

Corporate Sustainability Report

2017



بنك أبوظبي الأول
FAB
First Abu Dhabi Bank

بنك أبوظبي الأول

FAB

First Abu Dhabi Bank



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Welcome to the inaugural Sustainability Report

Welcome to the inaugural Sustainability Report of First Abu Dhabi Bank (FAB). The creation of the UAE's largest bank has presented us with a significant opportunity to generate greater economic, social and environmental value for our stakeholders, while making a stronger contribution to sustainability aspirations in the UAE and around the world.

01 Introduction

About This Report

This is FAB's first sustainability report following the merger between National Bank of Abu Dhabi and First Gulf Bank in April 2017. We intend to report on our sustainability and environmental, social and governance (ESG) performance annually.

Reporting Scope and Parameters

The report covers FAB's sustainability activities, risks and challenges, primarily within the UAE, which represents the majority of our operations. In some cases, international units are also referenced.

Unless stated otherwise, financial information is reported in the Emirati dirham (AED) and performance data covers the nine-month period from April to December 2017.

Our reporting goal is to provide a detailed and balanced account of our sustainability and ESG performance, with a focus on the most significant

issues ("material topics") based on input from external and internal stakeholders. These topics have been determined through a formal materiality assessment (the results of which are discussed on pages 20-21) and shape the content of this report.

This report has been prepared in accordance with the GRI Standards: Core option. This report underscores our commitment to transparency and international best reporting practices. Our GRI Index can be found on pages 77-81. Throughout this report we also reference other national and international guidelines we support.

Feedback

We invite your comments and questions about this report through any of the following channels:

 **Email:** CorporateSustainability@bankfab.com

 **Twitter:** <https://twitter.com/FABConnects/>

 **Facebook:** <https://www.facebook.com/FAB/>

 **LinkedIn:** <https://www.linkedin.com/company/first-abu-dhabi-bank/>

 **Instagram:** <https://www.instagram.com/fabconnects/>

 **YouTube:** <https://www.youtube.com/channel/UCyXhrKqYwuvsvquPuqgSPrA>

CEO Message

Dear stakeholders,

I am very proud to present our bank's first annual sustainability report.

With the growing need for sustainable development – and rising external expectations around Environmental and Social Governance (ESG) criteria – strong governance in the modern banking world has never been more important. All aspects of good governance – from the quality of management to the controls for ensuring ethical conduct – are essential in ensuring businesses perform successfully, and maintain the confidence of shareholders, customers, employees and community stakeholders.

FAB is a signatory to the United Nations Global Compact and is committed to supporting its principles – on human rights, labour rights, environment and anti-corruption – wherever it operates.

As the UAE's largest bank, robust and effective governance and risk management practices are essential to our company's long-term stability, resilience and corporate sustainability. In 2017 we undertook a number of initiatives to ensure that our governance and risk framework meets the requirements of our rapidly evolving business.

The alignment of our Group's corporate policies and risk framework was a very important milestone in achieving our sustainability objectives. Through this alignment we were able to implement comprehensive, group-wide sustainability and environmental policies, which sets out broad principles for taking a precautionary and responsible approach to operations and business. Our risk management processes and policies are robust and support these principles.

In addition to the governance and risk controls we introduced throughout the year, we have taken many other important steps to help build a sustainable business and create value for our stakeholders and society. These include enhancing our recruitment and talent management approach to ensure that we continuously appoint and retain the best talent to drive the organisation forward, creating a sustainability framework to ensure we operate in a responsible manner and establishing principles for responsible decision-making.

A testament to the importance of investing in good governance is the fact that global credit agencies (namely, Moody's, S&P and Fitch) affirmed FAB as the highest rated bank in the UAE and MENA and one of the world's safest financial institutions.

Also in 2017, FAB was ranked among the top 10 companies in the S&P/Hawkamah ESG Pan Arab Index of 100+ listed organisations from various industries in the Middle East and Africa region. The Index provides a measure of total organisational performance by linking stock market success to ESG indicators.

Thank you to our shareholders, customers, employees and the communities we serve for your loyalty and the faith you have shown in us. We will continue to grow our business responsibly, maintaining a solid balance sheet, while keeping pace with evolving governance norms and operating our bank with integrity.

The process of combining two organisations is all-encompassing and challenging. There is a lot of hard work, planning and attention to detail, and I am proud of our FAB team for the progress we have achieved to date.

Kind regards,

Abdulhamid Saeed
Group Chief Executive Officer

Our sustainability agenda at FAB supports our long-term ambition to be a leading bank and a strong business partner on issues that have global significance and local relevance.



VP & Head of **Corporate Sustainability Message**

In the new global economy, businesses of all sizes are facing increasing environmental and social challenges. These challenges coupled with growing public and investor expectations for action on crucial issues such as climate change and global poverty means we all need to adapt and do more to help shape a truly sustainable economy and world. At FAB, we are focused on what we can do to help make progress on these issues.

We see sustainability as integral to our business strategy and long-term development. Our sustainability framework consists of four strategic pillars that channel our activities: Strong governance, integrity and risk management; Responsible banking; Responsible employment; and Positive social impact. In each of these areas we are integrating progressive practices, policies and programs into our core operations, and addressing issues relative to the banking sector that matter most to our stakeholders. Some of our key highlights are as follows:

Tackling climate change: the greatest test of our generation

Climate change is, arguably, the most significant challenge of our generation. To help combat climate change, we successfully launched a milestone green bond in 2017 – the first organisation in the Gulf region to do so. This bond is raising USD 587 million to fund companies that are fighting climate change and protecting natural resources. With this historic listing, we are spearheading the development of a green bond market in the Middle

East region with investor participation from around the globe.

Our adoption of the global Equator Principles to ensure responsible project finance is further proof of our sustainability ambitions. We are also working to reduce the bank's carbon footprint and provide transparency in our performance.

Cultivating a more inclusive workplace and society

At FAB we are committed to promoting equality and diversity to help build an inclusive future for all members of society. All employees at FAB are employed based entirely on experience and qualifications, regardless of gender or race. Women today represent 34% of our global workforce and 20.4% of all senior management positions. We also have stringent policies and standards in place to respect human rights.

Our emphasis on inclusiveness extends to our customers and communities. Ways in which we do this include ensuring the availability of financial services, such as branches and ATMS, are located within easy reach of customers and members of the community in the more remote and economically disadvantaged areas of the country. Our corporate community investment strategy, which was developed in 2017 and launched earlier this year is built on partnerships with community-based not for profit organisations where we will be help them address a range of issues and causes that are important in the communities where we do business.

It also includes the development of the bank's employee volunteering programme 'People with Purpose'.

Demonstrating leadership and collaboration

As the UAE's largest bank, we touch so many financial aspects of society and people's lives, and therefore we have a particular responsibility to environmental stewardship, social progress and economic prosperity. Supporting the country's sustainability objectives – included in the UAE Vision 2021, UAE Green Agenda 2015-2030 and Abu Dhabi Economic Vision 2030 – is a priority for us, and connects to our core purpose of creating shared value for our stakeholders.

We are also contributing to relevant UN Sustainable Development Goals and supporting the United Nations Global Compact (UNGC) principles, which promote human rights, labour standards, the environment and anti-corruption.

Belinda Scott,
VP & Head of Corporate Sustainability

FAB is rising to the challenge of sustainability. We aspire to epitomise the very best in corporate sustainability performance and be recognised as leaders in the financial industry.



02

Our business and sustainability

About FAB

A new bank with financial strength, expertise and an extensive global network.

First Abu Dhabi Bank (FAB) is the UAE's largest bank and one of the largest in MENA as a result of the transformational merger between two of Abu Dhabi's leading financial institutions – First Gulf Bank (FGB) and National Bank of Abu Dhabi (NBAD). The merger brings together two highly complementary businesses, enabling us to leverage our scale to be an even better bank for our customers, our shareholders and the people of the UAE. Our legacy is discussed further in the FAB 2017 Annual Review.

Our Vision

Creating value for our customers, employees, shareholders and communities to grow stronger through differentiation, agility and innovation.

Customers

We empower our customers to grow stronger through choice, convenience, and customised products and services.

Employees

We create an environment where our people can leverage their strengths and excel in their performance.

Shareholders

We deliver superior and sustainable returns to our shareholders.

Communities

We build a legacy of positive change in our communities.

Business lines, products and services

We offer an extensive range of products and services to our customers through market-leading Corporate and Investment Banking and Personal Banking franchises and a complementary offering through subsidiaries.

Personal Banking

Across a multichannel network, we offer a wide range of financial products and services in the UAE, including retail banking accounts, credit cards, loans, small business solutions, wealth advisory services and growing digital capabilities.

Corporate and Investment

Our corporate and investment banking products and services include structured finance, project finance, transaction banking, financial institutions, treasury, investment banking and advisory services.

FAB's network of subsidiaries

FAB's subsidiaries include FAB Properties, Mismak Properties, Aseel Finance, ADNIF (Abu Dhabi National Islamic Finance), Dubai First, First Gulf Libyan Bank and FAB Securities. Offering services ranging from Islamic Finance to Property Management, these operations play an important role in the bank's strategy to provide comprehensive services for different client groups.

Where we operate

Headquartered in Abu Dhabi in Khalifa Business Park, our domestic network includes over 100 branches across the seven Emirates. Our global presence spans 19 countries in addition to the UAE, to support local, regional and international companies seeking to do business at home and abroad. Learn more.



Europe and Americas (E&A)

- France
- UK
- Switzerland
- USA
- Brazil

Middle East and Africa (MEA)

- UAE
- Bahrain
- Egypt
- Jordan
- Kuwait
- Lebanon
- Libya
- Oman
- Qatar
- Sudan

Asia Pacific (APAC)

- China/Hong Kong
- India
- Malaysia
- Singapore
- South Korea

AED 669Bn

Total assets

603

ATMs/CDMs

19

Countries of operation (outside the UAE)

17.8%

Basel III Capital Adequacy Ratio

AED 112Bn

Market capitalisation

5,393

employees

103

Branches/Cash offices in UAE

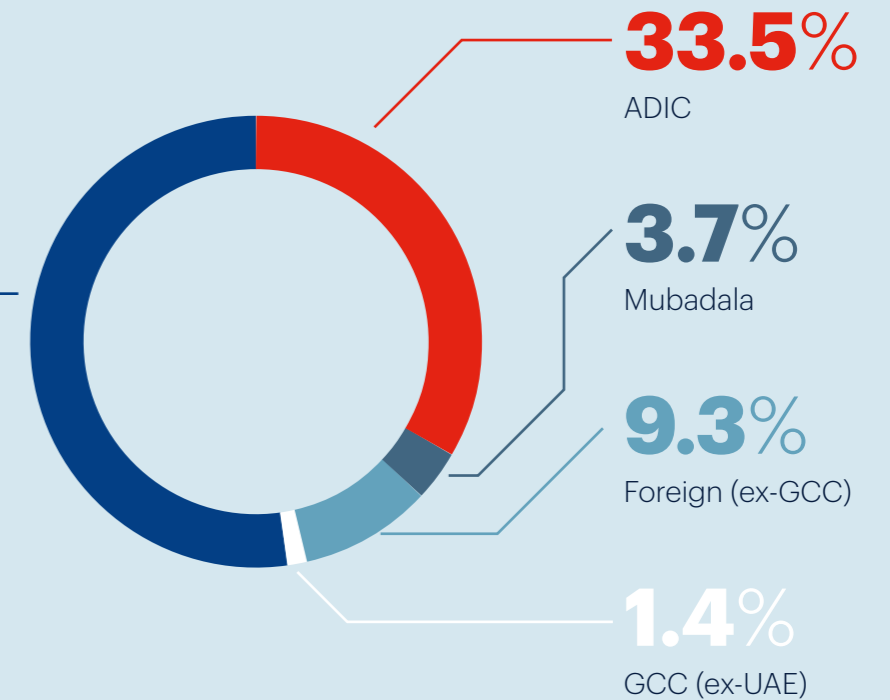
14.8%

Return on tangible equity

Shareholding Structure¹

52.1%

Other UAE Companies and Individuals



¹Based on total outstanding number of shares (Issued less Treasury shares of 42,433,737)
Foreign ownership is restricted to 25% of the total shares listed on the exchange

Our Corporate Strategy

Our corporate strategy points the way towards a strategic direction to achieving our vision with concrete focus areas and clear long-term targets.



Our Approach to Sustainability

FAB Strategy Map 2017



Our Sustainability Framework

The merger has given us an unparalleled opportunity to demonstrate sustainability leadership and make a real, lasting difference for positive change in the UAE and wherever we operate.

At the outset of our integration journey, our senior leadership felt it was important to articulate FAB's firm commitment to sustainability, which is part of our long-term corporate direction. As the UAE's largest bank, we have a particular responsibility as a corporate citizen toward the economy, the environment and society.

Integrating sustainability in our business strategy and our corporate culture, and conducting business in a responsible way are key components of our approach to ensuring that sustainability is embedded within all areas of our organisation. We aim to create stakeholder value through the identification of new opportunities, the active management of current and future risks, and through responsible business operations.

Four strategic pillars

To that end, during 2017 we modelled the framework for our sustainability activities going forward, anchored on four pillars:



Corporate Sustainability Strategy and Governance

The Corporate Sustainability (CS) team manages FAB's corporate sustainability activity. The team, which is part of the bank's Group Marketing and Communication department, is responsible for developing the Group Corporate Sustainability Strategy and driving FAB's sustainability agenda forward, and managing the bank's community and outreach programmes and the internal tactical sustainability awareness programmes. The team also tracks performance and reports on progress through collaboration with the Group's businesses and serves as a strategic sustainability advisor to ensure that the bank meets its sustainability objectives and commitments.

The components of our corporate sustainability approach are:

- Identifying business opportunities and managing risks
- Protecting and enhancing the bank's reputation and meeting investors' expectations
- Identifying business costs and benefits
- Creating value for our society and the economy

Our Group Sustainability Policy outlines the FAB's sustainability objectives and principles for taking a precautionary and responsible approach to its operations and business to achieve sustainable growth. [Learn More.](#)



Listening to Our Stakeholders

Through various communication channels, we listen to and seek feedback from diverse stakeholders that affect or are affected by our business. Their input guides our sustainability strategy and the issues we prioritise for action and improvement. Our key stakeholder groups and the ways we engage with them are listed on the following page.

In addition to feedback channels we have in place for each stakeholder group, we facilitated a dedicated stakeholder engagement exercise in which we brought together internal stakeholders in two sessions (representatives from each major department) and key external stakeholder groups in a third session. The goal of these sessions was to receive feedback on material issues and to identify emerging sustainability risks and opportunities.



Listening to Our Stakeholders

Stakeholder Group	Engagement Channels	Stakeholder Needs and Expectations	Our Response
Customers	<ul style="list-style-type: none"> - Branches - Mobile and online banking - Bank website and social media channels - Customer Experience Department - Annual customer satisfaction survey - Relationship managers 	<ul style="list-style-type: none"> - Innovative, accessible and responsible products and services - Information and data security - Secure, easy-to-use and accessible banking - Effective and friendly customer service - Clear communication - Competitive rates and fees 	<ul style="list-style-type: none"> - Direct communication with customers in our branches, via social media or other digital touchpoints - Instant card printing machines across key branches - Instant account opening option - Customer satisfaction survey
Employees	<ul style="list-style-type: none"> - Training and development programmes - Employee engagement - Recognition programmes - Transparent and accountable management - Whistleblower hotline 	<ul style="list-style-type: none"> - Professional development and competitive compensation and benefits - Recognition and rewards - An engaging working environment - Fair and equal opportunities - Open communication channels with management 	<ul style="list-style-type: none"> - FAB Business School - Health and wellness campaigns - Employee engagement survey - Recognition programmes - Employee Code of Conduct and Anti-Bullying and Harassment policy - FAB Club
Shareholders and Investors	<ul style="list-style-type: none"> - Board of Directors meetings - Public reports - Road shows 	<ul style="list-style-type: none"> - Profitability and growth - Investment in growth, innovation, diversified products and new markets - Strong corporate governance and dynamic risk management - Transparency and disclosure - Positive brand image - Consideration of ESG risk factors in investment and lending decisions 	<ul style="list-style-type: none"> - Annual, semi-annual and monthly reports - Net income growth
Government and Regulators	<ul style="list-style-type: none"> - Group Internal Audit, Group Compliance and External Audit - Code of Ethics Policy - Public reporting 	<ul style="list-style-type: none"> - Compliance with all legal and regulatory requirements - Consumer protection - Alignment to national development strategies and visions 	<ul style="list-style-type: none"> - Complying with obligations - Reporting performance for relevant disclosures such as Basel-III
Environment	<ul style="list-style-type: none"> - Sustainability report - Green bond report - Engagements with various environmentally oriented non-governmental organisations (NGOs) - External commitments (e.g., CDP, Equator Principles, UNGC Principles) 	<ul style="list-style-type: none"> - Limited use of finite resources - Incorporation of environmental criteria in lending and investment projects and supplier assessments 	<ul style="list-style-type: none"> - Water and power consumption reduction - Paper consumption reduction and recycling - Signatory to the United Nations Global Compact (UNGC) principles - Developed FAB's Environmental Management Policy in alignment with the international standard 14001

Stakeholder Group	Engagement Channels	Stakeholder Needs and Expectations	Our Response
Local Community	<ul style="list-style-type: none"> - CSR activities - Local procurement - Social media channels - Public reports - Website - Partnerships 	<ul style="list-style-type: none"> - Economic and social development - Employment creation - Development of local human resources - Financial literacy and inclusion - Environmental stewardship 	<ul style="list-style-type: none"> - Emeriti Future Leadership programs (including Qeyada, Forsati, Nujoom, Al Masar) for UAE nationals - Community investments
Suppliers	<ul style="list-style-type: none"> - Bidding and tendering - Supplier portal - Supplier Environmental & Social Code of Conduct 	<ul style="list-style-type: none"> - Timely payments - Bidding process that is fair and transparent - Open communication channels 	<ul style="list-style-type: none"> - Maintaining fair and competitive selection - Maintaining mutually beneficial cooperative relations



The Issues That Matter Most

The focus of our sustainability strategy and this report is on 16 material sustainability topics facing our business. External and internal stakeholders identified these as the issues that matter most in our most recent materiality assessment. We worked with Sustainability Excellence, an independent consultancy specialising in the area, to undertake this assessment, which included the following activities:

- Research and benchmarking to identify relevant issues
- Interviews and workshops with each stakeholder group as well as representatives of each division of our business to assess the issues most important to them.
- Analysing and prioritising the issues based on the importance of each topic to external stakeholders and FAB.

- A final review and validation by FAB's senior leadership of the material topics to make sure these represented the bank's sustainability performance.

We have shared the findings of our materiality analysis on the matrix below, which reflects our understanding of the significance of each topic in terms of stakeholder interest and potential business impact.



RANK	ASPECT
1	Financial and economic performance
2	Systemic risk management
3	Governance, business ethics and compliance
4	Customer privacy and data security
5	Responsible customer relations
6	Responsible lending and investing
7	Anti-money laundering and anti-corruption
8	Financial inclusion and accessibility
9	Talent attraction, development and retention
10	Workforce wellbeing
11	Digital product and service transformation
12	Diversity and inclusion
13	Direct environmental impact of operations
14	Emiratization
15	Community investment and socio-economic development
16	Responsible and sustainable procurement

NOTE: In this report, we have addressed topic #5 ("Responsible Customer Relations") and topic #11 ("Digital Product and Service Transformation") as one broader topic entitled "Customer Experience".

In this report, we have grouped these material topics into the four themes of FAB's sustainability framework: Governance, Integrity and Risk Management; Responsible Banking; Responsible Employment; and Positive Social Impact

FAB Sustainability Framework



Governance, Integrity and Risk Management

- Corporate Governance, Ethics and Compliance
- Risk Management
- Data Security and Privacy
- Anti-Money Laundering and Anti-Corruption



Responsible Banking

- Financial and Economic Performance
- Customer Experience*
- Financial Access and Inclusion
- Responsible Finance
- Direct Environmental Impact of Operations



Responsible Employment

- Talent Management
- Diversity and Inclusion
- Employee Wellbeing



Positive Social Impact

- Community Investment and Socio-Economic Development
- Responsible and Sustainable Procurement
- Emiratization

*This aspect covers two material topics: responsible customer relations and digital product and service transformation.

Aligning to National and International Frameworks

Our support of national and international sustainability frameworks are what separate FAB from our regional peers, as we lead action to improve the wellbeing of present and future generations.

National

We are committed to supporting the growth and prosperity of Abu Dhabi and the UAE, ensuring that our sustainability strategy and objectives are aligned with the UAE Vision 2021 and Abu Dhabi Economic Vision 2030. Vision 2021 is a multi-dimensional long-term plan that aims to make the UAE one of the best countries in the world, with “a nurturing and sustainable environment for quality living” and a “competitive economy driven by knowledgeable and innovative

Emiratis”, among other things. The Abu Dhabi Economic Vision 2030, also a long-term transformation plan, sets economic priorities to maintain a safe and secure society and build a sustainable, diversified and globally open economy.

FAB is represented on a number of national sustainability committees and task forces, such as the UAE Council for Climate Change and Environment, Emirates Foundation Programs’ Advisory Committee on Civic

Engagement, The Ministry of Climate Change and Environment’s Technical Committee on Green Development & Climate Change, the Sustainable Finance Steering Committee as part of the Dubai Declaration and the Technical Committee for the World Future Energy Summit 2018.



Representatives of signatories to the Dubai Declaration on Sustainable Finance at the initial plenary Meeting in September 2017 [photo credit - MOCCAE]

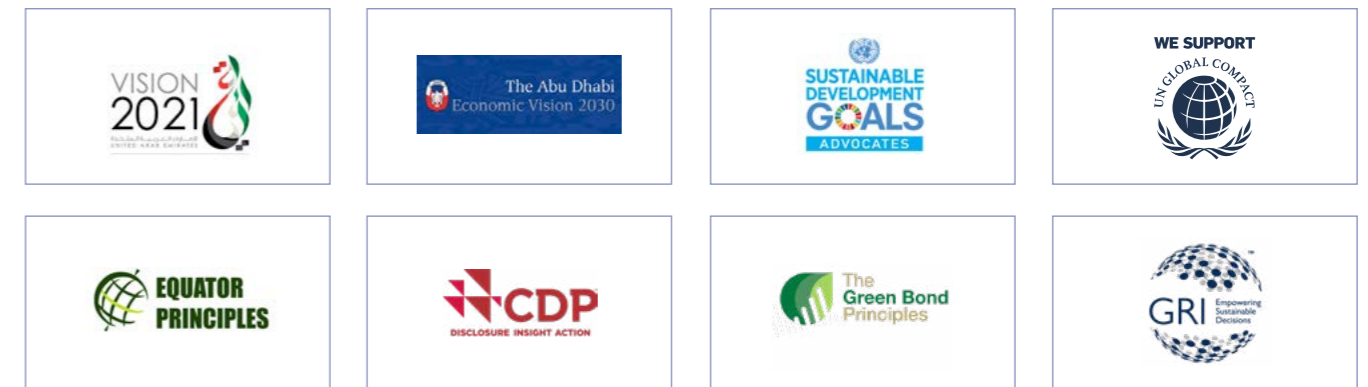


International

We are also working to align our business practices and sustainability performance with relevant UN Sustainable Development Goals (SDGs) - a set of 17 global goals developed by the United Nations, which define global priorities and aspirations for 2030 and aim to end all forms of poverty. Governments around the world including the UAE, have made a commitment to achieve these goals before 2030. Through our alignment, we will demonstrate our support of the UAE’s policies and commitments towards green growth and sustainability.

FAB was the only UAE bank to become a signatory to the United Nations Global Compact (UNGC) principles during the year. UNGC is the world’s largest corporate social sustainability initiative, with over 12,000 signatories across 170 countries. By signing this Compact, FAB has agreed to align its strategies and operations with the UNGC’s 10 Principles – encompassing human rights, labour regulations, the environment and anti-corruption – and take actions that advance societal goals. Other commitments include the Equator Principles, CDP, ICMA Green Bond Principles and the Global Reporting Initiative, all of which are discussed further elsewhere in the report.

Voluntary initiatives and public commitments



How We Support and Contribute to the SDGs and UNGC Principles

	Governance, Integrity and Risk Management	Responsible Banking	Responsible Employment	Positive Social Impact
SDG Goal	 	       	     	     
Global Compact Principle	<p>Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.</p> <p>Principle 2: Businesses should make sure that they are not complicit in human rights abuses.</p> <p>Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.</p> <p>Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour.</p> <p>Principle 5: Businesses should uphold the effective abolition of child labour.</p> <p>Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.</p> <p>Principle 7: Businesses should support a precautionary approach to environmental challenges.</p> <p>Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.</p>	<p>Principle 7: Businesses should support a precautionary approach to environmental challenges.</p> <p>Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.</p> <p>Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.</p>	<p>Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.</p> <p>Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.</p> <p>Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour.</p> <p>Principle 5: Businesses should uphold the effective abolition of child labour.</p> <p>Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.</p>	<p>Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour.</p> <p>Principle 5: Businesses should uphold the effective abolition of child labour.</p> <p>Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.</p>
How FAB is Contributing	<p>Corporate Governance, Ethics and Compliance (p. 28-32)</p> <p>Risk Management (p. 33-34)</p> <p>Anti-Money Laundering and Anti-Corruption (p. 36-37)</p>	<p>Financial and Economic Performance (p. 39-40)</p> <p>Direct Environmental Impact of Operations (p. 52-55)</p> <p>Responsible Finance (p. 46-51)</p>	<p>Employee Wellbeing (p. 67-69)</p> <p>Diversity and Inclusion (p. 66)</p> <p>Talent Management (p. 57-65)</p>	<p>Emiratisation (p. 74-75)</p> <p>Responsible and Sustainable Procurement (p. 73)</p> <p>Community Investment and Socio-Economic Development (p. 71-72)</p>



03 Year in Review: Sustainability Performance



بنك أبوظبي الأول
FAB
First Abu Dhabi Bank

Governance, integrity and risk management

Our strong governance framework creates the parameters for responsible management, accountability and decision-making at FAB, while assuring the highest ethical behaviour in everything we do.

Key Achievements in 2017



Highest rated bank in UAE

According to global credit rating agencies, and one of the safest financial institutions globally.



98%

Of employees worldwide completed FAB's compliance-related training



Leading corporate governance practices

FAB was among the top 10 companies in the re-balanced Hawkamah Pan Arab ESG Index of 100+ listed organisations from various industries in the Middle East and Africa region on its environmental, social and corporate governance practices.



Strong risk management

Created a comprehensive, enterprise-wide Risk & Compliance Management Framework

Material topics in this chapter:

- Corporate governance, ethics and compliance
- Risk management
- Data security and privacy
- Anti-money laundering and anti-corruption

Corporate Governance, Ethics and Compliance

Our Approach

Corporate Governance

We recognise that a well-considered and established corporate governance structure helps improve decision making, plays a key role in shaping corporate culture, business practices and regulatory compliance, and fosters better relations with stakeholders through improved transparency and better quality disclosures.

The Board of Directors and the management of FAB are committed to upholding high standards of corporate

governance, reflecting best practice and applicable regulatory guidelines, including those of the Central Bank of the UAE (CBUAE) and its other regulators. Our overarching corporate governance protocols are driven by the responsibility and leadership of the Board to direct the Group's affairs and set its objectives. The composition of the Board satisfies the generally acceptable corporate governance practice relating to the separation of roles of the Chairman and Group Chief Executive and the majority membership of non-executive directors.

Related FAB policies and guidelines:

- Directors Code of Conduct
- Employee Code of Conduct
- Anti-Bribery and Corruption Policy
- Gifts, Giveaways and Hospitality Policy
- Disclosure of Financials and Investor Relations Policy
- Related Party Transaction Policy

Our comprehensive Corporate Governance Framework includes the following components:

Group Board and Board Committees

- Oversee management of the organisation.
- Provide leadership and direction on corporate strategy and key risks.
- Monitor business performance and the risk and control framework.
- Delegate to and challenge the executive management of the Bank.

Group Management Committees and sub-committees

- Help run and control the Bank, including overseeing financial performance and the risk and control framework across the Group both domestically and internationally.

Group Policy Framework

- Defines how the bank is organised, run and controlled.

Policies and Procedures

- A set of guiding principles and rules that determine how governance operates.

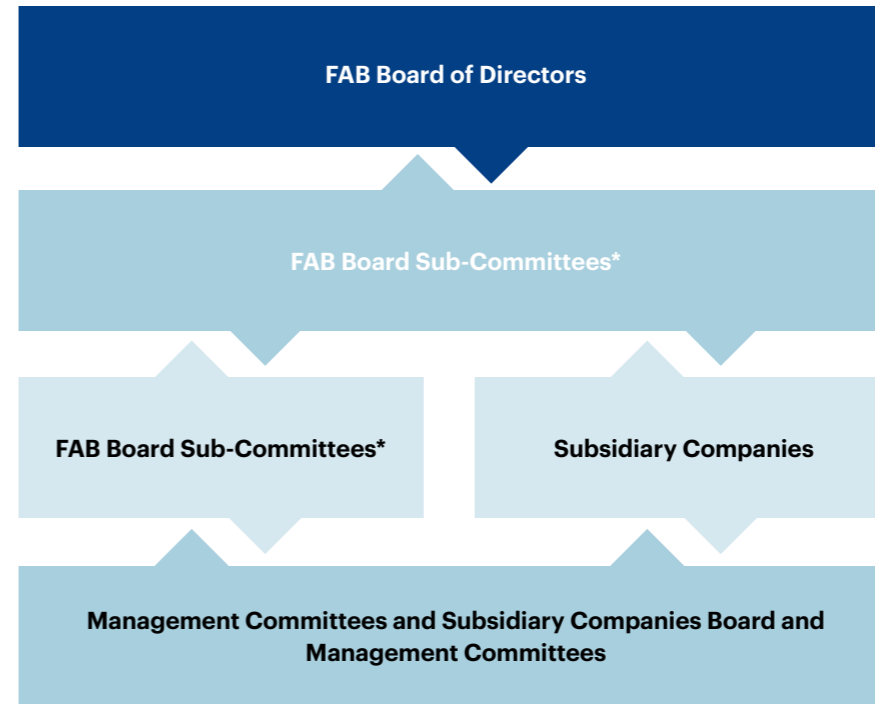
Group Delegation of Authority Framework

- Defines and governs the Group's delegations of authority across financial and non-financial matters, powers of attorney and the Bank's authorised signatories.

Governance Monitoring

- Monitors whether employees are compliant with internal and external rules, regulations, policies and procedures. A robust employee and Board Code of Conduct regulates activity.

FAB Corporate Governance Structure



The Board has four sub-committees:

- Board Management Committee
- Board Audit Committee
- Board Risk and Compliance Committee
- Board Remuneration and Nomination Committee

Note: Arrows indicate flow of information not reporting lines

* The bank also operates a Shariah Supervisory Board which advises all relevant parts of FAB Businesses on key aspects of its Islamic activities.



Business Ethics and Transparency

Managing our business responsibly is vital to being a premier bank and gaining the trust and confidence of our diverse stakeholders. We strive to demonstrate ethical, compliant and sustainable business practices wherever we operate, ensuring these are anchored in a strong workplace culture of integrity and openness.

As the foundation for guiding our daily activities and ensuring our people make the right decisions, we have developed a **Directors Code of Conduct** and an **Employee Code of Conduct**. These codes reflect our values and set our expectations for appropriate behaviour, they define inappropriate activities and outline the process for reporting suspected infractions. The codes cover topics such as conflicts of interest, confidentiality, gifts and hospitality, anti-bribery and corruption, and insider trading. Any person who fails to comply with the codes and all applicable laws are subject to disciplinary measures, including termination of employment.

In line with our approach to employ high standards for transparency and disclosure for the benefit of stakeholders, we publish a wide range of reports containing financial and non-financial data. We have a number of teams, including investor relations, corporate sustainability and corporate governance, who are committed to engaging and communicating with our internal and external stakeholders.

Regulatory Compliance

Globally, the financial services sector faces complex and increasing regulatory requirements. Adherence to such requirements is essential to ensure our ongoing operation, safeguard our reputation and protect customers.

We work diligently to comply with the applicable laws and regulations of the Central Bank of the UAE, our lead regulator, and other government authorities both in the UAE and internationally. As employee education is critical to ensure compliance, we deliver ongoing training and communication across our organisation to embed the message that 'compliance is everyone's responsibility'. We follow the principle of zero tolerance for any instances of regulatory non-compliance. Regulatory and compliance matters are regularly reported to the Executive Management, and are reported on a quarterly basis to our Audit Committee.

Whistleblowing

To protect the Bank and promote responsible organisational behavior, we aim to foster an environment that encourages employees and stakeholders to report any suspected and known instances of financial crime, as well as other serious issues such as health and safety risks, environmental damage and privacy breaches, without the fear of reprimand. We maintain a Whistleblowing Policy and regularly communicate its importance to our people. Employees are empowered to report issues through various channels, including a dedicated whistleblower hotline, online forms, email and direct interaction with our Risk team, whichever an employee feels most comfortable with.

2017 Highlights

A top priority last year was achieving a successful merger, which was legally completed in April 2017, creating the UAE's largest bank. The integration processes were complex and challenging, with legal and corporate governance teams from the legacy banks working together to ensure a smooth transition and develop an exemplary governance model. All projects and matters related to corporate governance – including integrating governance practices, issuing new charters and codes, and updating legal licenses – were huge projects that were effectively achieved.

The affirmation of credit ratings by Moody's, S&P and Fitch is a powerful testament to our efforts to deliver sound governance, financial strength and sustainable value for shareholders over the long term. Further details of our corporate governance practices and achievements are available in our 2017 Annual Review (see pages 36-39).

Other highlights:

- Approximately 98% of our global workforce completed our compliance training courses, covering topics such as Anti-Money Laundering and Sanctions.
- We managed various compliance-related challenges faced during the integration process to ensure regulatory requirements were met.
- We ensured regulatory issues identified by internal audits and regulators were properly addressed and mitigated.

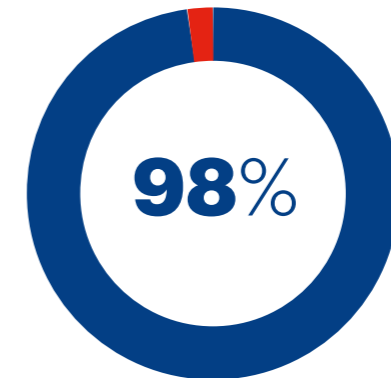
FAB is the highest rated bank in the UAE and MENA and one of the safest financial institutions globally

Aa3 Moody's

AA-S&P

AA-Fitch



Key Performance Indicators
2017



Percentage of employees who completed FAB's compliance-related training



Fab's Board of Directors (as of 1st April 2017)

Number of members	9	
Number of independent ¹ members	2	
At least 2 members met the independency criteria		
Executive members of the Board of Directors	0%	
Non-executive members of the Board of Directors	100%	
Female members	0%	
Directors Code of Conduct	Yes	
Board oversight of sustainability	Yes	

2018 Priorities

- Aim to fully implement the Corporate Governance Policy Framework across our UAE and international operations.
- Aim to align with international best practices as part of our three-year corporate governance strategy.
- In conjunction with the UAE Banks Federation, contribute to the development of the Central Bank of the UAE's corporate governance regulation.
- Ensure compliance with all regulatory guidelines and requirements.

¹ An independent director is one who, apart from receiving director's remuneration, does not have any other material pecuniary relationship or transactions with the company, its promoters, its management or its subsidiaries, which in the opinion of the board would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. In other words, an independent director has no material relationship with the company, either directly (as an employee) or as a partner, shareholder or officer of an organisation that has a relationship with the company.

Risk Management

Our Approach

Risk management is a key success factor in the financial industry, essential to ensuring the bank's financial strength, preserving its safety and enabling ongoing creation of shareholder value. Our focus is on embedding an exemplary enterprise-wide and integrated risk and compliance framework, which is aligned with our vision to drive consistent value for stakeholders through the optimisation

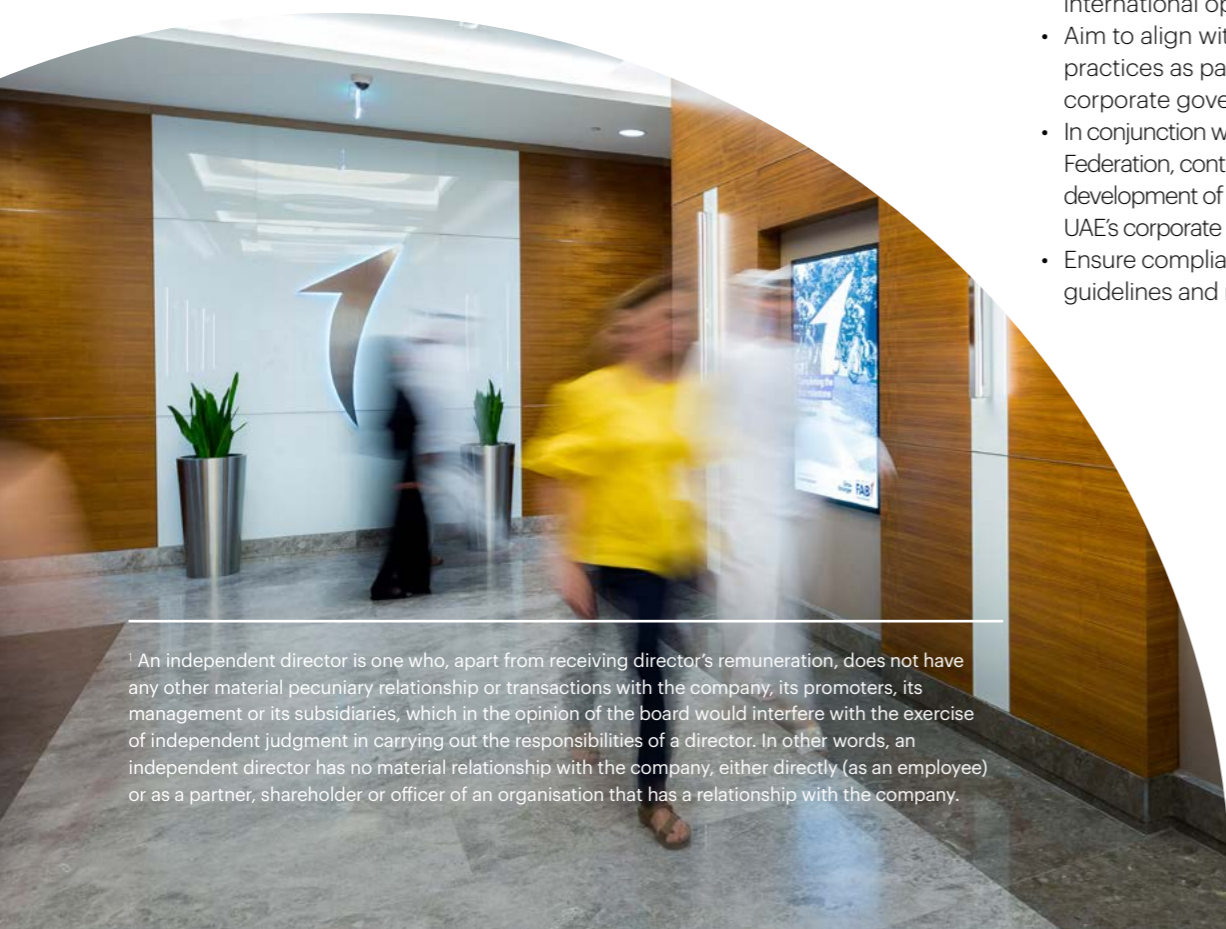
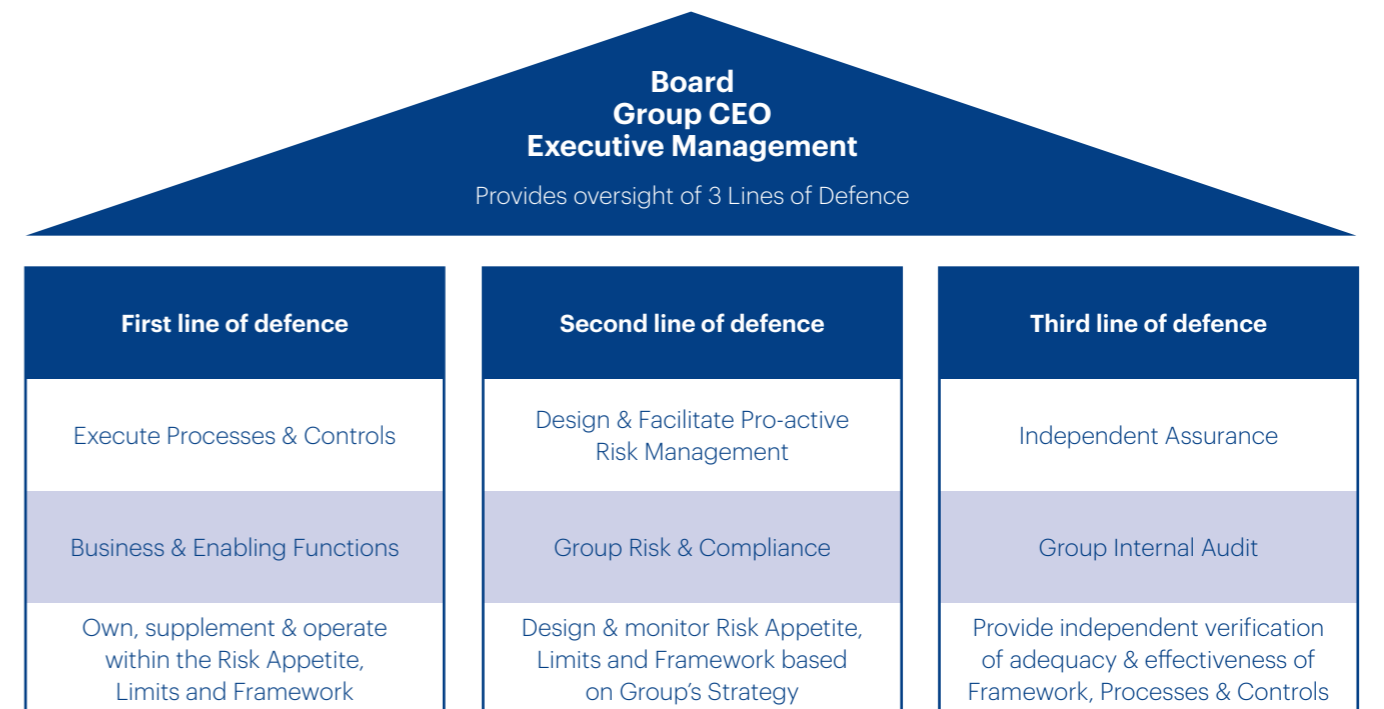
of risk and reward. Within this framework, we have established controls and oversight, including a "three lines of defence" model (see Figure below), to identify potential risks and gauge the effectiveness of related functions and policies.

Overall accountability for risk governance lies with the Board Risk and Compliance Committee (BRCC), which develops and oversees the Group risk strategy,

risk appetite and policy guidelines, and monitors adherence to these. Assisting the BRCC in carrying out these functions is The Group Risk and Compliance Committee assists the BRCC in carrying out these, as well as several sub-committees such as the Operational Risk Committee, the Compliance Committee and the Information Technology/Information Security Risk Committee that oversee specific risk responsibilities.

Three Lines of Defence

We follow a "three lines of defence" model, which is central to our risk management framework.



2017 Highlights

Ensuring the continuing effectiveness of our risk regime was a primary objective for FAB during the merger in 2017, and the Group Chief Risk Officer played a critical role in the Integration Steering Committee for the new bank.

To achieve this during the transition period, our Risk team put in place sound fundamentals and a strong bearing capacity to withstand all financial as well as non-financial risks. They also worked to form a strategic alignment and an enduring partnership with business units for the formulation and execution of business strategies, integrating the corporate and risk governance framework for the effective oversight of business performance and ensuring a robust risk infrastructure to manage enterprise-wide risks in a holistic manner.

Within this framework the team focused on adopting a unified risk culture across the bank, as well as development risk-based performance management metrics.

As a result of these efforts, significant progress was made to embed the Risk strategy for FAB, including the creation of a comprehensive Enterprise-wide Risk and Compliance Management Framework. Enterprise Risk Management policies were created and rolled out and the risk appetite statement for the combined bank was finalised and distributed with appropriate metrics. In addition, risk methodologies, models and tools were synchronised.

We are proud that FAB is rated as the safest bank in the Middle East, with AA-ratings or equivalent from global credit rating agencies (namely, Moody's, S&P and Fitch) that put us firmly alongside the best of the world's banks. To a large extent, this reflects our work in establishing a sound governance structure and a robust risk infrastructure for effective decision-making. Further information is available in the Annual Review 2017 in the Risk Management section (pages 34-35).

Value of loan portfolio² by region (AED) in 2017

Middle East & North Africa	75.66%
Sub Saharan Africa	0.78%
South Asia	1.30%
East Asia & the Pacific	5.01%
Europe & Central Asia	3.14%
EU	8.86%
North America	1.87%
Latin America & the Caribbean	3.38%

2018 Priorities

- Maintain strong external credit ratings.
- Maintain acceptable level of portfolio quality and cost of risk.
- Develop and monitor key risk indicators (KRIs) mapped to various risks to determine elevations in risk and proactively implement risk mitigation measures.
- Maintain a risk register based on applicable laws and regulations, fraud schemes and AML considerations.
- Ensure business continuity plans are implemented to sustain operations in the event of major events and crises.

Data Privacy and Security

Our Approach

As a global financial services organisation, protecting client privacy and handling personal information entrusted to us with the utmost care is central to everything we do and key to consumer confidence. Whether our customers bank online, via mobile or through a call centre, ATM or branch, we have multiple security and privacy measures in place. These include:

- Compulsory training for staff and ongoing awareness building
- Policies and procedures for protecting personal information
- Robust data encryption techniques, network security (e.g., firewalls) and other tools built into our products, services and technologies
- Strong authentication methods to verify customers through any banking channel they use

- Sophisticated systems and technologies to continuously monitor suspicious activity and thwart cyber attacks, which have become a growing problem for all industries in the digital era
- Secure access areas and employee clearance requirements to minimise the risk of unauthorised access to personal information
- Risk assessments and periodic testing

In addition, we run public education campaigns to communicate the importance of customer vigilance regarding online safety and protection of their accounts, financial information and devices.

Our Group Security Office (GSO) provides direction and oversight of the bank's data privacy and security programme.

2017 Highlights

- During the integration process, our key focus in 2017 was to harmonise data security and privacy systems, programmes and controls that existed in the legacy organisations and to find opportunities to make enhancements where needed so that we keep pace with the evolving external environment.
- 100% of our global employees completed the Bank's privacy and security training.
- We experienced no material data security breaches last year or substantiated privacy complaints.

2018 Priorities

- Continue to invest in our data privacy and security systems, controls and technologies.
- Continue to strengthen our privacy culture, educate our people and communicate the importance of privacy protection and security vigilance.
- No material data security breaches or substantiated privacy complaints.

Key Performance Indicators 2017

Privacy and security training:	
Percentage of employees who completed FAB's privacy and security training	100%
Percentage of employees who completed AML e-learning programme	100%
Data security breaches:	
Number of data security breaches	0
Number of data security breaches involving customers' personally identifiable information	0
Percentage of data security breaches involving customers' personally identifiable information	0



²The value of the portfolio as a percentage of the total, or as a total monetary value based on "on-balance sheet" assets.

Anti-Money Laundering and Anti-Corruption

Our Approach

The growing sophistication of financial crime – a trillion-dollar industry – is a serious issue for the financial sector globally. FAB is committed to protect our business from financial losses and other risks, as well as to safeguard our customers and other stakeholders from harmful impacts.

A top priority for our bank, we provide significant investment in crime prevention strategies to proactively combat fraud, corruption, bribery, money laundering, terrorist financing, breaching of international sanctions and other criminal and civil offences. Our internal control regime is multi-faceted:

- Our global financial crime unit includes dedicated experts who specialise in crime prevention and managing threats posed to FAB.
- To authenticate and onboard customers, we have robust due diligence policies, procedures and systems in place that reflect international best practice and comply with relevant laws and regulations with respect to Know Your Customer (KYC) and other client identification requirements.

- We train our people on how to identify, prevent and deal with financial crime and provide risk-assessment tools and models. Our Anti-Money Laundering (AML) and Sanctions e-learning programme is a mandatory course for all staff and requires a minimum pass rate of 80%.
- We continuously update our deterrence and detection infrastructure, which includes sophisticated tools to monitor, track and report criminals and any suspicious transaction activity across channels. Customers and counterparties are regularly screened against listed terrorist organisations and sanctioned names issued by the UN, US, EU, UK and UAE.
- We use advanced analytics that give us better insights and real-time data to uncover and act on potential threats.

Additionally, we work together with law enforcement agencies and industry peers to share intelligence and help fight financial crime in the wider community.

We invest heavily in strong financial crime management and maintain robust controls to combat fraud and other criminal activities.

2017 Highlights

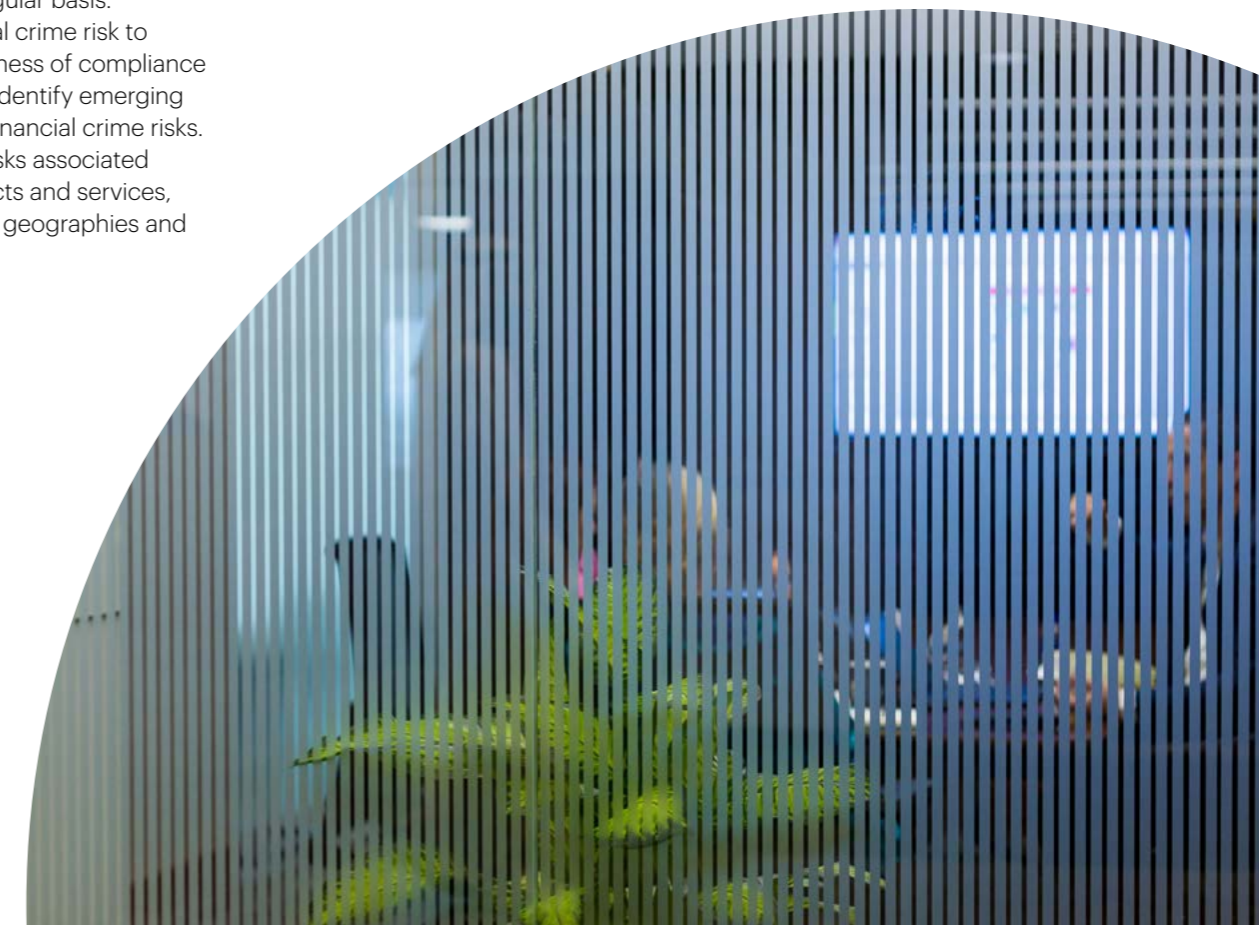
- Through ongoing security monitoring and screening of documents, services and product usage, we uncovered approximately AED 1 million in fraudulent transactions in 2017.
- Based on our screening controls, we declined a number of business relationships and rejected a number of transactions in 2017.
- We developed a “Group Vulnerability Assessment and Penetration Testing Policy and Procedures,” and performed routine assessments to identify possible vulnerabilities on all bank assets and infrastructure including payment card systems.

2018 Priorities

- Implement appropriate framework with proper systems and controls as per best practices, and align the framework in terms of any upcoming financial crime risks.
- Proactively embed and enhance our controls on a regular basis.
- Oversee financial crime risk to ensure effectiveness of compliance systems and to identify emerging regulatory and financial crime risks. These include risks associated with new products and services, customer types, geographies and channels.

Key Performance Indicators 2017

Amount of fraudulent transaction activity (total value of account holder transactions refunded to account holders due to fraud) (AED)	984,730.31
Percentage of activity from card-not-present fraud	27%
Percentage of activity from card-present and other fraud	73%



Responsible Banking

To achieve long-term success in today's financial world, we believe taking a responsible approach to banking is paramount. For us that means creating value for our stakeholders – by running a profitable business, by managing environmental, social and governance (ESG) risks and opportunities, by being an inclusive and accessible bank, and through responsible lending and investing.

Key Achievements in 2017



First Green Bond 75%

Raising USD 587 million for projects to fight climate change



Customer satisfaction score



AED 7.6 billion

Total cash dividends paid to shareholders – exceeding the aggregate amount ever paid out by the legacy banks



24

Branches, as well as 24 ATMs in remote and economically disadvantaged areas

Material topics in this chapter:

- Financial and economic performance
- Customer experience
- Financial inclusion and accessibility
- Responsible finance
- Direct environmental impact of operations

Financial and Economic Performance

Our Approach

Our vision is to create value for our shareholders, customers, employees, and communities to grow stronger through differentiation, agility and innovation. Through solid growth and superior returns, we can deliver sustainable benefits to our stakeholders and ensure the long-term success of our business.

- We maintained a strong balance sheet and healthy ratios with loans and advances at AED 330.5 billion.
- In our first year as FAB, we paid the highest total cash dividend of AED 7.6 billion to our shareholders, exceeding the aggregate amount ever paid by the legacy banks historically on a combined basis.

2018 Priorities

- Deliver top shareholder returns on a sustainable basis.

2017 Highlights

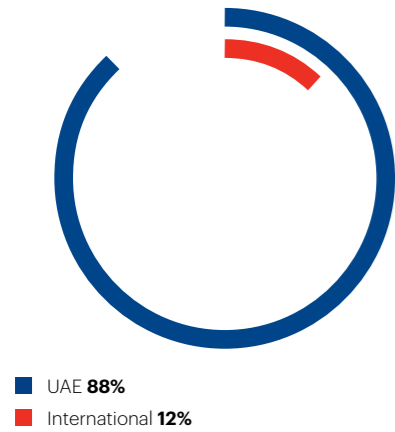
FAB's 2017 results are testament to the sound rationale behind our merger. While laying the foundation to drive sustainable value for shareholders over the long term, we delivered strong financial performance:

- Our total revenue was AED 19.5 billion. We delivered a Group Net Profit of AED 10.92 billion, and an Adjusted Group Net Profit for the full year of AED 11.52 billion after excluding integration costs and merger-related amortisation of intangibles.

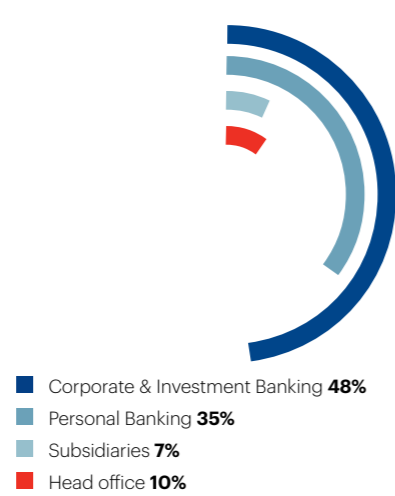


2017 Financial Highlights

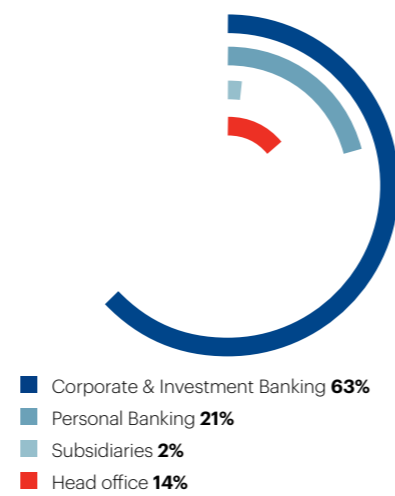
Revenue by geography



Revenue by business segment



Net Profit by business segment



AED **19.5**Bn
Total Revenue

AED **10.9**Bn
Reported Net Profit

AED **396**Bn
Customer Deposits

AED **11.5**Bn
Adjusted Net Profit*

AED **331**Bn
Loans and Advances

AED **102**Bn
Total Equity

* Excluding integration costs and merger-related amortisation of intangibles

2018 Priorities

- Deliver top shareholder returns on a sustainable basis.



Customer Experience

In uniting two legacy banks to create our new brand, we have taken the customer-centric qualities that defined the best of both organisations to fashion the building blocks for providing leading customer experiences at FAB.

Our Approach

Responsible Customer Relations

Providing excellent customer service is a top priority at FAB. We are committed to provide exceptional service, choice and customised products and services. It is not just about what we offer, but how we offer it that sets us apart from our competitors. And this is how we are developing strong relationships and creating value.

We seek to meet the banking needs of customers across the world via our market-leading corporate and investment and personal banking franchises. To gauge our performance, we regularly survey our customers and closely monitor concerns raised through our branches and customer care teams. This feedback allows us to learn more about our customers' needs and what FAB can do to enhance their experience.

Digital Product and Service Transformation

Technology is a pivotal part of our approach. Digitalisation has fundamentally changed the financial industry and transformed the way customers interact with us.

We offer a growing range of digital banking capabilities and touch points, and strive to ensure a seamless experience across them to optimise the customer journey. We've put a variety of programs, processes and solutions in place – such as Paylt and Mobile Banking applications – to ensure we're delivering convenient and engaging customer experiences that truly make a difference in their lives. In addition to delivering services in new ways, our considerable investment in digital innovation is helping us to improve efficiency and collaboration within our workplace.

Digital solutions include:

- Online banking
- Mobile banking app
- 'Near By Me' function within our mobile banking app, which alerts customers to nearby deals
- 360-degree gamification-driven VR application

2017 Highlights

- Putting and keeping customers first during integration processes was our top priority. We ensured a seamless transition for customers with no service disruption in spite of the significant changes impacting both legacy institutions. To respond to customer queries regarding the merger, our frontline staff were trained and equipped with frequently asked questions (FAQs), scripts and scenarios.
- We launched and rolled out our new brand, which has been implemented across a number of key customer touch points, regionally and internationally, with the target of completing our rebranding activities by the end of 2018.
- A series of focus groups with personal banking customers provided us with real-time feedback on our new mobile app and internet banking platforms under development. The feedback has enabled us to fine-tune and enhance the digital customer experience.

- Through social media channels including LinkedIn, Twitter, Instagram and YouTube, we strengthened customer relationships and awareness with engaging content including banking advice, savings options and tips on how to go 'green' in the UAE. Our social media profiles are managed in English and Arabic, and we maintain a 100% response rate to customer queries.
- We implemented a workflow system for Liability and Clearance Letter production to monitor and track customer requests. We also harmonised the complaints resolution process to ensure consistency in the way complaints are handled, which resulted in a reduction in complaints as the year progressed.
- Our customer satisfaction score well exceeded our target of 68%.

2018 Priorities

- Strengthen our banking leadership position in the UAE and significantly scale up international presence
- Establish a compelling and relevant FAB brand personality via our new 'Grow Stronger' positioning, through all segments
- Enhance customer experience through digitally simplified customer interactions
- Build differentiating customer value propositions with competitive product and service offers for all segments
- Continue disruption and innovation in payments to build the payments ecosystem, leveraging customer insights



Awards

Global Investor Awards

- 'UAE Asset Manager of the Year'
- 'Digital Leader'

Euromoney Awards

- 'Best Investment Bank in the UAE'
- 'Best Bank for Markets in the Middle East'
- 'Best Bank for Financing in the Middle East'

The Banker Awards

- 'Most Innovative Investment Bank from the Middle East'

Financial Inclusion and Accessibility

Our Approach

Around the world, many individuals and communities lack access to financial services, or are unfamiliar with basic financial products and tools as a result of poor financial literacy. These problems present barriers to financial inclusion and economic health.

At FAB, we are committed to ensuring all of our customers – including low-income and disadvantaged groups – have appropriate products and services, and can access a broad range of ways to bank with us, each designed to suit their needs and preferences. Our digital innovations, such as mobile apps and gamification, are playing a significant role in this respect.

We recognise that financial information can be complex for the average consumer or is often not expressed in simple terms. Whether its through our printed materials or person to person interactions, we strive to be clear, concise and transparent in how we communicate financial advice and concepts, so that our clients are able to understand and make the informed decisions about financial products and services. All communications are also delivered in Arabic and English to ensure the widest possible comprehension.

2017 Highlights

- At the close of 2017, we had 103 branches/cash offices in the UAE, as well as 603 ATMs/CDMs.
- We maintained branches in low populated and economically disadvantaged areas, namely in Al Ain (16 branches) and the Western Region (8 branches) of UAE.

103

Branches/Cash offices in UAE

603

ATMs/CDMs

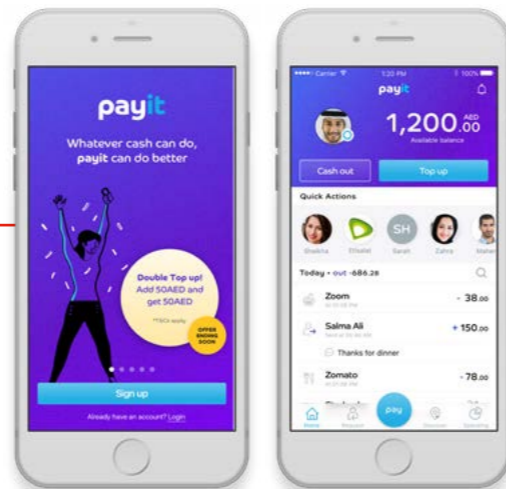
Innovating digital payments in the UAE

Consumers in the UAE don't have to carry cash again. In 2017, FAB developed Payit, the UAE's first fully featured digital wallet. The mobile application will be available to both our customers and all UAE residents. Payit is a stored value account in which customers can deposit money and use it, instead of cash, for various financial activities such as:

- Paying for store and restaurant purchases
- Sending and receiving money instantly
- Tracking spending

With this innovation, we will lead the UAE's journey to a cashless economy. In 2017, we also established our first digital lab to help accelerate our digital transformation and build the future of FAB.

Payit mobile app



Key Performance Indicators 2017

Number of branches in low populated and economically disadvantaged areas*	24
Number of ATMs in low populated and economically disadvantaged areas*	24

2018 Priorities

- Fully launch the Payit application by 2018

* Areas include: Dibba, Ghayathi, Hayer, Hisn, Liwa, Madam, Mirfaa, Ruwais, Qidfaa, Silaa, Sweihan, Wagan, Yahar.

Responsible Finance

An important way we demonstrate a balanced, responsible approach to banking is through our lending and investment activities. As a major bank that touches many facets of society and economic life, we have an opportunity and a responsibility to play a leading role in facilitating economic, social and environmental progress and promoting sustainability practices among our clients, partners and investments.

Our efforts in this area are contributing to our home country's green agenda. The UAE's Vision 2021 is committed to improving the country's environmental performance and promoting sustainable initiative to generate growth, with a focus on decarbonising the economy and diversifying energy supplies. This focus was developed further in the UAE Green Agenda 2015-2030, which sets a target to transform the national economy into a green economy over the next 15 years, promote sustainable finance practices among UAE financial institutions, and increase private-sector participation in supporting the transition to a low carbon economy.

Our Approach

Responsible Business Lending

Our commitment to responsible financing and prudent risk management is outlined in FAB's Group Environmental Policy and Sustainability Policy.

We are signatory to the Equator Principles (EP) – the global best practice in environmental and social risk management for major capital projects. Our legacy organisation, National Bank of Abu Dhabi (NBAD), was the first UAE bank to make this commitment, in 2015. As a signatory, we have:

- committed to evaluate and address social and environmental risks in a consistent way with the international banking community.
- embedded EP in our internal policies, procedures and practices for financing projects.
- pledged to report on our EP activities each year for applicable projects.

Given our deep relationships with corporates and institutions across the country, we are able to advise on how policies and initiatives can be turned into action by the UAE business community.

Our commitment to EP provides the basis for us to further define our institutional ESG (environmental, social and governance) frameworks when we engage with clients, and to adopt international best practice in social and environmental risk evaluation. In addition, it supports our commitment as a bank to track and report our own ESG performance, in alignment with the Global Reporting (GRI) Initiative Standards and the Carbon Disclosure Project (CDP). We maintain and continuously update a list of prohibited transactions; for example, we do not finance transactions that involve liquor business, gambling, gaming companies such as casinos, and lottery operations.

Related FAB policies and guidelines:

- Group Environmental Policy
- Group Enterprise Risk Management Policy
- Group Sustainability Policy
- Project Finance Credit Programme
- Syndications and Underwriting Credit Policy

External commitments:

- Equator Principles

2017 Highlights

Responsible Business Lending

- Our total commercial lending in 2017 was AED 233.5 billion.
- Four deals were subject to enhanced due diligence.
- In 2017, we conducted four reviews on projects that qualified under the Equator Principles, and provided funding for one of the projects under category "B".
- FAB became a member of the Sustainable Finance Steering Committee as part of the Dubai Declaration.



Project Finance Transactions under the Equator Principles (EP)

	Project Finance			Project-related Corporate loans			Project Finance Advisory Services
	Category A	Category B	Category C	Category A	Category B	Category C	
Total		1					1
By Sector							
Mining							
Infrastructure							1
Oil and gas							
Power		1					
Other							
By Region							
Americas							
Europe, Middle East & Africa		1					1
Asia and Oceania							
By Country Designation							
Designated							
Non-designated		1					1
Independent Review							
Yes		1					
No							

EP Categories:

Category A: projects with potential significant adverse environmental and social risks and/or impacts that are diverse, irreversible or unprecedented

Category B: projects with potential limited adverse environmental and social risks and/or impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures

Category C: projects with minimal or no adverse environmental and social risks and/or Impacts

Our Approach

Green Bond

Sustainable investing continues to flourish as organisations and individuals alike are choosing responsible investment strategies.

We are proud to have issued the first Green Bond in the region, which was the first ever Green Bond from a Middle East issuer. FAB's Green Bond is a continuation of the Green Bond Framework and Green Bond of USD 587 million originally established and issued into the market in 2017 by the National Bank of Abu Dhabi (NBAD), prior to the merger.

Overall, the government of the UAE has clearly stated its intentions to be a leader in renewable energy, and continues to set ambitious renewable energy and energy efficiency targets. At FAB, we are committed to these objectives and the increasing focus and mandates set out by the UAE Government to diversify and transition the UAE economy. The net proceeds of the Green Bond will be used to finance, in whole or in part, environmentally sustainable eligible projects including renewable energy, energy efficient real estate and clean transportation projects.

With the **FAB Green Bond**, we are contributing to the development of the green bond market in the Middle East and helping drive the UAE toward achieving its national sustainability targets and its long-term global sustainability leadership ambitions.

Our Green Bond is based on the FAB Green Bond Framework, and follows the **International Capital Market Association (ICMA) Green Bond Principles**. FAB's Green Bond Framework (see below) sets out our governance and approach, outlines eligible project categories and highlights our commitment to transparency. Projects identified as potentially eligible undergo a rigorous ESG due diligence assessment, including evaluation by the FAB Green Bond Secretariat and the FAB Green Bond Committee, which comprises senior management.



Pillars of FAB's Green Bond Framework

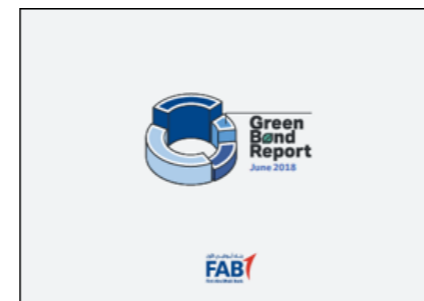
Governance	<ul style="list-style-type: none"> FAB's Green Bond Committee is responsible for ensuring compliance with all aspects of FAB's Green Bond Framework. The Committee meets on a quarterly basis. A Green Bond Secretariat provides the necessary support to the Committee. An internal audit is conducted annually to assess adherence to FAB's Green Bond Framework. An external audit is conducted annually to assure FAB's Green Bond Report and the Green Bond Framework.
Use of Proceeds - Eligible Project Categories	<ul style="list-style-type: none"> Renewable energy Energy efficiency Pollution prevention and control Sustainable management of living natural resources Terrestrial and aquatic biodiversity conservation Clean transportation Sustainable water management Climate change adaptation Eco-efficient products
Process for Project Evaluation and Selection	<ul style="list-style-type: none"> Projects are initially screened against the selected categories as defined in both the ICMA Green Bond Principles and Climate Bonds Initiative. The projects passing the category screen are then assessed for eligibility using FAB's ESG Due Diligence Assessment Methodology. This includes quantification and qualification of the ESG performance of both clients and the selected projects, and generation of ESG Assessment Reports. The Green Bond Committee reviews the ESG Assessment Reports and approves/rejects projects for eligibility. The Green Bond Committee allocates some or all of these eligible projects to the bond, up to the full value of the bond.
Management of Proceeds	<ul style="list-style-type: none"> Monitoring of compliance with the overall Green Bond Framework is ongoing by the Secretariat, including tracking and management of proceeds, with quarterly oversight by Green Bond Committee. Monitoring of the environmental and social performance of the allocated projects and the associated clients is ongoing by the Secretariat, with quarterly oversight by Green Bond Committee. Proceeds are tracked through a combination of automated and manual tracking systems.
Reporting	<ul style="list-style-type: none"> FAB issues a public Green Bond Report annually on the use of proceeds.

2017 Highlights

Green Bond

- We raised USD587 million in our green bond debut.
- FAB's Green Bond Framework, along with the initial projects allocated to the bond, received an external second party opinion by Video-Eiris prior to issue in 2017, which confirmed alignment of the Green Bond Framework with the ICMA Green Bond Principles.

- We secured inclusion in the MSCI Emerging Markets ESG Leaders Index, helping to capture the link between FAB's sustainability performance and the growing importance of sustainability and ESG performance by investors. FAB was also ranked amongst the top ten in the S&P/Hawkamah ESG Pan Arab Index in 2017, demonstrating FAB's regional leadership.



Read our first annual Green Bond Report.



FAB Green Bond

Eligible categories	Project description	Allocated amount (USD) as at May 2018	Location	Share of total portfolio financing	Eligibility for green bonds	Renewable energy capacity generation	Annual GHG emissions reduced/avoided	Other indicators
Renewable Energy	Solar plant	55,041,352	UAE	9.4%	100%	100MW	175,000 tons of CO ₂ every year	-
Renewable Energy	Solar plant	27,575,489	UAE	4.7%	100%	1,177MW	7,000,000 tons of CO ₂ every year	-
Energy Efficiency	Green building	226,000,000	USA	38.5%	100%	-	-	LEED Silver Certification
Energy Efficiency	Green building	128,242,000	France	21.8%	100%	-	-	BREEAM Excellent Rating
Energy Efficiency	Green building	26,162,827	UAE	4.5%	100%	-	-	LEED Gold Certification
Energy Efficiency	District cooling	61,352,080	UAE	10.5%	100%	-	-	90,000 Refrigerant Ton (RT), utilises up to 50% less electricity consumption compared to conventional air-cooled chillers.
Energy Efficiency	District cooling	19,871,132	UAE	3.4%	100%	-	-	245,000 Refrigerant Ton (RT), utilises up to 50% less electricity consumption compared to conventional air-cooled chillers.
Sustainable Water Management	Wastewater treatment and recycling plant	42,755,120	UAE	7.3%	100%	-	-	Treatment of 430,000 m ³ /day of wastewater
TOTAL		USD 587,000,000						
Bond amount		USD 587,000,000						
Remainder to be allocated		Nil						

Use of Proceeds and expected environmental benefits based on allocated projects

2018 Priorities

- Issue a public Green Bond Report on the use of proceeds and environmental benefits annually.

Direct Environmental Impact of Operations

Our Approach

Our stakeholders expect us to find ways to grow our business while protecting the environment and taking action on issues such as climate change. As greenhouse gas emissions continue to rise and drive long-term warming trends, environmental and climate change-related issues will continue to dominate the sustainability agenda of organisations worldwide.

The UAE has always endured harsh environmental conditions such as extreme heat and water supply scarcity. The risk of unmitigated impacts of climate change could potentially affect the UAE's coping capacity in terms of economic growth, ecosystems and biodiversity and social wellbeing. Following the UAE's participation in COP 21 and COP 22, and the commitments made as part of the COP 21 Paris Agreement, the UAE Government has taken significant steps to meet the challenges of climate change and encourage the development of innovative and green solutions for climate change adaptation.

Among these steps is the UAE Energy Plan for 2050, which aims to reduce carbon dioxide emissions by 70 percent, increase clean energy use by 50 percent and improve the energy efficiency of individuals and corporates by 40 percent, by 2050.

FAB is committed to providing a real contribution to help addressing environmental challenges and meeting the UAE Government's sustainability goals. We are working to understand, manage and reduce our environmental impacts and risks and inspire our employees to make sustainable decisions, protecting the planet for future generations.

We have declared our commitment to preserving the environment formally through our Group Sustainability Policy and Environmental Policy. Our Group Environmental Policy sets out our commitments in support of environmental stewardship and we apply international best practice and recognised standards to ensure proper environmental management and impact reduction. We continue to apply this comprehensive framework across all FAB locations, enabling us to address environmental issues in a coordinated, measure and track our environmental performance and pinpoint areas for improvement.

Climate change, in particular, is one of the most serious threats facing the planet and presents considerable risks to the economy. In managing our environmental impacts, we are focused on identifying and addressing climate-related risks and opportunities so that we build a more resilient business and society. We apply the ISO 14064-3 standard for greenhouse gas (GHG) emissions verification, and participate in the Carbon Disclosure Project (CDP) to measure and disclose our climate risks. We also support the Financial Stability Board's Task Force on Climate-related Financial Disclosures, a group that is creating voluntary, consistent climate-related financial risk disclosures for use by companies.

FAB is an active participant and contributor to a number of national environmental committees and taskforces, including the UAE Council for Climate Change and Environment, and we follow several international frameworks such as the United Nations Global Compact that help us achieve global best practices and standards (see sidebar on next page).

Related FAB policies and guidelines:

- Group Environmental Management System Policy
- Group Sustainability Policy

External commitments:

- United Nations Global Compact (UNGC) Principles
- The UAE Council for Climate Change and Environment
- The Ministry of Climate Change and Environment's Technical Committee on Green Development and Climate Change
- Technical Committee for the World Future Energy Summit 2018

2017 Highlights

- In our first year of operation as FAB, our total energy consumption was 381,653 GJ. Our direct GHG emissions were 463 and our indirect GHG emissions were 48,237 tons of CO₂eq.
- FAB was the only UAE bank to become a signatory to the United Nations Global Compact (UNGC) principles this year. UNGC is the world's largest corporate social sustainability initiative, with over 12,000 signatories across 170 countries. By signing the Compact, we have agreed to align our strategies and operations

- with the UNGC's 10 Principles – which include environmental commitments to develop and implement initiatives to promote greater environmental responsibility, support a precautionary approach to environmental challenges and encourage the development and diffusion of environmentally-friendly technologies.
- Paper consumption is one of our biggest impacts as a bank. During 2017, we implemented various initiatives to reduce paper use, including frequent employee awareness campaigns and encouraging customers to sign up for electronic statements.



Energy Consumption 2017

Total m ³ of space across all FAB facilities (branches, offices, etc.) (sqm)	268,025
Total petrol consumption (liters)	201,717
Total diesel consumption (liters)	661
Energy consumption from fuel consumption (GJ)	6,815,760
Total electricity consumption (kWh)	106,014,701
Energy consumption from electricity (GJ)	381,653
Total energy consumption (GJ)	7,197,413
Energy intensity (GJ/employee)	1,335
Energy intensity (GJ/ m ³ of space)	27

GHG Emissions 2017

Direct GHG emissions (Scope 1) (tons of CO ₂ eq)	463
Indirect GHG emissions (Scope 2) (tons of CO ₂ eq)	48,237
Total GHG emissions (tons of CO ₂ eq)	48,700
GHG emissions intensity (tons of CO ₂ eq/employee)	9.03

Materials Consumption and Waste 2017

Total paper consumption (kg)	97,237.50
Total paper recycled (kg)	79,347
Waste (kg)	7,674,421

Water Consumption 2017

Total water consumption (liters)	4,504,692
Water consumption intensity (liters / employee)	835

48,237.15

Indirect CO₂ from Electricity (tonnes)



1.78

Direct CO₂ from Diesel (tonnes)



39,992.99

Indirect CO₂ from Water (tonnes)



7,942.63

Indirect CO₂ from Paper recycled (tonnes)



1,298.75

Indirect CO₂ from Business flights (tonnes)



77,349.81

Indirect CO₂ from Paper purchased (tonnes)



461.52

Direct CO₂ from Gasoline (tonnes)



166,995.40

Indirect CO₂ from Waste (tonnes)



2018 Priorities

- Continue our annual climate and carbon reporting to CDP.
- Strengthen our sustainability performance and manage our climate change risks.
- Continue implementation of our Environmental Management System
- Engage employees in environmental stewardship through communication and awareness programs.
- Reduce our paper consumption across FAB locations.



Responsible Employment

Our outstanding team of talented and empowered individuals is the foundation for our current success and the key to our future. It is with their knowledge, dedication and drive that we can deliver high quality financial services to customers.

Key Achievements in 2017



5,393

employees from 89 nationalities



70%

employee engagement score



AED 3bn

Employee salaries and benefits



AED 16.67m

Invested in training and developing our people

Material topics in this chapter:

- Talent management
- Diversity and inclusion
- Employee wellbeing

Talent Management

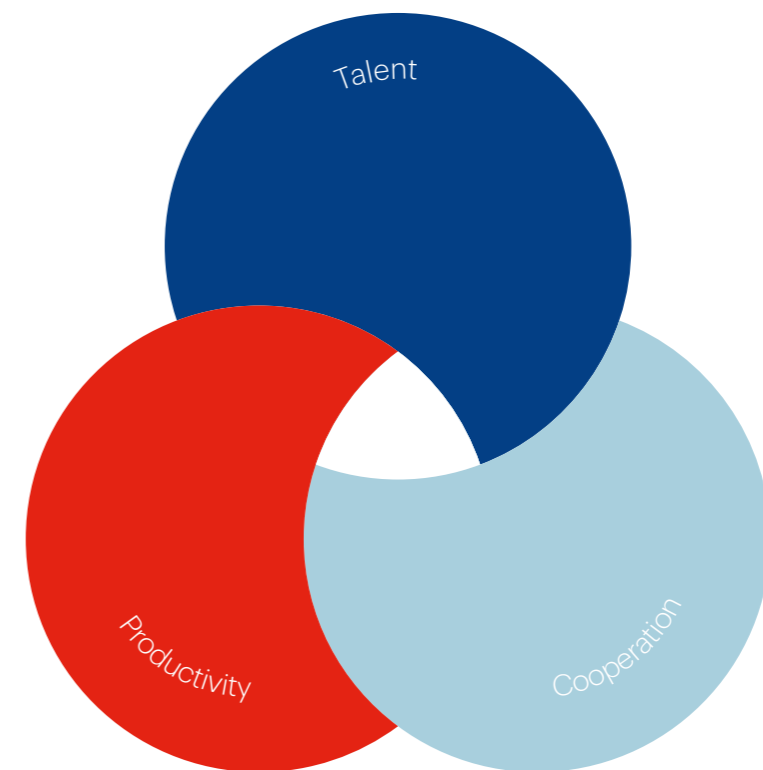
Our Approach

One of the most valuable assets in any organisation is its people. By investing in talent, motivating employees and recognising outstanding performance, a business can truly put its customers first.

Our goal is to be an employer of choice. As a leading bank, we are dedicated to creating value for our more than 5,300 employees worldwide who embody our brand and culture.

Since starting our journey as FAB, we have endeavoured to gain the unwavering support of our workforce around the new bank's strategy, vision and values – so that employees can take pride in bringing these to life through the work they do. Combining diverse talent from both legacy organisations, we have put in place a strong and experienced leadership team to execute an ambitious growth agenda, with a strategic human resources (HR) focus on talent, productivity and cooperation.

Through talent management strategies anchored by a strong Employee Value Proposition, we aim to build the workforce of the future.



Components of our talent management approach:

Succession planning

To ensure we retain our key performers and future leaders, succession planning is conducted annually for our senior leaders. Successors are identified to fill various short, medium and long-term positions.

Talent reviews

During a talent review, business leaders consider the performance and potential of employees and how they fit into the future of the business. These reviews provide an opportunity to discuss talent at a greater level of depth, including development measures for employee succession.

Employee engagement initiatives

Employee engagement is fundamental to our success as a bank. We therefore aim to create a welcoming culture in which employees feel connected to our values, passionate about their jobs and motivated to contribute their best. We have strong employment engagement practices in place, such as employee recognition awards, employee engagement surveys and other communication channels to share ideas and feedback, and many collaboration opportunities.

Training and career development

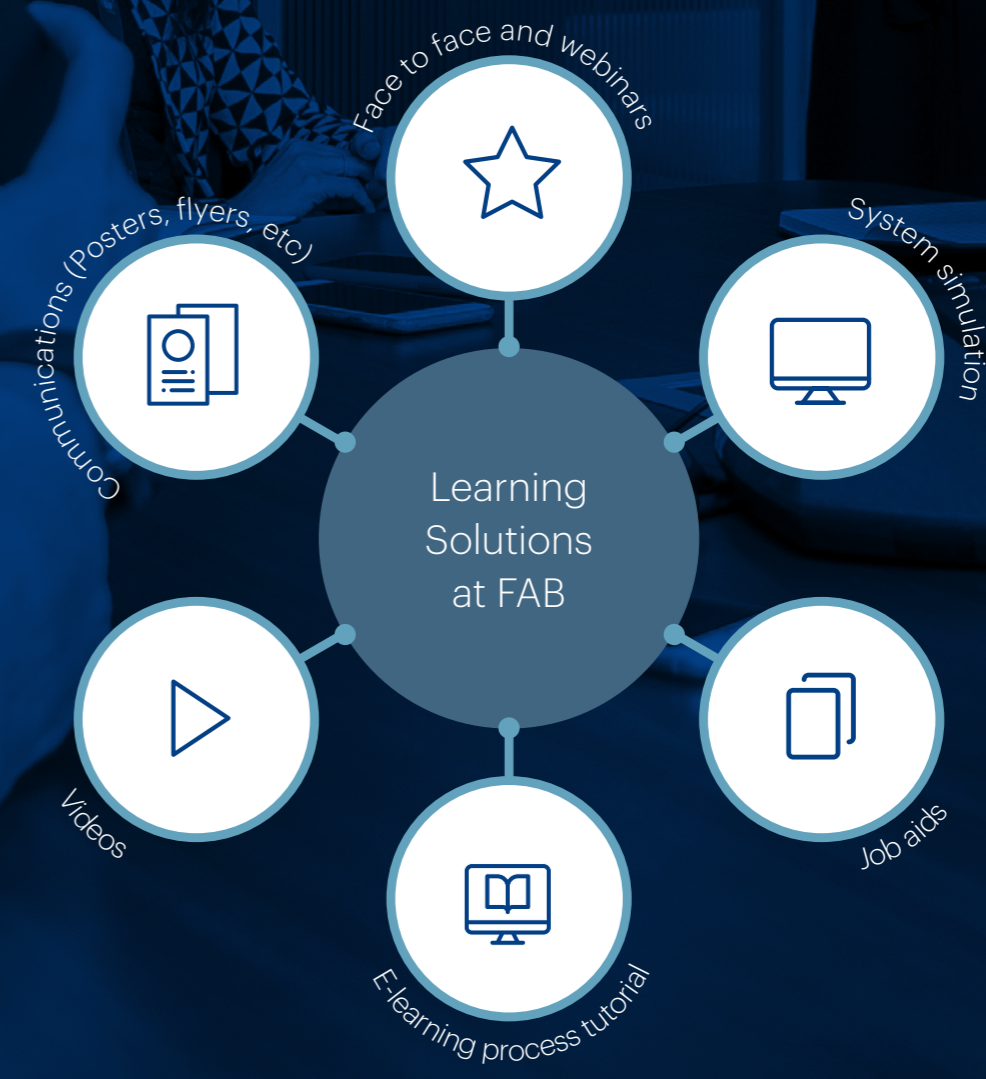
We place a strong emphasis on finding people with the right skill-set and providing them with comprehensive training and career development opportunities. As the UAE's leading bank, we want to be a place where successful careers can be built for high performing talented individuals.

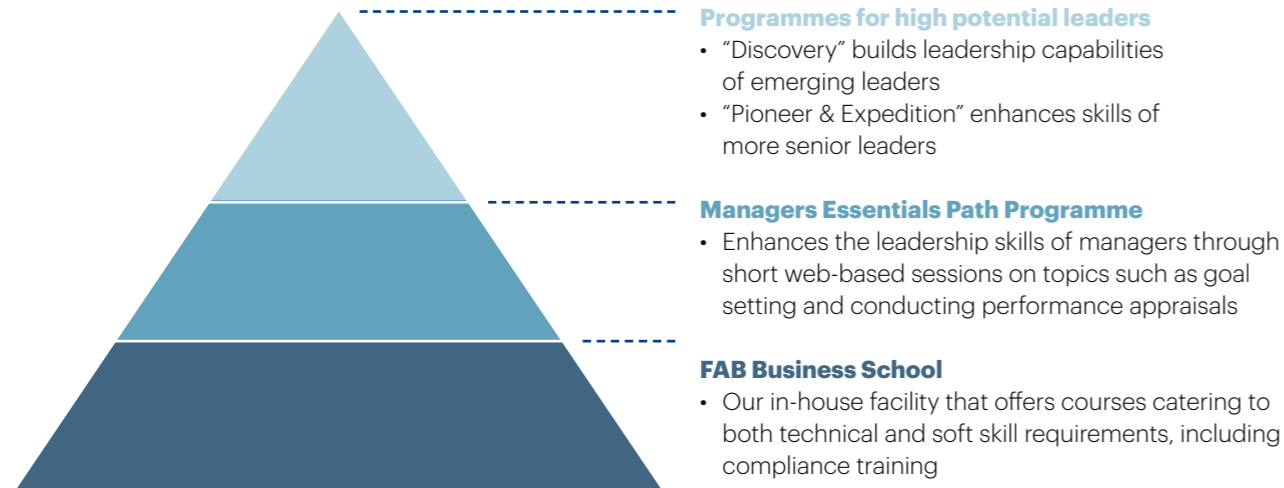
We provide our employees through every stage of their careers with myriad opportunities to learn, grow and thrive. Learning solutions include classroom and online learning, jobs aids and videos, and external training programmes offered by the Emirates Institute for Banking and Financial Studies and other organisations. We also operate our own in-house training facility, the FAB Business School, to build both technical and soft skills and deliver compliance training.

We deliver two customised, flagship programmes for high potential leaders: **"Discovery"**, offered in partnership with New York University Abu Dhabi Office of Executive Education, helps emerging leaders across FAB move from being individual contributors to being effective team leaders; **"Pioneer & Expedition"**, offered in partnership with *Harvard Business Review* and *The Talent Enterprise*, provides senior leaders with a transformational learning journey that enables them to truly live the FAB values and deliver on our organisational priorities. We also offer the 'Manager Essentials Learning Path', a series of web sessions conducted for first time managers to provide continuous learning through the year as they progress through various managerial responsibilities.

Taking a holistic, multi-level approach, we seek to build the capabilities of all employees as individuals, as team members and as team leaders. Every employee receives an annual performance review, through which we consider individual and collective performance, career planning and specific training needs.

Our people are our most valuable asset. We are committed to creating an environment where they can leverage their strengths, excel in their performance and be ambassadors for the new FAB brand and culture.





2017 Highlights

- With the integration taking centre stage last year, our Group Human Resources team – which directs and oversees our global workforce – undertook significant work to organise, manage and minimise disruptions to our people and help them find common ground. This work included:
 - Identifying and retaining key talent for appropriate roles across the bank.
 - Attracting the right talent to support ongoing integration activities and strengthen our business going forward.
 - Initiating succession planning for senior roles with emphasis on UAE national development.
 - Launching guiding principles for the merged entity, harmonising HR policies and procedures and finalising most functional and organisational structures at all levels.
 - Evaluating all roles across the new organisation to ensure a consistent approach is followed for job levels, titles and compensation.
 - Placing UAE national employees across the new organisation and supporting the next generation in taking on upcoming roles (refer to pages 74-75 for our Emiratisation initiatives).
- We conducted our first annual employee engagement survey under the new bank. The goal was to measure how employees feel, what they expect and where we can improve as an employer. Our overall engagement score was 70% – exceeding our target of 63% and key external engagement benchmarks – indicating that most employees feel very connected with FAB. We will use this feedback to develop action plans and strengthen our culture of combined banks.
- Another measure of engagement is voluntary employee turnover. During 2017, voluntary employee turnover was 14%. Employees aged between 31-50 years have a higher joining and leaving rate compared to other age groups. Involuntary turnover was 12%.
- We rolled out a comprehensive staff recognition programme to acknowledge those who excelled in their performance, contributed to the creation of the new bank and exemplified our values (refer to the Celebrating employees who help us “Grow Stronger” case study for further details).
- We worked to expand FAB’s presence and activity on social media platforms to engage employees and potential recruits, especially for career opportunities. In 2017, we reached an estimated 1.2 million followers and fans across all FAB’s social media channels, and were the highest representative bank on LinkedIn in the UAE.
- We invested AED 16.67 million in training and developing our people. Average training received per employee equaled 4.1 hours. Training included integration-learning courses to support our people through the merger process and beyond. All employees (100%) received formal performance development and career reviews in 2017.

2018 Priorities

- Maintain employee engagement score at 70%.
- Complete succession planning program.
- Conduct talent reviews.
- Deliver leadership programmes and provide courses to staff through our FAB Business School.
- Drive a compelling culture based on FAB values.
- Deliver integration training for “Customer Day 1” to mark the complete unification of both banking entities under the FAB banner.



Case study:**Communication in a period of change**

2017 saw the merger of two leading banks, combining the strength, expertise and connectivity of two prominent financial institutions to deliver superior services to our customers and stakeholders. Naturally, employees had many questions about how the integration would affect them.

Recognising the importance of being supportive and transparent with our staff to ensure a successful change process, we ensure that targeted communication was a top priority from the start of the integration. This helped to address uncertainties and make employees feel valued. For example:

- We provided regular updates on integration milestones, organisational changes taking place and next steps, and responded openly to feedback
- We launched our new brand identity and “Grow Stronger” campaign, with ongoing communication to engage employees.
- Through various channels such as town halls, we fostered dialogue and clarity around organisational goals and expectations.

Case study:**Celebrating employees who help us “Grow Stronger”**

At FAB, we believe it is important to celebrate the achievements of those who have made a difference to our Grow Stronger quest. Recognition is a great tool for building a culture of appreciation and excellence, and inspiring employees to go the extra mile. Here are examples of our employee recognition programmes:

Stars in a Box

Managers and senior leaders can recognise individuals and teams “on the spot” with gift vouchers for great work and achievements.

Shining Stars Award

A quarterly award that recognises employees who have made a difference to our customers.

Gold Awards

An annual award ceremony through which individuals and teams are recognised for outstanding contributions to the best customer-driven initiatives.

Service Milestones

These awards honour employees for 10, 15 and 20 years of service and above.

Turnover – 2017

	Voluntary	Involuntary	Total
Employee turnover	741	638	1,379
Turnover by age:			
Age 18-30	164	52	216
Age 31-50	541	437	978
Age 51+	36	149	185
Turnover by gender:			
Male	431	447	878
Female	310	91	501
Turnover by job category:			
Senior management	24	28	52
Middle management	496	317	813
Non-management employees	221	293	514
Contract staff	42	101	143
Employee turnover (%)	14%	12%	26%

Workforce Snapshot – 2017

Total workforce (excluding trainees, students and outsourced staff)	5,393
Full-time employees	5,331
Part-time employees	62
Trainees and sponsored students	19
Workforce by contract type:	
Employees on an indefinite or permanent contract	5,125
Employees on a fixed term or temporary contract	268
Workforce by age (excluding trainees, students and outsourced staff):	
Age 18-30	806
Age 31-50	4,156
Age 51+	431
Workforce by job category:	
Senior management employees	91
Middle management employees	3,298
Non-management employees	2,004
Total new employee hires	167
Age 18-30	49
Age 31-50	104
Age 51+	14
Male	111
Female	56

Training – 2017

Total training delivered (days*)	6,459
Total training delivered (hours)	45,211
Total training hours delivered by job category:	
Senior management	590
Middle management	3,192
Non-management	12,698
Total training hours delivered by gender:	
Male employees	18,672
Female employees	26,538
Average training per employee (hours)**	4.1
Number of attendees who completed at least one e-learning course	4,819
Number of e-learning training hours delivered (hours)	17,896
Percentage of employees who received a performance and career development review***	100%

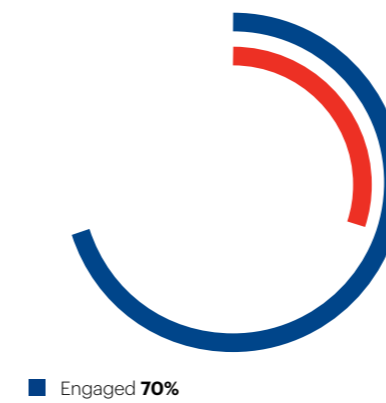
* One training day = seven training hours

** Average training hours/days are calculated based on number of people trained, not total employee numbers.

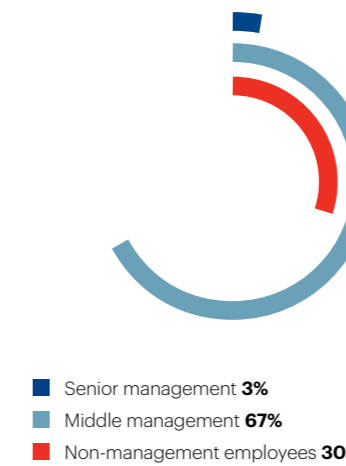
*** Employees who resigned during the year-end 2017 performance process were removed from the calculations. Employees on full-year incentives not included, as their performance is based on achieving targets. Includes first-party employees only.



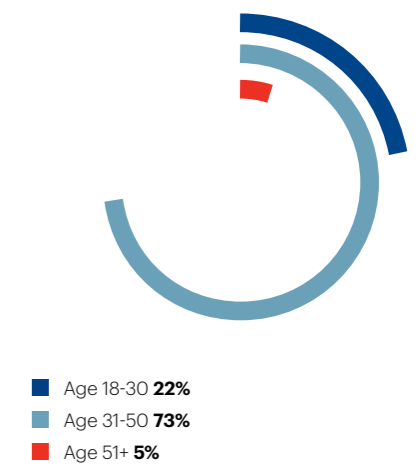
Employee Engagement



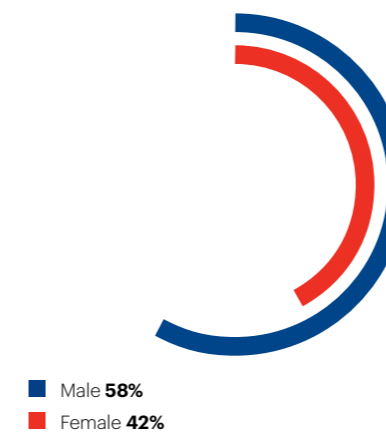
Turnover by Job Category



Turnover by Age



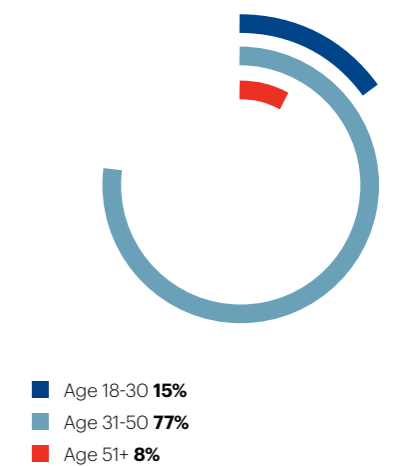
Turnover by Gender



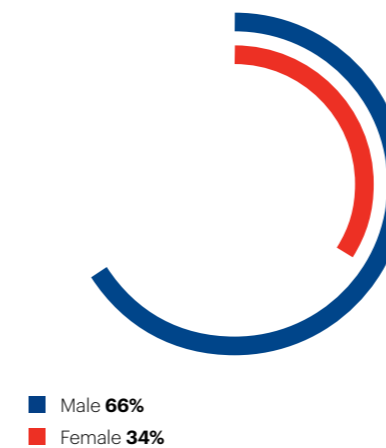
Workforce by Job Category



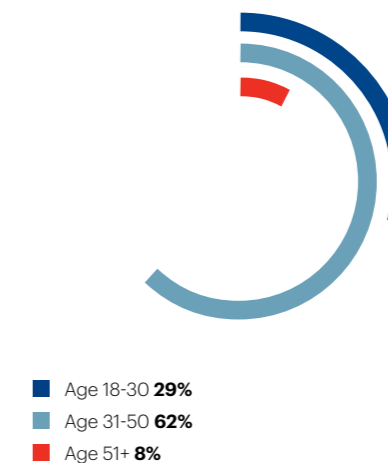
Workforce by Age



New Hires by Gender



New Hires by Age



Diversity and Inclusion

Our Approach

Diversity and inclusion is an integral part of our corporate sustainability and key to helping FAB flourish in the global marketplace. Our commitment to diversity and inclusion is demonstrated across FAB, beginning with our Board of Directors. We embrace diversity and inclusion from the top down because we strongly believe that cultivating a workforce of different backgrounds and perspectives improves our ways of working, delivers better business results, drives innovation – and demonstrates that we value our people.

We work hard to build a workforce that reflects the fabric of our communities, while creating a safe and inclusive environment based on collaboration, respect and fairness where people truly value their differences. As an equal opportunity employer, we consider all qualified candidates for employment without regard to gender, age, ethnicity, disability, religion or marital

status. In addition, our commitment to gender equality includes equal pay for equal work.

Our values of diversity and inclusiveness are ingrained in our Employee Code of Conduct, Directors Code of Conduct and relevant corporate policies such as our Anti-Bullying and Harassment Policy. We respect fundamental human rights and do not tolerate bullying or harassment within our workplace or beyond. Employees are encouraged to immediately report incidents of discrimination or harassment, whether they are a victim or witness to it, and we investigate all allegations.

Related FAB policies and guidelines:

- Directors Code of Conduct
- Employee Code of Conduct
- Anti-Bullying and Harassment Policy

2017 Highlights

- Our workforce comprised 5,393 people from 89 different nationalities.
- Women constituted 34% (2,039) of our total workforce, and held 20% (1,105) of management positions (middle management and above).
- There were no reported instances of discrimination or harassment in our workplace.
- Through the integration process, we maintained a focus on building a diverse workforce through targeted recruitment, promotion and other efforts and building greater understanding of how to demonstrate inclusive leadership and inclusive behaviours.

2018 Priorities

- Continue to support an inclusive and diverse workplace.

34% 

Percentage of women at FAB

89 

Nationalities represented at FAB

Key Performance Indicators 2017

Number of nationalities represented in our workforce	89
Male employees	3,354
Female employees	2,039
Female employees in middle management	1,095
Female employees in senior management	10

Employee Wellbeing

Our Approach

We are committed to improving the overall health and well-being of our employees. To ensure our people can perform at their best – especially during times of organisational change as we experienced in 2017 – we invest in employee wellbeing. Our approach focuses on supporting three components of wellness: physical, mental and financial.

Physical Wellbeing

The health and safety of our employees central to everything we do. FAB is one of the first company worldwide to conform to the new ISO 45001:2018 standard for occupational health and safety. Our goal is zero injuries, and since the completion of our merger we have implemented policies, procedures and programs to help assure the safety of our offices and facilities, with national safety regulations serving as the minimum standard. In addition, we deliver health and safety training, run awareness campaigns, provide comfortable working conditions and have safety personnel and committees.

Mental Wellbeing

Through our Employee Wellbeing Programme, we offer a personal support line that provides employees with access to professional counselors 24/7, 365 days of the year. We promote open communication and offer various feedback and input channels to encourage dialogue. For example, we have a formal Employee Grievance Mechanism to receive employee complaints and concerns and ensure these are handled fairly and in a timely manner.

Through our parental leave programme, female employees who have been with the company for one or more years are entitled to fully-paid maternity leave for up to 60 calendar days; those who have been with the company under a year receive half-pay. Male employees are eligible for five working days of paternity leave at full pay.

Financial Wellbeing

The compensation system at FAB is based on fair and transparent rewards designed to promote a culture of motivation and equal pay. We also provide comprehensive benefits – such as pension, medical insurance, life insurance, education assistance, car loans, mortgage loans and personal loans – which help us attract and retain talent.

FAB is one of the first companies worldwide to conform to the new ISO 45001:2018 standard for occupational health and safety.

2017 Highlights

- We recorded one work-related injury in our workplace that resulted in 42 calendar days off. There were no work-related fatalities.
- Our total compensation in 2017 including salaries, benefits and allowances was over AED 3 billion.
- 114 employees used our personal support line, introduced last year, to access expert advice on a range of topics such as illness, debt, family problems and personal health.
- We hosted wellness days, health check-ups and complimentary fitness classes, and provided free access to gym and sports facilities at various venues across Abu Dhabi and Dubai.

Key Performance Indicators 2017

Employee salaries and benefits (AED mn)	3,022
Employee absentee rate	10.39%
Employee grievances:	
Number of grievances filed	19
Number of these grievances addressed or resolved	19
Number of grievances filed prior to the reporting period that were resolved during the reporting period	0
Parental leave:	
Female employees who took parental leave	158
Female employees who returned to work after parental leave ended (return to work)	158
Female employees returned from parental leave who were still employed twelve months after return to work (retention)	155
Return to work rate (%)	100%
Retention rate (%)	98.1%

2018 Priorities

- Continue to improve overall health and wellbeing by organising events ranging from health screenings and diet offers to free sports.
- Launch annual employee blood donation campaign in UAE and some international locations.



Case study:

The FAB Club promotes wellbeing and engagement

In 2017, we introduced the FAB Club for employees and their families to provide fun activities and events throughout the year. The club has hosted sporting activities, health and wellness events, movie nights, family days, charity events and fitness classes, and has also offered colleagues a wide range of employee offers and discounts.



Positive Social Impact

To create shared value and long-term positive impact for society, we focus on three core areas: community investments, local procurement and the development of UAE national talent. We strive to be a respected community partner that understands local needs and shapes long-term relationships.

Key Achievements in 2017



AED 42.1m

Contributed to build stronger communities



2,500

Book donations made by FAB employees across the UAE



74%

Of global supply chain comprised of local suppliers in the UAE



31%

Of our workforce were national employees, placing the bank among the top performers in the UAE banking sector

Material topics in this chapter:

- Community investment and socio-economic development
- Responsible and sustainable procurement
- Emiratisation

Community Investment and Socio-Economic Development

Our Approach

Strong, vibrant communities are crucial to socio-economic well-being, empowering the people and organisations like ours within them to thrive. We recognise that our community investments impact our long-term viability as much as the well-being of our communities.

Positioned at the forefront of economic activity in the UAE, we at FAB have a first-hand view of the opportunities and challenges facing the communities in which we operate. Progress depends on the active, coordinated efforts of the private, public and non-profit sectors working together toward common goals. To play our part, we seek to enrich our communities through donations and sponsorships that enhance quality of life, nurture progress and contribute to a better world. We also encourage our employees to volunteer their time and talents in support of community causes.

Our vision is to build a legacy of positive change in our communities.

2017 Highlights

With both legacy banks having strong reputations for giving back to the community, we used the occasion of the merger as an opportunity to align and expand these activities and to forge a fresh strategic foundation for our future community investment efforts. To that end, much of our work during 2017 was devoted to reviewing community commitments of the former organisations, identifying areas of overlap and determining funding priorities and objectives going forward for the new bank. Our goal is to understand the needs of our communities to find win-win opportunities that maximise our social impact while strengthening our brand.

Through this important work, we began to draw up a new giving strategy that will serve as the basis for FAB's community investments and employee engagement in the coming years. Phase one of this strategy rolls out in 2018 and will focus on employee volunteering.

As we undertook this strategic review process last year, we continued to support diverse community needs. Our community investments (donations and sponsorships) in 2017 exceeded AED 42.1 million. FAB employees also contributed to a variety of community programs. Here are examples of our combined support:

- To promote children's literacy, our UAE employees contributed to the **'Kan Yama Kan'** book donation campaign. The campaign aims to provide stationery and mobile libraries for children living in areas with limited or no access to books due to social or natural crises or unrest and wars. The response exceeded the initial target with over 2,500 book donations made by our employees across the UAE.
- Through a major sponsorship, we earned naming rights to **FAB Metro Station**. Our funding is helping to cover the station's operating costs.
- In Egypt, we were involved in several community initiatives including fundraising for an underprivileged school and donating winter clothes and provisions to four orphanages during Ramadan.
- Other organisations that benefited from FAB funding including **Sky News Arabia, CGS Cycling, Emirates Palace** and **ADMM**.

Key Performance Indicators 2017

Donations and sponsorships (AED)	42,135,000
% of annual pre-tax profits in UAE donated to community organisations	0.43%

Case study:

Inspiring healthy, sustainable living

Advancing community wellness has been an enduring focus of FAB Properties (formerly First Gulf Properties), a wholly-owned subsidiary of FAB that specialises in real estate services in the UAE. In 2017, FAB Properties sponsored various educational initiatives for its tenants designed to inspire healthy, sustainable living. Examples include:

- A health and wellness event in partnership with Awazen Medical Centre to celebrate World Health Day 2017 and draw attention to important health issues. The event was packed with free activities such as medical tests, screening and personal consultations.

- A back to school event with families at five locations, featuring fun workshops for kids such as 'make your own pencil case' and tips for parents on how to make healthy school lunches.
- "Happiness Day" at Mangrove Village, with fun family activities and experts from Medicini conducting BMI, skill and hair assessments followed by one-on-one consultations.
- An Earth Hour event at Fortress Compound, a fun-filled night for families that included a candlelight buffet dinner and entertainment

- A Ramadan health campaign at Baynunah Tower in collaboration with Mediclinic Hospital, featuring medical consultations and healthy eating resources to help people stay well during the month-long religious observance.

2018 Priorities

- Roll out new community investment platform, starting with formal employee volunteering program that seeks to support three key segments: families in need, children of determination, and the elderly.
- Establish alliance with Emirates Foundation to identify impactful community investment opportunities.
- Launch annual employee blood donation campaigns in UAE and some international locations.



Responsible and Sustainable Procurement

Our Approach

Our commitment to sustainability extends to our supply chain. As a signatory to the United Nations Global Compact, we are committed to ensuring that our procurement and contracting activities are guided by ethical, environmental and socially responsible principles, particularly related to human rights and labour issues, anti-corruption and protection of the environment. Our new Supplier Environmental and Social Code of Conduct outlines our expectations for doing business with FAB.

We expect all suppliers to follow FAB's requirements to conduct their business in environmentally and socially responsible ways.

Local procurement

We want to support economic growth in the UAE through our procurement activities, and recognise that investing in local suppliers creates jobs, builds local capacity and supports a more stable business environment. We therefore buy goods and services from local suppliers whenever it is feasible. This aligns with our goal to maintain a sustainable business model, which includes identifying and mitigating the risks and opportunities associated with our supply chain.

Our procurement activities are centralised through our Group Procurement department, which sets policies and guidelines, handles major purchases, facilitates contracts with suppliers and develops sourcing strategies. Individual business units manage some purchasing decisions depending on local needs.

2017 Highlights

- We engaged 2,400 suppliers during 2017, with our purchases falling into five categories: IT, marketing, market data, premises and professional services.
- Local suppliers in the UAE comprised 74% of our global supply chain and approximately 86% of the total spend.
- We developed a Supplier Environmental and Social Code of Conduct. The code outlines sustainability criteria and other requirements we expect suppliers to follow as a condition for doing business with FAB, including the requirement that suppliers conduct their activities ethically and in full compliance with all applicable environmental, labour and other related laws and regulations. Starting in 2018, the code will be distributed to all firms participating in the selection process for new procurement contracts (>USD 100,000).

2,400
engaged during 2017

74%
of our global supply chain is made up of local suppliers

2018 Priorities

- Provide all new vendors with our Supplier Environmental and Social Code of Conduct.

Key Performance Indicators 2017

Number of suppliers	2,440
Number of local suppliers	1,811
Total procurement spending	AED 2.27 billion
Total procurement spending on local suppliers	AED 1.94 billion

Emiratisation

Our Approach

Inspired by the UAE Vision 2021 that sets the key themes for the region's socio-economic development, we are firmly committed to nurturing and developing the local Emirati community for the long-term benefit of our business and the national economy. As the largest bank in the UAE, national talent is vital to our success and strategic plans at home and abroad.

We seek to attract, train, develop and retain talented Emiratis in the financial sector, and encourage them to excel in their fields through various professional development programmes. Our Emiratisation efforts are multi-faceted and include:

- Career planning, coaching, mentoring and leadership development.
- Supporting strong education and business skills training.
- Our recruitment team working closely with branches and departments across FAB to identify business needs and the potential for harnessing home-grown talent to meet these needs.
- Partnerships and networks with external stakeholders, such as universities and local recruitment agencies, to help us source the best national talent.

2017 Highlights

During our integration journey in 2017, emiratisation was an important focus as we combined the workforce talent of both legacy organisations and determined how to optimise human capital to meet the new bank's strategic aspirations.

- There were 1,278 national employees working across our company last year, representing approximately one-third (31%) of our workforce, placing the bank among the top performers in the UAE banking sector.
- Emiratis held 25% of senior management positions.
- Emiratisation development programmes that existed at the two legacy banks were reviewed and consolidated for the new bank.

“The Nujoom programme helped me shape my career and showed me how to build on my capabilities.”

Suhail AlAmeri

FAB's Core Development Programs for Emirati Employees

Programme	Target Group
Qeyada Development Programme	• Emirati succession programme to support individual development within six months to equip for the next role
Emirati Future Leader	• Market mapping for middle and senior roles and leadership development. • Attracting Emiratis for senior roles in the Bank
Al Masar	• Fast track programme for existing staff, preparing high potential Emirati talent for critical roles in 12 months
Nujoom - Management Trainee Programme	• Graduate development programme to support our Emirati Talent Pipeline, offering new graduates career growth opportunities to take on "middle management" roles within 18 months and "specialist" roles within six months
Tamkeen	• Focuses on the redeployment pool by strengthening technical knowledge and skills for Emiratis who are fulfilling new roles across FAB
Forsati	• Entry level development programme and career progression for Emiratis in specific business functions across the bank
FAB Business School	• Technical curriculums

Key Performance Indicators 2017

Emiratisation of senior management (%)	25%
Emiratisation among total workforce (%)	31%
Total number of Emirati employees	1,278
Number of female Emirati employees	944

2018 Priorities

- Ensure FAB's core development programmes for Emirati employees are successfully implemented.
- Identify Emirati successors are identified for senior management roles.





04 Appendices:



Appendix A: GRI Content Index

This report has been prepared in accordance with the GRI Standards: Core option. In addition, this report serves as FAB's annual UNGC Communication on Progress. The index below provides a guide to where information on FAB's material issues, as they relate to the GRI Standards and UNGC reporting requirements and indicators, can be found throughout the report.

This sustainability report was submitted to the GRI to complete the GRI materiality disclosure service. The GRI confirmed the correct positioning of "materiality-related disclosures" (102-40 to 102-49).

GRI Standard	Disclosure	Page number(s) and/or URL(s)	UNGC Principles
GRI 101: Foundation 2016			
General Disclosures			
GRI 102:	Organizational profile		
General Disclosures 2016	102-1 Name of the organization	First Abu Dhabi Bank	
	102-2 Activities, brands, products, and services	12	
	102-3 Location of headquarters	12	
	102-4 Location of operations	12	
	102-5 Ownership and legal form	13	
	102-6 Markets served	11-13	
	102-7 Scale of the organization	11-13, 56-65	
	102-8 Information on employees and other workers	56-65	UNGC 6
	102-9 Supply chain	70, 73	
	102-10 Significant changes to the organization and its supply chain	There were no significant changes during the reporting period	
	102-11 Precautionary Principle or approach	28-30, 33	UNGC 7
	102-12 External initiatives	22-24, 52	UNGC 1
	102-13 Membership of associations	52-53, 47	
	Strategy		
	102-14 Statement from senior decision-maker	6-9	UNGC 1- 6
	102-15 Key impacts, risks, and opportunities	6-9, 33	
	Ethics and integrity		
	102-16 Values, principles, standards, and norms of behavior	11, 30	UNGC 10
	Governance		
	102-18 Governance structure	28-29	UNGC 1-10
	Stakeholder engagement		
	102-40 List of stakeholder groups	18-19	
	102-41 Collective bargaining agreements	As per law, collective bargaining agreements are not permitted in UAE.	UNGC 3
	102-42 Identifying and selecting stakeholders	17-19	
GRI 102:	102-43 Approach to stakeholder engagement	17	
General Disclosures 2016	102-44 Key topics and concerns raised	18-19	
	Reporting practice		
	102-45 Entities included in the consolidated financial statements	Financial statements include the activities of FAB No other entity is included.	

GRI Standard	Disclosure	Page number(s) and/or URL(s)	UNGC Principles
GRI 102: General Disclosures 2016	102-46 Defining report content and topic Boundaries	20-21	
	102-47 List of material topics	20-21	
	102-48 Restatements of information	None	
GRI 102: General Disclosures 2016	102-49 Changes in reporting	No significant changes in reporting	
	102-50 Reporting period	January 1-December 31, 2017	
	102-51 Date of most recent report	2017 Sustainability Report	
	102-52 Reporting cycle	Annual	
	102-53 Contact point for questions regarding the report	5	
	102-54 Claims of reporting in accordance with the GRI Standards	77	
	102-55 GRI content index	77-81	
	102-56 External assurance	FAB does not seek external assurance for its sustainability report. GHG emissions calculations are externally assured for the entire group separate from the sustainability reporting process	

Material Topics

GRI 200 Economic Standard Series

Economic Performance

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	39	
	103-2 The management approach and its components	39	UNGC 1-6, 10
	103-3 Evaluation of the management approach	39	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	40	
	201-2 Financial implications and other risks and opportunities due to climate change	52, 70, 74	UNGC 7-9
	201-4 Financial assistance received from government	No financial assistance is given by the government	

Market Presence

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	70, 74	
GRI 103: Management Approach 2016	103-2 The management approach and its components	70, 74	UNGC 6
	103-3 Evaluation of the management approach	70, 74	
GRI 202: Market Presence 2016	202-2 Proportion of senior management hired from the local community	74	UNGC 6

Indirect Economic Impacts

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	44, 46, 70-71	
	103-2 The management approach and its components	44, 46, 70-71	
	103-3 Evaluation of the management approach	44, 46, 70-71	
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	47	
	203-2 Significant indirect economic impacts	44, 46, 70-71	UNGC 9

GRI Standard	Disclosure	Page number(s) and/or URL(s)	UNGC Principles
Procurement Practices			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	73	
	103-2 The management approach and its components	73	
	103-3 Evaluation of the management approach	73	
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	73	
Anti-corruption			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	28-30, 33, 36	
	103-2 The management approach and its components	28-30, 33, 36	
	103-3 Evaluation of the management approach	28-30, 33, 36	
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	28-30, 33, 36	UNGC 10
	205-2 Communication and training about anti-corruption policies and procedures	28-30, 33, 36	UNGC 10

GRI 300 Environmental Standards Series

Materials

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	52	
	103-2 The management approach and its components	52	UNGC 8
	103-3 Evaluation of the management approach	52-53	
GRI 301: Materials 2016	301-1 Materials used by weight or volume	54-55	
	301-2 Recycled input materials used	54-55	UNGC 8

Energy

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	52	
	103-2 The management approach and its components	52	UNGC 7-9
	103-3 Evaluation of the management approach	52-53	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	54	UNGC 8
	302-2 Energy consumption outside of the organization	54	
	302-3 Energy intensity	54	

Water

GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	52	
	103-2 The management approach and its components	52-53	UNGC 7, 8
	103-3 Evaluation of the management approach	52-53, 55	
GRI 303: Water 2016	303-1 Water withdrawal by source	55	UNGC 7, 8

GRI Standard	Disclosure	Page number(s) and/or URL(s)	UNGC Principles
Emissions			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	52	
	103-2 The management approach and its components	52	UNGC 7,8
	103-3 Evaluation of the management approach	52-53	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	54	UNGC 7,8
	305-2 Energy indirect (Scope 2) GHG emissions	54	UNGC 7,8
	305-4 GHG emissions intensity	54	UNGC 8
Effluents and Waste			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	52	
	103-2 The management approach and its components	52	UNGC 7,8,9
	103-3 Evaluation of the management approach	52-53	
GRI 306: Effluents and Waste 2016	306-2 Waste by type and disposal method	55	UNGC 7,8,9
Supplier Environmental Assessment			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	73	
	103-2 The management approach and its components	73	UNGC 7-9
	103-3 Evaluation of the management approach	73	
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	73	UNGC 7-9
GRI 400 Social Standards Series			
Employment			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	57-58, 67	
	103-2 The management approach and its components	57-58, 67	UNGC 1-6
	103-3 Evaluation of the management approach	57-58, 67	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	57-58, 68	UNGC 6
	401-3 Parental leave	57-58, 68	UNGC 1- 6
Occupational Health and Safety			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	67	
	103-2 The management approach and its components	67	
	103-3 Evaluation of the management approach	67	
GRI 403: Occupational Health and Safety 2016	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	67-68	UNGC 1-2

GRI Standard	Disclosure	Page number(s) and/or URL(s)	UNGC Principles
Training and Education			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	57	
	103-2 The management approach and its components	57-59	UNGC 6
	103-3 Evaluation of the management approach	57-59	
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	64	UNGC 6
	404-2 Programs for upgrading employee skills and transition assistance programs	58-60	UNGC 6
	404-3 Percentage of employees receiving regular performance and career development reviews	64	UNGC 6
Diversity and Equal Opportunity			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	66	
	103-2 The management approach and its components	66	UNGC 1 - 6
	103-3 Evaluation of the management approach	66	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	66	UNGC 1 - 6
Non-discrimination			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	66	
	103-2 The management approach and its components	66	UNGC 6
	103-3 Evaluation of the management approach	66	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	66	UNGC 6
Local Communities			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	70-71	
	103-2 The management approach and its components	70-71	UNGC 1-2
	103-3 Evaluation of the management approach	70-71	
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	71-72	UNGC 1-2
Customer Privacy			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	35	
	103-2 The management approach and its components	35	
	103-3 Evaluation of the management approach	35	
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	35	UNGC 1-2

Appendix B: GHG Certificate



VERIFICATION STATEMENT – LIMITED ASSURANCE

Carbon Credentials Energy Services Ltd (Carbon Credentials) has been contracted by First Abu Dhabi Bank (FAB) for the independent third-party verification of direct and indirect carbon dioxide equivalent emissions (CO₂e) as provided in its 2018 CDP disclosure to a limited level of assurance. This verification exercise has been performed to the ISO 14064-3 standard.

DECLARATION OF INDEPENDENCE

No member of the verification team has a business relationship with FAB, its Directors or Managers beyond that required of this assignment. We conducted this verification independently and to our knowledge there has been no conflict of interest.

ROLES AND RESPONSIBILITIES

The management of FAB is responsible for the organisation's GHG information system, the development and maintenance of records and reporting procedures in accordance with that system, including the calculation and determination of GHG emissions information.

It is Carbon Credentials' responsibility to express an independent GHG verification opinion on the emissions as provided FAB's 2018 CDP Disclosure for the period 1st January 2017 – 31st December 2017.

DESCRIPTION OF ACTIVITIES

The organisational boundary was established following the operational control approach and includes FAB's global operations. The scope of this engagement covered the assessment of 100% emission sources required for disclosure by *The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013* plus additional sources:

- Scope 1 (Direct) – Emissions arising from the combustion of fuel and fugitive emissions from refrigerant gases.
- Scope 2 (Energy Indirect) – Emissions arising from purchased electricity for own use.
- Scope 3 Emissions (Indirect) – Business travel, waste generated in operations, and purchased goods & services including the supply and treatment of water and paper purchases.

OBJECTIVES

The objectives of this verification exercise were, by review of objective evidence, to confirm whether any evidence existed that the GHG emissions as declared in the organisation's GHG assertion were: accurate, complete, consistent, transparent and free of material error or omission in accordance with the criteria outlined below.

CRITERIA

Criteria against which the verification assessment was undertaken:

Reporting standard:

- Scope 1 & 2 emissions – World Resources Institute/World Business Council for Sustainable Development Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, Revised Edition (the GHG Protocol);
- Scope 3 emissions - World Resources Institute/World Business Council for Sustainable Development Greenhouse Gas Protocol: Corporate Value Chain (Scope 3).



LEVEL OF ASSURANCE AND MATERIALITY

The chosen level of assurance must reflect the needs of intended users of the GHG assertion as well as the relative degree of confidence required by Carbon Credentials in order to provide our conclusions.

Carbon Credentials and FAB agreed that a limited level of assurance will be applied during this verification exercise. For this level of assurance, Carbon Credentials provides a limited assurance statement asserting that there is no evidence that an emissions report is not materially correct.

Through both qualitative and quantitative consideration, it was agreed that the Carbon Credentials verification team shall establish a materiality threshold of 10% at the gross organisational level for this exercise.

CONCLUSION & VERIFICATION OPINION

We planned and performed our work to obtain the information, explanations and evidence that we considered necessary to provide a reasonable level of assurance based on the process and procedures conducted.

We conducted our verification of FAB's GHG assertion, which included assessment of the company GHG information system and monitoring and reporting methodology. This assessment included the collection of evidence supporting the reported data and multiple checks relative to the provisions of the legislation, reporting standard and calculation methodologies referenced in the verification criteria. This statement shall be interpreted with the GHG assertion of FAB as a whole.

Carbon Credentials' approach is risk-based, drawing on an understanding of the risks associated with calculating GHG emission information and the controls in place to mitigate these risks. Our examination included assessment, on a limited sample basis, of evidence relevant to the reporting of emission information.

Based on the data and information provided by FAB and the processes and procedures conducted, Carbon Credentials concludes with reasonable assurance that the GHG assertion:

- is materially correct;
- is a fair representation of the GHG emissions data and information; and
- is prepared in accordance with the criteria listed above.

It is our opinion that the FAB has established sufficient systems for the collection, aggregation and analysis of quantitative data for determination of these GHG emissions for the stated period and boundaries.

The GHG information for the period 01/01/2017 – 31/12/2017 is verified by Carbon Credentials to a limited level of assurance, consistent with the agreed verification scope, objectives and criteria. 100% of emissions by scope are verified as follows:

Reporting Period: 01/01/2017 – 31/12/2017		
Scope 1	Scope 2 (location-based)	Scope 3
Reported Emissions: 963.5 tonnes of CO ₂ e	Reported Emissions: 53,366.1 tonnes of CO ₂ e	Reported Emissions: 6,369.3 tonnes of CO ₂ e

OBSERVATIONS

- Based on our work, Carbon Credentials considers that material GHG sources are appropriately identified and reported on.
- All material errors in reported data identified during the verification process have been duly corrected.
- Implementation of a structured database system for emissions information would improve reporting efficiency, reduce the risk of misreporting and improve the quality of management information available to decision-makers.

Attestation:

Emma Watson
Lead Verifier



