSC (“Masdar”) was established in 2006 by Mubadala Investment Company, the strategic investment company of the Government of Abu Dhabi. Our purpose is to advance the development and deployment of clean energy solutions in response to local, regional, and global sustainability challenges, and to support the UAE’s transition to a diversified and sustainable economy.

The UAE today is far along that path, and in the process, it has attracted global recognition for its leadership on sustainability issues such as climate change. The UAE was the first Middle Eastern nation to sign the Paris Agreement, it announced its ‘Net Zero by 2050 Strategic Initiative’ in 2021, and it has the honor of being selected to host the 28th Conference of the Parties (“COP28”) in 2023.

Masdar is critical to the UAE's transition to a sustainable and diversified economy and has become one of the fastest-growing renewable energy companies in the world. We are a leading developer and operator of utility-scale renewable energy projects with a presence in over 40 countries and a portfolio that covers solar, wind, waste-to-energy, electric mobility, energy storage, energy efficiency, geothermal and green hydrogen.

Masdar also supports innovation and thought-leadership platforms, and we operate renewable industry outreach programs that make a real difference to the communities they champion. We are passionate about raising climate change awareness, we directly support humanitarian efforts to assist those communities most at risk from the climate crisis, and many of our projects expand energy access in developing countries to reduce reliance on fossil fuels for electricity generation.

As of December 2022, Masdar has entered a new shareholding structure with Abu Dhabi National Energy Company PJSC ("TAQA"), Mubadala Investment Company ("Mubadala"), and Abu Dhabi National Oil Company ("ADNOC") partnering under the Masdar brand to create a truly global, clean energy powerhouse intended to spearhead the country's drive to net-zero carbon by 2050 while cementing the UAE's leading role in green hydrogen. Masdar is now targeting a total capacity beyond 100 gigawatts (GW) by 2030, with the goal of reaching 200 GW or more in the coming years, and producing 1 million tons of green hydrogen by 2030 through its newly announced green hydrogen business.



Mission, Vision and Values



Our Vision

To make Abu Dhabi the world's reference for knowledge and collaboration in the advancement of renewable energy, clean technologies and sustainable development.



Our Mission

To help maintain the UAE's leadership in the global energy sector, while supporting the diversification of both its economy and energy sources for the benefit of future generations.



Our Values

Agile

We believe that success in today's energy sector requires the ability to move swiftly in sync with changes in technology.

Commercial

We believe that the best way to increase the use of clean technologies is to demonstrate that they are commercially viable.

Sustainable

We believe that sustainability should be a key consideration in all decision making.

Grounded

Everything we do is grounded in what is technically and financially feasible. We believe this ultimately leads to better technology, healthier business returns, and the wider use of renewable energy.

1.1 Masdar's ESG Strategy

Masdar is committed to advancing the UN's Sustainable Development Goals ("UN SDGs") and these serve as a blueprint for our approach to sustainability. Environmental, Social and Governance ("ESG") has always been at the core of our mandate, and our approach to ESG focuses on actions that drive absolute and positive impact. This is especially important in how we choose our investments. Since 2006, we have built a balanced and resilient portfolio that has delivered long-term value and strong operational results, while prioritizing positive environmental and social impact.

ENVIRONMENT



Masdar is advancing the commercialization and deployment of clean energy and clean technologies to address global sustainability challenges and mitigate climate change. We also support clean-tech innovation and we

play a role in supporting world-class industry and knowledge platforms that are driving the global sustainability debate, such as Abu Dhabi Sustainability Week ("ADSW"):

Abu Dhabi Sustainability Week (ADSW) is a



global sustainability platform that convenes world leaders to develop action-oriented solutions to the most pressing challenge of our time – climate change. Hosted by Masdar since 2008, ADSW encompasses a series of global events which bring together heads of state, policymakers, international business leaders and technology pioneers, providing them with an inclusive platform to share knowledge, showcase innovation and outline strategies as we work together towards a net-zero future. ADSW 2022 hosted around 30,000 attendees

from 150 countries, with more than 600 high-level speakers from around the world.

The guiding principles of the Environmental component of our ESG strategy are to provide low-carbon energy for the future and to ensure that every project is delivered to the highest international standards applicable at the time.

SOCIAL



Masdar is a responsible corporate citizen, providing meaningful employment, a safe workplace, and a healthy environment that respects tradition and local culture. Masdar

hosts a number of initiatives that serve to advance inclusivity, youth empowerment, and sustainable development.

- **Women in Sustainability, Environment and Renewable Energy (“WiSER”):** Masdar’s WiSER outreach platform was officially launched on the sidelines of the 70th United Nations General Assembly in September 2015. WiSER is dedicated to inspiring women to play an active role in addressing global sustainability challenges, and strives to position women of all nationalities as drivers of change and innovation while ensuring that their voices are heard across the sustainability debate.
- **Youth 4 Sustainability (“Y4S”):** Under the patronage of His Highness Sheikh Khaled bin Mohamed bin Zayed Al Nahyan, Y4S is a Masdar initiative to invest in and actively support the development of our most valuable asset – our young people – enabling them to become the sustainability leaders of tomorrow. Aligned with the UN SDGs and the UAE’s national strategy, Y4S has introduced a series of programs focused on students and young entrepreneurs, including the Sustainability Ambassadors and Future Sustainability Leaders programs.
- **Zayed Sustainability Prize (“ZSP”):** ZSP is the UAE’s pioneering global award that recognizes and rewards small- to medium-sized enterprises, non-profit organizations, and global high schools with sustainable solutions. Established by the UAE leadership in 2008, ZSP honors the humanitarian and sustainability legacy of the UAE’s founding father, the late Sheikh Zayed bin Sultan Al Nahyan. Over the past 15 years, ZSP has awarded 106 winners who have positively impacted the lives of over 378 million people around the world by accelerating sustainable development through their impactful, innovative and inspiring solutions. ZSP has five categories covering Health, Food, Energy, Water and Global High Schools that align and create synergies with both the UAE’s rapidly growing role in international sustainable development and the UN SDGs.

The guiding principles of the Social component of our ESG strategy are to be an industry leader in health, safety, and environment practices and performance, and to develop a diverse and inclusive workforce with a commitment to community-driven initiatives.

GOVERNANCE



Masdar's Board of Directors is tasked with ensuring that there is an effective ethics and compliance program in place.

We have an Ethics & Compliance Office ("E&C Office") which develops, coordinates, and supports ethics and compliance across the company.

This includes comprehensive policies such as our Code of Ethics, our Business Partner Code of Conduct and our Business Partner Due Diligence Policy, and the requirement for employees to undergo mandatory training on ethics and compliance on a regular basis. The E&C Office reports functionally to the Board's Audit, Risk & Compliance Committee ("ARCC"). Masdar was one of the first companies in the UAE to establish an Ethics, Diversity & Inclusion ("ED&I") program and to formalize our ED&I initiatives.

The guiding principles of the Governance component of our ESG strategy are to ensure appropriate focus and oversight on ESG strategies and practices and to continually improve our governance structure and processes in line with international best market practices.



1.2 Masdar's Renewable Energy Portfolio

The size of our green energy footprint around the world is growing, and it includes the development of pioneering projects in terms of technology, geography and size.

Table 1: Some of the benchmark projects in the Masdar portfolio



Shams

Concentrated Solar Power, 100 MW, UAE

Located in western Abu Dhabi and with an installed capacity of 100 megawatts, Shams was the largest renewable energy project in operation in the Middle East and the UAE's first large-scale solar power plant, when it launched in 2013. The project won the 'Project of the Year Award 2013' from the Emirates Solar Industry Association and the 'Emirates Energy Award 2013 – Large Energy Project Award' from the Dubai Supreme Council of Energy.



London Array

Offshore Wind, 630 MW, UK

London Array's 175 wind turbines power more than a half-million homes in the UK, abating nearly 1 million tonnes of CO2 emissions every year. The project was the first of the next generation of larger offshore wind farms when it first began producing power in 2012. The project was awarded 'Global Wind Deal of the Year' by Project Finance International in 2013.



Dudgeon

Offshore Wind, 402 MW, UK

Dudgeon Offshore Wind Farm is located 32 km off the Norfolk coast in the UK and produces 1.7 terawatt-hours of electricity annually. The combined output of its 67 wind turbines is sufficient to power an estimated 410,000 UK homes, abating 893,000 tonnes of CO2 annually. It was one of the first UK offshore wind projects to be awarded an investment contract under the UK government's Contract for Difference ("CfD") scheme in May 2014, and the first CfD offshore wind project to obtain financing in May 2016.



Hywind

Floating Offshore Wind, 30 MW, Scotland

Hywind is the world's first commercial scale floating offshore wind farm. Located off the coast of Aberdeenshire in Scotland, it entered operations in 2017 and currently provides 22,000 homes with electricity, abating around 63,000 tonnes of CO2 emissions annually. Hywind generates the highest average capacity factor for any wind farm in the UK, with an average capacity factor of 54-57% compared to the offshore wind average in the UK of around 40%. The Hywind project was also equipped with the world's first battery connected to an offshore wind farm.



Čibuk 1

Onshore Wind, 158 MW, Serbia

The Čibuk 1 is the largest utility-scale commercial wind project in Serbia and the Western Balkans. Led by Masdar and deployed in 2019, the project capitalizes on Masdar's international renewable industry expertise in order to support Serbia's ongoing socio-economic development. Besides helping to minimize the environmental impacts of Serbia's power sector, Čibuk 1 created as many as 400 local jobs during construction while also delivering 50 kilometers of new roads.



Cirata

Floating Solar Photovoltaic, 145 MW, Indonesia

In January 2020, Masdar announced it had signed a power purchase agreement ("PPA") with PT Perusahaan Listrik Negara (Persero) ("PLN"), the state-owned electricity company in Indonesia, for the first floating solar photovoltaic ("PV") plant in the country. The 145-megawatt PV plant, which will also be Masdar's first floating solar PV project and its first renewable energy project in the Southeast Asian market, will be built on a 250-hectare plot of the 6,200-hectare Cirata Reservoir, in the West Java region. Masdar is developing the plant with PT Pembangunan Jawa-Bali Investasi (PT PJB), a subsidiary of PLN.



Nur Navoi

Solar Photovoltaic, 100 MW, Uzbekistan

In August 2021, Masdar successfully completed and inaugurated the Republic of Uzbekistan's first independent-private producer ("IPP") solar power plant. The deal has attracted numerous awards for Masdar, which is committed to developing a number of other solar and wind projects in the country, contributing to the government's goal of developing 5 gigawatts (GW) of solar and 3 GW of wind capacity by 2030.

As of first quarter of 2023, our portfolio of invested or committed to invest clean energy projects was valued at more than US\$30billion globally. Combined, these projects have a gross capacity of over 20 GW, capable of displacing up to 30 million tonnes of carbon dioxide emissions per year. We plan significant further expansion over the coming years, as new benchmark projects come into operation, such as the 500 MW Zarafshan Wind Farm in Uzbekistan, that is set to become the largest project of its kind in Central Asia.

In addition to the well-established renewable energy technologies, we strive to take a leading role in the development of new technologies, such as floating wind and green hydrogen production. Furthermore, we have an energy services unit that is responsible for projects involving both supply and demand-side energy solutions. This unit comprises three main functions, including:



Project Management Services, which focuses on delivering renewable energy projects, many of which are located in remote areas characterized by challenging logistics;



Energy Services, which supports Masdar's clients in adopting sustainability best practices across their operations; and



Operations and Maintenance ("O&M"), which provides comprehensive O&M services for renewable energy projects to ensure they are performing at their peak.

1.3 Governance

In support of Masdar's ESG strategy, we have developed a governance structure based on a strong ethical culture that is embedded in all of our internal policies and procedures.

Masdar has a Corporate Social Responsibility team that focuses on identifying and instilling sustainable habits into our employees, wherever they work. This team aims to integrate sustainability into Masdar's day-to-day operations, initiatives and practices, and to raise the sustainability awareness of our employees.

In parallel, Masdar has a dedicated ESG team which is responsible for the implementation of Environmental & Social ("E&S") practices and procedures on each project that Masdar develops or acquires, throughout their lifecycle, in compliance with international and host country regulatory standards and best practices. The ESG team undertakes, inter alia, the following tasks in respect of each project:

- Ensures that E&S risk, constraints and opportunities are considered during screening and origination.
- Selects and oversees the Environmental and Social Impact Assessment ("ESIA") consultants and works closely with them to ensure that the environmental and social permitting process is robust and efficient and that the commitments outlined in the ESIA are aligned with good international industry practice.
- Streamlines compliance with the relevant international standards and guidelines, supports lenders' environmental and social due diligence processes, and leads the development of the Environmental

and Social Action Plan ("ESAP") and its implementation until the project-level E&S team is onboarded.

- Leads the preparation of the Environmental and Social Management System ("ESMS") in line with Masdar's requirements and project-specific compliance obligations.
- Defines the scope of the E&S team based on specific challenges and compliance requirements, leads the personnel selection process, and trains the team to ensure a full understanding of corporate and project-specific ESG requirements.
- Provides support to the E&S team and undertakes regular audits to ensure successful implementation of the ESAP and ongoing compliance with the ESMS.

Our values are where Masdar's governance originates, and our values are the foundation of our business. They shape and inform both the softer aspects – behavior and corporate culture – and the more formal requirements enshrined in the policies and procedures that set out our governance standards.

Internal audit procedures: The internal audit department assists us in how we meet our objectives by bringing a systematic and disciplined approach to evaluate risks. It ensures that risk management is appropriately identified and managed, and that employees' actions are in compliance with policies, standards, procedures, the code of ethics, and applicable laws and regulations. The program also ensures compliance with any significant legislative and regulator issues impacting Masdar.

Embedding ethical practice: At Masdar, good ethics are the foundation upon which our business is built. We are committed to embedding ethical practices throughout the organization, and seek to build mutual trust with our customers, suppliers and communities by working honestly and ethically. Masdar implements a robust ethics and compliance program, reflecting the specific challenges encountered in the countries and industries in which we operate. We apply the same standards across all areas and geographies and continue to look for ways to improve how we detect, prevent and respond to compliance issues. At Masdar, everyone is responsible for compliance and fostering a culture built on ethics, an idea that is heavily promoted in the organization, through frequent training and refresher courses.

Responsible sourcing and corruption: An effective supply chain is essential to the competitiveness of our business. We are committed to responsible sourcing, which directly references the requirement for our suppliers to adhere to Masdar's values, including those concerning labor practices. We perform enhanced due diligence on every project with every stakeholder concerned, in line with our Business Partner Due Diligence Policy.

Furthermore, we incorporate our Business Partner Code of Conduct, which sets forth minimum requirements for the conduct of any supplier performing work for or on behalf of Masdar, on every project. Suppliers must require the same from any contractor or subcontractor employed to perform work for Masdar. We continually assess manufacturing suppliers and service providers for compliance

and improvement, and we reserve the right to terminate our relationship with any supplier that violates the Business Partner Code of Conduct. Further detail can be found in our Modern Day Slavery Statement: <https://masdar.ae/en/footer/modern-day-slavery-statement>

In addition, we take anti-bribery and anti-corruption compliance seriously. We work to ensure that compliance with Masdar's anti-bribery and anti-corruption standards is understood by both employees and suppliers alike.



GREEN FINANCE FRAMEWORK



This Green Finance Framework (the “Framework”) has been developed to serve as a reference for all green financial instruments including bonds, loans, private placements, and sukuk (together “Green Finance Instruments”) to be raised to finance our investments in projects at home and overseas. We consistently approach finance from the view of enhancing sustainability. Whatever capital we raise is deployed for a sustainable purpose and in pursuit of ESG goals. We also recognize the enormous appetite amongst the financial community to champion the global push towards carbon neutrality, and we believe that Green Finance Instruments are an effective tool to meet this demand, which Masdar is uniquely positioned to support.

This framework is intended to create a platform that meets the highest standards of transparency, disclosure and integrity in order to allow sustainable investors the opportunity to confidently participate in the growth story of Masdar, one of the few pure-play, global, renewable development and investment companies in the world. Our Green Finance Instruments will provide increased transparency, thereby allowing investors, through their allocation of funds, to make a more measurable contribution to a more sustainable financial system.

With respect to bonds, issuances connected with this Framework will be aligned with the International Capital Markets Association's Green Bond Principles ("GBP"), dated 2021.

For loan financings connected with this Framework, these will be aligned with the Green Loan Principles ("GLP") of the Asia Pacific Loan Market Association, the Loan Market Association, and the Loan Syndications and Trading Association, dated 2023.

This framework is intended to align with the four core pillars of the GBP and GLP, including the recommendation for external review:

1. Use of Proceeds;
2. Process for Project Evaluation and Selection;
3. Management of Proceeds; and
4. Reporting.

In addition to alignment with the GBP and GLP, Masdar may seek certification in compliance with the requirements of the Climate Bonds Initiative ("CBI") Climate Bonds Standard (V4.0) ("CBS").

This Framework also aims to align, where possible, with the technical screening criteria for substantial contribution to Climate Change Mitigation specified by the Delegated Acts under the EU Taxonomy Regulation¹ ("EU Taxonomy").



¹ Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088

2.1 Use of Proceeds

The net proceeds from Green Finance Instruments will be used exclusively to finance and/or refinance new and/or existing projects in whole or in part from any eligible green project category in line with the eligibility criteria described in the table below (“Eligible Green Projects”), including Masdar’s participation in partnerships and joint ventures, in the relevant categories.

ELIGIBLE GREEN PROJECTS

All Eligible Green Projects are expected to align with the technical screening criteria for substantial contribution to Climate Change Mitigation as proposed by the EU Taxonomy and therefore deliver environmental benefits to support the implementation of our broader ESG strategy.

Eligible Green Projects



Solar Power



Wind Power



**Transmission
and Distribution
of Electricity**



Energy Storage

The table below provides an overview of green eligibility criteria of Eligible Green Projects as well as their contributions to the UN SDGs (this list is not exhaustive given the interconnected nature of the UN SDGs).

Table 2: Eligible Green Projects

ELIGIBLE GREEN PROJECT CATEGORY : RENEWABLE ENERGY

ELIGIBLE GREEN PROJECT SUB-CATEGORY:



SOLAR POWER

Eligible Green Project: Investments, development, construction, installation, operation and maintenance of facilities: Photovoltaic plants, Floating photovoltaic, Concentrated solar power

Alignment with the EU Taxonomy Economic Activity and the EU Environmental Objectives:

- 4.1 Electricity generation using solar photovoltaic technology
- 4.2 Electricity generation using concentrated solar power (CSP) technology
- Climate Change Mitigation: NACE codes D35.11 and F42.22

Alignment with the UN SDG targets:



7.2: By 2030, increase substantially the share of renewable energy in the global energy mix



13.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries

ELIGIBLE GREEN PROJECT SUB-CATEGORY:



WIND POWER

Eligible Green Project: Investments, development, construction, installation, operation and maintenance of facilities: Onshore projects, Offshore projects including floating wind turbines

Alignment with the EU Taxonomy Economic Activity and the EU Environmental Objectives:

- 4.3 Electricity generation generation from wind power
- Climate Change Mitigation: NACE codes D35.11 and F42.22

Alignment with the UN SDG targets:

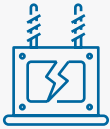


7.2: By 2030, increase substantially the share of renewable energy in the global energy mix



13.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries

ELIGIBLE GREEN PROJECT SUB-CATEGORY:



TRANSMISSION AND DISTRIBUTION OF ELECTRICITY

Eligible Green Project: Investments, development, construction, installation, operation and maintenance of electric power transmission and distribution network infrastructure devoted to directly connecting generation plants from renewable sources – solar power and/or wind power – to the transmission grid

Alignment with the EU Taxonomy Economic Activity and the EU Environmental Objectives:

- 4.9 Transmission and Distribution of Electricity
- Climate Change Mitigation: NACE code D35.12 and D35.13

Alignment with the UN SDG targets:



7.2: By 2030, increase substantially the share of renewable energy in the global energy mix



13.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries

ELIGIBLE GREEN PROJECT CATEGORY : ENERGY EFFICIENCY

ELIGIBLE GREEN PROJECT SUB-CATEGORY:



ENERGY STORAGE

Eligible Green Project: Investments, development, construction, installation, operation and maintenance of facilities – being a dedicated connection to solar and/or wind plant – that store electricity and return it at a later time in the form of electricity (aiming at promoting the development of renewable energies and/or replacing peak electricity produced by less environmentally friendly units)

Alignment with the EU Taxonomy Economic Activity and the EU Environmental Objectives:

- 4.10 Storage of electricity Climate Change Mitigation

Alignment with the UN SDG targets:



7.2: By 2030, increase substantially the share of renewable energy in the global energy mix

Every one of Masdar's projects must meet onerous environmental and social requirements, including those that are imposed by commercial banks and multilateral development finance institutions in a lending capacity, for example:

- The Equator Principles;
- IFC Performance Standards ("IFC PS"); and
- IFC General Environmental Health and Safety Guidelines ("IFC General EHS").

These environmental and social requirements typically oblige Masdar's projects to develop and implement (non-exhaustively):

- An ESIA, which includes the development of a commitments register and an Environmental & Social Management and Monitoring Plan ("ESMMP");
- An ESMS in accordance with the general requirements of IFC PS1 and the objectives of ISO14001;
- An Environmental & Social Management Plan ("ESMP") covering both construction and operations consistent with the project ESIA, IFC PS and national requirements. This usually consists of a suite of sub-plans, including but not limited to: waste management; pollution prevention; water management; hazardous materials; biodiversity management; emergency response; community health, safety & security; road safety & traffic; worker accommodation; influx management; cultural heritage (including chance finds); environmental monitoring; stakeholder engagement (including grievance management); and contractor management; and

- An Occupational Health & Safety ("OHS") management system aligned (but not necessarily accredited) with OHSAS18001 / ISO 45001 and of a scale appropriate to the project; and
- A Biodiversity Management Plan ("BMP") which demonstrates no net loss of natural habitat and associated species, with appropriate mitigation measures.

EXCLUSIONARY CRITERIA

For each Green Finance Instrument, Masdar has established a set of criteria preventing any assets and/or projects included in the following list to be earmarked as Eligible Green Projects:

- Landfill operations and any incineration of any unsorted waste assets including industrial and non-conventional waste (chemicals, nuclear, toxic waste).
- Acquisition, development, operation and maintenance of new and/or existing fossil fuel-based electricity generation capacity or heating systems (including, but not limited to, coal, oil, or natural gas-powered assets) and fossil fuel related activities including transportation of fossil fuel as well as underlying investments in R&D.
- Heat or power facilities with life-cycle GHG emissions intensity above 100gCO₂e/kWh.²
- Nuclear power generation and related infrastructures, including distribution assets.
- Furthermore, we may exclude certain projects on a case-by-case basis if any material issues exist that run counter to Masdar's ESG strategy at a project level.

² EU Commission Delegated Regulation (EU) /... amending Delegated Regulation (EU) 2021/2139 as regards economic activities in certain energy sectors and Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those economic activities published in March 2022: [Eur-lex.europa.eu/legal-content/](https://eur-lex.europa.eu/legal-content/)

2.2 Process for Project Evaluation and Selection

Our project evaluation and selection process ensures that the proceeds of Green Finance Instruments are allocated to finance and/or refinance Eligible Green Projects that meet the criteria and objectives set out above in section 2.1 (Use of Proceeds), and, where issuance is to be certified by the CBI, conformance with the relevant CBS V4.0 sector standard criteria.

A register of Eligible Green Projects (the “Green Finance Register”) is maintained by our ESG and Structured Finance teams, bringing together experts in their respective fields. This process draws significant input from our Head of ESG and Head of Structured Finance.

The Green Finance Register contains the following minimum information:

- Green Finance Instrument details: net proceeds; currency; issuance date; maturity date; coupon; and ISIN number (to the extent applicable).
- Allocation of proceeds for each Eligible Green Project listed:
 - » The Eligible Green Project Category and the Eligible Green Project Sub-Category;
 - » Project description;
 - » Project capacity;
 - » Project location;
 - » Masdar’s ownership percentage; and
 - » The portion of net proceeds allocated.

- Amount of any unallocated net proceeds.

The Green Finance Register is updated with new projects when these are recommended by these two teams to our Sustainability, Strategy and Investment Committee (“SSIC”) for validation and inclusion.

The SSIC ensures that our overall investment process and guidelines remain fit for purpose and that investments are in line with our then-applicable strategy and shareholder-approved business plan. The SSIC comprises senior executives from our shareholders including the CEO of our largest shareholder, TAQA, who chairs the SSIC.

The ESG and Structured Finance teams, in addition to identifying new projects as Eligible Green Projects and recommending their inclusion in the Green Finance Register, are also responsible for:

- Undertaking regular monitoring of the Green Finance Register to ensure the projects contained therein continue to satisfy the criteria for Eligible Green Projects set out in section 2.1 (Use of Proceeds), and, where required, compliance with the relevant CBS sector standard criteria, whilst replacing any ineligible projects with new Eligible Green Projects;
- Managing and tracking proceeds to ensure allocation towards the Eligible Green Projects contained in the Green Finance Register as set out in section 2.3 (Management of Proceeds);

- Ensuring that any proceeds from the issuance of a Green Finance Instrument, pending full allocation to Eligible Green Projects, are used in line with Masdar’s corporate liquidity policy as described in section 2.3 (Management of Proceeds);
- Facilitating regular reporting on the issuance of any Green Finance Instrument in line with the reporting commitments set out in section 2.4 (Reporting);
- Ensuring that the selection and inclusion of new projects as Eligible Green Projects follows Masdar’s ESG strategy and the Exclusionary Criteria set out in section 2.1 (Use of Proceeds), taking into account regulatory, reputational and financial factors; and
- Maintaining this Framework and managing any future updates that may be required including any updates that are required to retain compliance with regulations, disclosure standards and commitments, and best market practices.

In addition to the continuous selection and monitoring roles highlighted above, the ESG and Structured Finance teams will jointly provide regular updates to the SSIC on matters which relate to this Framework at least every six months.

Traceability of the decisions made on the selection of Eligible Green Projects will be done through a combination of the Green Finance Register, meeting minutes, as well as environmental and social requirements under each Eligible Green Project described in section 2.1 (Use of Proceeds) of this Framework.



2.3 Management of Proceeds

An amount equivalent to the net proceeds of each Green Finance Instrument raised in connection with this Framework will be deposited in Masdar's general account. These funds will be earmarked for allocation to Eligible Green Projects, with the end-to-end process being managed and overseen by our Structured Finance team.

To avoid double counting of Eligible Green Projects, these will not be funded by other Green Finance Instruments unless we can demonstrate that:

- Distinct portions of the Eligible Green Project are being funded by different Green Finance Instruments, or
- The existing Green Finance Instrument is being refinanced via another Green Finance Instrument.

When the Eligible Green Projects are subject to partnerships or joint ventures, we will only consider our share of investment in those Eligible Green Projects. We will not consider a portion of any Eligible Green Project which has been financed and/or refinanced by any other stakeholder.

We will ensure, on a best-efforts basis, that the capital value of projects in the Green Finance Register exceeds, or is at least equal to the net proceeds of Green Finance Instruments raised under this Framework. The proceeds of Masdar's Green Finance Instruments may temporarily exceed the total valuation of

projects in the Green Finance Register as the proceeds will be gradually allocated according to the different deployment stages of each Eligible Green Project. Masdar commits, on a best-efforts basis, to reach full allocation of the net proceeds of each Green Finance Instrument within 24 months following the date of issuance.

Pending full allocation, the net proceeds will be temporarily invested in accordance with our corporate liquidity policy and the Exclusionary Criteria set out in section 2.1 (Use of Proceeds), in cash, cash equivalents, or similar instruments, including sustainable fixed deposits. Unallocated proceeds will not affect the environmental commitments of this Framework.

In the case of a full or partial disposal of an Eligible Green Project, the disposal proceeds will be reallocated to another Eligible Green Project to the extent required to ensure that the value of projects in the Green Finance Register is at least equal to the value of Green Finance Instruments outstanding. In the unlikely event that a project is no longer considered to meet the eligibility criteria set out in section 2.1 (Use of Proceeds), then we will use our best efforts to substitute the project as soon as an appropriate substitution option has been identified, and in any event within 24 months.

Net proceeds from the issuance of the Green Finance Instruments can be used to refinance:

Existing projects and expenditures, in accordance with the eligibility criteria outlined above, with a lookback period of up to 24 months.

- Any existing Green Finance Instrument(s), provided the underlying asset(s) to which such existing Green Finance Instrument(s) relates is (are) still included in the Green Finance Register.
- All relevant information regarding the issuance of Green Finance Instruments and the allocation of proceeds from such instruments to the Eligible Green Projects will be monitored and documented in the Green Finance Register throughout the life of each Green Finance Instrument.

2.4 Reporting

Until we no longer have any Green Finance Instruments outstanding, and subject to any material event³ thereafter, we will publish annually (i) an Allocation Report and (ii) an Impact Report, the latter subject to the availability of suitable information and data. Masdar intends to provide an aggregated report for all of its Green Finance Instruments.

Wherever possible, we will align our reporting with the approach described in the 'Handbook – Harmonised Framework for Impact Reporting' (June 2022)⁴.

For the maintenance of conformity with the existing CBS, we will seek verification of our Green Finance Instruments, where issuance is to be certified by the CBI, at least annually during the same reporting timeframe described above. This will include information about the Eligible Green Projects and their alignment with the CBI eligibility criteria.

ALLOCATION REPORT

With the aim of providing disclosure on the allocation of net proceeds, the Allocation Report will include:

- An overview of the Green Finance Instruments outstanding, including a list of Eligible Green Projects, their description and their alignment with the relevant eligibility criteria (such as the CBI Sector Criteria⁵);
- The aggregated amount of net proceeds allocated to the Eligible Green Projects at the category level, if applicable;
- The proportion of net proceeds allocated to financing versus refinancing;
- The balance of any unallocated proceeds invested in cash and/or cash equivalents; and
- The geographical breakdown of the Eligible Green Projects.



³Material event could include, but is not limited to, change of control or acquisition, change of name, changes to the eligibility of assets and projects as well as any material amendments, supplements, and other updates to deal documents including during the life of the Green Finance Instrument (including any winding up process or enforcement).

⁴Harmonised-Framework-for-Impact-Reporting-Green-Bonds_June-2022-280622.pdf (icmagroup.org)

⁵<https://www.climatebonds.net/standard/sector-criteria>

IMPACT REPORT

The Impact Report will provide information on the associated environmental impact metrics and outcomes of our Green Finance Instruments, subject to the availability of suitable information and data. Where the Eligible Green Projects are operational, Masdar will use the actual measurements, unless this is not feasible, and will provide estimates of the expected of those Eligible Green Projects that are not operational or where actual data is not available. In addition, areas where estimates are reported will be highlighted and any calculation methodologies and key assumptions will be disclosed.



| Eligible Category | Potential Quantitative Performance Indicators |
|--------------------------|---|
| Renewable Energy | <ul style="list-style-type: none"> • Renewable energy capacity installed in MW • Annual GHG emissions avoided in tonnes of CO2 equivalent • Annual renewable energy generated (or estimated) in MWh • Capacity of renewable energy plant(s) to be served by transmission systems (MW) |
| Energy efficiency | <ul style="list-style-type: none"> • Storage capacity developed in MW • Annual GHG emissions avoided in tonnes of CO2 equivalent • Annual energy savings (or estimated) in MWh |

The Allocation Report and Impact Report will be publicly available at <https://masdar.ae/About-Us/Useful-Links/Facts-and-Awards>

2.5 External Review

SECOND PARTY OPINION

Moody's Investors Service ("MIS") has been appointed to issue a Second Party Opinion to assess and confirm the compliance of this Framework with the GBP, GLP and the alignment with the technical screening criteria for substantial contribution to Climate Change Mitigation specified by the Delegated Acts under the EU Taxonomy.

The Second Party Opinion can be found here: <https://masdar.ae/About-Us/Useful-Links/Facts-and-Awards>

POST-ISSUANCE EXTERNAL REVIEW:

Ernst & Young LLP ("EY") will provide annual assurance on both Allocation Report and Impact Report that:

- The amount equivalent to the net proceeds from the Green Finance Instruments have been allocated in accordance with the Framework at the impact reporting date;
- The disclosed impact has been calculated in line with the disclosed methodology and in compliance with the reporting commitments set forth in the Framework;
- Assumptions and data limitations that may impact the reported impacts are clearly disclosed;

DISCLAIMER

Although the information contained in this Framework has been prepared using all reasonable care, Abu Dhabi Future Energy Company – Masdar PJSC ("Masdar") makes no representation and gives no warranties in relation to such information and shall not be liable for any error, omission or inaccuracy contained in this Framework. Masdar shall not be liable under any circumstances for any loss or damage of any kind including, without limitation, any direct, special, indirect or consequential loss or damage, arising out of or in connection with the information contained in this Framework or from any reliance that may be placed by any person on such information.

- The methodology utilized to calculate the reported impact is appropriate, considering aspects such as completeness, objectivity, understandability, and consistently measurable.

The assurance reports can be found here: <https://masdar.ae/About-Us/Useful-Links/Facts-and-Awards>

CBI VERIFICATION:

Masdar has engaged with Ernst & Young LLP ("EY") to verify the Framework's compliance with the requirements of the CBS (V4.0). EY will provide annual assurance over the actual use of proceeds and internal systems and controls to verify that the Green Finance Instrument, where issuance is to be certified by the CBI, has conformed with the CBS post-issuance requirements.

The CBI Verification reports (pre- and post-issuance) can be found here: <https://masdar.ae/About-Us/Useful-Links/Facts-and-Awards>

AMENDMENTS TO THIS FRAMEWORK

Masdar may review this Framework from time to time, including its alignment with updated versions of the GBP, GLP and/or CBS, as and when such updates are made publicly available. Any material updates will be subject to the prior approval of the SPO provider. Future updates to this Framework, if any, will be published on Masdar's website and will replace this Framework.

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